COUNCIL OF THE CITY OF PHILADELPHIA

PUBLIC HEARING - COMMITTEE ON FINANCE

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Room 400, City Hall

Philadelphia, Pennsylvania

Monday, October 18, 2004, 2:22 p.m.

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040765 - An Ordinance approving the Fiscal Year 2005 Capital Budget providing for expenditures for the capital purposes of the Philadelphia Gas Works (including the supplying of funds in connection therewith) subject to certain constraints and conditions, and acknowledging receipt of The Forecast of Capital Budgets for Fiscal Years 2006through 2010.

PRESENT:

COUNCILWOMAN JANNIE L. BLACKWELL, Chair
COUNCILMAN FRANK DI CICCO
COUNCILMAN W. WILSON GOODE, JR.
COUNCILMAN RICHARD T. MARIANO
COUNCILMAN BRIAN J. O'NEILL
COUNCILMAN JUAN F. RAMOS
COUNCILWOMAN BLONDELL REYNOLDS-BROWN
COUNCILWOMAN MARIAN B. TASCO

- - -

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P R O C E E D I N G S

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COUNCILWOMAN BLACKWELL: Good afternoon.

Let me thank everyone for their patience and say that the City Council Committee on Finance is now called. The committee on finance is being called into session with regard to Bill Number 040765.

We note that a quorum is present. To my left, Councilwoman Tasco; to my right, Councilman Goode, Councilman O'Neill and Councilman DiCicco, as well as to my left, Councilman Mariano.

Ask the Clerk to read the title of the Bill.

CLERK: Bill Number 040765, an Ordinance approving the Fiscal Year 2005 Capital Budget providing for expenditures for the capital purposes of the Philadelphia Gas Works (including the supplying of funds in connection therewith) subject to certain constraints and

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conditions, and acknowledging receipt of The Forecast of Capital Budgets for Fiscal Years 2006through 2010.

COUNCILWOMAN BLACKWELL: Thank you very much.

We also note our Councilwoman Blondell Reynolds-Brown. Thank you very much.

We'll ask Mr. Craig White, acting COO, PGW, to join us and make your testimony. Identify yourself for the record and make your testimony.

Thank you very much.

MR. WHITE: Yes. Thank you, madam chairwoman.

My name is Craig White. I'm the Acting Chief Operating Officer for Philadelphia Gas Works.

COUNCILMAN O'NEILL: You're acting very well.

MR. WHITE: Thank you, sir. I need a phone book over here.

COUNCILWOMAN BLACKWELL: Thank you. Good afternoon.

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MR. WHITE: Thank you. Good afternoon.

Okay. Thank you. I want to thank the Chairwoman and members of the Finance Committee for this opportunity to be before you today.

As I have indicated in previous testimony, I have submitted written testimony. I won't read that. I just would like to summarize very generally that this capital budget is, once again, as it has been in past years or in the past few years, since I've been closely involved with it, focused on maintaining safety and reliability, and meeting the requirements of our major operating departments, as well as some additional work for our information systems capabilities.

The current budget, which has run the gamut through the Gas Commission, is before you at $58.6 million.

I'd like to mention that when we initially started our review internally and we asked our various department heads to

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provide us with their requirements for the year, we were somewhere north of $79 million.

We internally reduced that down to just under $60 million or almost a $20 million reduction before we submitted it to the Gas Commission.

And as I said, it has been thoroughly reviewed by the Commission. And as you can see, we are at $58.6 million, which I hope that the Committee recognizes that for the filing of the submitted at 59 and for the recommendation to be at 58.6, it's indicative of the fact that we are focused on the safety and reliability, and we don't have additional incremental dollars in here that are unnecessary.

So, I'm pleased to take any questions you may have regarding the budget.

COUNCILWOMAN BLACKWELL: Thank you very much.

We notice in your testimony that when it comes to distribution, you need

more than $6 million to address, quote unquote, enforced relocation projects. Would you give us an example of what this means and how it becomes a priority?

