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Senate of Pennsylvania

September 29, 2005

COMMITTEES

BANKING & INSURANCE,
DEMOCRATIC CHAIR
AGING & YOUTH
APPROPRIATIONS
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LAW & JUSTICE
VETERANS AFFAIRS &
EMERGENCY PREPAREDNESS

DOCUMENT
FOLDER
R-00050264

The Honorable Wendell F. Holland
Chairman
Public Utility Commission
3rd Floor, Commonwealth Keystone Building
Harrisburg, PA 17105.

Dear Commissioner Holland:

We are aware of the recent rate filing by the Philadelphia Gas Works (PGW). We have several concerns. First, the PUC should hold public hearings on the proposed rate increase. We have received many calls from constituents who oppose the rate increase. We believe that other Philadelphia legislators have received a similar response.

The public should have the opportunity to express their feelings on this request since they are shareholders and especially given the size of the increase and the impact on the average customer's wallet. During the spring of 2004, the PUC held several public hearings in Philadelphia on PGW's proposal for a rate increase. The hearings drew hundreds of ratepayers and led to rejection of the rate increase and improvements in PGW's customer service collection. Furthermore, a hearing will allow PGW to explain how they will help customers prepare for winter and help them pay their gas bills. They must explain these positions prior to the PUC giving any consideration to this exorbitant request.

Secondly, we would like to express *our* opposition to PGW's proposed rate increase. The rates are already excessive and if the PUC approves, there will be more people struggling to pay their bills. Before you consider an increase, PGW should discontinue all discretionary spending, such as the \$5 million earmarked for lawyers, lobbyists and public relation firms allotted for the proposed LNG project. Costs cannot be borne solely by the ratepayers.

Additionally, PGW's press release announcing the increase gives the impression that it is being instituted in advance of expected increases in the cost of gas. Gas rates should not be based on speculation. Ratepayers should not be burdened due to "potentially" volatile market conditions. PGW needs to clearly demonstrate a need for the new gas rates and then the PUC must weigh those actual needs against the fairness to the ratepayers. In conjunction with this process, the PUC must take into account all of the expenditures by PGW, as well as their attempts to rectify a system that has been traditionally marred by mismanagement and waste.

Thank you for your consideration. If you have any questions or require further information, please do not hesitate to contact us.

Sincerely,


Senator Mike Stack
5th Senatorial District


Representative Michael McGeehan
173rd Legislative District

CC: PUC Commissioners
Philadelphia Legislative Delegation