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COUNCIL OF THE CITY OF PHILADELPHIA

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COMMITTEE ON LAW AND GOVERNMENT

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Room 400, City Hall
Philadelphia, Pennsylvania
Tuesday, March 20, 2007
3:10 p.m.

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PRESENT:

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COUNCILMAN WILLIAM GREENLEE, CHAIR

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COUNCILWOMAN JANNIE BLACKWELL

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COUNCILMAN JAMES F. KENNEY

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COUNCILMAN FRANK RIZZO

13

COUNCILMAN W. WILSON GOODE, JR.

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BILL 070117 - An ordinance providing for the
submission to the qualified electors of the
City of Philadelphia of an amendment to
Article VIII, Chapter 5 of the Philadelphia
Home Rule Charter, entitled "Referenda
Approved by the Voters," by adding a new
section providing that the citizens of
Philadelphia urge the Pennsylvania Public
Utility Commission to deny the Philadelphia
Gas Works' 2006 Request for a Base Rate
Increase...

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RESOLUTION 070129 - Resolution proposing an
amendment to Article VIII, Chapter 5 of the
Philadelphia Home Rule Charter, entitled
"Referenda Approved by the Voters"...

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V A R A L L O Incorporated
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Eleven Penn Center
1835 Market Street, Suite 600
Philadelphia, Pennsylvania 19103
215.561.2220 215.567.2670

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COUNCILMAN GREENLEE: Good

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afternoon, everybody. The Committee on

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Law and Government is now in session.

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I would ask Mr. Boyle, the

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Clerk of the Committee, to read the bill

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and resolution before us today, please.

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THE CLERK: Ordinance 070117,

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an ordinance providing for the submission

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to the qualified electors of the City of

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Philadelphia of an amendment to Article

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VIII, Chapter 5 of the Philadelphia Home

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Rule Charter, entitled "Referenda

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Approved By the Voters," by adding a new

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section providing that the citizens of

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Philadelphia urge the Pennsylvania Public

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Utility Commission to deny the

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Philadelphia Gas Works' 2006 request for

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a base rate increase; fixing the date of

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a special election for such purpose;

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prescribing the form of ballot questions

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to be voted on; and authorizing the

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appropriate officers to publish notice

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and to make arrangements for the special

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election.

1 3/20/07 - LAW & GOV'T - BILL 070117, ETC.
2 Resolution 070129, Resolution
3 proposing an amendment to Article VIII,
4 Chapter 5 of the Philadelphia Home Rule
5 Charter, entitled "Referenda Approved By
6 the Voters," by adding a new section
7 providing that the citizens of
8 Philadelphia urge the Pennsylvania Public
9 Utility Commission to deny the
10 Philadelphia Gas Works' 2006 request for
11 a base rate increase.

12 COUNCILMAN GREENLEE: Thank
13 you.

14 For the record, present are
15 Committee members Councilman Kenney, who
16 is Vice-Chair of the Committee,
17 Councilman Rizzo and Councilwoman
18 Blackwell, who is the sponsor of this
19 bill and resolution.

20 I have a number of witnesses.
21 If I just respectfully ask as we start if
22 there are people who have written
23 testimony, they can make that part of the
24 record, and if they could summarize their
25 statements, it would help the Committee

1 3/20/07 - LAW & GOV'T - BILL 070117, ETC.
2 move along and people not to have to wait
3 too long to testify.

4 First on my witness list is
5 Mr. Vincent Jannetti, Acting Director of
6 Finance.

7 Good afternoon. If you could
8 identify yourself for the record, Mr.
9 Jannetti, and proceed, please.

10 MR. JANNETTI: Sure. I'm Vince
11 Jannetti, Acting Director of Finance to
12 the City.

13 Good afternoon, Councilman
14 Greenlee and members of the Committee on
15 Law and Government. I'm Vince Jannetti,
16 as I just said. I'm Acting Director of
17 Finance and a member of the Board of
18 Directors of PFMC. I'm here to testify
19 on Bill No. 070117. This bill will
20 provide for the submission to the
21 electors of the City for an amendment to
22 Article VIII, Chapter 5 of the Home Rule
23 Charter. And I'll skip the rest.

24 Although the impact of the
25 proposed Charter change is largely

1 3/20/07 - LAW & GOV'T - BILL 070117, ETC.
2 symbolic, the Administration nonetheless
3 is hereby to testify in opposition to
4 Bill No. 070117. Since 2000, PGW, under
5 the direction of the Administration, has
6 worked to stabilize PGW's operations and
7 to assure the residents and businesses in
8 Philadelphia have safe, reliable gas
9 service. The Administration has also
10 insisted that those managing PGW do so
11 efficiently, reducing outside
12 contracting, reducing the size of the
13 staff and controlling healthcare costs
14 and increasing collections.

15 In order to avoid simply
16 passing on to paying customers costs
17 associated with those unable to afford
18 the cost of gas, the City has worked
19 closely with PGW management to increase
20 state and federal support for low-income
21 customers. Despite these measures, PGW
22 needs additional revenue if it is to
23 continue to provide reliable, safe gas
24 service, make up for lost sales and
25 rising costs and to begin to be able to

1 3/20/07 - LAW & GOV'T - BILL 070117, ETC.
2 pay down their huge amount of debt and/or
3 to do pay-as-you-go capital financing.

4 The company also needs to
5 maintain its bond coverage covenants and
6 to maintain its access to capital markets
7 for future capital needs and short-term
8 operating funds. In addition, the
9 company is required to pay the \$45
10 million loan to the City in Fiscal 2009.

11 Barring the company from
12 raising rates would potentially require
13 the City or some other public entity to
14 step up to cover revenue shortfalls of
15 PGW.

16 The City's proposed FY08 to
17 2012 Five-Year Plan is precariously
18 balanced. The fund balance at June 30,
19 2012 is projected at \$47 million in the
20 Plan. There are no provisions in same
21 for employee wage increases or increases
22 in employee health and welfare costs,
23 rising prison population, just to name a
24 few of our looming cost challenges. In
25 addition, our ability to generate

1 3/20/07 - LAW & GOV'T - BILL 070117, ETC.
2 additional tax revenues is constrained,
3 especially as we are taking out 1.7
4 billion in revenues over the life of the
5 Five-Year Plan. The City has also
6 foregone or granted back to the company
7 the annual \$18 million payment and does
8 so for the life of the proposed Plan.
9 These factors make it impossible for this
10 government to commit any additional
11 resources to PGW.

12 Thank you for the opportunity
13 to testify. I'd be happy to answer any
14 questions.

15 COUNCILMAN GREENLEE: Thank
16 you, Mr. Jannetti.

17 If the record could also
18 reflect Councilman Goode is present.

19 Mr. Jannetti, just a question.
20 You have in your testimony the impact of
21 the proposed Charter change is largely
22 symbolic. If this Committee passed it,
23 Council passed it, it went on the ballot,
24 passed, what direct effect would you
25 think it would have on the PUC?

1 3/20/07 - LAW & GOV'T - BILL 070117, ETC.

2 MR. JANNETTI: I have no sense
3 of that, Councilman.

4 COUNCILMAN GREENLEE: Okay.

5 Any other questions or comments
6 from the Committee?

7 (No response.)

8 COUNCILMAN GREENLEE: Seeing
9 none, thank you, Mr. Jannetti.

10 MR. JANNETTI: Thank you.

11 COUNCILMAN GREENLEE: The next
12 witness I have is Lance Haver, please.

13 Good afternoon. Identify
14 yourself for the record, please, and
15 proceed.

16 MR. HAVER: Good afternoon,
17 Mr. Chairman. My name is Lance Haver.
18 I'm Director of Consumer Affairs for the
19 City of Philadelphia and I want to thank
20 you for this opportunity to testify
21 before you and for your interest in
22 protecting Philadelphia consumers.

23 Let me start out with the
24 obvious. Philadelphians have seen their
25 gas bills skyrocket in the years since

1 3/20/07 - LAW & GOV'T - BILL 070117, ETC.
2 President Bush has taken office. The
3 average bill in the 2002-2003 heating
4 season was \$900. This year it will be
5 almost 2,000. At the same time, the
6 federal government has refused to tie the
7 annual LIHEAP and Crisis grants to the
8 price of heating oil or natural gas. The
9 overwhelming majority of Philadelphia
10 families have not seen their income
11 increase to keep up with their utility
12 bills. Forcing struggling families to
13 pay more would make a bad problem worse,
14 and asking those who can keep up to keep
15 paying more and more for those who,
16 through no fault of their own, cannot is
17 wrong.

18 The skyrocketing bills have
19 been driven by the price of natural gas
20 at the well, not the Philadelphia Gas
21 Works. Under the Bush energy plan,
22 natural gas has more than tripled. As
23 approximately 50 percent of our bills are
24 the cost of natural gas, a 200 percent
25 increase at the well leads to a doubling

1 3/20/07 - LAW & GOV'T - BILL 070117, ETC.

2 of the gas bills. In truth, had PGW,
3 this Administration and Council done
4 nothing, the bills would be even worse
5 than they are now.

6 To help the public keep their
7 bills within reach, Council and the
8 Administration have taken very positive
9 steps. The Administration and Council
10 have stopped collecting \$18 million from
11 the Gas Works every year, a charge that
12 was the equivalent of the sales tax. The
13 City has also loaned PGW \$45 million in
14 an effort to keep gas bills affordable.
15 PGW, the United Way and the City have
16 conducted literally hundreds of free
17 workshops showing consumers how they can
18 conserve energy. New loan programs have
19 been established by the City to help
20 consumers purchase new heaters. PGW has
21 weatherized literally thousands of homes.
22 In addition, PGW has aggressively helped
23 consumers apply for LIHEAP and Crisis
24 grants and enrolled families in the CRP
25 programs at historic levels.

1 3/20/07 - LAW & GOV'T - BILL 070117, ETC.

2 The Administration and this
3 Council have installed professional
4 management at PGW. Collection rates and
5 efficiencies are up. It was not that
6 long ago under the old management team
7 that PGW had a billing computer that did
8 not work and was literally giving
9 ratepayers' money away. Under the old
10 management, PGW was making two types of
11 decisions, bad and worse. All three of
12 the previous managers were indicted for
13 stealing from the Gas Works.

14 We have come a long way since
15 Mr. Hawes decided to spend ratepayers'
16 money on golf outings and his alma mater.
17 Mr. Martin decided to spend our money on
18 our security system and Mr. Sherbut
19 fraudulently submitted his resume.