MR. WHITE: Yes. Certainly. Enforced work is work that must be done when PGW facilities are in any way disturbed or undermined.

A good example of this would be, obviously, if the water company has to do work where they must, since they are at a lower depth, soil depth than PGW's facilities, when the water company must perform certain work, it requires us to replace the facilities that are in any way disturbed.

So, enforced work is not necessarily work that we would do if not for the fact that our facilities had been impacted.

Now, this is done in accordance with both the State Safety Division requirements and the Office of Pipeline Safety.

When facilities, gas facilities, are undermined or disturbed, we must replace

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them, particularly in the form of cast iron.

And, of course, I should have prefaced my remarks with that. This is in the area of cast iron main that we are making these replacements.

So the enforced work that we have is typically... The largest majority of it is due to water company work. And then, of course, you have cable, and you have other utilities that are in the street that impact our work.

COUNCILWOMAN BLACKWELL: Thank you very much.

In your testimony, you stated that funds are needed for the L & G plant in Port Richmond.

Can you give us the status of this, the new construction of this plant? Is there an anticipated deadline?

MR. WHITE: The anticipated deadline is for completion of the major test. It is somewhere between December 15th and January 1st of this year.

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When I was here before this body last year, we had indicated that the initial test phase of the new plant built by Chicago Bridge and Iron and their subcontractor, Air Products, did not pass performance tests.

At that time we entered into an amendment, and that amendment allowed for three additional performance testing periods, the third of which is this November 15th to December 15th.

We believe that this test is critical and this test will provide some of the answers to the more pressing issues that both PGW expertise and our outside consulting firm, Cryous Engineering, believe are important to determine whether or not we think that this plant will be functional as we move forward. So this is a key test for us.

Obviously we have had concerns. It has been quite some time since the plant was in a position to be tested. And it has failed a number of performance tests.

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But as I've indicated in previous testimony, we've worked diligently with Air Products, our folks, and the Air Products folks as well. And we hope that this next testing window gives us some accurate answers on where we will be in the future.

COUNCILWOMAN BLACKWELL: Can you advise us as to how PGW is doing with its call center software?

MR. WHITE: With respect to our customer activities, obviously, we rely very heavily on our... what we call our BCCS system, which is our customer information system.

And we have been constantly, for lack of a better term, bolting on different pieces of software that give us greater capabilities.

And every year we've enhanced those capabilities, and done things that have enabled us to perform tasks that were previously manual tasks electronically.

It will continue to grow. On a year-to-year basis there will continue to

be maintenance on our billing system.

It does not -- Unlike some pieces of software when it gets into a static position, you no longer spend money, this software will constantly require a certain amount of upgrading and performance enhancements.

But as I indicated, the peripheral softwears that we have been buying are used for things such as addressing liens and judgment, credit reporting.

We're looking at concepts such as credit scoring, and things that will enhance our ability to perform the collection initiative even better than we are now.

COUNCILWOMAN BLACKWELL: Thank you.

The Chair notes the attendance, as well, of Councilman Juan Ramos.

Can you advise us as to what transpired before the State House Committee on Consumer Affairs?

Councilman O'Neill asked about this. Did members of that Committee offer any

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resolutions to PGW's problems?

MR. WHITE: I think Mr. Knudsen would be more comfortable answering this question.

MR. KNUDSEN: Good afternoon.

COUNCILWOMAN BLACKWELL: Thank you very much.

MR. KNUDSEN: Good afternoon, Madam Chairman.

COUNCILWOMAN BLACKWELL: Please identify yourself.

MR. KNUDSEN: My name is Tom Knudsen. I'm Chief Executive Officer of the Philadelphia Gas Works.

To answer your question with regard to the Consumer Affairs Committee hearings that took place last week, no, there was no proposal on their part.

They were essentially there to listen to my testimony, with regard to Chapter 56 issues, which Chapter 56 is the PUC's regulations for customer service.

And I, along with other utilities, had proposed modifications that were now

embodied in legislation to those regulations.

The legislation passed the House on the 3rd of July. It then got hung up in the Senate. It is there now.

