

ORIGINAL

COMMONWEALTH OF PENNSYLVANIA

PUBLIC UTILITY COMMISSION

-----X
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. :

-----X
 Pages 60 through 112 Allegheny County Courthouse
 Gold Room
 436 Grant Street
 410 Courthouse
 Pittsburgh, Pennsylvania

Tuesday, October 14, 2008

Met, pursuant to notice, at 7:00 p.m.

BEFORE:

JOHN H. CORBETT, JR., Administrative Law Judge

APPEARANCES:

CHARLES E. THOMAS, JR., Esquire
 Thomas, Long, Niesen & Kennard
 212 Locust Street, Suite 500
 Harrisburg, Pennsylvania 17108-9500
 (For Equitable Gas Company)

ROBERT V. ECKENROD, Esquire
 Commonwealth Keystone Building, 2nd Floor West
 P. O. Box 3265
 Harrisburg, Pennsylvania 17105-3265
 (For the Office of Trial Staff)

Commonwealth Reporting Company, Inc.

700 Lisburn Road
 Camp Hill, Pennsylvania 17011

(717) 761-7150

SECRETARY'S BUREAU
 PA PUC
 1-800-334-1663

2008 OCT 17 PM 1:42
 RECEIVED
 21059

APPEARANCES (Continued):

CANDIS A. TUNILO, Esquire
555 Walnut Street
Forum Place, Fifth Floor
Harrisburg, Pennsylvania 17101-1923
(For the Office of Consumer Advocate)

SHARON E. WEBB, Esquire
Commerce Building, Suite 1102
300 North Second Street
Harrisburg, Pennsylvania 17101
(For the Office of Small Business Advocate)

Commonwealth Reporting Company, Inc.

700 Lisburn Road
Camp Hill, Pennsylvania 17011

WITNESS INDEX

<u>WITNESS</u>	<u>DIRECT</u>	<u>CROSS</u>	<u>REDIRECT</u>	<u>RECROSS</u>
1				
2				
3	Jim Ferlo			
4	(Direct Testimony)	73	--	--
5	(By Mr. Thomas)	--	80	--
6	John DeFazio			
7	(Direct Testimony)	82	--	--
8	(By Mr. Thomas)	--	87	--
9	Georgeanna Koehler			
10	(Direct Testimony)	91	--	--
11	(By Ms. Tunilo)	--	96	--
12	Denise Edwards			
13	(Direct Testimony)	99	--	--
14	(Mr. Thomas)	--	102	--
15	Amy McAuliff			
16	(Direct Testimony)	103	--	--
17	Patrick Young			
18	(Direct Testimony)	105	--	--
19	(By Mr. Thomas)	--	109	--
20				
21				
22				
23				
24				
25				

EXHIBIT INDEX

NUMBERS

FOR IDENTIFICATION

IN EVIDENCE

(None.)

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

FORM 2

Reproduction of this transcript is prohibited without authorization by the certifying reporter.

P R O C E E D I N G S

1
2 ADMINISTRATIVE LAW JUDGE JOHN H. CORBETT, JR.: Good
3 evening ladies and gentlemen. If everyone will come to
4 order, we can begin this hearing. This is the time and
5 place that the Pennsylvania Public Utility Commission has
6 set aside for a public input hearing on the base rate
7 filing of Equitable Gas Company at Docket No.
8 R-2008-2029325.

9 My name is John Corbett. I am the Administrative
10 Law Judge that the Commission assigned to preside over
11 hearings and to render a Recommended Decision for the
12 Commission to 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, one of the attorneys representing Equitable Gas
16 Company. To my immediate right is Robert Eckenrod from the
17 Commission's Office of Trial Staff. To Mr. Eckenrod's
18 right is Candis Tunilo, and attorney with the Office of
19 Consumer Advocate, and to my far right is Sharon Webb, an
20 attorney from the Office 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 about percent over its total present

1 revenues. The proposed increase represents a 22 percent
2 increase in distribution-only revenue.

3 The Commission entered an Order on August 21, 2008
4 suspending the proposed rate increase for investigation and
5 assigned this matter to the Office of Administrative Law
6 Judge for hearing. By operation of law, the filing is
7 suspended until March 29, 2009.

8 A prehearing conference was held on September 4,
9 2008 where the parties established a litigation schedule.
10 Public input hearings have been held this afternoon and
11 evening here in Pittsburgh. Technical evidentiary hearings
12 will be held in Harrisburg beginning November 18, 2008.

13 After the parties file their briefs, I will issue a
14 Recommended Decision by January 29, 2009, and by law, the
15 Commission must issue its decision by March 29, 2009.

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

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

1 have a direct bearing on any settlement that the parties
2 may propose or if the parties are unable to achieve a
3 settlement, the Commission will consider your testimony
4 when deciding the merits of this 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, do you wish to make a statement?

10 MR. THOMAS: I do, Your Honor. I also want to
11 welcome you all to this public input hearing. His Honor
12 stated the purpose of the hearing.

13 In anticipation that there might be some questions
14 from our customers regarding various area of the filing or
15 your service, we have a number of people from the company
16 here, and I would like them to ask them to stand when I
17 call their names.

18 Dave Spiglemyer, he is director of governmental
19 communications. Ralph Comito is director of operations and
20 maintenance. Mike Gavin is director of customer service.
21 Sandie Gagorik is manager of the Universal Service. Ed
22 Egan is director of billing. Bob Narkevic is manager of
23 rates, and Chad Cicconi is counsel, so I have another
24 lawyer here with me.

25 We think we have most of the bases covered. We've

1 got, again, operations people here, billing people here,
2 rate people here, Universal service program people here.
3 We think if you have questions concerning your service or
4 the filing, we can answer them. We would be happy to stay
5 after the testimony is concluded to answer your individual
6 questions.

7 Universal service, we think that is a major part of
8 our filing. Thirty-two percent of the increase relates to
9 Universal service and the cost of providing the various
10 programs as the winter is coming.

11 Again, we have a lot of people who may be able to
12 answer your questions and we look forward to your
13 testimony. Thank you.

14 JUDGE CORBETT: Thank you. Mr. Eckenrod, do you
15 have any statement on behalf of the OTS?

16 MR. ECKENROD: Yes, I do. Thank you, Your Honor.

17 As the Judge indicated, my name is Robert Eckenrod
18 and I am here on behalf of the Commission's Office of Trial
19 Staff. The Office of Trial Staff is a division within the
20 Commission that has responsibility for representing the
21 public interest in proceedings affecting rates and
22 reliability, such as the one before us.

23 Back in Harrisburg, I have a team of experts,
24 financial analysts, accountants and engineers are reviewing
25 the filing to make recommendations where they see fit.

