

ORIGINAL

COMMONWEALTH OF PENNSYLVANIA
PUBLIC UTILITY COMMISSION

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Pennsylvania Public Utility : Docket No.
Commission, et al. v. Equitable Gas : R-2008-2029325
Company, a Division of Equitable : et al.
Resources, Inc. :

Public Input Hearing. :

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Pages 44 through 59 Allegheny County Courthouse
Gold Room
436 Grant Street
410 Courthouse
Pittsburgh, Pennsylvania

Tuesday, October 14, 2008

Met, pursuant to notice, at 2:00 p.m.

BEFORE:

JOHN H. CORBETT, JR., Administrative Law Judge

APPEARANCES:

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FOLDER

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WITNESS INDEX

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

<u>WITNESS</u>	<u>DIRECT</u>	<u>CROSS</u>	<u>REDIRECT</u>	<u>RECROSS</u>
Martha McCulley (Direct Testimony)	54	--	--	--

FORM 2

EXHIBIT INDEX

NUMBERS

FOR IDENTIFICATION

IN EVIDENCE

- 1
- 2
- 3
- 4
- 5
- 6
- 7
- 8
- 9
- 10
- 11
- 12
- 13
- 14
- 15
- 16
- 17
- 18
- 19
- 20
- 21
- 22
- 23
- 24
- 25

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FORM 2

P R O C E E D I N G S

1
2 ADMINISTRATIVE LAW JUDGE JOHN H. CORBETT, JR.: Good
3 afternoon ladies and gentlemen. If everyone will come to
4 order, we can begin this hearing.

5 This is the time and place that the Pennsylvania
6 Public Utility Commission has set aside for a public input
7 hearing on the base rate filing of Equitable Gas Company at
8 Docket No. R-2008-2029325.

9 My name is John Corbett. I am the Administrative Law
10 Judge that the Commission assigned to preside over hearings
11 and to render a Recommended Decision for the Commission to
12 consider in this case.

13 At this time I want to introduce to you some of the
14 people involved in this case. To my immediate left is
15 Charles Thomas, representing Equitable Gas Company. To my
16 immediate right is Robert Eckenrod, representing the
17 Commission's Office of Trial Staff. To Mr. Eckenrod's
18 right is Candis Tunilo from the Office of Consumer
19 Advocate, and to my far right is Sharon Webb of the Office
20 of Small Business Advocate.

21 Next, I want to take a minute to summarize for you
22 what this case is about. On June 30, 2008, Equitable Gas
23 Company filed a tariff supplement proposing, among other
24 things, to increase its annual revenue in the amount of
25 \$51,949,391, or ten percent over total present revenues.

1 This proposed increase represented a 22 percent
2 increase in distribution-only revenue. The Commission
3 entered an Order on August 21, 2008 suspending the proposed
4 rate increase for investigation and assigned this matter to
5 the Office of Administrative Law Judge. By operation of
6 law, the filing is suspended until March 29, 2009.

7 A prehearing conference was held on September 4,
8 2008 where the parties established a litigation schedule.
9 Public Input Hearings will be held this afternoon and
10 evening here in Pittsburgh. Technical evidentiary hearings
11 will be held in Harrisburg beginning November 18, 2008.
12 After the parties file their briefs, I will issue a
13 Recommended Decision by January 29, 2009. By law, the
14 Commission must issue its decision by March 29, 2009.

15 The parties to this case include the Commission's
16 Office of Trial Staff, the Office of Consumer Advocate, the
17 Office of Small Business Advocate, the Independent Oil and
18 Gas Association and the Equitable Industrial Intervenors,
19 as well as a number of individuals and intervenors.

20 Now, today's public input hearing is important,
21 because we want to obtain your thoughts on this case. We
22 want to hear from you, the people most affected by the
23 company's proposed. We want to hear what you have to say
24 about this matter.