And these hearings were a further discussion of both PGW's financial issues, as well as how the Chapter 56 changes might affect PGW's outlook.

COUNCILWOMAN BLACKWELL: My final question is, before I turn it over to members of the Committee, is, can you explain to us the status of the senior citizen discount?

We realize that the PUC recently rejected PGW's request?

MR. KNUDSEN: Right.

If you recall, year and a half or so ago, year ago, there was a settlement between City Council, the Mayor, and agencies that represent low income groups, that was then sponsored by us to the PUC. And it sat there for, I think, almost... almost a year.

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They ruled this -- on that proposal on September 30th, rejecting any further implementation of senior citizen discount.

In other words, what we have is the grandfather program. That means that anyone who was 65 years old and enrolled in the program as of August 31st of 2003, will continue to be and receive the senior citizen discount.

People who have come -- who have reached their 65th birthday since then are no longer eligible for the discount.

We will be appealing that decision as soon as we get the order. We have not yet received the actual order, with regard to either the actions that they took on our petition for waiver of certain rules, nor on the senior citizen discount.

COUNCILWOMAN BLACKWELL: Thank you very much.

Because as you remember, Council was very vociferous and adamant about its concern for our seniors who can't afford these rates.

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Questions from members of the Committee?

Councilman O'Neill?

COUNCILMAN O'NEILL: Good afternoon, gentlemen.

MR. KNUDSEN: Good afternoon.

COUNCILMAN O'NEILL: You mentioned that this request is for just under $59 million.

How much was -- How much debt was retired last year and how much do you expect to be retired this year from your operating budget?

MR. KNUDSEN: We historically retire about $30 to $35 million a year of debt.

COUNCILMAN O'NEILL: Is that historically high or low or average?

MR. KNUDSEN: It's sort of an average.

I mean, you figure we have a billion dollars worth of debt. Most of it's outstanding 30 years. It's about $35 million a year.

COUNCILMAN O'NEILL: But that's not

historically average. I mean, your million or billion -- I'm sorry -- has occurred in the last five to ten years.

Wasn't it in the half a bill to six hundred million prior to that?

MR. KNUDSEN: Yes, in '94, '95.

When you say historically, I mean the last few years.

COUNCILMAN O'NEILL: Okay.

MR. KNUDSEN: We have been amortizing about $30 to $35 million a year.

COUNCILMAN O'NEILL: And prior to it getting up so higher, was it -- was it in the $15 to $20 million --

MR. KNUDSEN: It would have been proportionately --

COUNCILMAN O'NEILL: -- payback?

MR. KNUDSEN: It would have been proportionately less.

COUNCILMAN O'NEILL: Okay. We're closer this year to Council considering this to the actual fiscal year than we've been in recent years --

MR. KNUDSEN: Yes, sir.

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COUNCILMAN O'NEILL: -- particularly last year.

MR. KNUDSEN: Yes, sir.

COUNCILMAN O'NEILL: I know there's a process, and it involves the Gas Commission in the middle. So, we're getting better at it.

But you obviously have already been spending some of this money. Is that -- That was the case last year.

Your fiscal year starts September 1st.

MR. WHITE: That's correct, Councilman.

COUNCILMAN O'NEILL: How much of this have you already spent.

MR. WHITE: I'd have to get back to you on that.

We've only been spending for critical safety and reliability issues or programs that were under way.

But certainly we have been spending since September 1.

MR. KNUDSEN: Some of those funds

that we are spending -- and that's why we need to clarify -- are carryover funds from prior years that were approved.

COUNCILMAN O'NEILL: Okay. Is it possible? I just want to know what's possible. I'm not trying to say you should do it this way or you should do it that way.

But it would seem to me that you would have to get it to the Commission around January for Council to get it March, April, and depending on how the Mayor's budget is going, have us pass on it before we leave in June, because there's no more time, really. If we introduce it in September, you've already started your new fiscal year.

Is that possible? I just want to know because it seems to me that's the only time frame that would work, other than -- and I don't know what documents would have to be amended.

