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COUNCIL OF THE CITY OF PHILADELPHIA

3

PUBLIC HEARING

4

COMMITTEE ON TRANSPORTATION AND PUBLIC UTILITIES

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Room 696, City Hall
Philadelphia, Pennsylvania
Thursday, February 20, 2003
1:15 p.m.

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9 RESOLUTION 020748 - A Resolution authorizing City
Council's Committee on Transportation and Public
10 Utilities to convene public hearings to take public
testimony from the City Administration, Philadelphia
11 Gas Works (PGW) management, the general public and
other interested parties in order to develop
12 recommendations including legislative strategies for
modifying PGW's Senior Citizen Discount Program in
13 light of Pennsylvania's Natural Gas Choice and
Competition Act, which abolishes the Senior Citizen
14 Discount for Senior Citizen customers of PGW
effective September 1, 2003.

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PRESENT:

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COUNCILMAN W. WILSON GOODE, Chairman

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COUNCILMAN DAVID COHEN, Vice Chair

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COUNCIL PRESIDENT ANNA C. VERNA

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COUNCILMAN RICHARD MARIANO

22

COUNCILWOMAN DONNA REED MILLER

23

COUNCILMAN ANGEL ORTIZ

24

COUNCILWOMAN BLONDELL REYNOLDS-BROWN

25

COUNCILMAN FRANK RIZZO

COUNCILWOMAN MARIAN TASCO

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I N D E X

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RESOLUTION 020748 PAGE

4

PEDRO RODRIGUEZ, Action Alliance 19

PHILIP BERTOCCI, Community Legal Services .. 26

BETTY FLANAGAN, AFSCME DC 47 Retirees 56

5

PAT ALBRIGHT, Crossroads Women's Center 60

SAM WEINSTEIN, Save Our Services Coalition .. 65

6

MARTIN BERGER, Pennsylvania Alliance for

Retired Americans 77

7

GAIL GARRETT, Phila. Corporation for Aging .. 83

LAURA MINTZER, Senior Law Center 86

8

DELBERT FRANKLIN, SEIU Local 36 89

THOMAS KNUDSEN, President PGW 92

9

CHRISTINA COLTRO, PGW 111

JOSEPH NARDELLA, Local 686 113

10

JAMES LENNOX, Local 686 116

11

12

13

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1 2/20/03 - TRANSPORTATION - RES. 020748

2 COUNCILMAN GOODE: Good afternoon.

3 Thank you for coming. This is a public hearing of
4 the Committee on Transportation and Public Utilities
5 on Resolution 020748.

6 A note to the quorum as present, Members
7 of the Committee include the Vice Chair, David Cohen
8 to my right; Councilman Richard Mariano; Councilman
9 Angel Ortiz to my left; and I'm the Chair,
10 Councilman Goode; and Councilwoman Tasco has joined
11 us as well. This hearing will come to order.

12 I'll ask the Clerk to please read the
13 title of the Resolution.

14 THE CLERK: Resolution 020748, a
15 Resolution authorizing City Council's Committee on
16 Transportation and Public Utilities to convene
17 public hearings to take public testimony from the
18 City Administration, Philadelphia Gas Works (PGW)
19 management, the general public and other interested
20 parties in order to develop recommendations
21 including legislative strategies for modifying PGW's
22 Senior Citizen Discount Program in light of
23 Pennsylvania's Natural Gas Choice and Competition
24 Act which abolishes the Senior Citizen Discount for
25 Senior Citizen customers of PGW effective

1 2/20/03 - TRANSPORTATION - RES. 020748

2 September 1, 2003.

3 COUNCILMAN GOODE: At this time, if any
4 Members of the Committee have opening remarks.

5 The Chair recognizes Councilman Ortiz.

6 COUNCILMAN ORTIZ: Thank you, Mr.
7 Chairman, for permitting me to share a few thoughts
8 about this important issue we're about to discuss
9 today.

10 When Councilman Cohen and I introduced
11 this Resolution, we did it because there are
12 thousands of senior citizens in our City who every
13 day have to make a decision about what to cut; their
14 food for the day, their medicine for the month, the
15 utilities bills or their meager savings for some
16 unforeseen catastrophe in the future. Every
17 decision has consequences. And some of those
18 decisions could be life threatening or damaging to
19 their health.

20 In fact, since the beginning of this
21 winter cycle, the Philadelphia Health Department
22 last week reported a total of six senior citizen
23 deaths and this winter has yet to peak. These
24 deaths have all been related to unheated homes of
25 seniors who, with a limited income, have to struggle

1 2/20/03 - TRANSPORTATION - RES. 020748

2 with the dilemma of robbing Peter to pay Paul.

3 In most cases, seniors will modify their
4 gas heating service. That's creating a dangerously
5 fine line between warmth and death, than the risk of
6 paying a higher gas bill and not being able to pay.
7 It is, therefore, no wonder why these are the same
8 people that are least likely to be in arrears and
9 most likely the ones to find a way to pay their
10 bills. Even according to PGW data analyses of
11 Senior Citizen Discount heat customers, 97 percent
12 of these customers usually pay on time at a rate of
13 83 percent. And those in arrears owe an average of
14 less than \$20 a month. But any senior will tell you
15 that to do this, they have to cut corners.

16 As a society and as a City, we have made
17 decisions in the past to intervene in making the
18 lives of those who can least fend for themselves a
19 little better and a little bit more comfortable.
20 Twenty years ago this City Council believed that it
21 could help our retirees by providing a modest cut in
22 their monthly gas bill. We did that because we own
23 the Philadelphia Gas Works and because seniors
24 themselves pointed out to us a direct way in which
25 we could help stretch their monthly incomes. The 20

2/20/03 - TRANSPORTATION - RES. 020748

percent Senior Citizen Discount is the expression of the best that we have as a society in this City. It is a high mark of public policy, a compassionate and dignified way to appreciate and assist them.

A historical reason why the 20 percent discount is offered to anyone over the age of 65 in Philadelphia regardless of income is because we value and appreciate those citizens who have decided to remain in Philadelphia and support our economy.

Let me say the following to those who might now propose to means test the 20 percent discount program. Frankly, means testing would appear, at least on the surface, to be fair and good public policy. But many believe that such pre-qualifiers have adverse or counter-productive effects. Programs that have means testing as part of their qualifications have very low participation rates.

For example, George Bush and his republican administration are offering now to change certain welfare regulations because of means tests. In fact, they're offering that those people who go and have their lunch in schools or have their breakfast, those kids, that their families will have

1 2/20/03 - TRANSPORTATION - RES. 020748

2 to fill a myriad of forms to prove their poverty
3 level before those kids can qualify for the lunch
4 school programs. You know that that is not going to
5 work. You know that that is a republican trick in
6 order to save money and not feed poor people. And
7 that we will not do here in Philadelphia.

8 For example, the Medicaid savings
9 program in Pennsylvania, a wonderful federal program
10 that can save up to \$700 per year to low-income
11 senior citizens have most of those eligible not
12 participating in it. In fact, 220 senior citizens
13 across Pennsylvania are not participating. That's
14 about \$153 million that could go directly into our
15 economy but simply stays in Washington, D.C.

16 Proponents of means testing for seniors
17 have not defined any specifics about eligibility
18 requirements, but most senior citizens view it as a
19 code language for a welfare-like program designed to
20 create another layer of bureaucracy that is
21 intrusive and humiliating. I don't believe we
22 should make them feel less than dignified by
23 contaminating this 20 percent senior discount with
24 some ill-conceived means test.

25 More importantly, I believe seniors in

2/20/03 - TRANSPORTATION - RES. 020748

our society are a special class of people. Outside those few that might benefit from a base of assets, stock dividends or inherent wealth, 63 percent of seniors in the City are women who, in their work lifetime, have earned less and received less retirement income than their male counterparts. 58 percent of our seniors receive \$25,000 or less. So let's be clear, our senior citizen population is not the beneficiary of the Dow Jones or represent the upper crust of our local society. They're not the mainline individuals here. We're not representing the high, rich, wealthy owners of stock and Corporate America.

The Senior Citizen Discount was never intended to be or should be a free handout. It is something that seniors have earned. It is our way of giving back a little to our elders, those who built our bridges and schools, policed our streets, and, yes, risked their lives at war to safeguard this democracy. And to do this, it costs us all, PGW customers, an average of \$2.50 per month.

So we are here today to begin figuring out what we can do to address the PUC's decision to wipe out this program as of September 2003. I

1 2/20/03 - TRANSPORTATION - RES. 020748

2 believe there's always a way to remedy that policy
3 and that decision. This is the one place to start.

4 Thank you, Mr. Chairman.

5 (Applause.)

6 COUNCILMAN GOODE: Thank you,
7 Councilman.

8 Let the record reflect that Councilman
9 Frank DiCicco, a Member of the Committee, is also
10 present, along with Councilman Frank Rizzo.

11 At this point, Councilman Cohen would
12 like to make opening remarks.

13 COUNCILMAN COHEN: I think Councilman
14 Ortiz ought to be congratulated for that very fine
15 analysis that he's made. I would go one step
16 further. I think the effort to cut the Senior
17 Citizen Discount is an attempt by people to get the
18 PGW ready for sale to private interests so that
19 private interests can make profits out of the
20 citizens of Philadelphia, including the senior
21 citizens.

22 As Councilman Ortiz said, the senior
23 citizens have earned the right to this discount, and
24 Philadelphia must not go back on its word.
25 Philadelphia said that senior citizens who worked

2/20/03 - TRANSPORTATION - RES. 020748

hard deserve this discount as a reward for the great service they've done for the City of Philadelphia.

This is step one in the effort by private interests to turn PGW from a company -- it's actually not really a company. It's a fiction of our imagination. PGW is just a made-up name, formula, combining a few pieces of property with City policies. And they call it PGW. And nobody challenged it because private industry hopes to buy it and then really rock us for the kind of huge profits that private utilities make from offering energy to the people of Philadelphia and other parts of the country. We must not let that happen. And I believe there's a strong majority, maybe even unanimity in the City Council to see that that doesn't happen. We're behind you in whatever you do to protect your rights. You've earned it. Don't let anybody steal it away from you.

(Applause.)

COUNCILMAN COHEN: I don't want to play games with the City of Philadelphia or with the PGW management. But when they were in trouble, they came to the City Council and we helped them. We helped them because we thought they were performing

1 2/20/03 - TRANSPORTATION - RES. 020748

2 useful service. Now, suddenly, they begin to
3 announce that PGW is on good financial grounds.
4 Why? Because of the help that the senior citizens
5 and others of Philadelphia who gave to PGW when it
6 was in trouble. And now they want to turn around,
7 take it away from us and sell it to private
8 interests. We're not going to let that happen.
9 You're not going to.

10 And I hope that you're going to find the
11 overwhelming majority of City Council is going to be
12 on your side. If not, I think the walls of City
13 Hall will be shaking before we permit them to steal
14 this away from the people of Philadelphia,
15 particularly the senior citizens. Thank you.

16 (Applause.)

17 COUNCILMAN ORTIZ: Can I say something
18 before we begin?

19 Councilman Rizzo is here and Councilman
20 DiCicco.

21 I want to make special mention that the
22 20 percent discount really is an idea and a program
23 really that was begun by the late Mayor Frank Rizzo.
24 And I think it was -- I disagreed with Frank Rizzo's
25 father for many, many years and over many, many

1 2/20/03 - TRANSPORTATION - RES. 020748

2 issues, but this is one issue that I agreed with him
3 on.

4 (Applause.)

5 COUNCILMAN GOODE: The Chair recognizes
6 Councilman Rizzo.

7 COUNCILMAN RIZZO: Councilman Ortiz,
8 thank you for that. Thank God I found one thing
9 that you agreed with former Mayor Frank L. Rizzo.

10 But I can tell you, ladies and
11 gentlemen, I think my father realized the importance
12 of this 20 percent discount. And I can tell you
13 that, as long as I sit in this Council, I will do
14 everything humanly possible to make sure that this
15 is not taken away from you and not taken away from
16 my father. Thank you.

17 (Applause.)

18 COUNCILMAN GOODE: The Chair recognizes
19 Councilman Mariano for opening remarks.

20 COUNCILMAN MARIANO: Thank you, Mr.
21 Chairman. I just want to make it real quick.

22 I just want to refer to Councilman Cohen
23 and Councilman Ortiz and the rest of the Members on
24 this Council, but those two especially, because
25 they've been fighting this for a long time.

1 2/20/03 - TRANSPORTATION - RES. 020748

2 I think maybe Councilman Cohen can give
3 us a little legal aspect of this because him and
4 Councilman Ortiz are attorneys. I think that
5 Councilman Cohen -- I'll ask him to say something
6 that he already has. Since this is in a Public
7 Utility Commission and it's no longer in our hands,
8 we could probably join with senior citizen's groups
9 as part of lawsuits. And maybe Councilman Cohen can
10 help me with that.

11 COUNCILMAN COHEN: If there's any way of
12 doing it, we're going to be doing it.

13 COUNCILMAN MARIANO: That's all I ask.
14 If we could do that legally.

15 COUNCILMAN COHEN: What we want to do is
16 to make clear that City Council stands solidly
17 behind the decision it made almost 30 years ago in
18 December of 1973, when it was a City Council
19 Ordinance that created the 20 percent discount.
20 We're not going to let people take it away. It was
21 a good idea then when Mayor Rizzo did it.

22 Councilman, I have to tell you that I
23 also, not only Councilman Ortiz, had many
24 differences with your father on policy, but the one
25 place we didn't was the labor matters, because your

1 2/20/03 - TRANSPORTATION - RES. 020748

2 father was solid and he was solid on the needs of
3 senior citizens. And we're not going to let anybody
4 take that away either from his legacy or from the
5 legacy of the present City Council.

6 COUNCILMAN MARIANO: Thank you,
7 Councilman. Just let me finish up.

8 Being that you are the senior member of
9 this Committee, we are referring to you on all that
10 information, I'm referring to you. So thank you for
11 your legal advice. He's older than you think.

12 COUNCILMAN RIZZO: Point of information.

13 COUNCILMAN GOODE: The Chair recognizes
14 Councilman Rizzo again.

15 COUNCILMAN RIZZO: Thank you,
16 Councilman.

17 I have just some recent contact with the
18 Public Utility Commission, and I think it's
19 important that we're all aware that the
20 commissioners are up to be replaced. As a matter of
21 fact, I believe that our new Governor has the
22 ability to appoint new members of the Public Utility
23 Commission, and I believe there's been some
24 legislation passed where there has to be a balance.
25 I think the majority party can't have more than

1 2/20/03 - TRANSPORTATION - RES. 020748

2 three and the minority party, I think the remaining
3 two. I believe there's five members. I think it's
4 important right now that we're aware that, as we
5 speak, those commissioners are up for replacement.

6 COUNCILMAN GOODE: Thank you, Councilman
7 Rizzo.

8 The Chair recognizes Councilman DiCicco
9 for opening remarks.

10 COUNCILMAN DICICCO: Thank you, Mr.
11 Chairman. I apologize for getting here late.

12 From a selfish standpoint, I'm certainly
13 going to be supporting the continuation of 20
14 percent discount.

15 (Applause.)

16 COUNCILMAN DICICCO: I'm about six years
17 away from qualifying myself for the discount. But
18 more importantly for me is, over the last 12 months
19 or so a number of issues came up that this City
20 Council had to deal with.