25 Your testimony will have a direct bearing on any

1 settlement that the parties may propose, or if the parties
2 are unable to achieve a settlement, the Commission will
3 consider your testimony when deciding the merits of this
4 case.

5 With this background in mind, let me ask any of the
6 individuals, whom I introduced earlier, whether they wish
7 to make a brief statement before proceeding further with
8 this hearing.

9 Mr. Thomas.

10 MR. THOMAS: Thank you, Your Honor. As His Honor
11 said, my name is Charles Thomas. I am here representing
12 Equitable Gas Company, the natural gas public utility that
13 filed for the rate increase that is the subject of this
14 public input hearing.

15 We are very happy to hear from our customers. I'm a
16 little disappointed there is not a great number in the
17 audience at the moment, but in the anticipation that there
18 may be questions that we might be able to assist customers
19 with, we have a number of company people here today in
20 various areas, and I would like to introduce them to you.

21 Bob Narkevic, our manager of rates, and I will ask
22 him to stand up, is here if we get into rate-making
23 questions. I'm going in no particular order. Pat Egan,
24 our director of billing, in the event there are billing
25 questions. Sandie Gagorik, of Universal Service, is here.

1 Mike Gavin, the director of customer service, meter
2 services, he's here. Ralph Comito, director of operations
3 and maintenance; Dave Spigelmyer, our director of
4 governmental communications; and last but not least, is
5 Chad Cicconi, counsel to the company. Lawyers need to
6 travel in pairs, so I got some help.

7 I don't know what testimony is going to be offered,
8 what the concerns might be, but if any of these areas are
9 areas where you have concerns, we would happy to assist you
10 on an individual basis following the conclusion of the
11 public input hearing.

12 Thank you, Your Honor.

13 JUDGE CORBETT: Sure. Mr. Eckenrod.

14 MR. ECKENROD: Thank you, Your Honor. My name is
15 Robert Eckenrod. I'm here on behalf of the Commission's
16 Office of Trial Staff.

17 The Office of Trial Staff is best described probably
18 as a semi-independent bureau of the Commission which is
19 responsible reviewing rate cases such as this. We usually
20 deal with cases involving rates and reliability. We have a
21 team of analysts back in Harrisburg who are reviewing the
22 filing and they can make recommendations based on what they
23 see there.

24 Really, though, today is about the consumer. As the
25 Judge indicated, we use those comments in considering of

1 the filing any position that we adopt. I look forward to
2 hearing from, and have a good day.

3 JUDGE CORBETT: Ms. Tunilo.

4 MS. TUNILO: Thank you, Your Honor. As the Judge
5 did indicate, I am Candis Tunilo. I'm with the Office of
6 Consumer Advocate.

7 What our office does, we represent the interests of
8 utility consumers, residential consumers in particular, in
9 matters before the Public Utility Commission.

10 Today we are here on Equitable Gas Company's base
11 rate increase request. We have filed testimony in
12 opposition to that request last week.

13 I did bring some brochures and some tips for
14 participating in public input hearings. They are right
15 here on this table if you would like them. The brochure
16 further describes what our office.

17 Also, I would encourage you to testify under oath
18 today so that we can use your testimony in briefs that we
19 submit to the PUC in this matter. I thank you for coming
20 and I'm glad to hear from you. Thank you.

21 JUDGE CORBETT: Thank you. Ms. Webb.

22 MS. WEBB: Thank you, Your Honor. My name is
23 Sharon Webb, and I'm here on behalf of the Office of Small
24 Business Advocate.

25 Our office represents the interests of small

1 business consumers and our office has filed a complaint in
2 the proceeding and we have testimony. We have an economist
3 who is assisting us with the financial aspects of the case.

4 But, today is about the customer. We're interested
5 to hear from you all. I hope you will testify under oath
6 and talk to us about your customer experience. If there
7 are any small business customers who have questions, I will
8 be able to hang around after the hearing. Thank you, and I
9 look forward to hearing from you.