20 But we have not solved the most
21 pressing problem, ones that are not the
22 City's or PGW's fault but the fault of
23 the Public Utility Commission. That is
24 the problem of paying for those who
25 cannot keep up with the skyrocketing

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2 bills, and how can PGW pay for higher
3 labor and healthcare costs when we are
4 teaching people to use less?

5 I know there will be some who
6 will question my judgment by pointing out
7 that the Street Administration appointed
8 me to this position. All I ask is that
9 you consider on occasion I have testified
10 here against positions the Administration
11 was advocating. I opposed the surcharge
12 on gas bills that PGW requested three
13 years ago. I opposed the last water rate
14 hike. I testified in opposition to the
15 cuts in the business privilege taxes, as
16 I think Councilman Kenney will recall,
17 and most recently testified in favor of
18 removing Wachovia from the list of
19 appropriate depositories.

20 I believe that PGW needs more
21 money in part because the City of
22 Philadelphia runs the most comprehensive
23 and affordable low-income plan in the
24 state; in part because as we conserve,
25 the overhead PGW collects on sales isn't

1 3/20/07 - LAW & GOV'T - BILL 070117, ETC.

2 enough; and in part because of rising
3 labor and healthcare costs.

4 That is why I believe both
5 statements are true: Many people cannot
6 afford to pay any more and PGW needs more
7 money.

8 If the Public Utility
9 Commission treated Philadelphians fairly,
10 it would spread the universal service
11 charge, which pays for those who cannot
12 keep up, across the entire state. As of
13 now, the PUC forces Philadelphians to pay
14 a disproportionate share of those costs.

15 The PUC in an intellectually
16 dishonest way says we should all bear the
17 burden for those who cannot afford
18 utility service and then orders it placed
19 most heavily on those who live next to
20 the lowest income consumers.

21 No honest interpretation of the
22 facts would excuse the red lining that
23 the PUC has engaged in over the last 20
24 years. What makes it worse is for the
25 least expensive utility, phone service,

1 3/20/07 - LAW & GOV'T - BILL 070117, ETC.

2 the PUC spreads the universal service
3 charge across the entire state, but for
4 the most expensive utility, gas, it
5 forces the burden of the universal
6 service charge on the smallest area
7 possible.

8 The PUC is like many
9 practitioners of the right wing agenda:
10 It gives the benefit of society to the
11 rich and the burdens of society to the
12 poor and working people. The PUC
13 purposely places the burden of those on
14 limited and fixed incomes and the working
15 poor on Philadelphia alone and allows the
16 other citizens in the state to pay far
17 less of a universal service charge than
18 Philadelphians pay. As a result, the Gas
19 Works and the City of Philadelphia find
20 itself facing a dilemma, people cannot
21 afford to pay more and PGW needs more.

22 To make it even clearer how
23 little the PUC cares about the needs of
24 poor and working people, examine how much
25 time and energy they spend promoting

1 3/20/07 - LAW & GOV'T - BILL 070117, ETC.
2 renewable energy and how little time they
3 spend promoting conservation.

4 The PUC has established four
5 different funds to fund renewable energy.
6 There is not a single fund to support
7 conservation and weatherization. If the
8 PUC really cared about helping people
9 conserve, they would run a national
10 competition for the most efficient method
11 to weatherize a home. If the PUC were to
12 act justly and share the burden across
13 the state, there would be no need to
14 raise the bills in Philadelphia.

15 I fear that unless the ballot
16 question is worded in such a manner that
17 demands the PUC do both, keep people's
18 bills down and ensure that PGW has the
19 funds it needs to operate safely and
20 efficiently, we will be letting the PUC
21 continue to ignore the needs of
22 Philadelphia. I strongly recommend that
23 you amend the wording to reflect both
24 needs.

25 In addition, I urge Council to

1 3/20/07 - LAW & GOV'T - BILL 070117, ETC.

2 intervene in the rate case with the
3 specific demand that the PUC establish a
4 statewide universal service fund.

5 We should no longer remain
6 silent as the PUC red lines the City.

7 And, Mr. Chairman, Councilman,
8 your question prior, the fear I have in
9 this ballot question is, it let's the
10 Public Utility Commission off the hook.
11 Instead of putting their feet to the
12 flames and making them come up with a
13 better solution for us, to allow them to
14 look like heroes when in reality what
15 they're doing is red lining against the
16 poorest of the poor, to me doesn't make
17 any sense, and that's why I am concerned.
18 It's not enough for the Public Utility
19 Commission to simply say no. They have
20 to come up with a long-term solution,
21 which means spreading the burden of those
22 who can no longer pay across the entire
23 state and developing a conservation
24 program that makes sense for the City of
25 Philadelphia.

1 3/20/07 - LAW & GOV'T - BILL 070117, ETC.

2 Thank you.

3 COUNCILMAN GREENLEE: Thank
4 you, Mr. Haver. Just on that point,
5 would the Public Utility Commission be
6 the ones that can do it? Can the
7 Legislature do that? I mean, does the
8 Legislature have to fund that in some
9 way? How does that work?

10 MR. HAVER: The Legislature
11 certainly could do it, but it's not going
12 to do it until the Public Utility
13 Commission acknowledges that it's a
14 problem.

15 I'm not suggesting there's an
16 easy solution for you. I recognize you
17 want to protect ratepayers. The problem
18 is the level of poverty is so great and
19 the price of natural gas has gone up so
20 high, despite the best intentions and the
21 better management of PGW, we really face
22 a dilemma. People can't pay and PGW
23 needs more money.

24 COUNCILMAN GREENLEE: Has the
25 PUC ever been directly approached on this

1 3/20/07 - LAW & GOV'T - BILL 070117, ETC.
2 yet?

3 MR. HAVER: They have. They
4 ran an investigation of what to do about
5 the low-income plans and they had an
6 investigatory hearing. I testified at
7 it. It was written testimony. They did
8 not find that there were a lot of people
9 who were demanding a universal service
10 charge, and what they did was acknowledge
11 that the programs for low-income people
12 were different in different regions but
13 didn't address the funding mechanism.

14 COUNCILMAN GREENLEE: I see. I
15 know we had a conversation about this
16 Friday, but I guess part of the problem
17 is that the rest of the state would be
18 resistant to want to say -- they're
19 usually not real open to helping
20 Philadelphia to start with.

21 MR. HAVER: I think you're
22 absolutely right, but because this is
23 going to be primarily a symbolic gesture
24 in a way of delivering a political
25 message, I can think of no better way to

1 3/20/07 - LAW & GOV'T - BILL 070117, ETC.

2 say to the Public Utility Commission, You
3 have an obligation. Whenever we want to
4 have taxes that are graduated, we say,
5 Oh, no, in Pennsylvania we can't have
6 graduated taxes, we have a flat tax
7 constitution. Well, why then is it we
8 don't have a flat fee for universal
9 service charge? Why is that allowed to
10 be graduated if we can't have a graduated
11 income tax or graduated business taxes?
12 It makes no legitimate sense.

13 COUNCILMAN GREENLEE: Okay. I
14 certainly understand what you're saying.
15 Just one question, and I know Councilman
16 Goode and Councilwoman Blackwell want to
17 ask a question.

18 Do you have specific language
19 that you -- you don't have to give it to
20 me right now. If you wanted to think
21 about that.

22 MR. HAVER: I would certainly
23 get it to you by the end of the day.

24 COUNCILMAN GREENLEE: Because
25 we have a few more people to testify,

1 3/20/07 - LAW & GOV'T - BILL 070117, ETC.
2 obviously.

3 MR. HAVER: Yes.

4 COUNCILMAN GREENLEE: Thank
5 you. I don't want to dominate the
6 questions.

7 Councilman Goode.

8 COUNCILMAN GOODE: I'll defer
9 to Councilwoman Blackwell.

10 COUNCILMAN GREEN: Okay.

11 Councilwoman Blackwell.

12 COUNCILWOMAN BLACKWELL: Thank
13 you.

14 I certainly agree that it's a
15 great idea that we have a statewide
16 universal service fund, and I am sure
17 that my colleagues would support me in
18 doing that. I just don't think it's one
19 or the other, and that at this time, even
20 if we call for a statewide universal
21 service fund, we need to do something
22 since the PGW filed in December, I think
23 the 16th, 16th or 19th. I think 16th.
24 They applied for a rate increase, and we
25 need to do something. I don't think

1 3/20/07 - LAW & GOV'T - BILL 070117, ETC.
2 they're mutually exclusive. I think we
3 need to do something to certainly protect
4 those now who can't afford to pay.

5 Thank you for your commitment.
6 I understand all that you say, and we
7 agree with you on the service fund.

8 MR. HAVER: Thank you,
9 Councilwoman.

10 COUNCILMAN GREENLEE: Thank
11 you, Councilwoman.

12 Councilman Goode.

13 COUNCILMAN GOODE: Thank you,
14 Mr. Chairman.

15 My questions are along the
16 lines of the Chair and comments of
17 Councilwoman Blackwell. I guess the
18 first question is, it's not a matter of
19 this ballot question as it's written
20 being symbolic, but any ballot question
21 would be symbolic in this matter. So do
22 you think there should be a ballot
23 question?

24 MR. HAVER: In the best of all
25 worlds, I would rather you intervene in

1 3/20/07 - LAW & GOV'T - BILL 070117, ETC.

2 the case and --

3 COUNCILMAN GOODE: Does that
4 mean no?

5 MR. HAVER: Well, it means I
6 understand that you want to do something
7 to protect consumers, and on the level of
8 which is better, what I believe --

9 COUNCILMAN GOODE: My question
10 was, any ballot question would be
11 symbolic. So based upon the fact that it
12 would be symbolic, do you think that
13 there should be any ballot question?
14 Should there be a ballot question
15 regardless of how it's worded? Because
16 regardless of how it's worded, it would
17 be symbolic.

18 MR. HAVER: I don't have any
19 problem with symbolic ballot questions.
20 I believe that we made the right decision
21 in putting the ballot question on about
22 Iraq. I believe demanding a statewide
23 universal service charge would be a
24 correct ballot question. I think there's
25 a difference of what the question is.

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2 COUNCILMAN GOODE: Second
3 question is, if you believe there should
4 be a universal service charge, is that
5 what PGW believes and is that what their
6 request was?

7 MR. HAVER: I cannot -- that is
8 not the request in this filing, and I
9 cannot speak for them. I know that
10 Mr. --

11 COUNCILMAN GOODE: So the
12 ballot question as it is constructed now,
13 in essence, asks for the PGW request to
14 be rejected, and if what we want is a
15 universal service charge, then we will be
16 rejecting PGW's request; would we not?