21 Just about a year ago we had a major
22 battle on our hands when the Administration was
23 deciding to discontinue the continuance of
24 incremental increases in the City wage tax. Council
25 fought that and the majority of the people of City

1 2/20/03 - TRANSPORTATION - RES. 020748

2 Council voted to continue with that incremental
3 reduction of the City wage tax.

4 More recently, and you all, I'm sure,
5 are aware of what we've been going through with the
6 real estate tax increases that occurred in late
7 2002. And many of you I see shaking your head, you
8 either have paid them already or are in the process
9 of paying them. We may also be in the process of an
10 appeal. I mean, it just seems to be that it's one
11 thing after the other. What is interesting about
12 the real estate state tax increase, which I consider
13 to be very offensive and counter-productive, is that
14 the majority of the people in the district that I
15 represent, a large portion of the people in the
16 district that I represent are very affluent people,
17 people who most people would suspect could afford
18 it. But they're taxpayers like everyone else and
19 they need to be supported as well. But when you
20 look at the overall real estate tax increase in the
21 City of Philadelphia, the recent one,
22 proportionately, the people who get hit the hardest,
23 the people who are getting hit the hardest, are the
24 people who are on fixed incomes and at the lower end
25 of the economic ladder.

1 2/20/03 - TRANSPORTATION - RES. 020748

2 So it's one shot last year with wage
3 taxes. Second shot last year -- at end of last
4 year, around October or November, on real estate tax
5 increases. And now to talk about the 20 percent
6 discount, removing that. We can't stand for this
7 any longer. You can't balance the budget on the
8 backs of the people of this City any longer. We've
9 got to figure out a better way in which we manage
10 government and do the right thing by the people who
11 have made the commitment to stay here. And a lot of
12 the people in this room probably at one time or
13 another could have moved. But you made a commitment
14 to stay here. You're the backbone of the society in
15 this City and we need to support you fully. I'm
16 here today for that reason. Thank you.

17 (Applause.)

18 COUNCILMAN GOODE: The Chair recognizes
19 Councilman Cohen for brief remarks.

20 COUNCILMAN COHEN: For a brief comment.
21 The brief comment is that when the legislation took
22 place that turned over jurisdiction of PGW to the
23 state, many of us in City Council publicly said we
24 thought this was Step 1 in the effort to get rid of
25 the Senior Citizen Discount. We believed that the

2/20/03 - TRANSPORTATION - RES. 020748

State and the City were working together. We didn't have proof of it before, but now we have proof of it.

Both the State and the City are working with private industry instead of working with senior citizens. We want to put an end to that. What they're trying to do is to make PGW a company that is saleable to private interests. I guess those people in office like the idea that maybe they'll be a new source of campaign contributions. And we don't want that. We want the money to stay in Philadelphia. We want to make life better for senior citizens, not keep pressing them to the wall.

And I just wanted you to know that, in my opinion, clearly the whole purpose of transferring jurisdiction over PGW to the State was because the State has had long a policy saying that public utilities cannot give these kind of discounts. And that's the reason the jurisdiction of PGW was turned over to the State. We've got to guarantee that that does not happen in this situation.

(Applause.)

COUNCILMAN GOODE: Thank you, Councilman

1 2/20/03 - TRANSPORTATION - RES. 020748

2 Cohen. This concludes our opening statements by
3 Members of the Committee.

4 The first panel to be called will
5 include Pedro Rodriguez, Director of Action
6 Alliance, and Mr. Phil Bertocci, Esquire, Community
7 Legal Services.

8 Will you please approach the witness
9 table and state your name for the record?

10 (Applause.)

11 MR. RODRIGUEZ: Good afternoon.

12 COUNCILMAN GOODE: Good afternoon.

13 MR. RODRIGUEZ: Good afternoon, Mr.
14 Chairman, Members of the Committee. My name is
15 Pedro Rodriguez. I'm the Executive Director of the
16 Action Alliance of Senior Citizens of Greater
17 Philadelphia. Before I start my remarks, I'd like
18 to recognize the presence of our esteemed president,
19 Ms. Mamie E. Wiggins.

20 (Applause.)

21 MR. RODRIGUEZ: Mr. Chairman, this
22 morning, members of the Action Alliance and other
23 senior citizens from across Philadelphia picketed
24 the headquarters of GlaxoSmithKline to complain
25 about that drug giant's ever-escalating prices for

2/20/03 - TRANSPORTATION - RES. 020748

medication. The reason I bring this up is because many of our seniors in Philadelphia have to resort to ordering their prescriptions through the mail and the Internet so they can afford it.

As a matter of fact, every week in our office we see senior citizens who come to us for help, asking us how to suggest ways in which they can stretch their fixed incomes every month.

One of the things that we have had over the years to offer those individuals was the fact that when it came to gas, they pretty much knew that they could stretch a little bit there because they had the discount to count on.

The Action Alliance of Senior Citizens is a membership organization. We have about 12,000 dues paying members in the region. We represent about 220 senior citizen clubs that affiliate more than 110,000 senior citizens. This is our 30th year. And we feel very proud about some of the achievements that we have done in our City, not only to benefit senior citizens and to make retirement in Philadelphia a dignified event, but we also contributed a great deal to the fabric of this City.

Our members, some of them were born in

2/20/03 - TRANSPORTATION - RES. 020748

this City. They grew up here. But most of them, they work here. They constituted the fabric of the neighborhoods. They are the people who built the unions, integrated the workplace, the schools, public places. They fought against the war in Vietnam in many ways by demonstrating for peace. They have contributed a great deal to the educational process of our children. They have left and continue to do so a tremendous legacy for current Philadelphians and future Philadelphians.

We're here today because we are greatly disturbed of developments both in Harrisburg and in Philadelphia of an implementation of the Natural Gas Regulation Act. Action Alliance and many others were involved in that discussion a couple years ago when the state took over jurisdiction of PGW, when they disenfranchised the citizens of Philadelphia. And we sounded the alarm back then, that this was a sneak attack to target seniors, and the discount in particular. This program is in danger of elimination, and such an action will put in jeopardy the well-being of many of our members and very many other Philadelphians.

We applaud City Council's adoption of

2/20/03 - TRANSPORTATION - RES. 020748

this Resolution, particularly your efforts, Mr. Chairman. I am calling for this public hearing to find out exactly what's going on with the Street Administration and the Philadelphia Gas Works and to determine the impact the discount has on the lives of thousands of our elderly.

We're also here to sound the alarm about the potentially devastating impact some of the proposed changes might have had on Philadelphians who can least afford to pay more for their utilities. Action Alliance is particularly concerned about proposed changes that will bar anyone turning 65, after September 1st, 2003, from applying to the program. The other suggestion aims at severely limiting who can apply for the discount after that date.

The current 20 percent Senior Citizen Discount would be in jeopardy for 73,000 senior citizens in the City. The legislation that changes the natural gas sale and distribution system in Philadelphia left the door open for the Public Utility Commission to alter the benefit to seniors in the future. But that same law noted that only the Philadelphia City Council has the power to do

1 2/20/03 - TRANSPORTATION - RES. 020748

2 so. Let me repeat that. Not the Street
3 Administration, not PGW, but your elected officials
4 here in City Council, you have the final say on what
5 happens to this program now and in the future.

6 (Applause.)

7 MR. RODRIGUEZ: The 20 percent discount
8 was one of Action Alliance's sweetest victories.
9 Back in 1973 -- we're vague on the date exactly when
10 it happened, but back then we insisted that this
11 benefit be universal as an incentive that the City
12 offers its senior citizens to stay in the City.

13 Sometimes we give millions of dollars to
14 private developers and corporations who come into
15 town. They stay in for one or two years, maybe they
16 create 10 jobs and then they pack up and leave. So
17 why not provide this incentive and use the same
18 logic to thousands of seniors who have stayed in
19 Philadelphia, who contribute to the fabric of this
20 society and to at least offer that little incentive
21 so they can stretch their limited incomes.

22 Mr. Chairman, I say to you today that
23 proposals to eliminate or alter this program
24 constitute bad public policy. Such plans are
25 particularly detrimental to the health and safety of

2/20/03 - TRANSPORTATION - RES. 020748

senior citizens. In effect, PGW's plan to eliminate a discount is more like a 20 percent tax increase on senior citizens.

We understand that PGW is using this opportunity to improve its financing. But let me remind you that senior citizens do not create the mismanagement of PGW; thus, they should not be called to balance the utility's books on their backs.

Mr. Chairman, if the 20 percent discount were to be eliminated, it will have a detrimental and adverse economic impact on the City of Philadelphia. Senior citizens spend more than they have an income. According to census data, they spend 104 percent of their income, as opposed to non-senior citizens who only spend about 87 percent of their income. Alleviation of the 20 percent discount on the number of people who have it now and the potential number of people who will eligible for it after September 1st, 2003, if you carry that, forcing them to pay the additional 20 percent to PGW, we estimate it will have a detrimental impact, a negative impact on Philadelphia's economy of \$31 million, just using the a cumulative effects of the

2/20/03 - TRANSPORTATION - RES. 020748

purchasing power and the multiplied effect.

But most importantly, moving beyond the numbers, City Council and the citizens of Philadelphia, when you instituted the discount, you made a social compact between generations. You say you're 65. You have an account PGW. You live in the City. We're going to reward you with this modest discount. And people like you and I have been subsidizing that end of the bargain at the rate of \$2.50, three dollars a month. I posed this question the other day to a bunch of young people, and I say, would you be willing to pay three dollars a month to have the piece of mind that seniors will not freeze to death in the winter? And the answer was a resounding yes.

Philadelphia is made up of good people, people with heart and compassion, people who look and see the broader policy that's at stake here. We cannot isolate PGW from the society that Philadelphia is. If we cut the discount here, we're going to pay as a society someplace else. We're going to have to pay with increased public health care costs, housing deterioration in the neighborhoods that we're trying to revive now and,

1 2/20/03 - TRANSPORTATION - RES. 020748

2 yes, the ultimate price, the freezing to death of
3 senior citizens.

4 We would like to remind City Council
5 again that only you has final say on this issue.
6 Either you can continue the legacy that you started
7 back when you instituted this program. Either you
8 can leave an example by telling PUC and anybody else
9 in Harrisburg who would like to hear, that you want
10 to govern yourself as a City, and you place all the
11 confidence of the future of the City on the people
12 who live, work and retire in the City.

13 Thank you very much, Mr. Chairman.

14 (Applause.)

15 COUNCILMAN GOODE: Thank you for your
16 testimony, Mr. Rodriguez.

17 I will now take testimony from Mr.
18 Bertocci.

19 Good afternoon. Have copies of your
20 testimony been circulated?

21 MR. BERTOCCI: Yes, they have.

22 COUNCILMAN GOODE: Please proceed.

23 MR. BERTOCCI: Good afternoon, Chairman
24 Goode, City Council Members. It's wonderful to see
25 so many seniors out here today under the conditions.

1 2/20/03 - TRANSPORTATION - RES. 020748

2 I'm going to skip over the first page of
3 my testimony. You know generally who I am. My name
4 is Phillip Bertocci. I am an attorney with
5 Community Legal Services. I serve as the public
6 advocate for matters before the Gas Commission
7 involving PGW. I also represent low-income groups
8 before the PUC in PGW matters. And CLS every year
9 represents hundreds of utility customers coming to
10 us for assistance with problems they had with PGW,
11 PECO, the Water Department and other utilities.

12 Today I'm testifying not as the public
13 advocate, but on behalf of CLS and our client
14 constituency, representing people from no income at
15 all up to around 200 percent of the federal poverty
16 level.

17 We understand on a day-to-day basis the
18 difficulties that low-income Philadelphians have in
19 paying their energy bills, essentially meaning the
20 most basic necessities of life. We welcome
21 Council's vote on Resolution 020748 and the
22 convening of these hearings. The issue, as we know,
23 is the PGW Senior Citizen Discount, a 20 percent
24 discount on the gas bill provided by PGW now to
25 approximately 79, 80,000 seniors citizens in

1 2/20/03 - TRANSPORTATION - RES. 020748

2 Philadelphia.

3 In this testimony, I'm going to talk
4 about two subjects. The first is the legal
5 framework in which Council is called to act in
6 addressing the Senior Citizen Discount. And the
7 second concerns the stakes at issue for PGW's
8 low-income senior citizens. My analysis clearly
9 shows that PGW's low-income program will not, I
10 repeat, will not be an adequate substitute or
11 replacement for the low-income seniors who will be
12 barred from getting the Senior Citizen Discount
13 starting next September. For most of this
14 population, for most of this low-income population,
15 there will be no discounts at all.

16 Let's start with the legal framework.
17 We all know by now that the Natural Gas Choice and
18 Competition Act transferred jurisdiction over PGW
19 rates and its tariff from the Gas Commission to the
20 PUC, the Public Utility Commission. The effects are
21 well known. We see it in daily lives. We know that
22 the PUC is dealing with the rate cases that PGW has
23 been filing. We also know that, as a customer, if
24 we have a problem with PGW, it's to the PUC, no
25 longer to the Gas Commission, that a customer files

1 2/20/03 - TRANSPORTATION - RES. 020748

2 an appeal in order to protest against a wrongful
3 termination, to dispute a bill, whatever it might
4 be.

5 Less well known, however, is what the
6 Act contains about the Senior Citizen Discount. I
7 have to say at the beginning -- and the reason it's
8 less well known is that Section 2212-R of the Act,
9 that's the part dealing with the Senior Citizen
10 Discount, that hasn't hit yet. That's only going to
11 begin to hit in September 2003. There's a copy of
12 Section 2212-R associated with that document called
13 "Frequently Asked Questions," which I think is in
14 the Councilmen's packets, so you can kind of look at
15 what the actual language of the statute is.

16 But let's begin with the Act itself.
17 I'm going to preface my remarks by saying, you have
18 to understand, many people think that this law is
19 not very clear concerning the Senior Citizen
20 Discount. And there is not a single court that's
21 ruled on its meaning. The best I can do is give you
22 my legal opinion. We all know that ultimately the
23 court decides what the law is. But a lot of times,
24 the actions taken by bodies like this determine the
25 framework in which a court makes its decision. And

1 2/20/03 - TRANSPORTATION - RES. 020748

2 you have a great influence on the way in which a
3 court will rule.

4 First, what does the Gas Choice Act
5 require for the Senior Citizen Discount and what
6 does it provide? First, it provides the seniors who
7 are receiving the Senior Citizen Discount as of
8 September 1st shall be entitled to receive that
9 discount going forward.

10 Second, continuation of the program for
11 any other seniors -- that's anyone not receiving the
12 discount as of September 1st -- will not happen
13 unless the City modifies its Senior Citizen Discount
14 Program and modifies it by Ordinance and then
15 obtains PUC approval for that modified program.
16 That's assuming that the law is not just stricken
17 down for some other reason. There's a pending court
18 case but, frankly, right now, we're looking at
19 September 1st, 2003.

20 We're seeing some people that are not
21 going to be able to get that benefit that senior
22 citizens for 30 years have been enjoying. If the
23 City Council and the City Administration do nothing
24 now, then starting September 1st, the Senior Citizen
25 Discount Program will be closed. Since none of us

2/20/03 - TRANSPORTATION - RES. 020748

live forever, that would mean over the next 20 or 30 years, the number of PGW senior citizens customers receiving the discount will diminish to none.

The City Administration and PGW management have informed the PUC that it accepts this course of action or non-action. The packet provided to Council Members contains a 36-page consultant's report entitled "Philadelphia Gas Works Universal Service Programs: The Senior Citizen Discount." This report was submitted by PGW to the PUC in support of proposed tariff amendments affecting the closing of the Senior Citizen Discount to new participants starting in the fall.