1 But, tonight is really about you, the customers and
2 consumers of Equitable Gas Company. We are here to hear
3 what you have to say about it. As the Judge said, those
4 comments, we will take back and we can consider those in
5 the consideration for the petition for a rate increase.

6 I look forward to hearing your comments and thank
7 you for coming out this evening.

8 JUDGE CORBETT: Ms. Tunilo, do you have anything on
9 behalf of the Office of Consumer Advocate?

10 MS. TUNILO: Yes, thank you, Your Honor.

11 As His Honor stated, I'm Candis Tunilo. I'm with
12 the Office of Consumer Advocate, and our office represents
13 the interests of utility customers, and residential
14 customers in particular, in matters before the Public
15 Utility Commission.

16 We have filed a complaint against Equitable's base
17 rate increase request and we have also been an active
18 participant in this case. We also have our own expert
19 witnesses that we have hired and we filed direct testimony
20 last week in this matter, basically outlining our
21 opposition to their increase request.

22 I have brought some brochures with me and some tips
23 for testifying at public input hearings, which are right
24 here on this table next to the sign-up sheet, so help
25 yourself. The brochures will help better explain our

1 office and what it does in more detail.

2 Also, I would like to encourage you to testify under
3 oath in this proceeding. That way, we can use your
4 testimony in briefs that we will write to the PUC should
5 this matter not settle.

6 Also, I will be available after this hearing if
7 anyone has any questions or concerns that they would like
8 to talk to me about in private after the hearing. Thanks
9 for coming and we look forward to your testimony.

10 JUDGE CORBETT: Thank you. Ms. Webb, do you have
11 anything on behalf of the Office of Small Business
12 Advocate?

13 MS. WEBB: Yes, Your Honor, thank you.

14 Good evening, everyone. My name is Sharon Webb and
15 I am here on behalf of the Office of Small Business
16 Advocate. The Office of Small Business Advocate represents
17 the interest of small business customers in proceedings
18 before the Public Utility Commission.

19 We, like the Office of Consumer Advocate, filed a
20 complaint in this case. We have an economist that's
21 reviewing the numbers, but tonight is really about customer
22 input. We are interested to hear your issues and ideas
23 about this process.

24 I am also happy to stick around afterwards if there
25 are any small business owners who have questions. I look

1 forward to your testimony. The Judge will give you options
2 about how to testify. I would encourage you all to testify
3 under oath so that we can use the information in with our
4 positions in the case.

5 Thanks again for coming out.

6 JUDGE CORBETT: Thank you. Previously, I placed in
7 front of the room sign-in sheets for you to print your
8 names and addresses if you wish to speak at this hearing.
9 When called, I will ask you to come forward to testify.

10 The Commission's policy regarding public input
11 hearings gives you three options. Under the first option,
12 you may testify formally under oath or affirmation and be
13 subject to cross examination.

14 Under the second option, you may make an unsworn or
15 unaffirmed statement. Your statement will be off the
16 record and it will not be subject to cross examination.
17 The court reporter will not transcribe your statement and
18 neither I nor the Commission will consider it in any
19 decision.

20 Or, under the third option, you may provide
21 information to the parties here off the record after the
22 hearing for their possible use at their discretion at any
23 further evidentiary hearings in this case.

24 I strongly urge you to testify, as some counsel have
25 already asked you to do so, under oath so the Commission

1 and I can review your testimony to the extent it meets the
2 rules of evidence.

3 If you take an oath or affirmation, the court
4 reporter will transcribe your statement. Your statement
5 will then become a part of the official record of this case
6 and it may be considered by us, as well as by the
7 Commission, in deciding this case.

8 Now, since you are a witness, the attorneys may ask
9 you questions about your testimony. You should not become
10 upset by this questioning or feel that you are under
11 personal attack. Such questioning is entirely appropriate
12 and normal for this type of legal proceeding. I ask simply
13 that you listen to the questions asked of you and that you
14 answer the questions that may be asked of you to the best
15 of your ability. If any questions are improper, I will let
16 you know.

17 At this time, I will call the names of those people
18 who have signed the witness list. As I call your name,
19 please stand and remain standing until I have called the
20 last name. I will then ask you to take the oath or
21 affirmation of a witness if you wish to testify on the
22 record.

23 Senator Jim Ferlo, Chairman John DeFazio, Georgeanna
24 Koehler, Denise Edwards, Amy McAuliff and Patrick Youris.
25 Would you all raise your right hand, please, and be sworn,

1 those of you who wish to take the oath or affirmation?

2 Whereupon,

3 ALL PROSPECTIVE WITNESSES

4 having been duly sworn, testified as follows:

5 JUDGE CORBETT: Please have a seat. A few
6 observations before I call the first witness. First, if
7 you are reading from a prepared statement and you have an
8 extra copy of your statement with you, please give it to
9 the court reporter before you begin to testify. If you
10 have sufficient copies, you can also give a copy to me, as
11 well as the attorneys up here.

12 Second, this is a legal hearing. Everyone who is
13 called to testify is a member of the public and each
14 witness has the right to give his or her testimony free
15 from any interruptions, comments from others and the like.
16 If there is any interruption of a witness's testimony, we
17 will recess the hearing until order is restored.

18 In order to hear as many witnesses as possible
19 testify in the time that we have, I may ask you to limit
20 your comments to no more than ten minutes at the most.

21 Third, please keep your remarks concise and to the
22 point. If someone before you has said what you were going
23 to say, you can simply tell us that you agree with what
24 they said. Your comments will be given equal weight with
25 others who have already testified.

1 reside at 1118 North Saint Clair Street, Pittsburgh,
2 Pennsylvania 15206.

3 I am here tonight not only as a ratepayer, but also
4 in my capacity as being an elected State Senator for the
5 38th Senatorial District. As the Judge is probably aware,
6 it's a very large senate district extending into three
7 counties.

8 I represent a large part of the City of Pittsburgh,
9 many city communities struggling to pay their utility
10 bills, Wilksburg and other distressed neighborhoods in
11 particular. As well, I go up the Allegheny River to
12 Allegheny-Kiski Valley communities. I have some of the
13 richest communities in the state per capita, like Fox
14 Chapel and Oakmont, so I really have a very diverse and
15 interesting district, that being residential ratepayers or
16 commercial ratepayers, big commercial ratepayers as well as
17 small.

18 I just want to thank the Commissioners for their
19 unanimous vote to refer this to the public hearing process.
20 I also want to thank you and the staff for hosting this
21 hearing and conducting a public process that allows
22 ratepayers to be heard on Equitable Gas Company's proposed
23 rate hike.

24 Equitable Gas Company serves thousands of my
25 residential and commercial constituents and I feel obliged

1 today to speak out on their behalf, and I am pleased to see
2 others in the audience here tonight.