17 MR. HAVER: What we would be
18 rejecting is that bills are held where
19 they are and that the Public Utility
20 Commission establishes a universal
21 service charge to fund PGW.

22 COUNCILMAN GOODE: The ballot
23 question is very specific. It deals
24 specifically with PGW's 2006 request for
25 a base rate increase. And so if what we

1 3/20/07 - LAW & GOV'T - BILL 070117, ETC.
2 want to move to is a universal service
3 charge and that is not what PGW
4 necessarily wants to do and that
5 definitely is not what they requested to
6 do, then we would be rejecting PGW's
7 request and asking the citizens to reject
8 PGW's request in favor of a universal
9 service charge. So, in fact, it's
10 possible the ballot question is worded
11 correctly because we're rejecting PGW's
12 request in favor of a universal service
13 charge.

14 MR. HAVER: I understand your
15 point. I would just respectfully
16 disagree. Without putting the actual
17 words "universal service charge" and
18 forcing the PUC to establish it, I think
19 that message gets lost.

20 COUNCILMAN GOODE: Lastly,
21 since you disagreed, do you actually
22 believe it's possible to change the
23 wording of this ballot question and still
24 have it be valid?

25 MR. HAVER: I would bow to

1 3/20/07 - LAW & GOV'T - BILL 070117, ETC.

2 greater wisdom. My understanding is,
3 yes, there's time to do that.

4 COUNCILMAN GOODE: Not time.

5 Do you actually believe that you can
6 change the wording of this ballot
7 question to achieve what you're trying to
8 achieve in terms of a universal service
9 charge and have the question still be
10 valid?

11 MR. HAVER: Yes.

12 COUNCILMAN GOODE: And so you
13 believe that PGW's service request could
14 actually contain the possibility of a
15 universal service charge?

16 MR. HAVER: I think the answer
17 is yes, but I'm not sure what you're
18 actually asking. It already -- in the
19 rate case is the universal service
20 charge. It's just only borne by
21 Philadelphians. It's not spread across
22 the state.

23 COUNCILMAN GOODE: So you
24 actually believe that it could be spread
25 across the state within the current

1 3/20/07 - LAW & GOV'T - BILL 070117, ETC.
2 request to the PUC?

3 MR. HAVER: Yes. It's
4 possible. I don't think it's likely, but
5 it is possible.

6 COUNCILMAN GOODE: I'm talking
7 about in terms of the ballot question.

8 MR. HAVER: Yes.

9 COUNCILMAN GOODE: Okay. Thank
10 you.

11 COUNCILMAN GREENLEE: Thank
12 you, Councilman.

13 Councilman Rizzo.

14 COUNCILMAN RIZZO: Thank you,
15 Mr. Chairman.

16 Could you tell me, is there a
17 way that if we're going to address this
18 issue -- this is more than just about
19 heat in the winter. I watched a TV show
20 the other night about 1995, I think it
21 was, in Chicago when hundreds of people
22 died because of exposure to the heat.

23 Would the universal service
24 charge also be applicable to PECO Energy
25 so we could have some assistance, because

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2 obviously heat in the winter is probably
3 above cooling in the summer, but would
4 that apply to the electric utility for
5 people that want to have some cooling in
6 the summer?

7 MR. HAVER: The answer is yes,
8 but technically we would have to wait
9 until the transmission and distribution
10 freeze is over. As part of the
11 restructuring of the electric industry,
12 there was an agreement by PECO that it
13 would not file for any changes in its
14 tariffs until the year 2010. So we would
15 have to wait for that moment and then we
16 could address that. Other than that, it
17 would be very difficult to change the
18 transmission and distribution charges,
19 which is the only part of the bill that
20 is regulated. As you know, the
21 generation of electricity is no longer
22 regulated.

23 COUNCILMAN RIZZO: So we would
24 accomplish the universal service charge
25 for the gas utility, but on the other

1 3/20/07 - LAW & GOV'T - BILL 070117, ETC.

2 hand, if we have 95, 100 degree days, our
3 seniors are keeping their air conditioner
4 off, if they are fortunate to even have
5 one. So we're not going to be able to
6 help them until the year '10?

7 MR. HAVER: I believe that
8 that's correct. It's unfortunate and I
9 understand that you would like to help
10 everyone, but, again, I don't think it's
11 helpful for me to mislead you. This
12 would set a precedent and then the
13 precedent would go into effect.

14 COUNCILMAN RIZZIO: Again, I
15 agree that heat is probably more
16 important than the cooling, because you
17 could at least have fans and other things
18 in the summer, but after seeing how
19 deadly heat can be -- and we all know how
20 deadly it is here in our own city -- that
21 we ought to look at what we can do.

22 You're telling me that you
23 don't believe there's anything at all
24 that the genius lawyers can do to get
25 around this?

1 3/20/07 - LAW & GOV'T - BILL 070117, ETC.

2 MR. HAVER: Well, I will tell
3 you, I'm ill-prepared to answer that
4 question. If you ask me to come back
5 after I've had a chance to study it, I
6 would be better prepared. As it is now,
7 because there is an agreement that there
8 will not be any change to transmission
9 and distribution, I don't know right now
10 if there's a way around it.

11 You may be right, there may be
12 a creative way to solve that problem, but
13 I don't want to testify in front of you
14 to suggest that I know something I don't
15 know.

16 COUNCILMAN RIZZO: That's fair.
17 I'm going to ask Mr. Hershey when he
18 comes up that maybe he could shed some
19 light on that, because I think if we're
20 going to address this issue, we can take
21 baby steps, but I would like to get the
22 electric utilities on board also.

23 Thank you, Mr. Chairman.

24 COUNCILMAN GREENLEE: Thank
25 you, Councilman.

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2 Any other questions?

3 Councilwoman Blackwell.

4 COUNCILWOMAN BLACKWELL: I
5 certainly wish I thought the state would
6 help pay our bills, but I don't know if
7 other counties would be willing to do
8 that. Don't we wish?

9 Thank you.

10 COUNCILMAN GREENLEE: Thank
11 you, Councilwoman.

12 Mr. Haver, if I could just add,
13 obviously this is Councilwoman
14 Blackwell's issue and it would be up to
15 the Committee, but if you could think of
16 some wording, it's up to you. We'll have
17 a little time.

18 MR. HAVER: I will bring it
19 back for you within the hour.

20 COUNCILMAN GREENLEE: Thank
21 you.

22 MR. HAVER: Thank you.

23 COUNCILMAN GREENLEE: Thank
24 you, sir.

25 Next witness, Steve Hershey,

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2 PGW.

3 Good afternoon. Please
4 identify yourself for the record and
5 proceed, please.

6 MR. HERSHEY: Good afternoon.

7 My name is Steven P. Hershey. I'm
8 Vice-President, Regulatory and External
9 Affairs at PGW.

10 I've previously distributed my
11 testimony and an attachment, but before I
12 begin the testimony and before I lose
13 sight of it, there were a couple of
14 issues that came up here that I'd like to
15 address. And, yes, I think I can.

16 It may be the first time on
17 record that I've ever disagreed with
18 Lance Haver, but I believe that he was
19 wrong on the question that you raised.
20 The Electric Competition Act provided for
21 an exception that the distribution
22 charges, under certain limited
23 circumstances, could be raised if the
24 utility requesting the change met certain
25 criteria. So I think there is room to

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2 make the kind of change that you
3 requested if it's the sense of the
4 Commission that it's appropriate.

5 And related to that, PGW and a
6 number of other utilities in Pennsylvania
7 are in the process of looking at the
8 question of statewide funding for a
9 universal service program. There are a
10 number of states that indeed fund such a
11 program on a statewide basis in a manner
12 that's very similar to the telephone
13 universal service charge.

14 The telephone universal service
15 charge is one that is federally mandated,
16 and if you look at your next land line
17 bill from the telephone company, you'll
18 see a surcharge of pennies each month
19 that is designed specifically to create a
20 fund for low-income customers to provide,
21 in their terms, life line service and
22 also to defray some of the costs of
23 providing telephone service in remote
24 rural areas.

25 COUNCILMAN RIZZO: That

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2 obviously is an issue that's another day,
3 but I just mentioned to my colleague, and
4 she said that we would absolutely be
5 willing and we'll ask you to point us in
6 the right direction to get that
7 information that you just stated, because
8 I believe that the issue is as
9 significant for the summer as it is in
10 the winter and I think it's only fair
11 that we address it across the board.

12 MR. HERSHEY: I agree with
13 that. I think the difference in size
14 between electric cooling bills and gas
15 heating bills is disproportionate, but
16 there are certainly ways to devise a
17 formula that could address that problem.

18 There was one other issue that
19 I wanted to follow up on, if I might.
20 Mr. Haver addressed the need for
21 conservation and funding of adequate
22 conservation programs. One element of
23 conservation that is often overlooked is
24 that to the extent that it reduces a
25 customer's energy bill, in most cases

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2 that is -- those are dollars that can be
3 spent in the local economy. Instead of,
4 for example, with the natural gas
5 utility, sending those dollars to Houston
6 or the Gulf Coast or the Middle East, the
7 customer retains the dollars because the
8 bill is lower and has that money to spend
9 in the local economy, which creates jobs,
10 which creates additional people who can
11 pay their gas bill, pay their electric
12 bill and pay for other commodities in
13 Philadelphia. So there's a doubling and
14 tripling of the impact of weatherization.

15 Now I'll return to the
16 testimony that I submitted.

17 PGW understands the motivation
18 for Bill No. 070117 and understands that
19 many customers already struggle to pay,
20 but PGW asks that this Committee reject
21 the bill and seek an alternative
22 solution.

23 Without a rate increase, PGW
24 will violate its bond covenants, will not
25 be able to fund its operations, will not

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2 be able to pay its bills and will not be
3 able to borrow either long term or short
4 term. Neither the customers nor the City
5 nor the public interest would be
6 well-served if that were to happen.

7 I've attached a presentation,
8 which many of you have seen previously,
9 which shows clearly that since PGW's last
10 rate increase five years ago, PGW has
11 succeeded in keeping costs under control,
12 in reaching out to protect vulnerable
13 customers and in improving collections.
14 That has not been enough.

15 In the last seven years, the
16 City has done more for PGW and its
17 customers than at any time that I can
18 recall, including the period when I
19 served as Public Advocate from 1986 to
20 1998. That has not been enough.

21 PGW has a low-income program
22 that serves more than 75,000 customers,
23 but we have no maximum number in that
24 program and continue to conduct
25 aggressive outreach for the program. PGW

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2 has a low-income weatherization program
3 and each winter conducts weatherization
4 workshops around the City. This winter
5 we funded 30 such workshops. That has
6 not been enough.