10 JUDGE CORBETT: I asked before we went on the
11 record, if there was anyone who wished to testify at this
12 public input hearing and I received one response.

13 I'm going to direct my remarks now to the person who
14 signed the sign-in sheet and perhaps anyone else who would
15 wish to sign in later.

16 When called, I will ask you to come forward to
17 testify. The Commission's policy regarding public input
18 hearings gives you three options.

19 The first option is, you may testify formally under
20 oath or affirmation and be subject to cross examination.
21 The second option is, you may make an unsworn or un-
22 affirmed statement. Your statement will be off the record
23 and it will not be subject to cross examination. The court
24 reporter will not transcribe your statement and neither I
25 nor the Commission will consider it in any decision.

1 The third option is, you may provide information to
2 the parties here off the record after the hearing for their
3 possible use at their discretion at any further evidentiary
4 hearings in this case.

5 I strongly urge you to testify under oath so that
6 the Commission and I can review your testimony to the
7 extent it meets the rules of evidence. If you take an oath
8 or affirmation, the court reporter will transcribe your
9 statement. Your statement will then become a part of the
10 official record of this case. It may be considered by me,
11 as well as by the Commission, in deciding this case.

12 Now, the attorneys may ask you questions about your
13 testimony. You should not become upset by the questioning
14 or feel that you are under personal attack. Such
15 questioning is entirely normal for this type of legal
16 proceeding.

17 I ask that you simply listen to the questions asked
18 of you and that you answer the questions that may be asked
19 of you to the best of your ability. If any questions are
20 improper, I will let you know.

21 Now I will call the name of the person who has
22 signed in and I will ask you to take the oath or
23 affirmation if you wish to testify on the record.

24 Martha McCulley, would you please stand? Since you
25 are the only one here, would you want to come forward and

1 we will have you testify from the podium, all right?

2 MS. McCULLEY: Yes.

3 JUDGE CORBETT: Do you wish to be placed under
4 oath?

5 MS. McCULLEY: I guess I do, but I don't know how
6 hard cross examination is going to be.

7 JUDGE CORBETT: I don't think it's going to be very
8 hard.

9 MS. McCULLEY: Okay.

10 JUDGE CORBETT: Would you raise your right hand
11 please and be sworn?

12 Whereupon,

13 MARTHA McCULLEY

14 having been duly sworn, testified as follows:

15 DIRECT TESTIMONY

16 JUDGE CORBETT: Do you have a written statement or
17 anything that you want to give to the court reporter?

18 THE WITNESS: No, no written statement.

19 JUDGE CORBETT: Okay. Why don't you begin by
20 giving us your full name?

21 THE WITNESS: My name is Martha McCulley.

22 JUDGE CORBETT: Where do you live, Ms. McCulley?

23 THE WITNESS: I live in Highland Park in
24 Pittsburgh.

25 JUDGE CORBETT: Okay, and what is your address?

1 THE WITNESS: It's 816 North Euclid Avenue.

2 JUDGE CORBETT: What is your occupation?

3 THE WITNESS: I work for the Salvation Army in the
4 social services department.

5 JUDGE CORBETT: Okay, and are you a customer of
6 Equitable Gas Company?

7 THE WITNESS: Yes, sir.

8 JUDGE CORBETT: Can you tell us what your concerns
9 are today?

10 THE WITNESS: Yes. At the Salvation Army in the
11 social services department, we administer two funds that
12 are principally based on utility use. One is called the
13 McKee Fund, which is from the Samuel and Katherine Cole
14 Trust, and the other one is called the Discretionary Fund,
15 which is through the Pittsburgh Foundation.

16 These funds are to be the funds of last resort for
17 people who are in very stuck situations, and I come here
18 kind of extemporaneously to express my concerns for all of
19 the people who are applying for these funds who are at the
20 end of their rope, faced with termination notices from
21 Duquesne Light, of course, but also from Equitable Gas.