3 I am also an Equitable customer and can speak from
4 firsthand experience about the cost of home heating as my
5 monthly budget payment, as an example, to Equitable is
6 \$248.89 a month. Like many other customers, I have engaged
7 in the usual debate with their call center on their
8 methodology in determining what the annual budget amount
9 should be, which as you know, Your Honor, is calculated and
10 received prior to actually receiving the product.

11 Continually, I can never quite figure out exactly
12 through the year what that that methodology is. It seems
13 to be a strange witch's brew. I cannot quite understand it
14 to this day.

15 I have been active on utility issues for four
16 decades and have spoken out for the interests of ratepayers
17 on many occasions in these chambers and others.

18 While much of the recent Senate debate was focused
19 on so-called smart meters, given the debacle of so-called
20 electric choice, it seems that when it comes to natural gas
21 and home heating costs, we need to be more concerned about
22 smart heaters, conservation, weatherization and improved
23 technologies, something that I would hope that at some
24 point in the future, the Public Utility Commission will
25 take up in a serious manner as it relates to the community

1 and corporate affairs of Equitable Gas Company and other
2 gas utility companies in the Commonwealth.

3 Equitable Gas Company's request for a ten percent
4 increase in their rates, resulting in 51 million dollars
5 being expropriated from the greater Pittsburgh local
6 economy, is poorly justified, ill-timed and well in excess
7 of a reasonable rate of return.

8 I certainly would like to endorse the findings and
9 testimony submitted to you by the Pennsylvania Consumer
10 Advocate, as well as the other public offices here today,
11 in their formal submission urging approval of a
12 significantly lower rate increase.

13 I have two primary concerns regarding Equitable Gas
14 Company's requested rate increase, and I will try to be
15 brief. Equitable is proposing to increase their rate of
16 return from 9.3 percent to 11.95 percent. This increase
17 represents 13 million dollars of the proposed rate hike. I
18 believe the annual rate of return of 9.3 percent is already
19 too high, quite frankly.

20 The residents and businesses I represent simply
21 cannot swallow an even greater increase. In the tough
22 economic times we are experiencing, I doubt anyone can
23 accept what it will mean for ratepayers to shoulder a 2.65
24 percent additional increase just so a public utility gets
25 to increase their rate of return.

1 Every ten basis point increase in the rate of return
2 represents \$500,000 not available to ratepayers obligated
3 to pay for basic necessities and working to remain viable.
4 This is true whether it's residential homeowners or the
5 commercial class.

6 I cannot stand by, and obviously as many residents
7 here tonight cannot stand by, while our economy is
8 spiraling downward, retirement funds are shrinking, banks
9 are failing, the credit market is grinding to a halt,
10 prices on most goods and services are climbing and allow
11 Equitable to receive a disproportionate rate of profit and
12 gratuitously increase their bottom line. This is not only
13 unreasonable, it is just plain greedy.

14 Secondly, it appears that Equitable is subsidizing
15 the losses from their competitive services for large
16 customers through rate hikes paid for by the typical
17 residential and small business customer.

18 If I understand correctly the official testimony of
19 the Consumer Advocate submitted to His Honor, tens of
20 millions of dollars from the new revenue raised from this
21 proposed increase will actually go to pay for the losses
22 that Equitable would incur from their competitive services
23 and marketing approach.

24 It is unjustifiable for smaller usage ratepayers to
25 be saddled with the costs of the services that Equitable

1 offers to other large customers in the competitive market.
2 That is a business decision that the company should be
3 un-compensated for other than increasing their customer
4 base. Offering discounts with the left hand that are paid
5 for by the right hand is not fair to those that have to
6 make up the difference.

7 Fundamentally, Equitable seeks authorization to
8 insulate its shareholders from the effects of competition
9 resulting from a reduction in earnings due to its
10 discounting of revenues. Equitable then requests captive
11 ratepayers, those which the company has monopoly power
12 over, to bear the burden and pay for the shortfall in
13 revenues in excess of those allowed by the Public Utility
14 Commission.

15 I would urge the PUC not to condone or permit this
16 portion of the proposed rate hike and stand with the
17 captive residential and small business rate payers. They,
18 we, we don't have the privilege or opportunity to negotiate
19 our rates.

20 For these two reasons alone, the PUC should not
21 grant the ten percent rate increase. It is imprudent to
22 permit unsubstantiated hikes in rates at a time when the
23 future of the economy is in question and most businesses
24 and residents are taking it on the chin. Unreasonable
25 rates of return and cross-subsidization of ratepayers are

1 not acceptable policies in this environment.

2 In closing, I just want to thank the Commission as
3 well as the Judge and others here tonight for their time in
4 conducting the hearings. I hope the Commission will
5 protect the public's interest in this rate case.

6 I would just say further, Your Honor, in closing, I
7 fought a battle last week in the Senate on this whole issue
8 of electric choice.

9 I know that's off the subject, but one of the
10 tangible issues that I -- actually was about hold up the
11 whole energy package, and the Governor ran into our caucus
12 -- the fact of the matter is, I was trying to, by
13 amendment, restore the consumer protection provisions of
14 Chapter 14 that were wiped out a few years ago because of
15 the complicated bankruptcy and mismanagement of
16 Philadelphia Gas Works.

17 That's a legislative process that even the majority
18 has agreed to take up. My hope and prayer to you, Your
19 Honor, and to the Commission, is -- we are going into a
20 winter with devastating loss of income for many, many more
21 people. I know the presumption is that many of the lower
22 income folks will be the first terminated, and that may be
23 true, but this is so widespread, given predatory lending
24 and mortgage foreclosures, you name it, that there's going
25 to be a lot of traditional neighborhoods out in the suburbs

1 that are quite, not as imposing, not as evident. There are
2 going to be a lot of middle and upper-middle class homes
3 that will be without basic heat and light.

4 I would ask, if there needs to be, that there would
5 be considered an emergency order on banning winter shut-
6 offs, you know, December, January through late April. I
7 would hope and pray that the Commission would take that up,
8 notwithstanding the separate and distinct nature of that
9 issue before us tonight. Thank you very much.

10 JUDGE CORBETT: Thank you, Senator.

11 Any questions, Mr. Thomas?

12 MR. THOMAS: The good Senator and I have been
13 having a discourse on utility regulations since I was just
14 out of law school and he was a very active spokesman for a
15 lot of the ratepayers in the Pittsburgh area. I would just
16 have to ask him a couple of questions.

17 CROSS EXAMINATION

18 BY MR. THOMAS:

19 Q I'm not trying to put you on the spot, Senator,
20 but do you understand this is Equitable's first general
21 base rate filing in almost 12 years?