7 PGW needs additional funds for
8 operations, for customer service, for
9 safety and reliability. Right now we can
10 get those funds only from our customers.
11 PGW has been like the customer of the
12 payday lender, not having enough to get
13 to the next paycheck, so the solution is
14 to borrow, but that only digs the hole
15 deeper. We cannot keep borrowing.

16 If the state or federal
17 government provided funds for the capital
18 program for safety and reliability, that
19 would help. If the state or federal
20 government provided funds to help
21 customers who are vulnerable, that would
22 help. And I should add that should those
23 funds be made available on a recurring
24 basis in an amount sufficient, we would
25 drop the request for a rate increase in a

1 3/20/07 - LAW & GOV'T - BILL 070117, ETC.
2 heartbeat.

3 Recently, PGW and ACORN
4 together asked the state for funds to
5 help those vulnerable customers below 250
6 percent of poverty. The state responded
7 with \$500,000. It helped, but it was not
8 nearly enough.

9 PGW would like to work with
10 Council and the Administration to find
11 additional resources to meet PGW's need
12 to keep the system safe and reliable
13 without increasing the burdens for our
14 customers.

15 Thank you.

16 COUNCILMAN GREENLEE: Thank
17 you, Mr. Hershey. I know Councilman
18 Kenney and Councilwoman Blackwell have
19 questions. Just one question for me. To
20 steal Councilman Goode's question to
21 Mr. Haver, the universal service charge,
22 was that considered as part of the rate
23 request? Could you have put that in
24 there as we asked you to consider this in
25 lieu of an increase? I don't know if

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2 that kind of thing can be done or has
3 ever been done.

4 MR. HERSHEY: If we had done
5 that -- the simple answer is, it was not,
6 and the reason for that was that we were
7 the only utility in front of the
8 Commission on that particular case. In
9 order to make the universal service fund
10 work effectively for PGW, for its
11 customers, for Philadelphia, the fund
12 would have to be created on a statewide
13 basis and, therefore, the funds would
14 have to come from all of the utilities or
15 from some other statewide mechanism. So
16 having it only in our rate case would not
17 have been effective.

18 COUNCILMAN GREENLEE: Okay. I
19 understand. Thank you.

20 Councilman Kenney.

21 COUNCILMAN KENNEY: Thank you
22 very much.

23 Mr. Hershey, you've been around
24 this utility for quite some time and have
25 seen a lot of different scenarios. I

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2 just want to walk you through a potential
3 hypothetical as it relates to this.

4 Now, it's been stated earlier
5 that this particular legislation and the
6 ballot question that may generate is
7 largely symbolic, but if the PUC decided
8 that they wanted to listen to the voice
9 of the Philadelphia taxpayer or ratepayer
10 and decided not to approve the rate
11 increase, what would happen?

12 MR. HERSHEY: If the rate
13 increase were rejected, for whatever
14 reason --

15 COUNCILMAN KENNEY: Well, if
16 they say, Look, the ratepayer of
17 Philadelphia has spoken and we're going
18 to give you what you want, what would
19 happen?

20 MR. HERSHEY: PGW would violate
21 its bond covenant. It would be unable to
22 meet operating expenses, would
23 essentially fail to operate unless there
24 were some other source of funds to meet
25 those needs.

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2 COUNCILMAN KENNEY: What then
3 would the responsibilities of the City
4 and the state be as it relates to the
5 delivery of this life-sustaining
6 commodity in addition to the safety
7 issues surrounding delivery of that gas
8 and its capital needs? What would be
9 both the City and the -- would the state
10 have any responsibility or legal
11 requirements to do anything and would the
12 City have any? Could the PUC simply walk
13 away and say, You're out of business, we
14 don't care, we have no responsibility?

15 MR. HERSHEY: That's not an
16 easy question to answer. The state and
17 the City have certain obligations to
18 maintain universal safe and reliable
19 utility service for those who want it.
20 The ability to discharge that
21 responsibility could come in many forms
22 on different schedules. It's not at all
23 clear to me that it would be in any way
24 timely or completely effective, and
25 that's not -- I wouldn't put my eggs in

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2 that basket, frankly.

3 COUNCILMAN KENNEY: I don't
4 think it's a likely scenario. I'm having
5 this kind of hypothetical exercise with
6 you relative to just what the state's
7 responsibilities are other than simply
8 approving or disapproving rate increase
9 requests.

10 MR. HERSHEY: I think the
11 Public Utility's responsibility is to
12 analyze the needs of a particular utility
13 before it over whom it has jurisdiction
14 and make sure that there are adequate
15 funds to provide safe and reliable
16 service at an affordable price.

17 COUNCILMAN RIZZO: Point of
18 information.

19 COUNCILMAN GREENLEE:
20 Councilman Rizzo.

21 COUNCILMAN RIZZO: Mr. Hershey,
22 are you telling me there's no precedent
23 anywhere in the United States of America
24 where a utility has gone belly up and the
25 feds or the state haven't taken it over

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2 and operated it?

3 MR. HERSHEY: Let me be clear.
4 First, we're talking about Pennsylvania
5 law. I believe that there are a number
6 of utilities that went bankrupt and
7 provision was made to meet the operating
8 needs of those utilities. In all of the
9 instances that I can think of at the
10 moment, those were privately owned
11 corporations. PGW is not incorporated.
12 It's a collection of assets owned by the
13 City. We can't go bankrupt.

14 Would the City step up?
15 Mr. McPherson or Mr. Jannetti might be
16 better capable of answering that question
17 than I.

18 COUNCILMAN RIZZO: Well, I'm
19 fairly confident that there would be a
20 mechanism if you guys got into distress
21 where you say you would be that the state
22 government, like Councilman Kenney said,
23 or the federal government wouldn't come
24 in, whether it's a professionally owned
25 utility, a municipally owned utility.

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2 You don't have a button in the control
3 room and put it on auto pilot.

4 MR. HERSHEY: I don't disagree
5 with you. Somebody would find resources
6 somewhere. It would be a monumental
7 crisis and there would have to be some
8 response from government, whatever the
9 government that is. The question is
10 would it be effective, would it be
11 timely, would it -- I think we're
12 entering into unknown territory there.

13 COUNCILMAN RIZZ0: Well, it's
14 something you have to discuss.

15 And excuse me for interrupting
16 and thanks for bringing that up,
17 Councilman.

18 COUNCILMAN KENNEY: I just want
19 to entertain one other scenario.

20 If this comes out of Committee,
21 it's probably not going to be eligible
22 for the May ballot, which means it would
23 be on the November ballot. You guys have
24 filed already your rate increase request.
25 When are they scheduled to make the

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2 decision on it?

3 MR. HERSHEY: End of September.

4 COUNCILMAN KENNEY: So this
5 would literally have no --

6 COUNCILMAN GREENLEE: That
7 would be after when we'd have to put it
8 on the ballot.

9 COUNCILMAN KENNEY: The rate
10 increase would be decided prior to any
11 vote on this ballot question?

12 MR. HERSHEY: If it were on the
13 November ballot, that's correct.

14 COUNCILMAN KENNEY: Am I
15 incorrect in saying that this has no
16 chance of getting on the May ballot?

17 COUNCILMAN GREENLEE: I
18 believe, Councilman Kenney, if this
19 Committee passed it and it was passed at
20 Council a week from Thursday, if the
21 Mayor signed it immediately, like within
22 a day or two, it could. It could. I
23 believe that meets the 45-day rule.

24 So, I mean, to answer your
25 question -- now, if you're talking

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2 realistically, you heard the Finance
3 Director's testimony. Is that likely to
4 happen? But, I mean, realistically I
5 think it could in pure numbers, number of
6 days, yes.

7 COUNCILMAN KENNEY: Thank you.

8 MR. HERSHEY: If I may.

9 COUNCILMAN GREENLEE: Yes,
10 Mr. Hershey.

11 MR. HERSHEY: I don't want to
12 be misunderstood on one point. I think
13 most of you know me and know current
14 management at PGW. We understand the
15 difficulty that many of our customers
16 face right now. We're doing what we can
17 to address that. I think we've done more
18 than any prior management that I can
19 remember in finding ways to help
20 customers, but first of all, as Mr. Haver
21 mentioned, we inherited a situation that
22 was, shall we say, difficult and then
23 there was the increase in gas prices,
24 which was what really exacerbated the
25 situation. But for that increase in gas

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2 prices, the situation would be very, very
3 different.

4 Having said that, what we've
5 put forward in the rate case is something
6 that will do what people have asked us to
7 do, and, that is, fix PGW.

8 Over the five-year span of time
9 in our projections, PGW will become
10 healthy, will wean itself from constant
11 borrowing, and that means that costs for
12 consumers will be less. Borrowing
13 dramatically increases the cost of
14 operation.

15 If there were state or other
16 responsibility for either the safety and
17 reliability program or the universal
18 service program, we could see a drop in
19 rates that would be larger than the
20 increase in rates that we're asking for.
21 And then you've got a healthy utility
22 that is able to serve the City and its
23 customers and affordability. That's what
24 we're looking for.

25 COUNCILMAN GREENLEE: Thank

1 3/20/07 - LAW & GOV'T - BILL 070117, ETC.

2 you.

3 Councilwoman Blackwell, please.

4 COUNCILWOMAN BLACKWELL: Thank
5 you very much.

6 Mr. Hershey, I heard you talk
7 about fixing PGW, but I don't know
8 whether or not you have assessed how many
9 fires we have in the City of Philadelphia
10 today. Just as we turn on our TVs and we
11 see incidents of crime, we see fires. We
12 see families getting burned up. People
13 who didn't know the Fire Commissioner a
14 year ago know his face now because we
15 have fires.

16 Just three weeks ago I stood
17 with Wal-Mart. They're giving me
18 detectors in an area from 50 to 52nd,
19 from Baltimore to Larchwood because of
20 the fires in that area. There are fires
21 every place. So has the City acted in an
22 emergency fashion? Of course they have,
23 because we pay for firemen and we pay to
24 try to help people and we pay through our
25 homeless system and every other way, but

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2 it's bigger than us sitting here talking
3 about a rate increase. It's about the
4 emergency system we have with people with
5 fires, people who are using illegal
6 hook-ups. We see it every night on the
7 air, people who use these plugs and they
8 put in too many different cords in one of
9 these extended plugs and people who have
10 to use kerosene heat and people who don't
11 have heat and people who freeze to death.

12 I mean, it can't be -- we can't
13 sit here and say, yes, we can fix PGW for
14 once and for all at the cost of human
15 life. We can't do that. That's what
16 it's about. We all have to give some.