Third, the Gas Choice Act contains language which I believe offers the City a fighting chance to save the situation. The Gas Choice Act says that the City, by Ordinance again, can modify the Senior Citizen Discount Program. And it says that the PUC, quote, may approve a program designed to provide discounted rates to senior citizens provided that such rates and the terms of such programs are just and reasonable, close quotes.

I interpret that language to mean that just as the City, by Ordinance, established a Senior

1 2/20/03 - TRANSPORTATION - RES. 020748

2 Citizen Discount in the first place, it can now
3 modify the program. Whatever modification City
4 Council might make, however, must be submitted to
5 the PUC for approval. And, of course, the
6 modification has to be done by Ordinance. And then
7 the PUC has to approve it.

8 Fourth. This is the last one. What is
9 the standard that the PUC will use in deciding
10 whether to approve a modified program? The statute
11 says that PUC may approve a modified program which
12 is just and reasonable. Now, the term "just and
13 reasonable" sounds like an ordinary term to most of
14 us, but it has a specialized regulatory meaning.
15 It's still a very broad term, even for the court.
16 It's sort of like, they'll consider what's best
17 under the totality of the circumstances, whatever
18 they may be. Nevertheless, it's a very broad
19 standard, and I think that that's good. That offers
20 some basis for hope for the City.

21 It's basically a balancing standard in
22 which the PUC would balance the interest of
23 customers as a whole against the utility's need to
24 generate sufficient revenues to maintain its
25 financial health. It's a balancing standard. Now,

2/20/03 - TRANSPORTATION - RES. 020748

1
2 in judging whether a proposed modified Senior
3 Citizen Discount program is just and reasonable, the
4 PUC will probably consider a whole range of factors
5 in this balancing. I've outlined some of those in,
6 again, the "Frequently Asked Questions" part of your
7 packet. I think that these factors, all these nine
8 factors -- courts love these nine factors -- but
9 ultimately they all kind of coalesce in one
10 response, a yes or a no.

11 And I think that, first, the City has to
12 make a forceful request, a well-documented request,
13 a request contained in the statute which says more
14 or less this: Look, we have senior citizens who
15 have made significant contributions to our
16 community. They are living in urban conditions with
17 modest to low incomes with significant health
18 vulnerabilities, some very isolated despite our best
19 efforts. We want to use a small fraction of the
20 resources of our own municipally-owned utility to
21 continue to protect them, safe and warm in their
22 homes. This is a voice that so far the PUC has not
23 heard. This is the message that we would like to
24 see them take in the form of an Ordinance passed by
25 City Council and signed by the Mayor. That

1 2/20/03 - TRANSPORTATION - RES. 020748

2 ordinance would propose a modified Senior Citizen
3 Discount program so that the program can be
4 continued for senior citizens reaching 65 after
5 September 1st, 2003.

6 Let's get away from the legal framework.
7 What about the second part of what I want to talk
8 about? What are the stakes at issue here for PGW's
9 low-income senior citizens? The consultant's
10 report, which PGW submitted in support of its
11 recommendation concerning the discount, gives the
12 impression that if the Senior Citizen Discount
13 remains closed to new participants, truly needy
14 senior citizens will not be left out in the cold.
15 Rather, it suggested, they will be able to obtain
16 similar discounts from PGW's low-income program.
17 That program is called the Customer Responsibility
18 Program. It's known as CRP. Unfortunately,
19 analysis shows that this impression is just plain
20 wrong.

21 I have provided to Councilmembers in
22 their packet a detailed written comments on PGW's
23 consultant's report. To briefly summarize them
24 here, the problem is that CRP is structured. It
25 provides significant discounts to households living

2/20/03 - TRANSPORTATION - RES. 020748

below the federal poverty level and with relatively high usage. Using PGW's estimates, there may be as many as 24,000 senior citizens at or below 150 percent of the federal poverty level. These seniors are generally regarded as undeniably low-income customers. But most of these people are between 150 and 100 percent of poverty, not below 100 percent, where significant discounts are available under CRP.

Moreover, the usage levels of most senior citizens' households, the usage levels are relatively low, and that weighs also against them qualifying for discounts under CRP.

I'm going to give you a little more background concerning, CRP just so you have a little bit of context. CRP program is a type of program called a percentage-of-income program. The program that we anticipate that will be in effect in September is a modified version of CRP, in which customers who are between 100 and 150 percent of poverty pay 10 percent of their income, 10 percent of their monthly income, as their gas bill.

Customers between 50 percent and a 100 percent of would pay 9 percent of their income as a gas bill, and customers between 1 percent and 50

2/20/03 - TRANSPORTATION - RES. 020748

percent would pay 8 percent of their income as a gas bill.

Now, not every customers who is below 150 percent of poverty is going to benefit from this type of program because it depends a lot upon their usage, as well as their family composition. So I think that CRP will not help most seniors.

In the comments, we described what we found when how looked at how low-income seniors with household incomes between 150 and 100 percent of poverty, how they would fare in this new situation. These are indisputably low-income customers. Senior citizens customers in this category are receiving now a 20 percent discount. We suspect that the vast majority of seniors are in this category, and we then ask what discounts these customers would receive.

At current rate levels, if the modified CRP program takes effect in the fall, the answers were appalling. Numerous indisputably low-income households, households with income below 150 percent of poverty, would receive no discounts at all. For instance, a two-person senior citizen household with quite ordinary usage would receive no discount

1 2/20/03 - TRANSPORTATION - RES. 020748

2 unless they had household income down around 100
3 percent of the federal poverty line, not 150
4 percent, which is the income level at which CRP is
5 generally open to customers. But there would be no
6 discounts for this two-person household down to 100
7 percent of poverty.

8 One person households would receive
9 virtually no discount unless they had incomes below
10 135 percent of poverty. In order to qualify for 20
11 percent discounts, as opposed to smaller discounts
12 under CRP, these senior households would have to
13 have even lower incomes.

14 For two-person households with ordinary
15 usage, a 20 percent discount would not be available
16 unless the household income was down in the 74
17 percent to 93 percent of poverty range. That's
18 below the poverty level. That's substantially below
19 the so-called federal poverty line or poverty level.

20 For one-person households, the 20
21 percent discount would not be available until the
22 income was in the 99 to 113 percent federal poverty
23 range.

24 COUNCILMAN ORTIZ: Excuse me, Mr.
25 Bertocci.

1 2/20/03 - TRANSPORTATION - RES. 020748

2 MR. BERTOCCI: I'm at my end.

3 Under the guise, really, of folding the
4 Senior Citizens Discount Program into CRP, what's
5 really happening is that many of those people that
6 are folding into the CRP are not getting any
7 discounts whatsoever. If this is allowed to take
8 place, a vital safety net which has protected our
9 seniors for many years is going to disappear.

10 (Applause.)

11 COUNCILMAN GOODE: We'll take Committee
12 questions for Mr. Rodriguez and Mr. Bertocci.

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

15 Mr. Bertocci, thank you. All of those
16 numbers are very confusing, to say the least. And
17 to try to make some sense of it what we're trying to
18 bring out here is that, if this is eliminated, out
19 of a universe of how many seniors that we have
20 currently at a universe projected, how many will be
21 left out in the cold, if the 20 percent discount is
22 eliminated? Could you give us numbers on that,
23 other than the CRP? I mean, it gets very confusing.

24 What we're trying to establish is that
25 the PUC policy and the legislative policy of

2/20/03 - TRANSPORTATION - RES. 020748

1
2 deregulation of eliminating the 20 percent discount
3 is an appalling public policy that attacks senior
4 citizens' well-being. Could you make it in clear,
5 very clear numbers who's going to be impacted and
6 who's not going to be impacted? What's the universe
7 of the people that come in under this?

8 MR. BERTOCCI: Basically I'm saying that
9 senior citizens down to 100 percent of poverty --

10 COUNCILMAN ORTIZ: Sir, we don't
11 understand that, 100 percent of poverty. People are
12 poor. Poor is poor. Poor is poor.

13 MR. BERTOCCI: I know. Just a minute.
14 I have the exact numbers here. I have them in my
15 testimony.

16 COUNCILMAN ORTIZ: My mother used to
17 work in a factory. My mother used to go to a
18 factory and come home with a very small check. And
19 she had to divide that check into the rent, the
20 utilities, everything else. When you speak on these
21 numbers like that, it doesn't make a lot of sense to
22 a lot of people out there that don't understand this
23 bureaucratic and federal language. So give us
24 approximate numbers.

25 MR. BERTOCCI: One-person family right

1 2/20/03 - TRANSPORTATION - RES. 020748

2 now, \$738 gross income per month. Two-person family
3 right now, \$995 per month. That is 100 percent of
4 poverty. Anyone having more income than that, in
5 general terms, will not be benefited by CRP.

6 COUNCILMAN ORTIZ: The modified program
7 that replaces the 20 percent?

8 MR. BERTOCCI: That's right. They will
9 not be benefited by that. That means that they will
10 get nothing.

11 COUNCILMAN ORTIZ: You've got to make
12 less than a thousand dollars a month?

13 MR. BERTOCCI: A two-person household,
14 yes.

15 COUNCILMAN GOODE: Mr. Bertocci, is
16 there a stereotypical people, a common person
17 affected by this? What would be the standard case
18 of a person affected by this?

19 MR. BERTOCCI: When you say, is there
20 a --

21 COUNCILMAN GOODE: Who is the average
22 person affected by this?

23 MR. BERTOCCI: Well, a senior citizen,
24 65. Any person that would apply for the Senior
25 Citizen Discount after September 1st, 2003. Those

1 2/20/03 - TRANSPORTATION - RES. 020748

2 are people that in the past would have applied, but
3 the program is not going to exist for them.

4 COUNCILMAN GOODE: What I'm asking for
5 is a profile of a common person affected by the
6 state legislation and how many of these common
7 people will be affected?

8 COUNCILMAN ORTIZ: Numbers.

9 MR. BERTOCCI: The company estimates
10 that there are 24,000 senior citizens below 150
11 percent of the poverty. And they're claiming that
12 there are --

13 COUNCILMAN GOODE: So you cannot in
14 simplistic laymen's terms give a profile of the
15 average person impacted by this? I'm not asking you
16 to give us an anecdotal description. I'm asking
17 somewhere between a very technical description in
18 terms of poverty statistics and an anecdotal
19 description. What is the average person impacted by
20 this and how many of those people exist in
21 Philadelphia?

22 MR. BERTOCCI: 24,000 exists, but we
23 don't know. One of the points that I want to make
24 is that most of the information that has been
25 presented is not based on --

1 2/20/03 - TRANSPORTATION - RES. 020748

2 COUNCILMAN GOODE: So there is not a
3 common profile?

4 MR. BERTOCCI: The company has provided
5 no profile to us.

6 COUNCILMAN GOODE: According to you,
7 there is no common profile of a person affected by
8 this?

9 MR. BERTOCCI: Well, we don't know, for
10 instance, how many seniors right now --

11 COUNCILMAN COHEN: I can tell you what
12 it would be a year or two from now.

13 COUNCILMAN GOODE: Excuse me,
14 Councilman.

15 COUNCILMAN COHEN: Yes?

16 COUNCILMAN GOODE: You have to be
17 recognized. Let him respond to the question.

18 Are you finished with your response?

19 MR. BERTOCCI: Yes.

20 COUNCILMAN GOODE: The Chair recognizes
21 Councilman Cohen.

22 COUNCILMAN COHEN: What I was saying is,
23 one doesn't have to be a genius to understand this
24 is only Step 1. This is not to be permanent policy,
25 because the permanent policy is to eliminate

1 2/20/03 - TRANSPORTATION - RES. 020748

2 entirely even for people who have been on Senior
3 Citizen Discount for the last 20 years. They're not
4 going to be the thieves who want to steal this away
5 from us. They're not going to be satisfied with
6 this first theft. They're going to keep on stealing
7 from us until they eliminate entirely the Senior
8 Citizens Discount.

9 Let's not play games and make believe
10 that these figures, as complicated as they are,
11 exist for the purpose of arriving at a fair
12 decision. They're aimed at hiding the purpose.
13 They're saying, "Oh, in the beginning we're only
14 going to freeze maybe 5,000 people to death the
15 first year."

16 Before they're over with their plans,
17 they're going to freeze a lot of our senior
18 citizens, many, many thousands of them.

19 Senior citizens have worked hard. They
20 have a sense of pride. You know what they're going
21 to do to manage to pay their bills? Do you know
22 what they're going to do? They're going to turn
23 down the thermostat. Councilman Rizzo came over to
24 me before and said, "David, do you know what's going
25 to happen?" And he's absolutely right on it.

1 2/20/03 - TRANSPORTATION - RES. 020748

2 Senior citizens will begin turning down the
3 thermostat, trying to live with 60 degrees of heat
4 when they need 70 degrees. Or 58.

5 We're going to hear more and more
6 stories of senior citizens being found dead at home.
7 Because the people that are proposing this have no
8 interest in the life of senior citizens. They see
9 us as just being in the way. So please don't waste
10 your time on the little details of this plan. The
11 purpose is to eliminate entirely the Senior Citizen
12 Discount. And everybody better be aware of that
13 right now.

14 (Applause.)

15 COUNCILMAN COHEN: There is no such
16 thing as a just change in the system except to
17 expand it. And what they're doing is the reverse.
18 Just like they're stealing the pensions away from
19 the workers in the private industry plan. You're
20 reading it every day. General Motors now says it
21 can't pay pensions.

22 COUNCILMAN GOODE: Councilman Cohen, can
23 we allow some more time for more testimony?

24 COUNCILMAN COHEN: Well, I think what
25 I've given is testimony because I believe it to be

1 2/20/03 - TRANSPORTATION - RES. 020748

2 fact. Thank you.

3 (Applause.)

4 COUNCILMAN GOODE: The Chair recognizes
5 Councilman Rizzo.

6 COUNCILMAN RIZZO: Thank you, Mr.
7 Chairman.

8 Councilman Cohen just mentioned one of
9 my many concerns, is the fact that I can imagine how
10 our senior citizens -- and I'll repeat it for the
11 record because I want it to come from my lips -- is
12 that the people that are not going to be eligible
13 for this program, if it goes away -- and I doubt
14 that it's going to go away, to tell you the truth --
15 that's how they're going to react.

16 When you get older, you just can't deal
17 with the cold like you could. And I can bet,
18 knowing my senior citizen constituents, that to save
19 a few bucks, even though it's not healthy for them,
20 that thermostat that once was set at 68 is going to
21 be down to 62. And the first time the bill comes
22 in, then it gets back to 60. So I would hope that
23 the people that need to hear, need to listen, are
24 considerate of something that is very important to a
25 very important population, as far as I'm concerned,

1 2/20/03 - TRANSPORTATION - RES. 020748

2 the senior citizens that have been to hell and back
3 for us. Thank you.

4 (Applause.)

5 COUNCILMAN GOODE: Mr. Rodriguez, in
6 your own terms, could you tell us who is impacted by
7 this on September 1st?

8 MR. RODRIGUEZ: Yes, Mr. Chairman. I'd
9 like to give you a profile of who might be impacted
10 if the discount goes away. I'd just like to ask
11 those of you here, if you think you'll be affected
12 by elimination of the discount, please stand up
13 right now.

14 (Applause.)