22 A I'm not saying that all of it should be
23 discounted and disregarded by the Commission. I'm trying
24 to focus more narrowly on the issue of the swapping
25 engagement, so I would hope the Commission and ALJ would be

1 sensitive to that.

2 Q Your rate of return numbers, are they really
3 rates of return on original costs, or are they returns on
4 common equity?

5 A Well, again, I think you have formal testimony
6 that has been submitted to the evidentiary hearing process
7 here by several consultants hired by the Consumer Advocate.
8 I think their information backs up my contention in my
9 statement here tonight.

10 Q One last question, you testified on discounting,
11 discounted or negotiated subsidization. I take it you are
12 not in favor of one class subsidizing another class?

13 A No, I'm specifically suggesting that in
14 Equitable's programmatic activities and marketing
15 activities as a company, in effect there's a swap process
16 going on. You are going out and basically providing an
17 opportunity for the larger users to pay a lower rate, and
18 you are operating on the presumption that you will come
19 back the Commission and basically regain that rate through
20 the broader base of smaller residential and small business
21 ratepayers. If I am not correct, I will gladly stand
22 corrected on that.

23 MR. THOMAS: Thank you. I have no further
24 questions, Your Honor.

25 JUDGE CORBETT: Mr. Eckenrod, do you have any

1 questions?

2 MR. ECKENROD: No questions, Your Honor.

3 JUDGE CORBETT: Ms. Tunilo?

4 MS. TUNILO: No questions, Your Honor.

5 JUDGE CORBETT: Ms. Webb?

6 MS. WEBB: No questions, Your Honor.

7 JUDGE CORBETT: Thank you very much, Senator.

8 THE WITNESS: Thank you.

9 (Witness excused.)

10 JUDGE CORBETT: Chairman DeFazio.

11 Whereupon,

12 JOHN DeFAZIO

13 having previously been duly sworn, testified as follows:

14 DIRECT TESTIMONY

15 JUDGE CORBETT: Would you begin, sir, by giving us
16 your full name?

17 THE WITNESS: My name is John DeFazio. I live at
18 40 Emerson Road, Pittsburgh, PA 15209. That's Shaler
19 Township.

20 Good evening. I am the Director of District 10 of
21 the United Steelworkers of America. I'm also a County
22 Council member at large. I represent all of Allegheny
23 County.

24 I am here to offer public testimony on behalf of our
25 union. Our union represents 35,000 active workers in the

1 Equitable Gas service area in Western Pennsylvania and we
2 represent close to 300 employees of Equitable Gas in
3 Southwestern Pennsylvania and Kentucky.

4 The United Steelworkers has serious concerns about
5 the impact of the proposed rate increase on working
6 families and retirees in Western Pennsylvania. We have
7 serious questions about whether or not this rate increase
8 is necessary in light of the massive compensation increases
9 enjoyed by Equitable's top executives, and we want to raise
10 questions about the appropriateness of any sort of rate
11 increase in light of this company's irresponsible and
12 egregious attack its employees in Kentucky.

13 It is impossible to look at the news today without
14 being reminded of the ongoing economic crisis. As credit
15 markets tighten and consumer and commercial debt becomes
16 more expensive, we can anticipate a continued slowing of
17 our economy and an overall decrease in consumer buying
18 power in our region, particularly among working class
19 residents and retirees on fixed incomes.

20 This trouble is being compounded by elevated
21 gasoline and food prices, and consumers are beginning to
22 feel a crunch tighter than we've seen in decades. If this
23 economic slowdown results in an additional spike in
24 unemployment, as most analysts are predicting, we can only
25 imagine the impact on our regional, national, and global

1 economy.

2 Now, while workers and retirees are being pinched by
3 the high costs of consumer debt, gasoline and food and they
4 are being battered by the uncertainty associated with the
5 economic crisis, Equitable Gas wants to make matters worse
6 by raising natural gas prices by ten percent for
7 residential customers.

8 Equitable's plea for a rate increase in this economy
9 is absolutely astonishing. It is even more astonishing
10 when we look at Equitable's income statement. Last year
11 this company turned a profit of \$270.5 billion.

12 A company with a quarter of a billion dollars in
13 profit last year wants to increase the cost that workers
14 and retirees pay to heat their homes.

15 With these astronomical profits, we're left to
16 wonder what Equitable will do with the 51.9 million dollars
17 it hopes to gain from the proposed rate increase. Will
18 this money go to providing more efficient, safer gas
19 service?

20 Our union has received several terrifying reports of
21 natural gas leaks being inadequately repaired by
22 independent contractors or ignored because Equitable has
23 failed to allocate adequate person-power and resources to
24 its response and repair of gas leaks. While the reports we
25 have received are anecdotal, the company's own financial

1 filings indicate that the problems with gas leaks are
2 widespread.

3 In 2007, the company reported losing 6,035 million
4 cubic feet of gas to line loss and company usage. That's
5 up 820,000 cubic feet from 2006 and 1.1 million cubic feet
6 from 2005.

7 And, while Equitable is cutting costs on repairing
8 gas leaks, wasting a valuable resource and creating
9 potentially serious public safety hazards, it hasn't cut
10 back on executive pay.

11 Last year Equitable CEO Murry Gerber took home 21.3
12 million dollars in total compensation. That's more than
13 double his 2006 compensation, which was reported as a
14 modest \$8.3 million. The company's COO, Steve Proges, saw
15 an even bigger pay increase between 2006 and 2007, jumping
16 from \$5.5 million to \$14.2 million. As a group, the
17 company's top five executives took compensation increases
18 totaling 26 million dollars between 2006 and 2007.

19 If Equitable really needs to increase rates for
20 working families, how can it afford to pay its top
21 executives at such outrageous rates?

22 When we are thinking about allowing this company to
23 raise its rates, it is also important to ask how this
24 company is behaving as a corporate citizen. Earlier this
25 year, Equitable reorganized its operations in eastern

1 Kentucky merging and regrouping its business segments.

2 The company is now arguing that by restructuring its
3 operations, it gained the right to ignore the labor
4 agreement that it had signed with its workers and destroyed
5 their union.

6 The company's actions are clearly illegal, and both
7 an arbitrator and a federal judge have ordered Equitable to
8 honor the contract and recognize the union. Nevertheless,
9 this company is vigorously and aggressively trying to evade
10 its contractual obligations and stamp out its employees'
11 right to be part of a union.

12 We are confident that we will be successful in
13 enforcing this labor agreement and ensuring our members'
14 rights to union representation, but this entire ordeal
15 raises serious questions about Equitable Resources'
16 responsibility and trustworthiness. How can we be
17 confident that Equitable will not try to take advantage of
18 Pennsylvania ratepayers the way it is trying to take
19 advantage of workers in Kentucky?