17 We appreciate what PGW has
18 done. I'm not denying that PGW has done
19 more than we've ever done, but I am
20 saying that we can't continue to turn on
21 our news every night and see people and
22 families and children and seniors who
23 lose their lives because of illegal
24 hook-ups, because of kerosene and because
25 of all these other reasons.

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2 And, finally, if you cut off,
3 people don't have a thousand dollars for
4 a shut-on. I would venture to say that
5 if you would compare -- I know that
6 people are not getting their gas turned
7 on as much as they did before. They
8 can't, because people don't have a
9 thousand dollars once they're shut off to
10 shut on. And I really think that is the
11 wrong way to go. I don't think that you
12 should charge people a thousand dollars
13 reconnect service. They can't pay it.
14 They won't have it. And those families
15 as well are forced into illegal ways to
16 provide heat. They're forced into
17 kerosene heaters. They're forced into
18 plugging in in ways that make their homes
19 dangerous, because people, if they had a
20 thousand dollars, they wouldn't have
21 gotten shut off in the first place. So
22 that is not the way to go. Charging
23 people a thousand dollars for a
24 reconnection fee just doesn't do it. And
25 then if people do everything, they do bad

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2 checks, they do everything and they end
3 up in the same place, and they can't get
4 reconnected because they don't have a
5 thousand dollars.

6 Once we get through this cold
7 phase and then people who are off, they
8 won't get back on, and then they go
9 through the summer and then they worry
10 about the fall and we're right back here,
11 and it only gets worse.

12 I would venture to say PGW is
13 going to lose more money because when it
14 comes to reconnection charges, when it
15 comes to those people off, they're not
16 going to get back on. You'll lose more
17 customers and we will increase the
18 suffering because people can't afford to
19 pay the freight.

20 So I'm happy to talk about all
21 this stuff and the paperwork, but it
22 comes down to the front line, and that's
23 people in the City suffering, the fires
24 and people being able to survive. That's
25 where we are. We're at a survival mode,

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2 and I think that's what it has to all be
3 about.

4 MR. HERSHEY: Councilwoman,
5 there's not a member of senior management
6 at PGW who doesn't open the paper every
7 single day during the winter with dread
8 for exactly the reason that you
9 described. We are very, very sensitive
10 to that issue. And --

11 COUNCILWOMAN BLACKWELL: They
12 can't fix PGW, Mr. Hershey. They can't
13 fix PGW.

14 MR. HERSHEY: I know that, but
15 the problem is when you waive certain
16 costs, when you allow people to pay less
17 and you're a utility and you only have
18 one source of funds, then what we're
19 doing is increasing the burden for other
20 customers, many of whom are also low
21 income or working poor.

22 COUNCILWOMAN BLACKWELL: And
23 that I hate most of all. I listen to it
24 on the radio. You always say somebody,
25 20 percent of our bill is for our

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2 neighbor. We always try to unfairly make
3 people angry because they're paying for
4 the next guy. You do it every time we
5 get to the point in this discussion. You
6 got to pay for the next person.

7 I don't mind paying for a
8 senior on my block if it comes down to
9 that, but it always comes down to saying,
10 If we don't do this, then you got to pay
11 for other people. Well, life is such
12 that that's just the way it is, but I
13 think it's unfair to tell people who are
14 struggling that you have to pay for the
15 person who has nothing, so we make people
16 angry at other people and then they look
17 for somebody living wrong or some poor
18 income family or somebody they like to
19 say on Section 8 who is hanging out on
20 the street, living wrong, and they say, I
21 got to pay that person's gas.

22 I think it's unfair to use that
23 line of defense. I've always resented
24 it. I resent it now, that when we enter
25 in debate, we say, If you don't pay,

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2 you're paying for the next person. I
3 think it's grossly unfair. I hear it and
4 accept it because I have no choice, but I
5 totally disagree. I think it's unfair
6 and I think it borders on being immoral.

7 COUNCILMAN RIZZO: Point of
8 information.

9 MR. HERSHEY: The solution is
10 to spread the cost over a larger base,
11 and that's what Mr. Haver was suggesting.

12 COUNCILWOMAN BLACKWELL: What
13 did you say?

14 MR. HERSHEY: The solution is
15 to spread the cost over a larger base and
16 in a manner similar to what Mr. Haver
17 suggested.

18 COUNCILWOMAN BLACKWELL: Do you
19 think that PUC will permit the rest of
20 the state to pay our freight? Do you
21 think the other counties will agree to
22 pay or those on PUC? Do you think they
23 will agree to do that?

24 MR. HERSHEY: Well, I think
25 their first reaction would be pretty

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2 negative. I think that if we don't ask,
3 we're not going to get it. And I think
4 that we have to start -- there's already
5 precedent in other states. There's
6 already precedent in the telephone
7 industry, and we need to start pushing
8 that or other solutions that spread these
9 costs over a larger base.

10 COUNCILMAN GREENLEE:
11 Councilman Rizzo, a point of information.

12 COUNCILMAN RIZZO: Just to
13 follow up on my colleague's question.
14 The charge, is that a manufactured number
15 just to discourage people from being
16 terminated? Because I think I have a
17 little understanding of the process and
18 it's not a thousand dollars worth of
19 labor to dig up the street, if even that
20 extreme is required to do a reconnection.
21 So where did the thousand-dollar number
22 come from?

23 MR. HERSHEY: I don't know. I
24 don't know. It's not a thousand
25 dollar -- I mean, there may be customers

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2 who end up paying a thousand dollars. I
3 know if the street is dug up, the charge
4 is \$423, plus if you're on CRP, you have
5 to pay the missed CRP payments and you're
6 on. If you're not on CRP, you have to
7 make a payment arrangement. It varies
8 with the level of income.

9 COUNCILMAN RIZZO: Why would
10 you go to that extreme? If there's a
11 turn-off, why don't they just lock the
12 meter?

13 MR. HERSHEY: Why don't we just
14 lock the meter? If we can get into the
15 house --

16 COUNCILMAN RIZZO: Gas meters
17 are outside in most cases.

18 MR. HERSHEY: In my house the
19 meter is inside. In new construction the
20 meters are outside.

21 If we can get into the house,
22 we will shut off at the meter, unless
23 they bypass the meter with a rubber hose
24 or some other device, then the meter
25 isn't just turned on. There are many

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2 times when we can't get inside the house
3 and have to turn off at the curb if
4 there's a valve at the curb, and then
5 it's relatively simple. If there's no
6 valve at the curb, we have to dig up the
7 street. The reconnection fees such as
8 the dig fee are actually a discount off
9 the actual cost.

10 COUNCILMAN RIZZO: Could you
11 send to the Chair the schedule of fees
12 for those services so we can see exactly
13 what's what here?

14 COUNCILWOMAN BLACKWELL:
15 Mr. Chairman, we had this discussion last
16 year when we talked about rate increases,
17 and we can even refer to our former
18 testimony to get these fees. That's
19 where I got it from, from PGW's
20 testimony.

21 MR. HERSHEY: I will provide
22 that. I should also add that it was this
23 issue of reconnection fees that prompted
24 PGW and ACORN together to go to the state
25 to ask for the money to assist those

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2 customers who were off, and that was,
3 again, a way of bringing in additional
4 resources to solve a problem, and I think
5 that's the way to go in solving these
6 problems.

7 COUNCILMAN GREENLEE: Thank
8 you, Councilman.

9 Any other questions or comments
10 for Mr. Hershey?

11 (No response.)

12 COUNCILMAN GREENLEE: Thank you
13 very much, Mr. Hershey.

14 MR. HERSHEY: Thank you.

15 COUNCILMAN GREENLEE: Our next
16 witnesses -- and I ask all three to come
17 up at the same time so we can keep
18 moving -- Pedro Rodriguez from Action
19 Alliance, DeBorah Giles and Josephine
20 Blow. If the three of you could approach
21 the witness table together so we can kind
22 of keep moving. And, again, if you have
23 written testimony and have submitted it
24 or would like to submit it and want to
25 paraphrase your remarks, that would be

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2 certainly fine.

3 Mr. Rodriguez, you're first. I
4 think you know how this works. Please
5 identify yourself for the record and
6 proceed, and welcome here.

7 MR. RODRIGUEZ: Thank you,
8 Councilman. Good afternoon, members of
9 the Committee. Before I begin my
10 statement, my name is Pedro Rodriguez.
11 I'm the Executive Director of the Action
12 Alliance of Senior Citizens. I'd like to
13 take this opportunity on the record to
14 thank those of you members of the Finance
15 Committee for the actions yesterday. I
16 think the citizens of Philadelphia feel
17 really good that they have come to City
18 Council to get some level of
19 accountability done and it has worked so
20 far. So we're really pleased about that.

21 And just before I begin my
22 remarks I submitted, my written
23 testimony, Councilman Rizzo's question
24 regarding the unfortunate tragedy that
25 happened in Chicago back in the mid '90s

1 3/20/07 - LAW & GOV'T - BILL 070117, ETC.
2 where thousands of seniors died over
3 exposure to extreme heat, that is a
4 concern that still in Philadelphia we're
5 not prepared to deal with a similar
6 situation. And the ironic thing that
7 happened in Chicago back in '95 was that
8 those individuals, those seniors who
9 died, their bodies were then placed into
10 refrigerated trucks that the City of
11 Chicago hired from meat packing plants.
12 So the ironic thing, that they got the
13 call after they were dead.

14 Similarly, I think in my
15 testimony I will talk about the potential
16 for discussing a situation that happened
17 with extreme weather cold in Philadelphia
18 due to the request here at hand.

19 The Action Alliance of Senior
20 Citizens urges the Committee of Law and
21 Government and City Council to pass this
22 proposed ordinance. It is critical that
23 the citizens of Philadelphia be provided
24 the opportunity to register their views
25 on a proposed rate increase which, if

1 3/20/07 - LAW & GOV'T - BILL 070117, ETC.
2 approved, will result in more
3 Philadelphians being denied a service
4 which is fundamental necessity of life,
5 to heat their homes, get hot water and
6 provide fuel for cooking. The health of
7 many Philadelphians, many extremely
8 vulnerable, will be negatively affected.
9 There will be more service terminations,
10 more vacant houses and more homelessness.

11 PGW proposes to raise
12 residential customer rates by 100 million
13 starting in October 2007. PGW describes
14 this increase as a 9.3 percent increase
15 for the residential customers. According
16 to PGW, this increase will raise the
17 average annual bill by \$113 per month
18 from 1,728 to 1,884 per year. Really,
19 the increase is much larger because it is
20 only a base rate increase. The increase
21 in the base charge is from \$4.21 for
22 metric cubic feet to \$6.08 for metric
23 cubic feet. That is a 44 percent
24 increase, if you look at it that way.