15 MR. RODRIGUEZ: That's a profile of
16 who's going to be impacted if we eliminate the
17 discount.

18 COUNCILMAN GOODE: The Chairman
19 recognizes Councilman Ortiz.

20 COUNCILMAN ORTIZ: Mr. Chairman, thank
21 you.

22 Mr. Rodriguez, I got this data from PGW,
23 so I want to just throw out some numbers.

24 According to PGW information, as of
25 February 13th, there are 477,910 residential

1 2/20/03 - TRANSPORTATION - RES. 020748

2 customers. There are 416,135 residential heating
3 customers. There are 73,659 heating customers
4 receiving senior discounts. Now, that is the senior
5 discount that will be eliminated by the legislation,
6 true or not? I see shaking in the back there.

7 COUNCILWOMAN TASC0: Point of order.

8 COUNCILMAN GOODE: The Chair recognizes
9 Councilwoman Tasco.

10 COUNCILWOMAN TASC0: The population
11 gross?

12 COUNCILMAN ORTIZ: Right. I'm just
13 giving a flat universe.

14 MR. BERTOCCI: The people that are
15 receiving the discount will continue to receive it.
16 It's only people that would apply after September
17 1st, 2003.

18 COUNCILMAN COHEN: Only under the
19 current plan. There's nothing to stop that plan
20 from being changed next week.

21 COUNCILMAN ORTIZ: I just want that for
22 the record. There are 5,896 non-heating customers
23 receiving senior discount. There are 48,987 CRP
24 participants at or below 135 percent of the federal
25 poverty level.

1 2/20/03 - TRANSPORTATION - RES. 020748

2 In numbers, in dollar numbers, could you
3 tell me what 135 percent of the federal poverty
4 level is?

5 MR. BERTOCCI: It's 135 percent for a
6 family of one is \$996. For a family of 2 --

7 COUNCILMAN ORTIZ: Hold it. Hold it.
8 There are 48 -- Okay. Go ahead.

9 MR. BERTOCCI: For a family of two, it's
10 \$1,343 right now. For a family of three, \$1,690.

11 COUNCILMAN ORTIZ: So we have 48,000
12 individuals, 48,987, at that level right now
13 participating in the CRP program?

14 MR. BERTOCCI: Yes. Some are
15 participating. There may be other people with that
16 level of income that aren't participating because
17 it's not a good deal for them. It depends on how
18 much gas they use.

19 COUNCILMAN ORTIZ: We don't have any way
20 of getting the numbers of those individuals who do
21 not participate in that program? Do we have a way
22 of getting those numbers?

23 MR. BERTOCCI: You could do it
24 demographically. But PGW knows what people have.
25 When people apply to PGW, they will present their

1 2/20/03 - TRANSPORTATION - RES. 020748

2 income if they are asking to participate in CRP.

3 Until they apply to CRP, to my knowledge, PGW

4 generally doesn't know what their income level is.

5 COUNCILMAN ORTIZ: Another number I have

6 here is, there are 9,968 CRP participants with

7 income between 136 and 150 percent of the federal

8 poverty level. What's that number?

9 MR. BERTOCCI: 150 percent of the

10 federal poverty level for one person is \$1,107. For

11 two persons is \$1,492, and for three persons,

12 \$1,878. And that's all dollars.

13 COUNCILMAN ORTIZ: That's monthly?

14 MR. BERTOCCI: That's monthly. Between

15 135 to 150 of poverty, that's not really so relevant

16 for what we're looking at. Because after September

17 1st, 2003, it's likely that the CRP program will be

18 open up to 150 percent of poverty. So it will be

19 these 3 tiers; the 10 percent, the 9 percent, the 8

20 percent that determines what a customer pays.

21 COUNCILMAN ORTIZ: Thank you.

22 COUNCILMAN GOODE: The Chair recognizes

23 Councilman Cohen.

24 COUNCILMAN COHEN: It's awful hard not

25 to get upset, and I apologize publicly to the Chair

1 2/20/03 - TRANSPORTATION - RES. 020748

2 and everybody else. But you can't deal calmly with
3 thieves. That's what I think we're dealing with.

4 (Applause.)

5 COUNCILMAN COHEN: Mr. Bertocci, you
6 read to us a proposed plan presented by PGW to the
7 Public Utility Commission; is that right? This is a
8 plan that PGW and the City of Philadelphia is
9 proposing?

10 MR. BERTOCCI: Yes, they have proposed
11 it.

12 COUNCILMAN COHEN: Is there anything to
13 stop them from changing that plan tomorrow?

14 MR. BERTOCCI: They've submitted it as
15 part of a restructuring plan. And there's been an
16 administrative law judge's decision at this point,
17 but the PUC has not ultimately ruled on it.

18 COUNCILMAN COHEN: How long do we have
19 to wait before PGW can change the plan to something
20 even worse? Let's give everybody the facts.

21 MR. BERTOCCI: I can't predict, but it
22 seems to me what the law seems to say is, for the
23 senior citizens who already have the Senior Citizens
24 Discount, that those people can't lose the Senior
25 Citizen Discount unless there is a vote of City

2/20/03 - TRANSPORTATION - RES. 020748

Council, that only City Council can change that,
that the PUC does not have the authority to change
that.

COUNCILMAN COHEN: The state has a
history of changing laws 10 o'clock at night with no
notice to anybody.

(Applause.)

COUNCILMAN COHEN: If you want to deal
honestly with senior citizens, and I think this City
Council wants to, we have to let you know what the
real facts are, not what PGW says they are. But the
real facts. And the real facts are that, as of this
moment, the Senior Citizen Discount for everybody is
endangered. And after that comes the termination
plans for the CRP. Because what you have is
government advocating its responsibility to care for
the safety and welfare of its citizens.

Therefore, there is no safety in
thinking, oh, this is the worst of it. If we only
lose by freezing maybe a few thousand citizens each
year, that won't been too bad. I mean, that seems
to be the philosophy. The loss of a single life is
an absolute disgrace because the government is
supposed to defend us, protect us, give us a secure

1 2/20/03 - TRANSPORTATION - RES. 020748

2 senior citizen life, not take it away from us.

3 (Applause.)

4 COUNCILMAN COHEN: I don't want to hear
5 these technical so-called details that may offer a
6 dose of support to people saying, well, maybe I'll
7 be able to live to the end of the year instead of
8 dying in October. I'm personally at the point where
9 I can't afford to lose a single day, nor can any
10 senior citizen, nor should any citizen in
11 Philadelphia ever be put to it.

12 What kind of a City do we have? We have
13 a democratic City. I'm a very partisan democrat,
14 yet I have to make notice that the democratic Mayor
15 says this plan is needed, while the republican
16 candidate for Mayor is saying he wants to maintain
17 the present system. That's not what ought to be.
18 We ought to have both candidates for Mayor saying
19 the senior citizens are number one.

20 (Applause.)

21 COUNCILMAN COHEN: Thank you, Mr.
22 Chairman.

23 COUNCILMAN GOODE: Thank you, Councilman
24 Cohen.

25 Let the record show that Council

1 2/20/03 - TRANSPORTATION - RES. 020748

2 President Ann Verna has joined us, along with
3 Councilwoman Donna Reed Miller and Councilwoman
4 Blondell Reynolds Brown.

5 We'll take one more comment from Mr.
6 Rodriguez, then we're going to move on to another
7 panel because this panel will come back.

8 MR. RODRIGUEZ: Certainly.

9 Mr. Chairman, Councilman Cohen makes a
10 really important point that I think the people here
11 and you should be reminded of it. Steadily, the
12 citizens of Philadelphia has been losing their
13 rights to self-govern and bordering on the criminal
14 intervention with the state legislature in the
15 affairs of this City. The midnight raid that two
16 jurisdictions from the Gas Commission to the PUC of
17 PGW was opposed strongly by some of the community
18 organizations in this town. I think that, as
19 elected officials, you have a double responsibility
20 to really stand up firm against such intermissions
21 and your ability to self govern.

22 Saying that, I would like to recommend
23 to you, Mr. Chairman, that City Council conducts
24 more of these public hearings in the neighborhoods
25 so the residents of those neighborhoods have an

2/20/03 - TRANSPORTATION - RES. 020748

opportunity to express to you and for the record the impact of the proposed elimination of the 20 percent discount after September 1st will have on their lives, because of the concern that people who might be what are called, quote, unquote, grandfathered into the program might also have. Because once it gets taken away from a group of people, it certainly looks like it's going to be taken away from you, as well.

Bringing these public hearings to South Philadelphia, to Northeast Philadelphia, to Southwest Philadelphia, and to the Northwestern parts of the City will give the Committee and City Council a real clear picture of the universe of the typical individual who gets the discount and those who are in line after September 1st to sign up to it.

So I recommend that we have those public hearings throughout the City as an opportunity to educate not only the Members of Council and the Committee, but also those elected officials from Philadelphia who travel to Harrisburg and seem to have forgotten where they came from.

(Applause.)

1 2/20/03 - TRANSPORTATION - RES. 020748

2 COUNCILMAN GOODE: Thank you, Mr.
3 Rodriguez.

4 We will bring this panel back for
5 further questioning.

6 The next panel consists of one witness.
7 I don't see the Controller here.

8 Is anyone representing the Controller's
9 Office?

10 We'll move to our third panel; Betty
11 Flanagan, DC 47 Retirees; Sam Weinstein, Save Our
12 Services Coalition; and Pat Albright, Crossroads
13 Women's Center.

14 Please approach the witness table.

15 COUNCILMAN ORTIZ: Chairman, if I may,
16 one comment?

17 COUNCILMAN GOODE: The Chair recognizes
18 Councilman Ortiz.

19 COUNCILMAN ORTIZ: After discussion with
20 the Chairman and the President of City Council, I
21 just want you to know that this is the first hearing
22 we will have, but the next hearing we will have,
23 we'll be out in the community so that the senior
24 citizens will not have to make all the travel all
25 the way here to City Hall. I am so delighted to see

1 2/20/03 - TRANSPORTATION - RES. 020748

2 you here today, even though the biggest snowstorm of
3 the 21st Century hit us. Your presence here
4 testifies as to your interest in this issue. And
5 you know you're going to be there.

6 (Applause.)

7 COUNCILMAN GOODE: We have discussed it
8 and I'll be very glad to entertain a formal request
9 from Councilman Ortiz in writing.

10 The first person to testify, please
11 state your name for the record.

12 MS. FLANAGAN: Betty Flanagan.

13 Good afternoon, Chairman Goode, Vice
14 Chairman Cohen.

15 Councilman Ortiz, we thank you for
16 Resolution No. 020748.

17 Good afternoon to all of the other
18 Members of Council.

19 My name is Elizabeth Betty Flanagan,
20 President of AFSCME District Council 47 Retiree
21 Chapter. The spelling of my last name is
22 F-L-A-N-A-G-A-N. I represent 763 former City
23 workers who are now retired.

24 One of the best kept secrets in
25 Philadelphia is the Philadelphia Gas Works 20

2/20/03 - TRANSPORTATION - RES. 020748

percent discount on gas bills for seniors aged 65 and over. This 20 percent deduction is called the Senior Citizen Discount Program. This program has been in effect since December 14, 1973, when Philadelphia City Council by Ordinance declared a 20 percent discount for residents age 65 and over. This benefit for future enrollees will be discontinued by the Philadelphia Gas Works August 31st, 2003.

The criteria for the current enrollees' Senior Citizen Discount Program does not have any embarrassing forms to be filled out. There's no questions about your private life or your income to qualify for the SCD program.

In order to receive this 20 percent discount, seniors are required to give proof of age, their Social Security number and present their last paid gas bill. This procedure lends dignity to people who have been paying their gas bills for 30 years and longer.

According to the US Census Bureau, Philadelphia has 212,457 citizens aged 65 and over.

The Philadelphia Gas Works boasts about given 82,000 seniors this 20 percent discount on

1 2/20/03 - TRANSPORTATION - RES. 020748

2 their gas bill. At the same time, PGW intends to
3 discontinue the program for new enrollees. 8,000
4 elderly citizens per year over the next decade would
5 be denied the Senior Citizen Discount program.

6 Seniors labor to give the present
7 generation the opportunities and the comfort that is
8 enjoyed today. Seniors have helped build our
9 society and continue to support, guide and influence
10 this generation for the better. But too many of our
11 seniors are facing a dilemma of making choices about
12 food, medicine and bills.

13 Two weeks ago I ran into an old friend
14 who I had not seen in a year because she had moved
15 to Virginia. We were near a Boston Market
16 restaurant. I suggested we go into the restaurant
17 to have lunch. Our conversation was true to form -
18 old folks discussing pain, aches and pills. She
19 she told me her cost for medications is so high that
20 she had to buy a pill cutter for some of her
21 medicines so they would last longer. She also
22 stated she was buying cold cuts as a substitute for
23 poultry and meat. This is a proud 86-year-old
24 senior who is not poverty stricken, but it is
25 obvious her fixed income has not kept up with

2/20/03 - TRANSPORTATION - RES. 020748

today's expenses. Seniors are confronted with these choices daily.

Most seniors depend on fixed incomes that have no flexibility for growth. So many seniors do not have the opportunity to increase their income as their expenses skyrocket.

Look at the Philadelphia Gas Works which has increased consumer rates by 40 percent since year 2000. This year, for some seniors, the cost for health insurance medical benefits has increased 15 percent, and the cost for prescription drug coverage has increased 20 percent. They are faced with high cost of drugs that are no longer covered by their Prescription Drug Plan. Increases in housing rents, in real estate taxes have become extreme. Other utilities, including electric and water, are following suit.

How can one in good conscience deny these seniors from receiving a Senior Citizen Discount?

(Applause.)

MS. FLANAGAN: I make an urgent plea for this Committee on Transportation and Public Utilities to present to City Council a proposed

1 2/20/03 - TRANSPORTATION - RES. 020748

2 program to reinstate the Senior Citizen Discount
3 Program, a program that Philadelphia seniors have
4 been using for 30 years.

5 Seniors need your help now.

6 (Applause.)

7 MS. FLANAGAN: They need the support of
8 City Council and the Mayor of Philadelphia in
9 convincing the Pennsylvania Public Utility
10 Commission to acknowledge and correct their
11 decision, which placed seniors in jeopardy of losing
12 even more of the financial resources needed for
13 adequate daily living.

14 May this plan become an Ordinance by
15 City Council and approved by the Pennsylvania Public
16 Utility Commission so our seniors will continue to
17 receive a much-needed discount on their gas bills.

18 (Applause.)

19 COUNCILMAN GOODE: Thank you for your
20 testimony, Ms. Flanagan. We should have brought you
21 up first.

22 (Applause.)

23 COUNCILMAN GOODE: Pat Albright.

24 MS. ALBRIGHT: Good afternoon. I'm here
25 today to represent the Crossroads Women's Center,

1 2/20/03 - TRANSPORTATION - RES. 020748

2 which is located in Germantown. I also speak on
3 behalf of the Every Mother is a Working Mother
4 Network, one of the groups operating out of the
5 center, which is working to get the value of caring
6 work included in our right to welfare and other
7 benefits and resources.

8 I'm here because nationally, 70 percent
9 of poor seniors are women. In Philadelphia, they
10 tend to be women of color. That answers the
11 question I think that was asked earlier about who
12 the typical person is who will be affected by this.
13 In a TANF petition that was issued from our center,
14 we point out that black equity, which begins with
15 girls, drags women's income down even after
16 retirement. Women in the US with pensions receive
17 half the amount that men receive, \$4,200 annually
18 compared to \$7,800 for men. A retirement gap where
19 women receive 53 cents for every dollar a man
20 receives.