20 I thank you for your time and consideration. The
21 questions before you are virtually important to working
22 people and retirees in western Pennsylvania. I sincerely
23 hope that you will take the issues we've raised into
24 account as this process unfolds. Thank you, and I
25 appreciate you having this hearing.

1 JUDGE CORBETT: Thank you.

2 Mr. Thomas, any questions?

3 MR. THOMAS: Just a couple.

4 CROSS EXAMINATION

5 BY MR. THOMAS:

6 Q Mr. DeFazio, are you an Equitable employee?

7 A No.

8 Q Are you an Equitable customer?

9 A Me personally?

10 Q Yes.

11 A No.

12 Q Is the union here...

13 A My mother is a customer and I take care of that.

14 Q Well, you've got to look after your mother. We
15 all should be doing that. It would make the country a lot
16 better. But, is the union for which you are a spokesman,
17 in negotiations right now with Equitable Gas Company?

18 A Yes, I suppose we are, yes.

19 Q Were you on the executive committee that
20 represents...

21 A No, no.

22 Q You were not. Do you know whether the company
23 that is in for rates before this Commission is Equitable
24 Resources or just a small subsidiary, Equitable Gas
25 Company?

1 A Personally, I don't...

2 Q You made reference to a lot of dollars and
3 compensation for executives. Those dollars that you
4 referred to are dollars for Equitable Resources, the
5 parent, and the executive compensation you referred to is
6 compensation for Equitable Resources, the parent company,
7 is it not?

8 A Well, yes, probably.

9 Q Do you realize that Equitable Gas Company that
10 is in for rates before this Commission, the PA PUC, is less
11 than ten percent of the Consolidated Equitable Resources?

12 A I heard most of that, but I couldn't...

13 Q Do you realize that Equitable Gas Company, which
14 has made the rate filing, the PA PUC jurisdictional
15 Equitable Gas Company, is less than ten percent of
16 Consolidated Equitable Resources?

17 A I'm not a hundred percent sure of the
18 percentage.

19 Q Did you review the filing?

20 A I didn't, but other people have.

21 Q On whose review are you relying?

22 A Well, some of our legal people and other people
23 have been directly involved with Equitable.

24 Q Can you name names?

25 VOICE: Do you want to do this with...

1 MR. THOMAS: Yes, I do.

2 THE WITNESS: Well, okay...

3 VOICE: I can get...

4 MR. THOMAS: No, he's the witness.

5 JUDGE CORBETT: Wait, Mr. Thomas.

6 THE WITNESS: The only person that I know, he's
7 sitting right over here, is Mr. Gregory. I really don't --
8 I haven't been dealing with him on the...

9 JUDGE CORBETT: Is he on your staff, Mr. DeFazio?

10 THE WITNESS: He works for the Steelworkers. Is
11 that correct?

12 VOICE: Yes.

13 BY MR. THOMAS:

14 Q I think maybe just one last question. You
15 referred to leaks and you referred to leaks as a
16 consequence of independent contractors. Can you provide me
17 with any evidence, for the good of the company, that would
18 support your statements? You used the term, anecdotal.
19 I'm not sure I know that means.

20 A Are you saying that there's no leaks?

21 Q You said in your statement, and I don't have a
22 copy, that --

23 A You can have this one.

24 Q -- as a consequence of the company's employing
25 independent contractors -- I want every piece of evidence

1 that you have to support that statement.

2 A We could get it for you.

3 Q I want it...

4 A I don't have it right now.

5 Q I would want that to...

6 JUDGE CORBETT: All right.

7 MR. THOMAS: Your Honor...

8 JUDGE CORBETT: I will tell you what, Mr. DeFazio,
9 if Mr. Thomas will give you his name and his address, if
10 you will be kind enough to supply Mr. Thomas after the
11 hearing with a list of the people that you relied upon to
12 come up with the information about the leaks, I think that
13 will satisfy that request.

14 THE WITNESS: All right. Let me ask you a
15 question.

16 MR. THOMAS: I can't...

17 JUDGE CORBETT: No, I'm sorry.

18 BY MR. THOMAS:

19 Q I need their names because they are going to be
20 subpoenaed and they are going to have to testify under oath
21 because this is a serious matter.

22 A Okay, that's why I'm here.

23 Q It's for the good of the whole service
24 territory.

25 A We agree with you.

1 JUDGE CORBETT: Okay, I think we have...
2 MR. THOMAS: That concludes the questioning.
3 JUDGE CORBETT: I think we have covered that.
4 MR. THOMAS: No more questions.
5 JUDGE CORBETT: Mr. Eckenrod?
6 MR. ECKENROD: No questions, Your Honor.
7 JUDGE CORBETT: Ms. Tunilo?
8 MS. TUNILO: No questions, Your Honor.
9 JUDGE CORBETT: Ms. Webb?
10 MS. WEBB: No questions, Your Honor.
11 JUDGE CORBETT: Thank you very much, Councilman,
12 for coming in.

13 THE WITNESS: Do you need another copy of this?
14 JUDGE CORBETT: You can give that to Mr. Thomas.
15 THE WITNESS: Okay.

16 (Witness excused.)
17 JUDGE CORBETT: Georgeanna Koehler.

18 Whereupon,

19 GEORGEANNA KOEHLER
20 having previously been duly sworn, testified as follows:

21 DIRECT TESTIMONY

22 JUDGE CORBETT: Would you begin, please, by giving
23 us your full name?

24 THE WITNESS: Georgeanna Koehler.

25 JUDGE CORBETT: What is your address, please?

1 THE WITNESS: Yes, it's 4114 Penn Avenue,
2 Pittsburgh, PA 15224.

3 JUDGE CORBETT: Are you a customer of Equitable Gas
4 Company?

5 THE WITNESS: Yes.

6 JUDGE CORBETT: What is your occupation, please?

7 THE WITNESS: I'm a nurse -- well, I was a nursing
8 assistant. Now I'm a unit clerk at Western Psych. I spent
9 most of my years at Saint Francis.

10 JUDGE CORBETT: Okay, very good. Would you tell us
11 what is on your mind tonight? One moment, please. Your
12 last name is spelled K-o-e-h-l-e-r?

13 THE WITNESS: Yes.

14 JUDGE CORBETT: And, Georgeanna is all one word?

15 THE WITNESS: Yes.

16 JUDGE CORBETT: Okay, go ahead.

17 THE WITNESS: What I have to tell you is not my
18 story per se. It's my mother's story. My mother was a
19 legal secretary all her life, and in her 80s, she was going
20 to downtown to witness wills.

21 In 2005, she got a bill from the gas company that
22 said her budget was going up to \$500 a month. My mother
23 made \$1,300 a month. She called me. She said, I don't
24 know what to do. I said I'd call the gas company. The gas
25 company, the bill's not in your name, we can't talk to you.