But maybe you would have a two-year capital budget, and we would do it and you

would do it more in an off time, that allowed... didn't conflict with our budget, gave you more time to do it, and -- I don't know. I'm just -- I don't see any other way to make it current, except for those two possibilities.

MR. WHITE: I would agree that the timing would have to be very early in the year, prior to the filing of the operating budget.

I would also state that there would probably be numerous amendments to that capital budget that would be required because of changes.

For instance, just this year alone, we had two breakdowns at our L & G facility during the summer which required... you know, could have required interim spending. One did. One we decided not to do.

But there are other things that come up during the year that require an amendment. And obviously, if we push the process up far enough in advance so that the Gas Commission has enough time to work

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with it, and then of course it can get the Council in time so that you can opine on it prior to your recess, we're also really impinging on the key operating season for the company.

This year, obviously, to be here today before you, we worked with the Gas Commission very closely over the summer or non-operating time of the year, because most of what we're talking about here with the capital budget are our operating folks. So, these are the people that are, you know, a little more freed up, once we get outside of the winter period.

So, I don't know whether -- You know, I gave you a little bit more than you asked for there. But I certainly wanted to make the point that in order to beat the clock for the Council recess, we'd have to start sometime December.

COUNCILMAN O'NEILL: Well, I'm not sure you answered my question, but you did give me a lot.

MR. WHITE: I'm sorry.

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COUNCILMAN O'NEILL: The question is, could you do it? And it would seem to me, I think you'd agree you'd have to do it in that --

MR. WHITE: That's correct.

COUNCILMAN O'NEILL: -- beginning of the year.

But you know, the Administration's capital budget's fairly large and fairly complex. And they're working on it in October through December most years because we generally have been getting our budget in January, last year being the exception. I don't know what will happen this year.

So, I would hope that you could find a way to see your way through. I'd rather be working on some amendments dealing with emergencies than voting on a budget at the earliest two months after the beginning of the fiscal year, that is retroactive to the beginning of the fiscal year. And obviously in the past several years it's been a lot later than two months.

So, if you could report, through the

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Chair, on any progress you can make on that, I think it would be helpful to everybody.

I think that two-year thing, I was just thinking out loud. It may be just wild to even consider going to that.

But I do think, having some discipline on the front end and not worrying about an amendment here or there, like that's a big deal -- An amendment is one item or two items or one item at a time.

This is an entire budget, and we're getting it after the fiscal year because of the two steps that are involved versus the one step.

So, I mean, the Planning Commission approves the City's, but I think it's a lot of rubber stamping going on there. I don't think the Commission is in a habit of doing that.

So, there really is a true two-step process in your capital budget. So, if you could find a way to do that, I think

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everybody would be a lot more comfortable.

I like getting it earlier, but I still don't think we're there. But I do think it shows a lot of improvement.

The last thing I wanted to mention is, I had a private conversation about the mini City Hall which is an issue. And I don't want to make it sound like, you know, all these people in the Northeast, you know, don't want to come to the MSB and all that because... Well, you moved your -- both your facilities out of the Northeast, one out of the Far Northeast, one a little bit lower, to save money.

And it was well saved. I mean, you were -- you were -- you were wasting a lot of money on some expensive real estate.

But the fact is that the Northeast really doesn't have a center now for PGW.

4400 Frankford Avenue. I grew up not very far from that. I never thought I grew up in the Northeast. The Northeast started somewhere quite above 4400 Frankford Avenue.

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And it is like saying, you know, whether it's paying real estate taxes, dealing with a PGW, or paying a water bill, or getting some service done, be like asking people in South Philly to go to Washington Township to pay their similar bills and get similar service, or somebody in West Philly going almost to Wilmington, Delaware, at least Radnor or someplace, to get the same thing.

So geographically I think it has been a very good place for the City to have in the Far Northeast. Mayor Goode started in '86.

The latest statistics are we collect over a hundred million dollars in water and real estate -- water revenue and real estate tax.