21 Many of those who utilize our center are
22 already struggling to make ends meet. They will be
23 put in even more desperate financial straits by
24 PGW's proposed ending of the 20 percent Senior
25 Citizen Discount. Grandmothers, grandfathers too,

1 2/20/03 - TRANSPORTATION - RES. 020748

2 many of whom are seniors, are increasingly counted
3 on to care for grandchildren and others in need of
4 care. They're already stretched to the limit
5 financially and otherwise, and must not be asked to
6 bear an additional burden to help bail out PGW.

7 Women seniors who work at or make use of
8 our center depend on the discount. Those of us who
9 will be new seniors in the future will need it just
10 as much or more, given the way that gas prices have
11 risen. We paid our dues over many years and want
12 what we are owed when we turn 65.

13 We want to register with the City
14 Council a complete and total opposition to the
15 dismantling of the Senior Citizen Discount Program,
16 to its being altered in any way, except modified to
17 increase the discount, which has remained the same
18 since its inception 30 years ago to reflect the
19 increase in heating cost.

20 In addition, the program could be
21 improved by making the discount automatic upon the
22 customer turning 65. Or in the case of a couple,
23 upon either partner turning 65, regardless of whose
24 name the bill is in, thus eliminating the need to
25 make a special application at all.

1 2/20/03 - TRANSPORTATION - RES. 020748

2 Means testing the program is totally
3 unacceptable. Means testing would result in many
4 who are eligible and need help not getting it.

5 Crossroads Women's Center and the Every
6 Mother is a Working Mother Network are both members
7 of the Save our Services Coalition that was formed
8 to oppose PGW's cutbacks in services, including the
9 closures and cutbacks of PGW neighborhood customer
10 service offices.

11 The elimination of two of six
12 neighborhood offices and the cuts in hours of the
13 remaining have already created hardship for many,
14 including seniors, who relied on these offices for
15 paying their bills or to apply for the Senior
16 Discount, LIHEAP grants or other financial
17 assistance in paying their bills.

18 Women again are particularly impacted,
19 as we are often the ones paying those bills. Many
20 of us single mothers or grandmothers, including
21 welfare mothers already stressed by the demands of
22 Welfare Reform who end up having to travel greater
23 distances to reach an office, often with children in
24 tow, are paying more at check cashing offices.
25 Impacted as well are people with disabilities,

1 2/20/03 - TRANSPORTATION - RES. 020748

2 people without checking accounts or phones or in
3 need of bilingual services.

4 This proposal to eliminate also comes on
5 the heels of yet another additional expense now born
6 by the gas consumer, the need to purchase Parts and
7 Labor contracts or pay out-of-pocket for service of
8 our heaters. Many, including myself, have
9 discovered this winter when we try to get service
10 under the contracts we've already paid for and end
11 up paying out-of-pocket anyway for someone else to
12 fix the problem to avoid yet another freezing night
13 for ourselves and our children while waiting for the
14 understaffed PGW service department to send someone
15 out.

16 No one should have to choose between
17 heating and eating.

18 PGW's proposal to end the discount would
19 cause more deaths and would add insult to injury to
20 those who, after a lifetime of hard work, have found
21 themselves unable to make ends meet due to
22 inadequate or nonexistent pensions.

23 Shame on PGW.

24 If PGW wants to balance its budget, it
25 must do it another way. Those of us who work the

1 2/20/03 - TRANSPORTATION - RES. 020748

2 hardest and have the least refuse to bear the
3 burden.

4 City Council, we ask for your support in
5 seeing that the discount is continued and, in fact,
6 increased and improved. Thank you.

7 (Applause.)

8 COUNCILMAN GOODE: Thank you, Ms.
9 Albright.

10 Mr. Weinstein.

11 MR. WEINSTEIN: Good afternoon. I'm
12 here representing the Save Our Services Coalition
13 that Pat referred to, SOS as we refer to it, and
14 also the Gas Workers Union Local 686 which
15 coordinates that coalition.

16 The coalition includes the Action
17 Alliance of Senior Citizens of Greater Philadelphia,
18 AFSCME District Council 33, AFSCME District Council
19 47, Citizens for Consumer Justice, Crossroads
20 Women's Center, Every Mother is a Working Mother
21 Network, Pennsylvania Alliance for Retired
22 Americans, Philadelphia ACORN, Philadelphia Central
23 Labor Council AFL-CIO, Philadelphia Coalition of
24 Labor Union Women, Philadelphia Jewish Labor
25 Committee, Philadelphia Jobs with Justice, the

2/20/03 - TRANSPORTATION - RES. 020748

Philadelphia NAACP, Philadelphia Wages for Housework Campaign, SEIU Locals 686, 36, 473, 1201, and 668, Temple University Hospital Workers Association, and the Utility Workers Union of America.

Endorsing individuals include some of you present, including City Controller, Jonathan Saidel, Congressman Joe Hoeffel, Councilman David Cohen, Councilwoman Joan Krajewski, Councilman Richard Mariano and Councilman Angel Ortiz.

The SOS Coalition was formed last September, and by early November had collected some 11,000 signatures. These are those 11,000 signatures that we collected. They opposed the privatization of PGW, the closure of district customer services offices and degradation or removal of PGW services, which as far as we are concerned, includes the PGW 20 percent Senior Citizen Discount.

Some services are deteriorating daily. We note that the number of employees who go out and do repairs, the number in the Field Service Department has been allowed to decline fairly steeply, resulting in the fact that in this very cold winter it has taken quite some time for people to get their heaters serviced, even if they are

2/20/03 - TRANSPORTATION - RES. 020748

paying for a service plan. And, of course, a lot of those people who need the service were senior citizens.

We have given a copy of these petition signatures to the PUC hearing judge. We intend to provide every Member of City Council with their own set. We are pleased to note that the Mayor's Office has backed off, at least for the time being, the drive to privatize this vital asset of the people of Philadelphia.

But apparently, the kind of democracy represented by these petitions has not been enough to persuade the Judge, the PUC Judge, to stand up to PGW's request to do away with the discount. She issued a recommended decision this past Tuesday. And on the Senior Citizen Discount, which she refers to as SCD, Senior Citizen Discount, her comment is worth noting.

"I recommend that the Commission allow PGW to implement its SCD proposal, not because I agree with it or because I think it comports with Commission policy. PGW has pointed out that it is unlike all the other gas utilities regulated by the Commission, and one of the key differences is its

2/20/03 - TRANSPORTATION - RES. 020748

creation as a municipal utility through Philadelphia's City Charter, and its relationship to Philadelphia City Council. Because of these differences, I think this decision should be left to the discretion of PGW management." I want to repeat that last sentence. "Because of these differences, I think the decision should be left to the discretion of PGW management."

Now, as I was reading this -- it's not in my prepared remarks -- but I would note that what she is saying there, in essence, is she thinks that PGW has your backing to do away with the Senior Citizen Discount, and that's why she's letting it happen. She's, in fact, blaming you. She goes on.

"The SCD program was initiated by action of City Council, which has legislative oversight of PGW. The legislature which included PGW in the Act and in the Commission's jurisdiction, did not go so far as to abolish the SCD by act of law. PGW has received and responded to management audit and has received a secretarial letter from the Commission instructing it to prepare alternatives to submit to City Council. PGW did commission and receive an expert report which included recommendations on the

1 2/20/03 - TRANSPORTATION - RES. 020748

2 SCD, and PGW chose not to implement its
3 recommendation. It has not submitted any
4 alternatives to City Council.

5 "PGW has developed its own
6 interpretation of the section of the Act
7 specifically dealing with SCD, and this position is
8 not clearly illegal."

9 Gee, thanks.

10 "The Commission has presented PGW with
11 several recommendations, which it has not accepted.
12 I recommend that the Commission allow PGW to follow
13 its interpretation of Section 2212-R of the Act
14 relating to senior citizens. PGW has not asked the
15 Commission to approve its SCD, although SEIU" -- and
16 by that she means the gas workers -- "PGW asked the
17 Commission to approve its announced intention and
18 method to gradually abolish this rate. I recommend
19 the Commission do so."

20 Now, that's what she said. But the
21 Commission itself has not yet acted. You can act
22 and get something changed before that happens.
23 Because they still believe that you're in favor of
24 doing away with it. Of course, I am no lawyer, but
25 it seems to me that far too much power is being put

2/20/03 - TRANSPORTATION - RES. 020748

1
2 in the hands of PGW and taken away from City
3 Council. A small piece of the City, PGW is making
4 public policy for the City of Philadelphia about how
5 resources are allocated and whether seniors
6 citizens, the majority of them women of color,
7 living on low incomes should get rate relief. I
8 thought the reason that we were fighting to keep PGW
9 in the hands of the people of Philadelphia as a
10 public entity was so that there would be public
11 control over these kinds of decisions. I thought
12 those decisions were your job.

13 (Applause.)

14 MR. WEINSTEIN: Frankly, the way this
15 decision is written, it seems to me that you, City
16 Council, could order PGW to change its request to
17 PUC, make it clear that you stand with seniors in
18 Philly, and perhaps prevent this travesty from
19 happening in the first place.

20 (Applause.)

21 MR. WEINSTEIN: I want to make one other
22 point briefly, if I may. That is, there has been
23 some questions raised about the discount because it
24 is not means tested. I would point out that the PUC
25 judge did not find the discount unjust or

2/20/03 - TRANSPORTATION - RES. 020748

unreasonable, the legal terminology used by the PUC.

But further than that, of 159,000 senior households in the City, only about half avail themselves of the discount. Where people live and the conditions under which they live become our working conditions when Local 686's members go out to people's houses to work on their appliances. Our members know that seniors are not rich and that they need this discount. And so we would oppose any means testing which might reduce even further the number of seniors who actually make use of the discount.

PGW has told us that 50 percent of the people in Pennsylvania entitled to Low Income Energy Assistance Program live in Philadelphia, but only 28 percent of the state's LIHEAP money goes to the Philadelphians. We don't want to make life even harder for seniors by adding them to the pile, so to speak.

Finally, we ask you to act swiftly. Restore this program, and restore some dignity to those who have spent their lives in Philadelphia through the good times and the bad times and deserve our support.

1 2/20/03 - TRANSPORTATION - RES. 020748

2 It seems strange that a society that is
3 willing to spend billions dropping bombs cannot find
4 the money for a couple of bucks out of every bill to
5 help keep seniors, present and future, warm.

6 (Applause.)

7 COUNCILMAN GOODE: Thank you for your
8 testimony, Mr. Weinstein.

9 Let me say for the record that when a
10 vote is taken on this Resolution or any Bill that is
11 crafted, you will find that the majority of this
12 Council will be in favor of the Senior Citizen
13 Discount. I can say that without fear of
14 contradiction.

15 Let me also say that I say that also in
16 the context that we do understand that we no longer
17 have legislative oversight, though. The reason that
18 this Resolution is in this Committee is because this
19 is the Committee that actually interfaced with the
20 Public Utility Commission. It's because the Public
21 Utility Commission has taken over the powers here,
22 otherwise this Committee would be in the Committee
23 on Public Property and Public Works and, in essence,
24 if we still have control, rather than having control
25 taken away us by the PUC and by the state

1 2/20/03 - TRANSPORTATION - RES. 020748

2 legislators, we wouldn't even be having a hearing.

3 But at this time I will take questions
4 from the Committee to the Panel.

5 The Chair recognizes Councilman Ortiz.

6 COUNCILMAN ORTIZ: In Germantown, how
7 many senior citizens daily go through your center?

8 MS. ALBRIGHT: Well, we're not a large
9 center. But we do have -- I can't say that a huge
10 number is coming through -- but we have enough women
11 who come by, talk about what problems they're
12 having, that we know that that's like the tip of the
13 iceberg. And we know that there are many, many
14 others in the community who are in need of this help
15 and who would suffer terribly if it were eliminated.

16 COUNCILMAN ORTIZ: Germantown is really
17 home-ownership and longstanding families that have
18 lived there for generations, so you have quite a big
19 population of senior citizens.

20 I think your statement is very good, Mr.
21 Weinstein and Ms. Flanagan. I think you make very
22 clear what the issues are. Obviously, it is up to
23 this Council to be able to take the information that
24 you're giving to us -- and I think the Chairman,
25 Wilson Goode made it very clear. When this issue is

1 2/20/03 - TRANSPORTATION - RES. 020748

2 put before the entire City Council, there will be a
3 majority of City Council. I have no fear of saying
4 that. There will be a majority of City Council to
5 forward to the PUC the sentiments of this
6 legislative body as to the 20 percent discount. You
7 can rest assured of that.

8 (Applause.)

9 MR. WEINSTEIN: If I may respond briefly
10 to both your comments.

11 I understand that the PUC is making its
12 ruling and it will make its ruling. I think what is
13 important here is to understand that they may very
14 well take their lead from what you all do. While
15 you may not have control, you may, in essence, have
16 control by telling them what you think.

17 COUNCILMAN GOODE: The Chair recognizes
18 Councilman Cohen.

19 COUNCILMAN COHEN: Sometimes when the
20 government doesn't do what the citizens expect them
21 to do, we may have to think of other than just
22 legislative action. I'm just concerned, maybe not
23 quite as dramatically as Mr. Weinstein was when he
24 talked about the choice between having the money for
25 bombing and not for senior citizens, but just think

1 2/20/03 - TRANSPORTATION - RES. 020748

2 locally here of the money that we've given to the
3 sports teams.

4 (Applause.)

5 COUNCILMAN COHEN: My God, if we can
6 take care of Jeff Laurie and the rest of the Eagles
7 and the Phillies and the out-of-state fans that come
8 into Philadelphia to watch the games, certainly we
9 can take care of the health needs of our senior
10 citizens. And it's as simple as that. Government
11 has to be oriented in the right direction. It's up
12 to the citizens to participate to the extent that we
13 guarantee that government will do what it's supposed
14 to do. And we're determined to do that here in
15 Philadelphia. Thank you.

16 (Applause.)

17 COUNCILMAN GOODE: The Chair recognizes
18 Councilwoman Reynolds Brown.

19 COUNCILWOMAN BROWN: Thank you, Mr.
20 Chairman.

21 I am not a member of the Committee on
22 Transportation and Public Utilities, but I am a
23 member of this legislative body. I need to
24 underscore the sentiments of both the Chairman of
25 this Committee and the sponsor of this Resolution,

1 2/20/03 - TRANSPORTATION - RES. 020748
2 Councilman Angel Ortiz, and assure you, again, to
3 quote the Chairman, without contradiction there will
4 more than an adequate number of Members of this
5 Body. We only need nine, but I'm confident that
6 we'll certainly get more than that, if not a
7 unanimous approval of this Resolution. And as you
8 say, send a clear message to the Public Utility
9 Commission that this is wrong.

10 Thank you very much, Mr. Chairman.

11 (Applause.)

12 COUNCILMAN GOODE: Are there any
13 questions from Members of the Committee for this
14 panel?

15 (No response.)

16 COUNCILMAN GOODE: Thank you.

17 The next panel is Martin Berger, the
18 President of Pennsylvania Alliance for Retired
19 Americans, Gail Garrett, Philadelphia Corporation
20 for Aging and Laura Mintzer, Senior Law Center.

21 Please approach the witness table.

22 Mr. Berger.

23 MR. BERGER: Good afternoon.

24 COUNCILMAN GOODE: Please state your
25 name for the record. Please use the microphone.

1 2/20/03 - TRANSPORTATION - RES. 020748

2 MR. BERGER: My name is Martin Berger.
3 I'm the President of the Pennsylvania Alliance for
4 Retired Americans, which is the umbrella group for
5 most of the groups that have been speaking here
6 today. We have a statewide organization with the
7 majority of our membership being right here in
8 Philadelphia. I'm not going to yell at you because
9 I think I want to keep you on my side. Besides,
10 we've been yelling all morning. We just came back
11 from Glaxo and we had a beautiful demonstration.
12 You know, you say you can't move an object. Well,
13 we moved an object this morning, and that's why I'm
14 so confident that we're going to win this battle.
15 We've been in front of Glaxo about 10 times. The
16 last 10 times they locked us out. They would not
17 let us get into the door. Today we met with two
18 executives of Glaxo who escorted us up to their
19 elite rooms and discussed their problems with us and
20 set up a date for another meeting. So if you fight
21 and work hard and are sincere about your cause,
22 you're going to win.