FORM 2

1 I called my sister and said, tell them you live with
2 mom and you're calling about the gas bill. Couldn't talk
3 to her, the bill wasn't in her name.

4 So, we talked to mom and said, don't worry, we'll
5 pay you -- you know, we'll give you a hundred dollars of a
6 month. All of us together can pay this bill.

7 Well, Mom was of the age of, I'm not taking money
8 from my kids. I should be giving them money. Her fear was
9 that her gas would be shut off at the curb if she didn't
10 pay this bill.

11 So, what did she do? She quit taking her medicine.
12 My mother was a very independent woman, so we never checked
13 on her medicine. She made her doctors' appointments and
14 she kept her doctors' appointments. She went to church.
15 She helped with the community. She passed out food.

16 We had Christmas and she sang Ave Maria to us, sort
17 of forgetting the words, which she never did before. So, I
18 called my bother and said, something's up. He says, well,
19 she did okay. I just didn't like her forgetting Ava Maria.

20 Two days later, he goes to kiss her goodnight, and
21 she says, "Honey, I'm very dizzy, don't even touch me."
22 So, he said let's get you to a hospital. She said, just
23 let me sit here for a couple of minutes and see if I feel
24 better. Fifteen minutes went by and she said, I feel okay
25 now, you can go to bed.

1 Bill was her baby, and he was in his 50s. He got up
2 the next morning, and she said, "Hello, and what's your
3 name? No idea who he was.

4 When we got an appointment to the doctor, he looked
5 at her prescription bottles. She hadn't taken any of her
6 medicine since she got that \$500 increase in her budget
7 bill. So, the doctor feels that that day, she probably
8 blew a TIA or a small stroke and it caused severe damage.

9 We lost her last year, a year and 14 days, but we
10 really lost her when she got her \$500 gas budget bill. I
11 don't know who is going to go to jail for her pain and I
12 don't know who we can sue for her pain, but my mother isn't
13 going to be the only senior that's not going to take their
14 meds because they don't want their gas turned off on the
15 street.

16 I'm learning how to live in the cold and I'm okay
17 with that because I'm not going to give Equitable Gas on
18 extra penny. If that means I can put two pairs of heavy
19 socks on, a pair of sweats on, a little scarf around my
20 neck and get under a blanket to watch my TV, I'm not
21 turning on my furnace more than 58.

22 My mother deserved more from Equitable Gas. She
23 deserved more from her country. She deserved more from her
24 community. This is going to continue and continue until
25 big companies are finally told no, because we little people

1 are told no all the time.

2 JUDGE CORBETT: Does that conclude your statement,
3 ma'am?

4 THE WITNESS: Yes.

5 JUDGE CORBETT: Any questions, Mr. Thomas?

6 MR. THOMAS: Your Honor, I don't have any
7 questions, but I personally have gone through the same
8 thing with an aging mother. When you try to speak -- it's
9 not just the gas company, it's throughout our society, you
10 have to have the individual there to give permission under
11 our privacy laws. It's a real problem that is beyond the
12 Commission's jurisdiction.

13 THE WITNESS: Oh, I forgot one thing. My brother
14 started reading her meter, and when called the gas company
15 and said she couldn't talk to them anymore, they said,
16 we're sorry, you read the meter twice in a row. We only
17 are taking her gas bill up \$50.

18 MR. THOMAS: It's too late for your mother,
19 unfortunately, but if you are having problems, Sandie
20 Gagorik is over there. She's our Universal Service
21 Program. She knows the program. She's here, and I would
22 suggest perhaps the two of you might speak at the end of
23 the hearing.

24 THE WITNESS: Thank you. I'm just letting you
25 know, seniors are going to be doing this everywhere.

1 JUDGE CORBETT: Mr. Eckenrod, do you have any
2 questions?

3 MR. ECKENROD: I have no questions, Your Honor.
4 Thank you.

5 JUDGE CORBETT: Ms. Tunilo?

6 MS. TUNILO: I have a couple questions, Your Honor.

7 JUDGE CORBETT: Sure.

8 CROSS EXAMINATION

9 BY MS. TUNILO:

10 Q Ms. Koehler, have you personally called the gas
11 company about your bills?

12 A Yes. At one time I went -- I had lost my job at
13 Saint Francis and took a decrease in pay, so they did help
14 me with State assistance for some time. I even called and
15 said, why are you giving this to me, and they said, well,
16 didn't you call and ask for it? I said, yeah, about six
17 years ago. They said, well, you applied for it so you are
18 going to get it.

19 Q Do you mean State assistance?

20 A Yeah.

21 Q Through the gas company or through some other...

22 A I think, through the gas company. They said it
23 was State assistance through the gas company. I think they
24 took \$40 off my bill. But, my last year's bill, or the
25 year before, was -- I have two rooms, and it was \$240 a

1 month, so I decided, you know, I can live with the cold.
2 It doesn't matter to me.

3 Q You said that you had applied for this
4 assistance six years ago even though it was just granted,
5 what...

6 A Yeah.

7 Q Did you say it was granted last year?

8 A It was granted about three years ago. When
9 Saint Francis closed -- when did they close? It was in
10 2002, I think. It was when they closed that I got that
11 assistance.

12 Q When you applied for that assistance, where did
13 you hear about it?

14 A On a commercial on television, it was a public
15 service commercial, I believe.

16 Q Do you know who sponsored the commercial?

17 A The State.

18 Q When you called the gas company on behalf of
19 your mother, did you indicate to them the difficulty your
20 mother would have paying the bill?

21 A Absolutely.

22 Q What did you say when you called?

23 A I said, you know, I need to talk to you because
24 you have increased her budget from \$235 to \$500. She said
25 everybody is getting an increase. I said, what do you

1 mean? She said, well, obviously your mother is using too
2 much gas, tell her to turn down the thermostat. She was
3 very rude. She said, besides that, the bill isn't in your
4 name so I can't talk to you about it.

5 Q At any time, were you referred, on behalf of
6 your mother, to an assistance program?

7 A No.

8 Q Do you know if your mother ever called the gas
9 company?

10 A My brother called...

11 Q No, your mother?

12 A No, my mother never did. She tried once, but
13 she was put on hold and she said she was getting too afraid
14 to stay on the phone.

15 Q That's the only time you know of that she
16 called?

17 A Uh-huh.

18 Q Do you know if she ever received any mailing or
19 bill insert indicating any sort of assistance program that
20 she might be eligible for?

21 A No.

22 Q You also said your sister called and your
23 brother called?

24 A My brother called after he realized that -- when
25 my mother woke up that morning and he asked, why aren't you

1 taking your pills? With my gas bill \$500, I can't afford
2 \$138 on top of that.