There's a total cost of 43,000. Over a hundred thousand people use it. And I think the PGW, first of all, could use the presence for bill collections, and customer service if they deemed that would be helpful to them.

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But it certainly places you right in the middle of, you know, maybe a third of the City, instead of below, you know, where a third of the City starts.

And if you take the $43,000 cost and whack it up between you and water, which doesn't pay as of now, and the city, maybe get some cheaper space because some proposals in the same center have come from larger space at half the price... But I don't know.

If the Administration doesn't want to do this, it may not mean anything, unless you guys want to set your own place up. And that may... You know, the economies of scale may be different.

But just tell me if there's been any progress. Did you pass it along to the Administration?

Has it gotten back to you? Have they told you to forget it? They have their own plans, and you don't fit them into them?

I mean, I just want something on the

record as to where we are because I've got people asking me all the time.

MR. KNUDSEN: We have not actively pursued the issue of... The question was posed to me was, would we re-open a Northeast office.

And the answer to that has to be no. We can pursue --

COUNCILMAN O'NEILL: Who posed that question?

MR. KNUDSEN: No. People asked me.

COUNCILMAN O'NEILL: O. I didn't pose that question.

MR. KNUDSEN: No, no, no.

COUNCILMAN O'NEILL: Okay.

MR. KNUDSEN: But it does come up in conversation, would you open at night.

And the answer to that is no.

If you'll allow, we will pursue it, as to some sort of cooperative effort. My sense would be, Councilman, that we would look at the activities.

Rather than have it open all of the time, there are certain times when the

facility is better used than others. Maybe we can taylor it so that it's more efficient for us.

It's very expensive for us to man one of these.

COUNCILMAN O'NEILL: Well, I would suggest to you that, one, it wouldn't cost you -- If you just did bill collection, wouldn't cost you any more personnel.

The cashiers are there. They're collecting and giving receipts for your bills, the same way they're doing in water and real estate.

The cost of the facility is rent and utilities.

MR. KNUDSEN: Right.

COUNCILMAN O'NEILL: And you'd be sharing in that.

If you were to reduce customer service, you already have people at 4400 Frankford Avenue All you'd have to do is take somebody out of there and move it up because people wouldn't have to go down as far to see a customer service

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representative.

And, you know, I think you're in the business of providing the utility but also providing customer service to your customers in that utility.

And, you know, a good portion -- I don't know if it's a third or a quarter or whatever -- really are not getting any sufficient or adequate customer service when they go to -- have to go to a place they really can't get to.

So I hope you take a close look at it. And again, I'd rather see you report back to the Chair, but it's --

MR. KNUDSEN: We will do so.

MR. WHITE: We'll be happy to do that.

MR. KNUDSEN: We'll be happy to do that.

COUNCILMAN O'NEILL: Thank you. That's all, Chair.

COUNCILWOMAN BLACKWELL: Thank you, Councilman.

Are there other questions?

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(No response.)

COUNCILWOMAN BLACKWELL: Well, it looks like we all realize that --

COUNCILWOMAN TASCO: Let me ask a couple of questions.

COUNCILWOMAN BLACKWELL: Councilwoman Tasco.

COUNCILWOMAN TASCO: I just want to put on the record where we are financially with PGW.

And no, it's not the operating budget, but we do use capital dollars to fund operating costs sometimes.

And just where are we, in terms of the fiscal strength of the company? And where do you see where we need to go? What has to happen?

Because the cost of gas is going up. Senior citizens won't get the discount. And we certainly are and you're not paying a $45 million nor the $18 mill. So, where are we right now?

MR. KNUDSEN: Well, let me answer the first question that you raise.

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With regard to the capital budget, we... there are interfund uses of the capital funds, but only during the fiscal period.

We appreciate that we have to pay whatever we have used from the capital fund back by the end of the fiscal year.

So if we do do that -- and I'm quite -- there's no abridging that. We do that, period.

With regard to the financial outlook of the company, it continues to hang by a thread. And the issue for us is that our cash flow is not adequate to support the company at these levels of gas costs, with the base rates that we have right now.