23 I'll try to keep my statements brief.
24 (Applause.)

25 MR. BERGER: The main theme of my

2/20/03 - TRANSPORTATION - RES. 020748

1
2 statement is, at what time do we stop beating up on
3 the seniors. I mean here is a litany of things that
4 have been done to the seniors who are, as you know,
5 low income. I spent my lifetime working with
6 garment workers, low-income workers. They're not
7 steel workers. They're not auto workers. They're
8 garment workers. There are no jobs left in this
9 City. They're depleted. They're gone. Our pension
10 is very small. Most of our union members who are
11 retired are getting social security and a smaller
12 pension from the union. The question is, how do
13 they live in this society? How do they make ends
14 meet? And how does this duration of their life turn
15 out to be disaster or comfortable as it should be
16 for the effort they put involved?

17 All these organizations and all these
18 states have these tremendous budget deficits are
19 trying to find ways to get out of the deficit. The
20 question is, why is it that they can't find other
21 avenues to help alleviate the budget other than
22 picking on the seniors. I think that's what's
23 happening today. There is nothing happening that's
24 helping seniors. Everything that's happening is
25 hurting the seniors. You have a certain amount of

2/20/03 - TRANSPORTATION - RES. 020748

money, a fixed income. People are chipping away at that income. I don't understand why we have a \$1.2 trillion tax cut for the rich, for the rich, and we can't find money for a prescription plan through Medicare. That's a little problem I'm having right now.

(Applause.)

MR. BERGER: And these are some of the problems we're are having with heating. I read in the Wall Street Journal that heating prices may go as high as 52 percent. LIHEAP is a good program, but LIHEAP is very limited. It doesn't say, "Hey, you can have all the oil you want for as long as you want, if you're eligible." No, it doesn't. It's very, very limited, and doesn't do the job.

And right now this organization that I represent is involved in a massive effort to try and see what we can do about the steel workers, the IBW workers at Lucent, who, all of a sudden, along comes a company and says, "Thank you for the 30, 40 years you gave to the company. And, by the way, I did tell you when you retired we're going to cover you for your healthcare, prescriptions and healthcare. Oh, and by the way, we're stopping that program."

2/20/03 - TRANSPORTATION - RES. 020748

1
2 How does it happen that a worker who
3 works his entire life in a steel mill, in a coal
4 mine, in an automobile factory, in a garment factory
5 who is waiting to retire and then they're told they
6 have go into the market and buy healthcare not
7 provided by the company anymore. That would take up
8 almost all your pension check or all of your social
9 security check to buy healthcare in the open market.
10 You can't get it. So this is another thing.

11 So Medicaid, Medicaid was an avenue for
12 low income seniors. No more. Now the government is
13 trying to say cost sharing on Medicaid, cutting the
14 benefits. This fellow who is in the White House,
15 whose name I can't remember right off hand, is
16 trying to cut Medicaid benefits to the state,
17 saying, "I can't give you all the things you want."

18 And property taxes, I'm certainly agreed
19 that there is no senior that I know of who came to
20 me and said, "Marty, you won't believe it, but my
21 property taxes went down." Hasn't happened yet.
22 They are going up higher and higher.

23 And more and more when we put Medicare
24 in 1965, when we put that program in, a great, great
25 victory for seniors over people who fought us the

2/20/03 - TRANSPORTATION - RES. 020748

1
2 blood in the streets, our doctors who were
3 complaining about their livelihoods being
4 threatened. I should have my livelihood threatened
5 like they're having their having their livelihood
6 threatened. But those doctors are the ones who
7 fought us in the streets. They called us
8 communists. They called us socialists. They called
9 us every name under the sun. But if it wasn't for
10 Medicare, the extension of life that we are
11 enjoying, never would have happened. Never.

12 (Applause.)

13 MR. BERGER: And we won that battle.
14 And now that fellow in the White House, whose name,
15 again, I can't remember, is trying to take that
16 Medicare benefit away from us. Why must we have to
17 win a battle and fight the rest of our lives? We're
18 spending all our time defending our programs.

19 As far as prescription drugs are
20 concerned, that meeting we had with Glaxo this
21 morning was nice. It was very convenient. We had a
22 good time. We shook hands and all that. Meanwhile,
23 why do American seniors have to go to Canada to get
24 the drugs they need? If your drug is so damn
25 lifesaving, we told them, what the hell good is it

1 2/20/03 - TRANSPORTATION - RES. 020748

2 if you can't afford it?

3 (Applause.)

4 MR. BERGER: I don't want to take up too
5 much time, because you've had enough talk today.

6 Two points have come.

7 One is the question of grandfathering.
8 In my speeches I say I'm already a grandfather. I
9 don't need that. But this generation that you're
10 looking at right here does not believe in an idea of
11 grandfathering. Because grandfathering in English
12 means, "I got mine; I don't care if you get yours."
13 We're not that generation. We may be the last
14 generation who thinks that way, but this generation
15 -- you see us up in the streets fighting for social
16 security, privatization against it. We got our
17 checks. We know our checks won't be hurt, but we're
18 concerned about the most important thing: Our
19 children and our grandchildren. That's what we're
20 fighting for, our children and grandchildren. So
21 grandfathering is not in there.

22 And means testing. Well, you've heard
23 the arguments against means testing. Thousands of
24 our people will drop by the wayside because they
25 won't fill out the forms and they won't come and say

2/20/03 - TRANSPORTATION - RES. 020748

they need it, welfare or something like that. But means testing, once you establish a number, any legislative body, City Council, United States Senate, can change those numbers over and over again. We're opposed to means testing and that's the statement of the Alliance for Retired Americans.

Thank you.

(Applause.)

COUNCILMAN GOODE: Thank you for your testimony.

Ms. Garrett.

MS. GARRETT: Good afternoon, Mr.

Chairman, City Council Members and all the members of the audience. My name is Gail Garrett. I'm the Legislative Affairs Manager for the Philadelphia Corporation for Aging, also known as PCA.

Philadelphia Corporation for Aging wishes to thank City Council for the opportunity to comment on the elimination of new applicants from the Senior Citizen Discount program for senior citizen customers of the Philadelphia Gas Works as outlined in Pennsylvania's Natural Gas Choice and Competition Act.

Designated as an area agency on aging

2/20/03 - TRANSPORTATION - RES. 020748

for Philadelphia, PCA plans, funds and administers services for over 70,000 older persons and people with disabilities each year. Serving the needs of low-income and minority elderly, PCA knows full well, the economic can challenges many Philadelphia seniors face on a daily basis.

Philadelphia has the highest concentration of elders among the 20 largest cities in America and about 30 percent of older Philadelphians live within 150 percent of the official poverty limit, which equals to approximately \$1,085 a month on the high end. This grim reality of poverty forces the choice of whether to heat or eat for many older people. The choices become more critical when the elderly face monumental energy costs. And if you add to the mix the healthcare and prescription drug costs already drain many older Philadelphians' budgets, you have created a situation that many seniors cannot afford.

For nearly three decades, Philadelphia senior citizens that are PGW customers have been receiving the Senior Citizen Discount, a 20 percent discount on all charges. Throughout those years, the Senior Citizen Discount program has provided

2/20/03 - TRANSPORTATION - RES. 020748

fundamental protection to Philadelphia seniors, many of whom live on fixed incomes. By abolishing this allowance, many seniors will not be able to afford the natural gas service essential to maintaining the quality of their daily lives.

In addition, as the Baby Boom generation ages, the need for affordable service to more Philadelphia seniors will continue to increase over the coming years.

Current federal and private fuel funds cannot fill the void that the elimination of PGW's discount program will create. Also, the Low Income Home Energy Assistance Program, also known as LIHEAP, their grants are very limited. Many seniors are ineligible to receive these grants, as their incomes are above LIHEAP's income standard of 135 percent poverty, which is on the high end, approximately a thousand dollars a month.

Philadelphia Corporation for Aging urges City Council to take all necessary steps to assist the Pennsylvania Public Utility Commission in developing recommendations on how to best maintain the protections afforded to senior citizen PGW customers through the modification of the Senior

1 2/20/03 - TRANSPORTATION - RES. 020748

2 Citizen Discount program.

3 Thank you for conducting the hearings
4 and allowing PCA the opportunity to advocate on
5 behalf of Philadelphia's low-income, frail seniors
6 who face daily struggles to remain in the community
7 with dignity and respect.

8 (Applause.)

9 COUNCILMAN GOODE: Thank you for your
10 testimony, Ms. Garrett.

11 Ms. Mintzer.

12 MS. MINTZER: My name is Laura Mintzer,
13 and I'm here representing the Senior Law Center. We
14 were formerly known as the Senior Citizen Judicare
15 Project. Some of you may know us as Judicare. We
16 recently moved and we've changed our name to more
17 accurately reflect what we do.

18 We provide free legal services to
19 seniors 60 or over in Philadelphia to the tune of
20 approximately 9,000 seniors per year. That includes
21 legal education, legal representation, and community
22 education. Our concern is three-fold with regard to
23 these hearings, and we want to thank you for holding
24 them. It sounds like between City Council's
25 response and the audience's response, the whole room

1 2/20/03 - TRANSPORTATION - RES. 020748

2 is among friends. We're concerned about the
3 possibility of closing some of the neighborhood PGW
4 offices. One of the reasons that we're concerned
5 about that is our clients tend to not have checking
6 accounts. The greatest majority don't have checking
7 accounts. The greatest majority get their checks
8 either direct deposited or at their homes. They
9 cash them and they go from office to office and pay
10 by cash. And the main reason for that is, they want
11 a receipt in hand. So we're concerned -- I mean,
12 you know, we saw the result of this weather
13 situation in the numbers of people that could come
14 to our offices. So if the seniors have to travel
15 even further to pay the bills the way they want to
16 -- they don't use ATM. Most of our clients don't
17 use ATM machines. It's the school of zealously
18 paying their bills and zealously holding on to
19 receipts to prove that they've paid their bills. So
20 we're very concerned about those neighborhood
21 offices.

22 Of course, we're concerned about what
23 we've been discussing here today in terms of the
24 Senior Citizen Discount. We've all said over and
25 over again that the seniors that we deal with simply

1 2/20/03 - TRANSPORTATION - RES. 020748

2 can't afford to pay anything more for anything.
3 Every client I have is in the red every single
4 month. I don't have a client that comes out ahead
5 at the end of any month. Our income average is
6 between \$550 and \$700 per month total. And other
7 people that come to us who we can't serve because
8 they're needy enough, we tell them what those
9 averages are and their response is, nobody can live
10 on that. And my response is, that's right. They
11 can't live on that. But they have to somehow. We
12 all know how serious and dangerous this would be if
13 any of our clients had to spend one more dollar per
14 month because they simply don't have it.

15 I was told that there was a three minute
16 maximum. Let me just tell you the most haunting
17 image that I have with all the 23 years that I've
18 been at Senior Law Center.

19 A client of mine told me that she had no
20 heat. And I asked her if she had -- we all know how
21 expensive those little electric heaters are and we
22 all know dangerous the kerosene heaters are. She
23 had a little electric heater, but only in one room.
24 She didn't have a plug in her bedroom. So she put
25 bricks on top of her little heater and put those

1 2/20/03 - TRANSPORTATION - RES. 020748

2 warm bricks in her bed at night to keep her warm.

3 That is the most haunting story. Of all the years

4 I've been there, that's the most haunting story I've
5 heard.

6 I wish all of you the best at attempting
7 to keep PGW from doing away with this discount. It
8 would be tragic. And thank you for your time.

9 (Applause.)

10 COUNCILMAN GOODE: Thank you for your
11 testimony.

12 Are there any questions from the
13 Committee for this panel?

14 We will go to the next panel. Delbert
15 Franklin, Hattie Carter, Earlene Kendrick.

16 Mr. Franklin, please state your name for
17 the record and proceed with your testimony.

18 MR. FRANKLIN: My name is Delbert
19 Franklin. First I'd like to say good afternoon,
20 Honorable Councilpeople, and thank you for giving me
21 the testimony to today. Again, my name is Delbert
22 Franklin and I am testifying on behalf of the
23 Service Employees International Union, Local 36. We
24 appreciate the chance to let you know our thoughts
25 about the Senior Citizen Discount for PGW.

2/20/03 - TRANSPORTATION - RES. 020748

SEIU Local 36 represents about 4,500 building service workers in the Philadelphia area, including the janitors that clean City Hall and some who work in the Municipal Building. The majority of our members are African-American and Latinos and over half are women. Currently there are also about 1,500 retirees being paid pensions by our benefit fund and 600 of those folks are still active, due-paying members of our union. You can see some of them sitting here with us today, as you can see Local 36.

As a union that represents low and middle-income workers, we strongly support maintaining the Senior Citizen Discount for PGW. We know that people have literally died from not getting their proper heat in the City. And the people who died are more likely to be poor or low-income retirees.

In a recent survey of our active members on political issues, the high cost of energy was rated as one of our members' highest concerns. I have been a member of SEIU Local 36 for 15 years. Working for American Building Maintenance Company, or ABM, I am not that far from retirement myself.

1 2/20/03 - TRANSPORTATION - RES. 020748

2 So as I have a personal interest in maintaining the
3 seniors' discount as well as a union one. I see and
4 our union sees that our society puts senior citizens
5 on that back burner. If you allow the PUC to get
6 rid of these Senior Citizen Discount for PGW you
7 will be turning your backs on seniors who paid their
8 dues, who laid the groundwork for us by their
9 working.

10 At this last weekend's blizzard, I saw
11 my neighbors work together to shovel snow for folks
12 in our community who are senior citizens. Our
13 community knows that seniors work to give us
14 everything that we have today and that we have to
15 work to give them back. If you allow the PUC to get
16 rid of the seniors' discount for PGW you will be
17 turning your back on the people who raised you, the
18 people who brought you up. I say, and our union
19 SEIU Local 36 say, don't shame your elders by
20 disrespecting them this way.

21 And on a personal note with that, I'd
22 like to just point out real briefly that, you know,
23 down through the corridors of time, our senior
24 citizens have helped this country become as strong
25 and as powerful and as rich as it is today. They

1 2/20/03 - TRANSPORTATION - RES. 020748
2 shouldn't have to be treated this way. We should
3 always want to give them support in terms of what
4 their struggles are. These are our parents, our
5 mothers, our grandparents. I'm asking you on behalf
6 of SEIU that whatever decisions that you decide to
7 make that we will be standing up in support of
8 whatever decisions you make in terms of helping our
9 senior citizens.

10 Thank you for allowing me to speak.

11 (Applause.)

12 COUNCILMAN GOODE: Thank you, Mr.
13 Franklin.

14 Is Mr. Carter or Ms. Kenrick here?

15 We'll move to our next panel.

16 Representatives from PGW and Christina Coltro,
17 Universal Services.

18 COUNCILMAN GOODE: Please identify
19 yourself for the record and proceed with your
20 testimony.

21 MR. KNUDSEN: Yes. My name is Tom
22 Knudsen. I'm President and CEO of PGW. And with me
23 this afternoon is Christina Coltro. She is manager
24 of our universal services. This is the lady who
25 administers all of our income support services. I

1 2/20/03 - TRANSPORTATION - RES. 020748

2 would also like to compliment her publicly. She is
3 also probably single-handedly brought millions of
4 dollars to Pennsylvania and to Philadelphia and to
5 PGW through the LIHEAP and Crisis Programs.