25 PGW customers cannot afford

1 3/20/07 - LAW & GOV'T - BILL 070117, ETC.
2 this type of increase. Many senior
3 citizens and older low-income people
4 living on fixed incomes or with low-wage
5 jobs are being placed in the position of
6 having to choose between utility bills
7 and necessary food and medical expenses.
8 The situation is made even worse because
9 the PUC, supported by the Commonwealth
10 Court, grandfathered PGW's historical
11 senior citizen discount at 20 percent.
12 Any senior turning 65 after September 1,
13 2003 has been precluded from receiving
14 this senior citizen discount ever since.

15 Increasing rates will only make
16 PGW bills more unaffordable for large
17 numbers of PGW residential customers than
18 they already are. According to PGW's own
19 numbers, in its PUC required cold weather
20 survey, it reported that it had
21 terminated heat-related service mostly
22 for non-payment to almost 37,000
23 customers in 2006. As of December 1,
24 2006, over 9,000 customers were still
25 off, well over one half of all the

1 3/20/07 - LAW & GOV'T - BILL 070117, ETC.
2 customers in the state who were shut off
3 in 2006 and who were still without
4 heat-related services, as Philadelphia
5 accounts for more than half of all such
6 cases in the state. Like its rates,
7 PGW's payment agreement terms for
8 shut-off customers also were prohibitive
9 for these customers. Of these 9,000
10 customers, over 4,000 were known by PGW
11 to be low-income households with incomes
12 below 150 percent of the poverty level.
13 Countless others were lower income
14 households with income below 250 percent
15 of the federal poverty level. In
16 addition, over 2,500 residential homes
17 shut off during 2006 have become vacant
18 by the time of the survey.

19 PGW's services continue to be
20 substandard. One of the reasons that so
21 many heating customers are without
22 service as the cold weather approaches is
23 that PGW insists upon payment terms which
24 are totally beyond the reach of many
25 customers. In their efforts to deal with

1 3/20/07 - LAW & GOV'T - BILL 070117, ETC.
2 PGW, customers often complain of
3 receiving different justifications and
4 numbers from different customer
5 representatives. It is still often
6 unreasonably difficult to get through to
7 PGW on the telephone. PGW consistently
8 answers less than 50 percent of telephone
9 calls in 30 seconds, while the PUC
10 standard will require PGW to answer 80
11 percent of those calls within 30 seconds.
12 PGW has claimed that it needs
13 such a large sum so that it will be able
14 to substantially reduce long- and
15 short-term debt over the next five years.
16 Such a large increase is likely to push
17 more customers into default. The end
18 result will be that PGW will not make any
19 inroads on its debt burden, but will
20 continue to borrow money, increasing the
21 need for more rate increases. PGW's rate
22 increase request contains no guarantees
23 at all that increased rates will lead to
24 a reduction in debt. In addition,
25 although PGW has waived the \$18 million

1 3/20/07 - LAW & GOV'T - BILL 070117, ETC.
2 City payment through 2010, PGW forecasts
3 that it will make the \$18 million payment
4 in 2011 and 2012. That is not fair nor
5 reasonable. The City is the owner of
6 PGW. If the reason for the rate increase
7 is to restructure PGW's debt, then the
8 money to be used for restructuring should
9 not be taken by the City.

10 In conclusion, the Action
11 Alliance applauds Councilwoman Blackwell
12 for sponsoring this bill. She has
13 brought this issue to the forefront where
14 it rightly should be and receive the most
15 urgent public attention.

16 Thank you.

17 COUNCILMAN GREENLEE: Thank
18 you, Mr. Rodriguez. Just a quick
19 question, and I know you followed this
20 closely. That's why I ask this question.

21 In your opinion, have you seen
22 an improvement in the way PGW operates
23 over the last couple of years?

24 MR. RODRIGUEZ: There has been
25 substantial improvement compared to what

1 3/20/07 - LAW & GOV'T - BILL 070117, ETC.
2 was there before. I mean, that's without
3 question. But I think more could be
4 done, and I think that we're trying to
5 strive for excellence, and I think it's
6 still -- the customer service department
7 still has a long way to go.

8 COUNCILMAN GREENLEE: Okay.
9 Thank you.

10 Any other questions?
11 Councilwoman Blackwell.

12 COUNCILWOMAN BLACKWELL: Thank
13 you very much. I just wanted to say
14 thank you. Thank you very much.

15 COUNCILMAN GREENLEE: Thank
16 you.

17 Ms. Giles, please identify
18 yourself for the record.

19 MS. GILES: My name is DeBorah
20 Giles. I'm a resident of University
21 City. And I got my bill in the mail and
22 I sort of got incensed about it. I was
23 asked who do I represent, and the true
24 question after I took a petition around
25 my neighborhood, gave the formal

1 3/20/07 - LAW & GOV'T - BILL 070117, ETC.
2 complaint forms to my clients, is, who
3 don't I represent, because -- and I took
4 the petition to restaurants, barber
5 shops, the post office, and I would say
6 about 98 percent of the people were
7 against the rate hike. And my testimony
8 points to two specific ideas. And I was
9 listening to the recommendation about the
10 universal fund and also we should
11 conserve more. My testimony addresses
12 the conservation, but it just occurred to
13 me that these seem to be smoke screens.
14 People I know have been conserving.
15 We're not low income either. We're
16 middle to, you know, moderate income.
17 We're conserving and still paying more in
18 our utility bills.

19 So in terms of my testimony,
20 I'd just like you to pay attention to
21 those issues and then maybe pay attention
22 also to maybe a suggestion about a
23 resolution that puts the onus back on PGW
24 to be a good manager and look internally
25 in its operations to see where they can

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2 cut costs or redo its procedures or
3 policies in order to do something about
4 these costs. Just saying we need money,
5 we need money is like people complaining
6 about the welfare system. And we're
7 looking to them to be good executives and
8 good managers.

9 I wrote this to the PUC prior
10 to their deadline to try to stop the rate
11 increase. "I strongly object to the
12 proposed rate increase. Not too long
13 ago, in 2002, the Philadelphia Gas Works
14 increased its base rates by \$36 million.

15 "At an energy-efficient seminar
16 I attended just this past weekend, we
17 were informed that PGW just increased its
18 rates in October 2005 by 29 percent, and
19 according to the PUC website, they are
20 now asking for another 11 percent.

21 "I am a tax accountant. My
22 clients include businesses, individuals
23 and seniors. Even though the gas company
24 gave a small discount last year as well,
25 neither category of taxpayers nor I have

1 3/20/07 - LAW & GOV'T - BILL 070117, ETC.
2 yet been able to recoup from the
3 increases. One particular set of clients
4 I had leads me to question the efficiency
5 and effectiveness of current PGW
6 corporate policies and procedures.

7 "In addition to preparing
8 taxes, I assisted one particular elderly
9 couple with bill-paying activities. The
10 wife had Alzheimer's and the husband
11 suffered from diabetes and related
12 blindness. When I first started helping
13 them with their bills, the gas payment
14 averaged about \$150 a month during the
15 height of the heating season. After the
16 first major increase instituted by PGW,
17 which was around 2002, my clients'
18 monthly bill shot up to a much higher
19 monthly average.

20 "After the wife died in June
21 2002, their son came home to take care of
22 his father. He arranged for his father's
23 account to be put on a budget plan for
24 \$50 a month. Their income would not
25 qualify them for any subsidy program nor

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2 did they need one. I was concerned
3 because their average usage was higher
4 than \$50 per month and collecting less
5 than the average bill due would cause a
6 monthly deficit and may be difficult for
7 them to pay at the end of the year.

8 "Prior to the son taking over,
9 the parents were very responsible and
10 diligent about paying their bills in
11 full. They hired me to make sure that
12 even in illness their assets remained
13 unencumbered.

14 "This probably is not an
15 unusual case. Nevertheless, my question
16 to PGW and PUC is, if there had been
17 proper analysis done regarding gas usage
18 and payment history, how could a \$50
19 monthly budget plan be established and
20 approved for an account that typically
21 paid \$150 on the average a month even
22 prior to the increase?

23 "This is not the fault of the
24 general public and nor should we be
25 penalized for such oversights. PGW

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2 management must review its procedures and
3 look for practical and efficient ways to
4 manage its bill-collection processes.

5 This is a case where the customers were
6 paying their bill but because of an
7 erroneous budget plan may have been
8 thrown into a situation of not being able
9 to pay thousands of dollars at the end of
10 the year. Consequently, both PGW and the
11 customer would have deficit situations.

12 "PGW management must make a
13 commitment to effectively do its job.
14 Incomes are not increasing as much as the
15 increases for PGW.

16 "Weeks ago I heard on the
17 national news that currently the general
18 public is negatively saving and that we
19 have the worst saving habit since the
20 Depression and one other time period. At
21 first glance, one might say that this is
22 due to overspending. I agree that people
23 do consume a lot. However, my theory is
24 that fixed costs have also risen to the
25 point that in order for people to take

1 3/20/07 - LAW & GOV'T - BILL 070117, ETC.
2 care of their basic needs like
3 electricity, heat, food and just going to
4 work, they have to take money from their
5 savings.

6 "My theory was reinforced at
7 this housing efficiency seminar that I
8 attended where we tried to see which
9 conservation methods were around that we
10 may not have tried yet. They showed that
11 the average American family spends \$1,500
12 a year in heating bills, and in the
13 Northeast due to cold, many of us
14 probably spend more than the average.

15 "PECO went up 42 percent in
16 2005 and 12 percent in 2006. Recently,
17 the water rates have been rising as well.
18 Most job increases that anyone gets, if
19 any, are only from one to three percent.
20 Those that are not robbing Peter to pay
21 Paul are taking money from savings.

22 "I have been conserving heat,
23 water and electricity since the 1970s and
24 I still have to wear thermals at home to
25 keep warm and to afford my utility bills.

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2 We, the consumers, have to conserve and
3 pay heating bills that are for many
4 becoming unaffordable. What are PGW and
5 other utilities doing to examine their
6 respective operations and find monies
7 internally, conserve on salaries and
8 Board fees instead of trying to dump off
9 all of their management inefficiencies on
10 the consumers by way of increasing our
11 rates?

12 "Since I started writing this
13 letter on the 6th, I heard on the local
14 news that nine children had to be sent to
15 Children's Hospital because they suffered
16 from hypothermia. Over that weekend I
17 was at an affair and several people told
18 me about a woman and two children who
19 died in a fire trying to heat their home
20 with an alternative heat source.
21 Something is wrong. Utility bills are
22 too high.