22 My concern about the rate hike is that we already
23 have people who are at their wits' end and unable to pay
24 their utility bills. I'm concerned about the level that
25 this going increase if this rate hike goes through. We are

1 looking at the possibility of more people spending their
2 winter in the cold, and that's just not acceptable.

3 As a personal customer of Equitable Gas, I have seen
4 my gas bill rise from \$165 on the budget plan ten years ago
5 to \$314.50 this year on the budget plan. Now, I'm not in a
6 position to be facing homelessness or the choices between
7 whether I eat or whether I heat my home.

8 My take-home pay at the Salvation Army is 120
9 percent of the poverty line. They just pay people like
10 that. That's an awful lot of an increase. It's 30 percent
11 of my take-home income, and I would like to spend some of
12 my take-home income on my dogs. Thank you.

13 JUDGE CORBETT: Thank you very much. Any
14 questions?

15 MR. THOMAS: I don't have any questions, but
16 perhaps you might get together with Sandie Gagorik who is
17 the manager of our Universal...

18 THE WITNESS: The Universal plan?

19 MR. THOMAS: Yes.

20 THE WITNESS: Yeah, Barb Malay (ph) and I are on a
21 first-name basis. We talk.

22 MR. THOMAS: Okay. She might know if there's
23 anything those receiving money from your two funds that you
24 mentioned, anything they might possibly be able to do.

25 THE WITNESS: Yes, there is a cap on the funds.

1 The McKee Fund this year is \$7,000 This Discretionary Fund
2 this year was \$14,000. When we run out of money, we run
3 out of money. I mean, it's not a question of putting
4 people -- giving them less money to stop the terminations.
5 It's just a question of how many people are we going to
6 serve before the funds run out.

7 MR. THOMAS: I'm not a witness and I don't mean to
8 be testifying, but the increase that Equitable proposed, 32
9 percent is for Universal service, and so quite a bit of the
10 increase relates to Universal service funding.

11 It's interesting that -- I don't know if there's
12 anything Sandie might be able to do for you, but she's
13 there and I think she would be happy to talk to you.

14 THE WITNESS: Thank you.

15 JUDGE CORBETT: All right. Any questions from this
16 side? Mr. Eckenrod?

17 MR. ECKENROD: No, Your Honor.

18 JUDGE CORBETT: Ms. Tunilo?

19 MS. TUNILO: No, Your Honor.

20 JUDGE CORBETT: Ms. Webb?

21 MS. WEBB: No, thank you, Your Honor.

22 JUDGE CORBETT: Ms. McCulley, thank you very much
23 for coming in and for your testimony.

24 THE WITNESS: You're welcome.

25 (Witness excused.)

1 JUDGE CORBETT: Is there anyone else who wishes to
2 testify and whom I have not called?

3 (No response.)

4 JUDGE CORBETT: I think what we will do, instead of
5 recessing right away, why don't we just take a short recess
6 in place for at least ten minute or so and see if anyone
7 else decides to show up. If not, we will come back on the
8 record at that time and then recess at that point. We are
9 in recess in place at this point.

10 (Recess.)

11 JUDGE CORBETT: We are back on the record at this
12 point. It is now 2:30, and I will ask once again if there
13 is anyone else who wishes to testify at this public input
14 hearing?

15 (No response.)

16 Hearing no response, we will adjourn for the
17 afternoon and we will reconvene this evening at 7:00 p.m.
18 Thank you very much.

19 (Whereupon, at 2:30 p.m., the hearing was adjourned,
20 to be reconvened at 7:00 p.m. this same day in this same
21 location.)

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C E R T I F I C A T E

I hereby certify, as the stenographic reporter, that the foregoing proceedings were reported by me and thereafter reduced to typewriting by me or under my direction; and that this transcript is a true and accurate record to the best of my ability.

COMMONWEALTH REPORTING COMPANY, INC.

BY: Barbara A. Heinlein
Barbara A. Heinlein

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FORM 2