3 Q Did you -- do you know if either your brother or
4 your sister had received any information about an
5 assistance program that your mother might be eligible for?

6 A My older sister called and asked what kind of
7 programs they had, but she had two people living with her
8 who were both unemployed, they said that would be too much
9 money to give her any assistance?

10 Q Two people living with your mother?

11 A Uh-huh.

12 MS. TUNILO: That's all the questions I have.

13 Thank you.

14 JUDGE CORBETT: Ms. Webb, any questions?

15 MS. WEBB: No, Your Honor, no questions.

16 JUDGE CORBETT: Thank you, Ms. Koehler.

17 THE WITNESS: You're welcome.

18 (Witness excused.)

19 JUDGE CORBETT: Denise Edwards.

20 Whereupon,

21 DENISE EDWARDS

22 having previously been duly sworn, testified as follows:

23 DIRECT TESTIMONY

24 JUDGE CORBETT: Would you begin, please, by giving
25 us your full name and spell your last name for the court

1 reporter, please?

2 THE WITNESS: My name is Denise Edwards. I live
3 118 Peebles, P-e-e-b-l-e-s, Street, and that's Wilkinsburg,
4 PA 15221.

5 JUDGE CORBETT: What is your occupation, Ms.
6 Edwards?

7 THE WITNESS: Right now, Your Honor, I'm
8 unemployed. I've been laid off since January.

9 JUDGE CORBETT: What was your occupation when you
10 were employed?

11 THE WITNESS: I worked 22 years for Longview
12 Publishing Center in New York City.

13 JUDGE CORBETT: Are you a customer of Equitable Gas
14 Company?

15 THE WITNESS: No, sir, I am not.

16 JUDGE CORBETT: What is your interest in the case?

17 THE WITNESS: In July, I was elected to represent
18 the Steelworkers Union, the retired steelworkers of
19 Pennsylvania.

20 I guess I want to reinforce some testimony you have
21 already heard. I'm also a member of council of the Borough
22 of Wilkinsburg. I want to make two points in that category
23 as well, sir.

24 JUDGE CORBETT: You may proceed.

25 THE WITNESS: Thank you. Retired Steelworkers in

1 Pennsylvania number a little over 40,000, 50,000 throughout
2 the state. Many are Equitable customers. Most of our
3 retirees have not seen an increase since the mid-1980s.
4 While I will not go into chapter and verse on the debacle,
5 or what some have referred to as the suicide of the steel
6 industry, let me say that corporate policies continue to
7 ripple throughout our region.

8 We have now, many aging retirees here in western
9 Pennsylvania in particular, many of whom are on Coumadin,
10 so the alternative of turning down the thermostat or
11 putting on a sweater or other kinds of dubious approaches
12 to maintain Equitable's profits, in our opinion, is not a
13 plan.

14 We believe, the Steelworkers organization of active
15 retirees, that the PUC should really reject this request
16 for a rate increase.

17 Social Security has been under attack for the past
18 ten years. The Steelworkers have spent ten years fighting
19 to keep Social Security, and obviously there have been no
20 significant increase, much less ten percent increases, on
21 that front.

22 Just on the point of being an elected official in a
23 small community, I am not going to remind you, we cannot
24 raise taxes ten percent every time a utility comes along
25 and decides it's going to raise its rates.

1 JUDGE CORBETT: Ms. Tunilo?

2 MS. TUNILO: No questions, Your Honor.

3 JUDGE CORBETT: Ms. Webb?

4 MS. WEBB: No questions, Your Honor.

5 JUDGE CORBETT: Thank you very much, Ms. Edwards.

6 THE WITNESS: Yes, sir.

7 (Witness excused.)

8 JUDGE CORBETT: Amy McAuliff.

9 Whereupon,

10 AMY MCAULIFF

11 having previously been duly sworn, testified as follows:

12 DIRECT TESTIMONY

13 JUDGE CORBETT: Would you begin, please, by giving
14 us your full name and spell your last name for the court
15 reporter, please?

16 THE WITNESS: Amy McAuliff, M-c-A-u-l-i-f-f.

17 JUDGE CORBETT: Where do you reside Ms. McAuliff?

18 THE WITNESS: AT 111 Siegel Street, Pittsburgh,
19 15209.

20 JUDGE CORBETT: Siegel is S-i-e-g-e-l?

21 THE WITNESS: Yes.

22 JUDGE CORBETT: What is your occupation?

23 THE WITNESS: I work for the Pennsylvania Fair
24 Trade Coalition. I'm a student, and I'm actually here as a
25 volunteer for Western Pennsylvania Jobs (inaudible).

1 JUDGE CORBETT: Are you a customer of Equitable Gas
2 Company?

3 THE WITNESS: Yes, I am.

4 JUDGE CORBETT: You may proceed.

5 THE WITNESS: I'm here tonight on behalf of the
6 Jobs Coalition. We are a coalition made up of labor,
7 environment, faith and other social groups in this
8 community.

9 We believe that the corporate power must be balanced
10 by the human needs of the working families in our
11 community. With CEOs making millions and workers' pockets
12 being pinched for a ten percent increase, we don't believe
13 that is fair.

14 We are here to support working families who are
15 struggling to make ends meet. We only ask for a fair shot
16 in this global economy that is already crashing. We ask
17 you to say no to the rate increase. We must work together
18 for equality and fairness.

19 JUDGE CORBETT: Thank you.

20 Mr. Thomas, any questions?

21 MR. THOMAS: No questions, Your Honor.

22 JUDGE CORBETT: Mr. Eckenrod, do you have any
23 questions?

24 MR. ECKENROD: No questions, Your Honor. Thank
25 you.

1 JUDGE CORBETT: Ms. Tunilo?

2 MS. TUNILO: No questions, Your Honor.

3 JUDGE CORBETT: Ms. Webb?

4 MS. WEBB: No questions, Your Honor.

5 JUDGE CORBETT: Thank you, Ms. McAuliff.

6 THE WITNESS: Thank you.

7 (Witness excused.)

8 JUDGE CORBETT: Patrick Youris. Am I pronouncing
9 your name correct, sir?

10 MR. YOUNG: No, you are not. It's Patrick Young,
11 Y-o-u-n-g.

12 JUDGE CORBETT: I'm sorry.

13 Whereupon,

14 PATRICK YOUNG

15 having previously been duly sworn, testified as follows:

16 DIRECT TESTIMONY

17 JUDGE CORBETT: Okay, and...

18 THE WITNESS: I'm a researcher and technician with
19 the United Steelworkers.

20 JUDGE CORBETT: What is your...

21 THE WITNESS: And, I -- what?

22 JUDGE CORBETT: What is your address, sir?

23 THE WITNESS: Five Gateway Center, Pittsburgh,
24 Pennsylvania 15222.

25 JUDGE CORBETT: Are you, by any chance, a customer

1 of Equitable Gas Company?