23 "I used to be a bank examiner
24 and currently am the treasurer for two
25 small community organizations. In each

1 3/20/07 - LAW & GOV'T - BILL 070117, ETC.
2 case I have had to review operations
3 policies and procedures and recognize and
4 correct internal issues that needed to be
5 redefined and changed. The effect was
6 improved procedures for the management
7 decision process, lower risk for the
8 organization and better cash flow. PGW
9 needs this kind of examination and/or
10 audit.

11 "To conclude, based on the
12 above situations and experiences, I am
13 against the rate hike for PGW. PGW must
14 find a way to conserve money just as the
15 consumer is making do with lower heat and
16 higher bills. If not, then PGW and PUC
17 will be directly responsible for more
18 deaths due to hypothermia and/or fires
19 because of alternative heat sources that
20 are not safe, and I will go even further
21 to say that based on the trend of low
22 raises, disinvestment in savings and
23 higher fixed costs, PGW must get a handle
24 on its management to prevent the trigger
25 toward a critically negative economic

1 3/20/07 - LAW & GOV'T - BILL 070117, ETC.

2 trend."

3 I want to thank you for taking
4 this complaint into consideration, and I
5 agree with putting it on the ballot.

6 COUNCILMAN GREENLEE: Thank
7 you, ma'am.

8 Councilwoman Blackwell.

9 COUNCILWOMAN BLACKWELL: Thank
10 you very much. Certainly Pedro Rodriguez
11 gave us details and statistics, and,
12 Ms. Giles, yours is excellent, an
13 excellent statement on what the issues
14 are and where we need to look. Thank you
15 so much for taking time, all of you who
16 are here, from your schedules to be here
17 today. Thank you.

18 COUNCILMAN GREENLEE: Thank
19 you.

20 Any other comment?

21 (No response.)

22 COUNCILMAN GREENLEE: Ms. Blow,
23 could you identify yourself for the
24 record and give your testimony.

25 MS. BLOW: My name is Josephine

1 3/20/07 - LAW & GOV'T - BILL 070117, ETC.
2 Blow. I'm the President of Chester
3 Avenue Business Association, and I was
4 really elated when I received that they
5 wanted me to give a testimony on behalf
6 of my constituents, which I'm in a very
7 blight community with mostly people that
8 are on Section 8. They are either low
9 income and senior citizens. And I want
10 to say something about the ballot before
11 I give my testimony.

12 I do agree that the question
13 there should be on the ballot, but my
14 question is this: Why can't they make it
15 in layman terms and why can't the
16 questions be put in the newspaper with an
17 "i.e." and let it be expounded on what
18 each question means? Because there are a
19 lot of people that in my area, they are
20 foreigners, they're from Africa, the
21 Caribbean, Jamaicans, and a lot of them
22 do not understand it. So I think that it
23 should be put in the papers or either put
24 on the ballot in layman terms.

25 COUNCILMAN GREENLEE: Ms. Blow,

1 3/20/07 - LAW & GOV'T - BILL 070117, ETC.

2 with all due respect, the way this ballot
3 question is made, that's about the
4 clearest I've seen most of them, to be
5 perfectly honest with you.

6 MS. BLOW: What I'm saying is,
7 most of the people surrounded in my
8 community, they're from Africa and a lot
9 of them even -- they don't speak English
10 too well and, you know.

11 COUNCILMAN GREENLEE: I
12 understand, but there's some things --

13 MS. BLOW: I can understand it.

14 COUNCILMAN GREENLEE: Like when
15 it says "shall the Home Rule Charter be
16 amended," that's the way it has to read
17 to make it legal. And as far as putting
18 it in the newspaper, I mean, obviously
19 there are entities that advertise that.
20 We can only control so much what's put in
21 the media.

22 MS. BLOW: I know.

23 COUNCILMAN GREENLEE: Okay. If
24 you could proceed. Thank you.

25 MS. BLOW: Okay. As I said, my

1 3/20/07 - LAW & GOV'T - BILL 070117, ETC.

2 name is Josephine Blow.

3 Please accept this letter as my
4 written testimony regarding the above
5 bill and resolution. As a Committee
6 person for the 51st Ward and the 10th
7 Division and as a senior citizen of
8 Philadelphia, I strongly urge the
9 Pennsylvania Public Utility Commission to
10 deny the Philadelphia Gas Works' 2006
11 request for a base rate increase.

12 This rate increase would be
13 detrimental to our community and City at
14 large. So many people in our city are
15 already struggling with severe cost
16 increases for services they receive now
17 from PGW. It's unthinkable that this
18 large utility company would ask for more
19 money from the working class, the seniors
20 on a budget, the one paycheck away from
21 homeless, and the impoverished citizens
22 of our city who are already financially
23 strapped. People are falling through the
24 cracks in the system at amazing rates.
25 Not everyone can make more money to pay

1 3/20/07 - LAW & GOV'T - BILL 070117, ETC.

2 these bills or qualify for heating
3 grants. Where is the brotherly love?

4 In the news lately in
5 Philadelphia is the recent rise of house
6 fires. People who cannot afford heating
7 costs try to find alternatives to keep
8 their families warm and fed, and it costs
9 them an even greater price than affording
10 gas prices, the lives of their families.
11 Where is the brotherly love?

12 The working class, the senior
13 on a budget, the one paycheck away from
14 homeless, and the impoverished of our
15 city are out of options for supporting
16 these unreasonable rate increases.
17 Utility companies like PGW need to look
18 for other lucrative alternatives to
19 assist them in meeting the needs to
20 service Philadelphia's citizens. We need
21 gas service, but it shouldn't be at a
22 price that costs people their lives or
23 the lives of their loved ones, be the
24 choice between eating or not or living
25 indoors or not. Please, please, please,

1 3/20/07 - LAW & GOV'T - BILL 070117, ETC.
2 Pennsylvania Public Utility Commission,
3 deny Bill 070117 and Resolution 070129
4 and show us your brotherly love. Ask PGW
5 to examine and find other options for the
6 sake of the people.

7 COUNCILMAN GREENLEE: Thank
8 you, Ms. Blow.

9 Councilwoman Blackwell.

10 COUNCILWOMAN BLACKWELL: Thank
11 you, Ms. Blow, and thank you, too, for
12 coming out. Thank you for your excellent
13 testimony. Thank you.

14 COUNCILMAN GREENLEE: Thank you
15 to all three.

16 I have three other people on my
17 list to testify. If they are here, they
18 could all approach the table together.
19 Ruth Adams, Allen Krigman and Mary
20 Jenkins.

21 Ms. Adams, if you could
22 identify yourself for the record and
23 proceed with your testimony.

24 MS. ADAMS: Good afternoon.
25 Ruth Adams, speaking for West Powelton

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2 Concerned Community Council.

3 In regard to Bill No. 070117
4 and Resolution No. 070129, the West
5 Powelton Community, 100 percent of them,
6 denies the Philadelphia Gas Works'
7 request for a base rate increase. As we
8 speak, there are lives being lost in
9 fires because some people cannot afford
10 the high rates. Yes, there's help for
11 those under the poverty line, but what
12 about those who are 50 cents over?

13 It is truly a hardship for
14 many. Those who cannot pay resort to
15 other measures for warmth and sometimes
16 lose their lives. The outrageous bills
17 received are incredible. Now
18 contemplating another increase is
19 unconscionable. This request should not
20 be granted. Sincerely Elsie Wise, West
21 Powelton Concerned Community Council, and
22 Ruth Adams testifying.

23 COUNCILMAN GREENLEE: Thank you
24 very much, ma'am.

25 Any questions?

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2 Councilman Rizzo.

3 COUNCILMAN RIZZO: One of the
4 things that you know is going to be
5 coming are the hearings. I believe there
6 are four. And I think that as many
7 people as humanly possible through your
8 community association and throughout the
9 City should be there, because let me tell
10 you, those Commissioners are affected.
11 They say they are not, but they are when
12 there's a significant response to those
13 hearings. So just keep that in mind.
14 Newsletter or whatever, just make sure
15 when it hits near home to get people out
16 there.

17 MS. ADAMS: Thank you.

18 COUNCILMAN GREENLEE:

19 Councilwoman Blackwell.

20 COUNCILWOMAN BLACKWELL: Thank
21 you, Ms. Adams and thank Elsie for us.
22 Thank you, and the whole organization and
23 neighborhood. Thank you.

24 COUNCILMAN GREENLEE:

25 Mr. Krigman, if you could identify

1 3/20/07 - LAW & GOV'T - BILL 070117, ETC.
2 yourself for the record, please, and
3 proceed.

4 MR. KRIGMAN: Yes. I'm Allen
5 Krigman, University City section of West
6 Philadelphia, and I believe you have some
7 documentation from me.

8 I am a small-scale rental
9 housing provider in the University City
10 section of West Philly, but I want to
11 assure you that I do not speak because
12 this is going to be money out of my
13 pocket. I can assure you that utility
14 costs are ultimately borne by our
15 tenants, and changing of utility costs
16 also does not provide one housing
17 provider any competitive advantage or
18 disadvantage over the other, because
19 essentially we're all subject to the same
20 effects. So I'm speaking on a different
21 basis.

22 As a housing provider
23 concentrated in a particular
24 neighborhood, I'm in a position to give
25 you some cost comparisons between what's

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2 involved in heating some virtually
3 identical buildings with oil purchased
4 from private companies versus gas and
5 natural gas purchase from PGW. And I
6 believe that you have the figures. I'm
7 not going to go over the exact numbers.
8 I would be interested to know where those
9 houses that you can heat for 900 bucks
10 are, because nothing that I have even
11 approaches that kind of money. I can't
12 even supply my tenants with hot water for
13 \$900.

14 The point is, I've got
15 comparisons here of three buildings on a
16 small side street that are virtually
17 identical buildings and I've got two
18 buildings on 45th Street that are
19 essentially identical buildings. Each
20 set is different than another. The
21 difference between what it costs me to
22 heat these buildings with oil versus what
23 it costs me to heat these buildings with
24 natural gas from PGW ranges -- and I gave
25 you the 2005-2006 figures. These numbers

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2 subtract out the cost of hot water. This
3 is heating alone -- ranges from 90
4 percent more to heat with natural gas to
5 32 percent more to heat with natural gas.
6 Either of those numbers is outrageously
7 high.