We have the highest rates in the state, by a little bit under two dollars. In other words, our thousand -- a thousand cubic feet of gas, which is our basic unit of measure is about -- estimated to be this year at $15.50.

When I came in 2000, it was about $8.70. So the cost of gas has driven our

cost of operations up substantially.

With every additional amount of gas that we process at higher costs, a big piece of that gets written off, is uncollectable.

And we don't have that incremental, uncollectable amount in our base rates. So we are falling behind. With every dollar of increase in gas costs, we fall behind eight cents.

Therefore, even though this year we were able to get back to 92 cents on the dollar, which is our historical collection rate, from 87 cents last year, which gave rise to the cash reconciliation clause that was of such concern, even though we made it back, it's not enough.

Effectively, we should be collecting at 96 or 97 percent on the dollar, in order to be making progress.

That being said, we are facing a year now where gas costs are going up another $60 to $70 million. And we will have to collect, in addition to the $775

million we collect this year, another $70 million.

And we had an earlier discussion in the Caucus Room, talking about this problem. I have some very real concerns that our customers can continue to pay ever increasing bills.

If our bills are looking at -- we're looking at a doubling of our bills in a four-year period, at some point they have become unaffordable to some portion of our -- of our customer group.

Now, what do we do? I think some have received the testimony that I gave last week to the Consumer Affairs Committee of the House.

I am proposing a three-point or a three-part program to try and buy PGW some time, two or three years, so that we're not constantly cup in hand in Harrisburg either at the PUC or at the State Legislature.

And that program has three components. The first component is that at this table last spring, you -- The

Chairwoman asked me specifically, how do we identify the truly needy or can you identify the truly needy?

And I said I didn't know that I had, with regard to the people who were in our CRP program or customer responsibility program -- we then had about 58,000 people.

I said, I don't know that that's the population of truly needy, but let us see if we can do a better job of identifying that.

We went, then, to Secretary Richman at D.P.W. and asked her to match her files of people who receive public assistance who are customers of ours.

And what she came back with, when we matched our customer files with her lists, we came back with an additional 17 or so -- 15 to 17,000 additional customers, who because they are receiving public assistance, at some level suggest that they would qualify for our CRP program.

So the first step we want to take is to increase the CRP effort which would

bring an additional $10 to $12 million to PGW.

Let me back off just a second and say that I had identified a requirement for $60 to $70 million as this kind of way out for PGW over the next two to three years. So the first piece of this $60 to $70 million is the CRP transfer.

That being said, we then looked at the rules that govern how we collect money from our customers. And what we have done, then, is to propose at the PUC first, and then in legislation, modifications to Chapter 56 which are the customer services regs.

The PUC came back and gave us the opportunity to collect about $5 out of $25 million, not enough. So now we are four-square right in the State Legislature, trying to get the rest of that bill.

If we get the modifications to the rules we seek, we would make... we would be able to collect an additional $25 million.

So now I'm up to $35 to $37 million

out of the needs that we have, short of raising the base rate.

The last piece is LIHEAP, state funding. And I would report that conversations are ongoing right now, where, both at the Governor's Office and Speaker's Office, there is an appreciation, a growing appreciation of the need across the state, but most particularly for PGW, that there's a need for supplemental LIHEAP funding for the very needy.

So if we are able to put this package -- and that would be $25 million I would like, $25 to $30 million from that program. At least that's what I've told them what I'd like. Whether they'll give it to us is another issue.

But with that, then, we would have $60 to $70 million, which I think then could provide some financial underpinning going forward.

Short of that, I would have to propose to the Administration that we file for a base rate increase.

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Here's the issue. We are facing an evaluation by our rating agencies in the early winter or late winter, somewhere in the February, March time frame.

Were we not to demonstrate what they've required, which is significant improvement in our liquidity or an indication that we can do a better job, we are likely to get downgraded. and they are very specific about that.

So, we've done everything we can to improve our collections. I think we're doing a good job. We can always do better.