2 THE WITNESS: My residence is not, but the United
3 Steelworkers, our headquarters, is a customer of Equitable
4 Gas. Additionally, we represent 35,000 active employees in
5 the rate-paying area.

6 JUDGE CORBETT: I missed that, sir. What is your
7 position with the United Steelworkers?

8 THE WITNESS: I'm called a technician. I'm a
9 researcher.

10 JUDGE CORBETT: You may proceed, sir.

11 THE WITNESS: I put myself -- I think I'm the last
12 one tonight. I wanted to clear up some of whatever
13 misconceptions came out through the questioning.

14 What we have seen today with your questioning is
15 similar to the problem with -- our problem with Equitable
16 Gas. You are a giant corporation. You make a lot of
17 money. You wear a suit. You're sitting in the big chair
18 up there.

19 When our members call you, they call you and you are
20 in a position of power. When our 300 members work for you,
21 you're their boss. Well, you all are there bosses. You
22 are coming at them with this position of power, and you
23 fundamentally abuse that power.

24 You are fundamentally abusing that power by asking
25 for this egregious ten percent rate increase. Absolutely

1 ridiculous in this economy. I don't know how, with a
2 straight face, you can justify asking for another ten
3 percent from the working people of Pennsylvania.

4 You talk about the executives for Equitable. I
5 don't care how you want to talk about the subsidiaries or
6 cut it down or do fancy math, you took 26 million dollars
7 extra -- you took 26 million dollars more last year than
8 you did before. Then you come asking for \$52 million in
9 the State of Pennsylvania.

10 Then when Senator Ferlo came, you said, no, no, are
11 you talking about the right organization? You said that to
12 John DeFazio. You said to Senator Ferlo, are you talking
13 about margins or return on capital investment?

14 I understand you want to be accurate here. I
15 understand that you want to be accurate, but what you are
16 trying to do is cut people down. You are trying to put
17 people out of the process by sitting there trying to
18 intimidate them. It's not acceptable.

19 The way you are treating your ratepayers is not
20 acceptable and the way you are treating your workers is not
21 acceptable. You will say, and you have said to our
22 attorneys, this is tangential; labor relations issues are
23 tangential to the proceedings, but they are not because the
24 way you treat your customers is the same way you treat your
25 workers.

1 Down in Kentucky, you decided you wanted to
2 reorganize your business. You took a union that had been
3 part of the United Steelworkers for 60 years. These people
4 went on strike to demand a successorship clause to protect
5 their contract. You violated that clause by merging
6 Kentucky-West Virginia Gas into Equitable.

7 A federal judge said you had to arbitrate it. Well,
8 you agreed to arbitrate. Then the arbitrator ordered you
9 to recognize the contract until October 15. Then you went
10 and tried to take to federal court action again to vacate
11 that rule. Luckily, the federal judge had some sense,
12 understood basic labor relations law and said, no, you've
13 got to honor that contract. We're not going to grant you a
14 stay. You got to honor that contract now.

15 No sooner did you do that -- did that happen, but
16 you started holding captive audience meetings with our
17 members, offering them buy-outs in violation of the
18 National Labor Relations Act. This is absolutely
19 unacceptable.

20 You can't do it. You're treating workers down in
21 Kentucky the same way you are treating the folks who are
22 calling in with questions about their gas bill up here in
23 Pennsylvania.

24 You are not a responsible contractor and you don't
25 deserve the ten percent rate increase. That concludes my

1 testimony.

2 JUDGE CORBETT: Any questions, Mr. Thomas?

3 MR. THOMAS: Your Honor, the purpose of this
4 hearing -- this is a Pennsylvania jurisdictional operation.
5 The matters going on in Kentucky, I'm not aware of them.
6 They are inappropriate to raise in this proceeding, so I'm
7 not going to address them.

8 THE WITNESS: They are appropriate.

9 MR. THOMAS: I'm just explaining --

10 THE WITNESS: They are because...

11 MR. THOMAS: -- to His Honor why I don't want to
12 get...

13 JUDGE CORBETT: Mr. Thomas, just a minute. We are
14 not going to argue back and forth. If there are arguments
15 to be made, they will be made to me, not between the
16 parties, so there is some order to the proceeding here.

17 If you have a question of this witness, we will
18 allow you to ask the question, Mr. Thomas, and we will
19 proceed in that fashion.

20 MR. THOMAS: Thank you, Your Honor. Normally we
21 would move to strike testimony, but we aren't doing that
22 here.

23 CROSS EXAMINATION

24 BY MR. THOMAS:

25 Q I just want to ask you a question. I asked it

1 to Mr. DeFazio and I may have asked it to the Senator, but
2 are you aware that the executive compensation to which you
3 referred, has not been claimed in this proceeding?

4 Q Can you restate your question?

5 Q Are you aware that in the support for the rate
6 increase, in the rate-making expenses, we have not claimed
7 those executive salaries or executive compensation to which
8 you refer?

9 A Of course. You would be stupid to do that. I
10 mean, you would be laughed out of the Public Utility
11 Commission's office if you did that. That doesn't mean --
12 it just goes to show --

13 MR. THOMAS: Your Honor, --

14 THE WITNESS: -- that you had that money.

15 MR. THOMAS: -- he's answered the question. I have
16 no further questions.

17 JUDGE CORBETT: Mr. Eckenrod, do you have any
18 questions?

19 MR. ECKENROD: No questions, Your Honor. Thank
20 you.

21 JUDGE CORBETT: Ms. Tunilo?

22 MS. TUNILO: No questions, Your Honor.

23 JUDGE CORBETT: Ms. Webb?

24 MS. WEBB: No questions, Your Honor.

25 JUDGE CORBETT: Thank you, Mr. Young.

(Witness excused.)

1
2 Is there anyone else who wishes to testify, whom I
3 have not called?

4 (No response.)

5 Hearing no response, I wish to thank you all for
6 coming and appearing this evening.

7 As I indicated earlier in my opening remarks, this
8 is an important process that we go through in rate cases.
9 It is important for us to come and listen to what you have
10 to say regarding cases like this.

11 Your comments and your testimony that you have given
12 here this evening will be taken back by the parties and
13 reviewed and used in this rate case. So, you have played a
14 part in this case, and I wish to thank you for taking the
15 time out of your busy schedules to come and be with us this
16 evening and participate in this proceeding.

17 Thank you. The hearing is now adjourned.

18 (Whereupon, at 8:03 p.m., the hearing was adjourned.)
19
20
21
22
23
24
25

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

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

FORM 2