6 If you'll permit me, Mr. Chairman, I'll
7 go forward with my comments.

8 COUNCILMAN GOODE: That's fine.

9 MR. KNUDSEN: First of all, I'd like to
10 thank you for the testimony to testify on Resolution
11 No. 020708 regarding the Discount Program.

12 We have, in addition to preparing
13 testimony, also provided the panel with responses to
14 questions that you propounded.

15 COUNCILMAN ORTIZ: We're really grateful
16 for that the answer you gave us.

17 MR. KNUDSEN: Thank you, Councilman
18 Ortiz. Again, Ms. Coltro.

19 Over the course of the last
20 two-and-a-half years, current management and
21 employees at PGW have worked hard to make
22 Philadelphia citizens proud of their gas company
23 once again and to make PGW work for them. It has
24 not been easy. Substantial changes have been made
25 in every aspect PGW operations. PGW is a better

2/20/03 - TRANSPORTATION - RES. 020748

company. PGW better serves its customers because PGW has changed the way it does business. But PGW cannot and has not done it without necessary resources. Resources that can only come from our customers.

Although progress has been incremental and sometimes subject to forces outside of our control, PGW's management team has achieved a dramatic turnaround. Just before discussing the Discount Program, I'd like to highlight just a few of these accomplishments so that that also puts the issues of where the Senior Citizen Discount fits into a perspective.

Together with our union, the folks at PGW have effected substantial cost savings over the last several years, in the tens of millions of dollars. In achieving these savings, we have also addressed a number of major operational challenges. We have repaired the billing collection and customer service system, which was implemented in 1999, and which resulted in 55,000 processing errors and 70,000 estimated or unbilled accounts. Today the BCCS, our billing sytem, generates very few errors, well below industry standards.

1 2/20/03 - TRANSPORTATION - RES. 020748

2 We've also substantially reduced the
3 outstanding receivables, which were always a major
4 problem for us.

5 PGW has also made significant strides in
6 customer service. In Fiscal '02, it improved its
7 in-house call center performance sufficiently to
8 prevent a potential PUC order that it contract for
9 those services.

10 In 1999 PGW customers waited an average
11 of almost 12 minutes to talk with a service
12 representative. With the implementation of its
13 customer service initiative in July of 2001, PGW has
14 successfully managed and trained personnel and now
15 achieves the mandated standard of answering 80
16 percent of its calls in 30 second, moving from the
17 last position in the Commonwealth in August 2001 to
18 within the PUC standard by December of that same
19 year. PGW has been fairly consistent in staying
20 within this rigorous standard ever since.

21 In December 2002 PGW also instituted a
22 guaranteed 48-hour response time to service calls
23 from customers enrolled in its Parts and Labor Plan.

24 PGW also persuaded the PUC in August
25 2002 to permit it to implement a

2/20/03 - TRANSPORTATION - RES. 020748

weather-normalization adjustment. This adjustment, which is unprecedented in Pennsylvania, but implemented in 18 other states, benefits PGW and its customers by helping to stabilize the utility's finances and billing charges against the vagaries of winter weather. This winter PGW has already reduced customer heating bills by more than \$3 million dollars through January and over \$5 million through February.

Another important element of the change of PGW is the mandated restructuring of our rates in general, and the Senior Citizen Discount program in particular. And here I will read from the prepared text.

First, I would like to give you some background regarding the program. It is important to understand how this program is constructed. There are presently 79,500 senior citizen customers, all of whom enjoy a 20 percent across the board benefit. Unlike the Water Department Senior Citizen Discount, PGW's program is not means tested. PGW's senior citizen customers thus enjoy a discount regardless of income or means. This discount is paid for by all other PGW rate payers who support

1 2/20/03 - TRANSPORTATION - RES. 020748

2 the discount through an increase in their rates.
3 Currently that increase is about \$20 million across
4 all customers of all economic capability. There is
5 no other program in the City or the State, of which
6 I am aware, that permits a utility discount solely
7 on the basis of age and not on the basis of at least
8 some need.

9 As you know, the 1999 Gas Choice Act
10 transferred jurisdiction over certain PGW matters
11 from the Philadelphia Gas Commission to the
12 Pennsylvania Public Utility Commission. We've heard
13 that from the speakers this afternoon. The Act
14 speaks directly to PGW's Senior Citizen Discount
15 Program, specifically current senior citizens or
16 those senior citizens who will have entered the
17 Senior Citizen Discount Program prior to September
18 1st of this year will continue to receive the Senior
19 Citizen Discount until or unless City Council
20 modifies the discount. Were there to be no such
21 change initiated by City Council to alter the
22 present program, and assuming a life span of 80-plus
23 years, the Senior Citizen Discount will be existence
24 for at least 17 more years. Regarding new seniors,
25 meaning those who might wish to enter the program

2/20/03 - TRANSPORTATION - RES. 020748

after September 1st, the Pennsylvania Public Utility Commission will determine the nature of the program for that group. Since there is no appeal to the Gas Choice Act pending, the decision of the Pennsylvania Public Utility Commission in this matter will be final. That decision will occur during the course of a restructuring proceeding that is currently taking place before the Pennsylvania Public Utility Commission and is expected no later than April 1st of this year.

In the ongoing restructuring proceeding, and with the direction and approval of the Philadelphia Facilities Management Corporation, which is our Board of Directors, PGW has reluctantly -- and I emphasize reluctantly -- proposed to discontinue the present Senior Citizen Discount Program prospectively starting September 1st of this year. In other words, those seniors in the program on August 31st will remain in the program and continue to get exactly the subsidy they do at present. However, after September 1st, there will be only discounted rates available to senior citizens on a means tested basis through the through the Customer Responsibility Program.

1 2/20/03 - TRANSPORTATION - RES. 020748

2 There is no joy in my being here today,
3 but there are three reasons for PGW's position.

4 First, the financial condition of the
5 company requires that those who can pay, must pay.
6 PGW presently has among the highest rates in the
7 entire state. We do not have any real room to raise
8 rates beyond where they are now. The Senior Citizen
9 Discount now costs, as I indicated, remaining
10 customers approximately \$20 million a year. That is
11 roughly \$35 a year for the average residential
12 heating customer.

13 Secondly, there is the basic issue of
14 equity that management and our Board dealt with.
15 Currently, hundreds of thousands of customers
16 struggle to pay their utility bills. These are
17 people of all means. We know that approximately
18 150,000 of our customers, about a third of our
19 customers, live at or below 150 percent of the
20 poverty level. That means that all of them also are
21 responsible for each of the subsidy programs. We
22 thought it was simply unfair for them to subsidize
23 customers who have the ability to pay.

24 Third, the means testing benefits for
25 senior citizens can result in more senior citizens

2/20/03 - TRANSPORTATION - RES. 020748

taking advantage of programs for which they might qualify. For example, many seniors are taking the 20 percent discount without exploring whether they could be eligible for the CRP discount. A senior citizen family of two with an income of \$16,000 who are asked to pay in the vicinity of 7.35 percent of their gross household income will start to benefit from this program on a sliding scale. The more the income level declines, the more the benefit grows.

In the absence of the current Senior Citizen Discount Program, according to our studies, over 20,000 senior citizens could potentially enroll in the CRP Program over the next several years and obtain significant benefits.

PGW has arrived at what it views as a compromise position with great reluctance, but with the recognition that something had to be done to ease the financial burden on the company and its non-senior customers. And the company is not alone. A number of public groups and persons have recommended a similar course. In 1999 the City Controller suggested reexamining the Senior Citizen Discount in his book, "Philadelphia - a New Urban Direction.

2/20/03 - TRANSPORTATION - RES. 020748

1 The change in the Senior Citizen
2 Discount Program does not signal a retreat from
3 PGW's long-term commitment to assist customers
4 struggling to pay their gas bills. PGW recognizes
5 that it has a special responsibility going forward
6 to be sure that senior citizen customers are
7 assisted in getting the help they require. PGW has
8 been in the forefront of providing services to
9 customers having difficulty paying their bills since
10 the 1970s. For decades, PGW has offered payment
11 assistance and energy conservation programs to its
12 customers. PGW's current programs include the
13 Customer Responsibility Program, that's a customer
14 assistance program, the Conservation Works Program,
15 a conservation and weatherization program, LIHEAP
16 Outreach, which includes crisis grants, and the
17 Hardship Fund, through the Utility Emergency
18 Services Fund. This year alone we anticipate
19 spending \$2 million for CWP, which is the
20 conservation program, a half-million dollars to
21 support LIHEAP outreach, which last year garnered
22 more than \$17.7 million in federal support for PGW
23 customers and will spend \$1 million in support of
24 UESF. PGW's support is over and above the funding
25

1 2/20/03 - TRANSPORTATION - RES. 020748

2 support provided annually by the City's housing
3 programs.

4 PGW remains committed to helping its
5 low-income customers, including seniors, stay on the
6 system. We believe the proposed Senior Citizen
7 Discount Program achieves that end and I hope that
8 this information is of use and is helpful to you. I
9 want to thank you for the opportunity to appear
10 today, and certainly Ms. Coltro and I will be happy
11 to answer whatever questions you might have.

12 COUNCILMAN GOODE: Any questions from
13 the Committee?

14 The Chair recognizes Councilman Ortiz.

15 COUNCILMAN ORTIZ: Mr. Knudsen, I'll
16 make several statements in terms of the PUC. You
17 said, in essence, that the PUC mandated the change.
18 And the language that was read by Mr. Weinstein, for
19 example, really can give to another interpretation.
20 And it says, "The SCD program was initiated by
21 action of City Council, which had legislative
22 oversight of PGW. PGW has a received a response to
23 the management audit and received a secretarial
24 letter from the Commission in starting to prepare
25 alternatives to submit to City Council."

1 2/20/03 - TRANSPORTATION - RES. 020748

2 You haven't submitted any alternatives
3 to City Council.

4 MR. KNUDSEN: No, we have not.

5 COUNCILMAN ORTIZ: Why not? Before
6 going to the PUC, why did you not come to City
7 Council and say, we have this problem?

8 MR. KNUDSEN: Well, there are two
9 aspects of this. One is that we propose no changes
10 to the program as it exists. Everybody --

11 COUNCILMAN ORTIZ: Well, you propose
12 eliminating it after September 1st.

13 MR. KNUDSEN: We proposed it
14 prospectively, going forward.

15 COUNCILMAN ORTIZ: Then that is a change
16 to the program.

17 (Applause.)

18 MR. KNUDSEN: That is correct.

19 COUNCILMAN ORTIZ: If you're
20 prospectively going to eliminate it, that is a
21 change in the program. But you did not come to the
22 body of City Council and you did not send anything
23 to the President of City Council saying, the Gas
24 Works is going to be eliminate this program
25 prospectively. We have recommended to the PUC that

1 2/20/03 - TRANSPORTATION - RES. 020748

2 they do so.

3 MR. KNUDSEN: Well, two responses to
4 that. One is, that PGW management and the Board of
5 Directors looked at this hard and long. This was
6 the most complicated decision that the Board made.
7 We were attempting to strike a balance between what
8 we perceived as the needs of the company to survive
9 and the various rights of the constituent groups of
10 customers that we have. We know that there are tens
11 upon tens upon tens of thousands of our customers
12 who are not senior citizens, who also cannot meet
13 their bills on a monthly basis.

14 COUNCILMAN ORTIZ: This is a program
15 that was initiated by City Council. You came to us
16 when you needed \$45 million and we went out and did
17 it. We gave you \$45 million, which hasn't been paid
18 back, but that's fine. An issue that affects a the
19 great multitude of senior citizens in this City, you
20 have no qualms about not even consulting with the
21 Council at all.

22 MR. KNUDSEN: Well, the issue is before
23 the PUC right now.

24 COUNCILMAN ORTIZ: But you put it before
25 the PUC before you even came to us. I mean, this is

1 2/20/03 - TRANSPORTATION - RES. 020748
2 a very significant change in public policy that
3 we're dealing with here. In terms of this City's
4 and this Body's response to a problem that we saw 30
5 years ago. You just say the City has no interest in
6 keeping this program and you recommend to the PUC
7 that it be eliminated. I find that incredibly
8 insulting to us.

9 (Applause.)

10 MR. KNUDSEN: Well, there was certainly
11 no insult meant. What we were attempting to do was
12 to essentially save the company.

13 COUNCILMAN ORTIZ: I commend you for
14 that. Let me tell you, I told before you, I think
15 you have done a management and a half much better
16 than the three previous executive officers that we
17 had. Obviously, that's not a high bar to achieve.

18 MR. KNUDSEN: I'll take your compliment.

19 COUNCILMAN ORTIZ: But with the
20 integrity and the honesty that you have, we do
21 commend that and we respect that. But this is a
22 program that should not, cannot be not be changed
23 without coming through us. And you should have
24 known that.

25 MR. KNUDSEN: Well, that is what the law

1 2/20/03 - TRANSPORTATION - RES. 020748

2 allows. That is absolutely correct. The option is
3 continuously before this Body, if this Body wants to
4 change or propose to the PUC what it wants to do,
5 then it has that right to do that.

6 MR. KNUDSEN: But unless the senior
7 citizens made us aware of what you had done, we
8 would not have been aware of it.

9 MR. KNUDSEN: Well, I didn't realize
10 that you -- this filing made over a year ago -- made
11 last July.

12 COUNCILMAN ORTIZ: We didn't know.

13 MR. KNUDSEN: I didn't know that you
14 didn't know.

15 COUNCILMAN ORTIZ: I have no letter, no
16 correspondence from you saying, we are planning to
17 do this?

18 Do you. Mr. Cohen?

19 Do you, Mr. Goode?

20 COUNCILMAN GOODE: No.

21 COUNCILMAN COHEN: No. In fact, Mr.
22 Knudsen has refused to take any calls from me for a
23 long time. I stopped calling him because it's a
24 waste of time. In fact, he has a new policy: Don't
25 talk to Councilmembers unless they agree with you.

1 2/20/03 - TRANSPORTATION - RES. 020748

2 MR. KNUDSEN: Mr. Cohen, I would take
3 your call anytime, believe me.

4 COUNCILMAN COHEN: Well, I haven't been
5 able to reach you. I've called you on a number of
6 occasions.

7 COUNCILMAN GOODE: Councilman Cohen,
8 Councilman Ortiz has the floor.

9 COUNCILMAN ORTIZ: Can you tell me how
10 you achieved that \$35 number, that roughly \$35 a
11 year for the average residential heating customer?

12 MR. KNUDSEN: That's correct.

13 COUNCILMAN ORTIZ: Can you give me how
14 you achieved that number?

15 MR. KNUDSEN: It's very simple.
16 \$20 million is what we know we transfer from the
17 senior citizens to the rest of the customer body.
18 We know that there are 57 billion cubic feet of gas
19 sold. It's simply a matter of dividing one into the
20 other.

21 COUNCILMAN ORTIZ: I'm not an
22 accountant. And I know that accountants can really
23 do with numbers a lot of things.

24 MR. KNUDSEN: It's an honest number.

25 COUNCILMAN ORTIZ: I'd like to look into

1 2/20/03 - TRANSPORTATION - RES. 020748

2 that further.