But I think we have turned the corner, in terms of making our credit and collection group a kind of state-of-the-art operation. We still have some things we still want to do, but we're doing the right things now.

That will not be enough. We will not be able to collect, I think, from what I think is an unaffordable -- for what I think is an unaffordable commodity, natural gas in Philadelphia, for a growing number

of people.

So, Chairwoman Tasco -- Councilwoman Tasco, that's the outlook. It's not very pretty, but it's somewhat hat in hand to Harrisburg right now, to bail us out of this situation, and put us on some kind of an annual provision of supplemental LIHEAP funds.

COUNCILWOMAN BLACKWELL: We are hopeful that the state and/or the Feds will come up with this $60 to $70 million mill.

Do you believe that we reach a point where, if we, in terms of a rate increase, if you charge too much, you lose on that end, too, because people are just maxed out? Do you agree with me in that regard?

MR. KNUDSEN: I absolutely agree with you.

COUNCILWOMAN BLACKWELL: Yeah. We're really concerned about that. We think if you go for a rate increase, it will boomerang and we'll lose those who were struggling who are marginal customers. We'll lose those who are trying to pay now.

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MR. KNUDSEN: But the more -- But just as compelling an argument, Councilwoman Blackwell is, we don't want to lose the utility.

COUNCILWOMAN BLACKWELL: Absolutely.

MR. KNUDSEN: And that's the real possibility here, because if we are not able to demonstrate financial improvement, we won't have saleable bonds.

And it's very clear from last spring also, and I think I reported this to you, that our credit and the City's credit are linked at this point.

If we're taken to junk bond status, that will have some consequence. I don't know exactly what, but it will certainly be a negative consequence for the City's credit. And that's also something that we're facing that we don't want to -- we don't want to bring down on you and certainly not on ourselves.

So, the issue is, if -- We're facing a circumstance where at least 20,000 people, 20,000 households, will not be --

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will not have been turned back on by December 1st.

For to us turn them on for what we've done in the past, is a $20 million loss for us. We cannot absorb that loss.

So somehow we have to find a way to take care of those people. Either they find alternate heat sources for their home or they move, move in with family. I don't know what the answer is.

But PGW this year can not afford to put these people back on for less than a thousand dollars a household. And that may -- a thousand to $1200, $1300 a household. That's what we will require to put them back on the system.

COUNCILWOMAN BLACKWELL: Well, we're obviously very upset and alarmed, and hopeful and prayerful that we can get past -- we can get past this time.

I've learned in the past that when the City is involved in any utility or any aspect of government, that people suffer.

I like having the ability to call

one of the departments with whom we work or with whom the City is affiliated, to try to help people in need.

So, I am upset about the possibility of us not being able to pay our way.

So, we're hopeful. And we hope that those who are listening and watching will hear what you're saying about the LIHEAP, will hear what you're saying about a $60 to $70 million shortfall that we need, and will be mindful that it is the role of government to try to take care of the citizens it represents.

So, we'll be watching. And we want to be cooperative in any way we can, albeit we're very, very worried about people who can't -- can't get a LIHEAP grant.

We're worried about seniors and family members who have to go back to dangerous ways to get heat.

We know what happens in old homes. People have fires and we lose life. And we pride ourselves on trying not to have that happen.

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So, we're very, very... We're very prayerful and hopeful that someone will listen to this and come to our rescue.

All right. Any more questions from members of the Committee?

(No response.)

COUNCILWOMAN BLACKWELL: Seeing none, that will end the hearing part of this meeting.

(Hearing concluded at 3:02 p.m.)

CERTIFICATE

I HEREBY CERTIFY that the proceedings and evidence are contained fully and accurately in the stenographic notes taken by me upon the public hearing of The Philadelphia City Council, taken on October 18, 2004, and that this is a true and correct transcript of same.

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DAVID A. DEIK, RPR and
Commissioner of Deeds

(The foregoing certification of this transcript does not apply to any reproduction of the same by any means, unless under the direct control and/or supervision of the certifying reporter.)