8 The question is, why does gas
9 in this city cost so much more than oil
10 to heat these buildings? The cost can't
11 be due to intrinsic differences between
12 the fuels. There must be some, but not
13 at that kind of level. Nor can they be
14 due to the differences in the
15 infrastructure needed to deliver them. I
16 realize that PGW has to maintain its
17 pipelines, but these small oil companies
18 have to buy these very expensive trucks
19 to deliver oil and they've got to
20 maintain storage facilities and so forth.
21 I think that they've got to be
22 comparable.

23 And if some of the offsets are
24 attributed to bad debt which PGW may have
25 been forced to incur by shut-off

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2 prohibitions and presumably long past
3 questionable practices, I think this is a
4 separate issue. In any case, it
5 shouldn't be borne by PGW's present and
6 future customers.

7 What the differences actually
8 demonstrate to me is the triumph of
9 commerce in the private sector in a free
10 market economy. Private companies have
11 incentives to keep their costs low for
12 competitive purposes while they're still
13 netting enough money to pay their
14 employees and to generate returns for
15 their investors. PGW has no such
16 incentives.

17 The people of Philadelphia
18 can't go anywhere else for natural gas,
19 and converting gas heating systems to
20 oil, dual-fuel electrical systems or who
21 knows what's coming down the pike in a
22 year or two represent more investment
23 than most of the property owners in this
24 city are prepared or able to make.
25 Further, the organization that operates

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2 PGW for this city -- and the City, of
3 course, is the owner of the Gas Works --
4 does not compete for the franchise to
5 provide gas to the public nor has it been
6 under any serious threat of losing out to
7 privatization, although both have been
8 discussed.

9 I am a staunch opponent of
10 excess government regulation and I
11 certainly don't believe in price
12 controls, but I do believe that one or
13 the other of a competitive contract for a
14 company to run the gas company, the gas
15 distribution system for the City or
16 privatization would ultimately be in the
17 best interest of everybody concerned.
18 Unfortunately, neither of those is on the
19 table right now. What is on the table
20 that can help right now is denying PGW
21 its requested rate increase, because
22 giving them that increase removes major
23 real incentives for the management of the
24 company and the rank and file of its
25 employees to operate more efficiently. I

1 3/20/07 - LAW & GOV'T - BILL 070117, ETC.
2 submit that denying the increase will
3 have a more positive effect in the long
4 run and, accordingly, urge you to pass
5 this bill.

6 Thank you.

7 COUNCILMAN GREENLEE: Thank
8 you, Mr. Krigman.

9 Councilwoman Blackwell.

10 COUNCILWOMAN BLACKWELL: Thank
11 you, Mr. Krigman. Always, thank you.

12 COUNCILMAN GREENLEE: Thank
13 you.

14 Ms. Jenkins, good afternoon.
15 Please identify yourself for the record
16 and proceed.

17 MS. ODOM-JENKINS: Good
18 afternoon. My name is Evangelist Mary L.
19 Odom-Jenkins, coming from Mantua
20 Community Planners, Inc.

21 My response to this resolution
22 is no. Reason being that I've seen
23 sufferings this winter. I've seen homes
24 burned down, children burned up, senior
25 citizens walking around with blankets on

1 3/20/07 - LAW & GOV'T - BILL 070117, ETC.

2 them, people having to leave their homes
3 for no heat and to make the -- it just
4 gave me a bitter taste. Down through the
5 years, we have been suffering from this
6 problem with PGW.

7 I just want to say that, again,
8 my response is no. We, many residents,
9 of my neighborhood/community whom has
10 asked me to speak on their behalf before
11 this Council, the answer in my response
12 to the request for PA Public Utility
13 Commission is to deny the request for the
14 Philadelphia Gas Works. Currently,
15 people who use gas are struggling to
16 survive. When the bill is paid, meaning
17 gas, there is not enough money left to
18 pay for essentials such as medications,
19 special diets, paying a mortgage and
20 other human needs.

21 This problem with PGW, before I
22 close out, has gotten very, very serious
23 and we who don't interact with people
24 every day who are less fortunate than
25 some of us and who are suffering for the

1 3/20/07 - LAW & GOV'T - BILL 070117, ETC.
2 need of food, clothing, shelter and a
3 place to stay are suffering even greater.
4 Senior citizens are afraid to turn on
5 their gas at all, even to cook, because
6 they don't have the money to pay this gas
7 bill.

8 I would like to see that PGW
9 become more sensitive to human needs, not
10 just capital, because we know America
11 runs on capitalism. But when it comes to
12 humanity, we are human beings, all of us
13 are, and not dead beats, as PGW has once
14 classified us as people who pay their gas
15 bills.

16 I want to thank you for
17 listening to my testimony, and all we are
18 asking is that live and let live. No
19 higher rate increase or any rates for
20 PGW.

21 Thank you for listening to my
22 testimony.

23 COUNCILMAN GREENLEE: Thank
24 you, Ms. Jenkins.

25 Councilwoman.

1 3/20/07 - LAW & GOV'T - BILL 070117, ETC.

2 COUNCILWOMAN BLACKWELL: Thank
3 you, Evangelist Jenkins, Mother of
4 Mantua.

5 And let me say, because I know
6 the Chairman has one last speaker, I
7 thank everybody for coming out. Just
8 this past month -- and it was after this
9 was in place or didn't happen because of
10 it, but everybody I know in and around
11 West Philadelphia got a big bill. At my
12 mother's house, the bill was some 750 for
13 a little teeny tiny house. Everybody I
14 checked with -- when I had her meter
15 checked, they said, Well, the house is
16 tight, nothing is wrong anyplace, so it
17 must be because your heater is old. It's
18 that kind of -- and when I checked with
19 family, relatives, neighbors, everybody I
20 know got an increased bill. So I don't
21 know whether it's that West Philadelphia
22 was targeted for some area, but remember
23 many, many years, I've been here before
24 when the Blackwells got a higher bill
25 than everybody, when our bill was between

1 3/20/07 - LAW & GOV'T - BILL 070117, ETC.
2 \$980 and \$1,200, and I'm talking 15, 20
3 years ago.

4 So something is wrong, as has
5 been said all day, and certainly we need
6 to -- if there is a fix, as Mr. Hershey
7 talked about, it needs to be on the
8 inside, not charging people more money
9 and people who can't afford to pay it,
10 but finding out what's wrong some place
11 else within the system or, as DeBorah
12 Giles said, to try and improve their
13 management mechanism to deal with issues
14 that protect people.

15 Thank you.

16 COUNCILMAN GREENLEE: Thank
17 you, Councilwoman.

18 Thank you, all three of you,
19 very much for coming.

20 I believe we just have one.
21 Mr. Christmas would like to put on the
22 record a letter from another community
23 association, I believe.

24 MR. CHRISTMAS: Good afternoon.

25 This is a letter submitted by

1 3/20/07 - LAW & GOV'T - BILL 070117, ETC.

2 Ms. Jacqueline Slaughter for the West
3 Shore Civic Association.

4 "Good afternoon, Councilwoman
5 Blackwell and members of the Committee on
6 Law and Government. My name is
7 Jacqueline Slaughter, President of West
8 Shore Civic Association. I am pleased to
9 be here today to present testimony
10 regarding Bill No. 070117 and Resolution
11 No. 070129.

12 "This will allow for the
13 following referendum question to be
14 placed on the ballot: Shall the
15 Philadelphia Home Rule Charter be amended
16 to state that the citizens of
17 Philadelphia urge the Pennsylvania Public
18 Utility Commission to deny the
19 Philadelphia Gas Works' 2006 request for
20 a base rate increase?

21 "Our West Shore community
22 overwhelmingly agrees with putting this
23 referendum question on the ballot. All
24 the residents of Southwest Philadelphia
25 stand united and join with the entire

1 3/20/07 - LAW & GOV'T - BILL 070117, ETC.

2 to testify today."

3 COUNCILWOMAN BLACKWELL: If I
4 may, while the Chairman is talking, I
5 want to thank everyone who has testified.
6 Obviously I like working with all of the
7 folks at PGW. No, it's not about you.
8 It's about the issue and about our
9 responsibility.

10 Lucien Blackwell used to say,
11 Leaders must lead. We have a
12 responsibility to do everything we can to
13 protect the people of our city, and
14 that's how I see my job and that's why
15 we're trying to impose upon this
16 Committee to push ahead.

17 Thank you.

18 COUNCILMAN GREENLEE: Thank
19 you, Councilwoman.

20 If you could just give us one
21 minute, a couple members have wandered
22 out in the hallway. So just give us a
23 minute. Thank you.

24 (Pause.)

25 COUNCILMAN GREENLEE: The

1 3/20/07 - LAW & GOV'T - BILL 070117, ETC.
2 hearing on the Committee on Law and
3 Government is recessed. We are now going
4 into the meeting of the Committee on Law
5 and Government.

6 The Chair recognizes Councilman
7 Goode regarding Bill No. 070117.

8 COUNCILMAN GOODE: Thank you,
9 Mr. Chair. I move that Bill No. 070117
10 be reported out of Committee with a
11 favorable recommendation and that the
12 rules of Council be suspended so as to
13 permit first reading at our next Council
14 session.

15 (Duly seconded.)

16 COUNCILMAN GREENLEE: It's been
17 moved and seconded that Bill No. 070117
18 be reported out of this Committee with a
19 favorable recommendation and that the
20 rules of Council be suspended to allow
21 reading at the next session of Council.

22 All in favor please say aye.

23 (Aye.)

24 COUNCILMAN GREENLEE: Opposed?

25 (No response.)

1 3/20/07 - LAW & GOV'T - BILL 070117, ETC.

2 COUNCILMAN GREENLEE: The
3 motion carries.

4 The Chair recognizes Councilman
5 Goode regarding Resolution 070129.

6 COUNCILMAN GOODE: Thank you,
7 Mr. Chair. I move that Resolution No.
8 070129 be reported out of Committee with
9 a favorable recommendation.

10 (Duly seconded.)

11 COUNCILMAN GREENLEE: It's been
12 moved and seconded that Resolution 070129
13 be approved by this Committee.

14 All in favor please say aye.

15 (Aye.)

16 COUNCILMAN GREENLEE: Opposed?

17 (No response.)

18 COUNCILMAN GREENLEE: The ayes
19 have it and Resolution 070129 has been
20 approved by this Committee.

21 That concludes the business for
22 today. Thank you very much. Good
23 afternoon, everybody.

24 (Committee on Law and
25 Government adjourned at 4:55 p.m.)

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CERTIFICATE

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I HEREBY CERTIFY that the

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proceedings, evidence and objections are

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contained fully and accurately in the

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stenographic notes taken by me upon the

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foregoing matter on March 20, 2007, and that

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this is a true and correct transcript of same.

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MICHELE L. MURPHY

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RPR-Notary Public

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