3 MR. KNUDSEN: I will give you the
4 computation. Ms. Coltro can.

5 COUNCILMAN ORTIZ: Fine. Just the other
6 day I was reading -- because President Bush wants to
7 shift, in essence, the burden of the people who
8 receive government assistance, welfare or Medicare,
9 other things, to a means test situation. And
10 they're not doing it, in essence, in order to
11 provide a greater degree of services. They're doing
12 it because every study that has been done in terms
13 of government programs and assistance in this
14 country has shown that once you shift that, a huge
15 number of people fall through the cracks and do not
16 get the services and the assistance that they need.
17 So when anybody says to me, we're going to shift to
18 the means test, it means to me that they're taking
19 away the net that we put there, and that a lot of
20 people will suffer for this. We have a great number
21 of people today that do not -- it's been put in the
22 testimony, do not receive the medical assistance
23 insurance because of many of the forms they have to
24 go through and fill out. And I think that this --
25 it sounds good. It sounds good: If you have

1 2/20/03 - TRANSPORTATION - RES. 020748

2 \$150,000 and you live in a mansion in Chestnut Hill,
3 why should you get a PGW discount? Sounds good.
4 But the vast majority of the people that that change
5 is going to affect do not live in mansions in
6 Chestnut Hill. They live in rowhouses in North and
7 West Philadelphia and in other places in this City.
8 So I cannot understand how you decide to implement
9 such a drastic change to public policy in this City
10 without prior consultation with this Council. I
11 just cannot for the life of me understand that. We
12 would ask you right now, really I would ask you,
13 that you write the PUC taking back your
14 recommendation until this Council --

15 (Applause.)

16 COUNCILMAN ORTIZ: -- until this Council
17 decides what the public policy of this City should
18 be on this issue. Because we do not want that
19 agency to act upon your recommendation thinking that
20 it has the support of this legislative body when it
21 doesn't. So I want you to make it very clear that
22 until and when this Body decides to act on this --
23 and it will be soon -- that the PGW management does
24 not -- and takes back the issue of recommendation of
25 elimination of the Senior Citizens Discount.

1 2/20/03 - TRANSPORTATION - RES. 020748

2 MR. KNUDSEN: I would be pleased to
3 write the Chairman and inform him of the intent of
4 this Committee.

5 COUNCILMAN ORTIZ: Thank you.

6 (Applause.)

7 COUNCILMAN GOODE: The Chair recognizes
8 Councilman Cohen.

9 COUNCILMAN COHEN: What happens
10 currently, Mr. Knudsen, when a senior citizen dies,
11 how does the Gas Works recompute their records to
12 make a change in the billing for that property, or
13 does it do that at all?

14 MR. KNUDSEN: Well, we are having
15 corrected a whole series of things that have gone
16 wrong with our tracking of customers. We are now in
17 a position to essentially start a program to make
18 sure that those who are on the program are still
19 appropriately receiving the benefit.

20 COUNCILMAN COHEN: Do you feel confident
21 that those people who now receive the Senior Citizen
22 Discount are entitled to it?

23 MS. COLTRO: All those customers who do
24 enjoy the discount today, if I understand your
25 question, will continue receiving those discounts.

1 2/20/03 - TRANSPORTATION - RES. 020748

2 COUNCILMAN COHEN: That was not my
3 question. My question was, whatever the number is
4 of -- how many do you say exist that get billed as
5 senior citizens?

6 MS. COLTRO: We have 79,500 customers.

7 COUNCILMAN COHEN: Are you confident
8 that all of those 79,500 are entitled under the
9 current rules, not the ones the PUC is considering,
10 how do you know that they're still entitled to
11 receive that discount?

12 MS. COLTRO: Yes.

13 COUNCILMAN COHEN: When did you last
14 make the check?

15 MR. KNUDSEN: The answer to the
16 question is, we are not a 100 percent sure.

17 COUNCILMAN COHEN: What percent are you
18 sure?

19 MR. KNUDSEN: We don't know exactly, but
20 we presume that most of these people who are coming
21 through are entitled to the program. We are now
22 going into a program that we haven't done for many
23 years of verifying participation, which is to say,
24 verifying that people are still in the residence,
25 are of the appropriate age, and are receiving gas.

1 2/20/03 - TRANSPORTATION - RES. 020748

2 COUNCILMAN COHEN: Well, it would
3 certainly seem to me that before you would even
4 contemplate presenting to City Council any intent to
5 change, you would want to have up-to-date
6 information.

7 Mr. Chairman, with your leave, I would
8 like to ask that this testimony be suspended for a
9 short time to permit two witnesses who have
10 knowledge with respect to this matter to testify
11 briefly. Would both of you prepared to remain for a
12 few minutes?

13 MR. KNUDSEN: Absolutely.

14 COUNCILMAN COHEN: Would the two
15 witnesses who believe that the records are faulty
16 please approach the dais.

17 Mr. Chairman, swear them in.

18 COUNCILMAN GOODE: Please identify
19 yourself proceed with your testimony.

20 MR. LENNOX: My name is James Lennox,
21 L-E-N-N-O-X, and I am a union representative for
22 Local 686.

23 MR. NARDELLA (ph): Joseph Nardella, and
24 I am also a representative for Local 686.

25 COUNCILMAN COHEN: Which of you would

1 2/20/03 - TRANSPORTATION - RES. 020748

2 like to speak first with respect to the question
3 I've raised of Mr. Knudsen?

4 MR. NARDELLA: I'll start off by saying
5 the number 79,500, who Christine has said she
6 believes is eligible for this program, the last time
7 they did any checking on the Senior Citizen
8 Discount, we used to get a listing from the City,
9 who got it from, I believe, the state Social
10 Security Department, which we used to check records
11 of people who have passed away. That hasn't done
12 been at least in the last eight to 10 years, that
13 I'm aware of, because I used to do that job. I've
14 been out of that department that handles that work
15 for the past eight years and it hasn't been done, in
16 my knowledge, up until that time. They used to have
17 what was called a "dead letter". What would happen
18 is, we'd compare a list from Social Security with
19 Social Security numbers of people receiving the 20
20 percent discount at PGW. If we had definite
21 information that the customer was deceased, we
22 canceled that discount immediately. If there was
23 any question of whether or not maybe a child's name
24 and a father's name -- father-son or mother-daughter
25 had the same name and we needed proof that either

1 2/20/03 - TRANSPORTATION - RES. 020748
2 one was still alive to receive that discount, we
3 would send out what was called at PGW at that time a
4 "dead letter." You would be still receiving that
5 discount for a period of 90 days. You had 90 days
6 from the time you received that letter to come into
7 PGW's office with proof that you're still alive and
8 you should be receiving that discount. In my own
9 opinion I would say that that number 79,500, I would
10 say at least 15 to 20,000 of those people do not
11 belong on that discount. And we believe that if
12 management did a better job policing the Senior
13 Citizen Discount, every senior who is eligible for
14 the discount should receive it. There's no reason
15 they should have to cut that discount in any way, as
16 long as they provided the service to make sure and
17 check records to make sure that customers that are
18 receiving the discount do indeed live at that
19 property and should remain on that program to
20 receive that discount. You can have someone who is
21 on a Senior Citizen Discount -- I worked the
22 telephones at PGW. I have people that call in on
23 those lines that are new customers who moved into a
24 property a year ago that are just now applying for
25 service. They've used gas under somebody else's

11 COUNCILMAN COHEN: No one condones that
12 improper use, but it seem that PGW think it's easier
13 to crack down on senior citizens than to take the
14 necessary steps to be efficient.

16 MR. NARDELLA: When the program was
17 policed and checked on a monthly basis, you didn't
18 have the problems that you have with seniors. There
19 was never any talk of canceling the Senior Citizen
20 Discount because the people who were on that program
21 did indeed belong on that program and should receive
22 that 20 percent discount.

25 MR. LENNOX: I work in a district office

1 2/20/03 - TRANSPORTATION - RES. 020748

2 and a lot of times --

3 COUNCILMAN GOODE: Please identify
4 yourself for the record.

5 MR. LENNOX: James Lennox.

6 The way we police it in the district
7 office, when we find out that someone passed away,
8 it's usually through one of their children coming in
9 applying for LIHEAP, and we ask for the customer of
10 records, that information or Social Security or any
11 kind of information to that effect, we find out that
12 that person has passed away and that's when we
13 change the gas out of their name and put it in the
14 proper person's name and we eliminate the discount.

15 COUNCILMAN COHEN: Are you agreement
16 with the testimony given by the person next to you
17 would be saying?

18 MR. LENNOX: Yes, I am.

19 COUNCILMAN COHEN: Thank you both for
20 testifying. Thank you for being here and giving us
21 this information. Thank you.

22 (Applause.)

23 COUNCILMAN GOODE: Would the previous
24 panel return to the table?

25 COUNCILMAN COHEN: Mr. Knudsen, what is

1 2/20/03 - TRANSPORTATION - RES. 020748

2 your response to -- the young woman also.

3 MR. KNUDSEN: I'm not sure where Mr.
4 Nardella gets the size number that he does. We have
5 no indication of that. The issue for us is that
6 there have been numerous problems with the billing
7 system, with tracking our customers and so forth.
8 We have done what we had to do in order of priority.
9 We are now in a position to implement this kind of
10 screening program or more accurately reinstitute it
11 and Ms. Coltro is in the process right now, within
12 weeks of doing so. We will have a much more
13 accurate count on the senior citizen complement
14 within a relatively short period of time. But I do
15 not subscribe to the numbers that have been
16 presented without some proof.

17 COUNCILMAN COHEN: But you have know
18 basis to disagree. You have no information at all.

19 MR. KNUDSEN: That's correct. He and I
20 disagree on -- I don't think that there's that order
21 of magnitude, but we will find out as soon as we're
22 able to screen these folks.

23 COUNCILMAN COHEN: Well, it seems to me
24 that before you would ever contemplate this kind of
25 a severe change in your plans that you would want to

1 2/20/03 - TRANSPORTATION - RES. 020748

2 make sure that everything fully is in order, that
3 you've taken every step to make sure that the
4 programs are being honestly and competently
5 administered, because there may be great savings in
6 that. We know the waste of money that was involved
7 when they changed the computer system. Wasn't there
8 a computer system you ordered a couple of years ago
9 that cost about \$35 million and then proved not to
10 work at all?

11 COUNCILMAN COHEN: 60 to 90 what?

12 MR. KNUDSEN: \$90 million.

13 COUNCILMAN COHEN: So the record of the
14 company, if we call it that, although I think there
15 are serious questions as to whether you're a company
16 or not. But assuming that you are a company, the
17 company's record of efficiency is not such a
18 breached confidence. And it would seem to me that
19 before you would want to punish so many senior
20 citizens and run the risk of denying service to
21 people that earn the service at cost they can afford
22 that you would certainly want to make sure that
23 everything is done to economize properly and to see
24 that there are not any people, through your own
25 inefficiencies, that are taking advantage to the

2/20/03 - TRANSPORTATION - RES. 020748

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2 system. We want the system to work honestly and
3 efficiently. We assume that, that's the reason you
4 haven't been asked any questions. We had assumed
5 that you were handling these, but apparently you
6 have done nothing in the last eight to 10 years, as
7 the witness testified, to check on that.

8 MR. KNUDSEN: Your admonishment is
9 received and, as I indicated, I can do more than to
10 say that the program is about to be launched to
11 essentially clean up our file and we will have the
12 appropriate information and can present that to you.

13 COUNCILMAN COHEN: Now, let me go back
14 to the matter raised by Councilman Ortiz, because
15 I'm not quite sure what your answer was to his
16 question as to what you ought to write to the PUC.
17 Are you going to withdraw the request from the PUC
18 so that they have nothing before them considering a
19 change in the senior citizen status, at least until
20 a later date?

21 MR. KNUDSEN: I have to check with
22 counsel as to what we can do at this point. But the
23 record before the PUC right now is, it has five or
24 six briefs before it, from "do away with it all
25 immediately" to "keep it the way it is

2/20/03 - TRANSPORTATION - RES. 020748

indefinitely." So the PUC can receive information right now from parties, in this instance from the City Council, I think it would be probably received, indicating their interest in a particular solution.

COUNCILMAN ORTIZ: You requested the elimination of it.

MR. KNUDSEN: We requested the elimination of the program as it's presently constituted and would place in instead a means --

COUNCILMAN ORTIZ: That's what I'm saying. You requested the elimination of the program prospectively as of September.

MR. KNUDSEN: That's correct.

COUNCILMAN ORTIZ: So there isn't a lot of briefs in front of them so that they have to choose from column A and column B. You made a very specific recommendation.

MR. KNUDSEN: But we are only one of four or five parties to this proceeding. Each of them has expressed their particular position on this.

COUNCILMAN ORTIZ: But we are not.

MR. KNUDSEN: You are not a party to this.

1 2/20/03 - TRANSPORTATION - RES. 020748

2 COUNCILMAN ORTIZ: This is a public
3 policy established by this Council. And this
4 Council has not been consulted in the change of this
5 public policy.

6 MR. KNUDSEN: And I said I would write
7 to the Chairman and tell him that, in fact, that is
8 your position.

9 COUNCILMAN COHEN: That's not our
10 position. That's the facts. Are you saying you
11 don't believe us?

12 MR. KNUDSEN: No.

13 COUNCILMAN COHEN: Is that what you're
14 telling us?

15 MR. KNUDSEN: Absolutely not.

16 COUNCILMAN COHEN: Are you denying the
17 right of City Council to have set that policy?

18 MR. KNUDSEN: No.

19 COUNCILMAN COHEN: Then by what right
20 did you assert your right to go to the PUC and say,
21 "We want an Ordinance that was passed by City
22 Council, the legislative body of City Council, we
23 want you to ignore that and change that policy"?

24 MR. KNUDSEN: Because on the advice of
25 my counsel I was informed that following September

1 2/20/03 - TRANSPORTATION - RES. 020748

2 1st, it is not a matter of public policy for this
3 Body. It shifts to the PUC to determine.

4 COUNCILMAN COHEN: Who is your general
5 counsel? Who gave you that advice?

6 MR. KNUDSEN: Our regulatory counsel in
7 Harrisburg.

8 COUNCILMAN COHEN: Was that advice given
9 orally or in writing?

10 MR. KNUDSEN: Oh, I'm sure it's in both
11 forms.

12 COUNCILMAN COHEN: May we see a copy of
13 that?

14 MR. KNUDSEN: If it isn't in that
15 specific form, I'll have him write a letter to that
16 effect. We've been working under that assumption.

17 COUNCILMAN COHEN: Wouldn't that put you
18 under a special obligation to inform City Council
19 that you believe, on advice of your counsel, that
20 you believe that as of September 1st or whatever
21 date you believed it to be, that the authority of
22 City Council was going to lapse and, therefore, you
23 had no reason to do anything about it except to
24 ignore it?

25 You didn't ignore City Council when you

1 2/20/03 - TRANSPORTATION - RES. 020748

2 needed funds, did you? You came to us. You pleaded
3 with us. You said the question of the vitality and
4 life of PGW was only a matter of days unless we
5 acted. And many of us had serious concerns because
6 we knew the City also had problems. We acted in
7 good faith only to find ourselves now paid no
8 attention to. When you needed us, you listened
9 politely. You worked with us. We worked with you.
10 Now, apparently, you feel that the financial crisis
11 of PGW is over, at which time you ought to be
12 expanding the benefits to senior citizens, but
13 instead, it seems like you're cutting back on them.

14 MR. KNUDSEN: Let me be very specific,
15 Councilman Cohen. The crisis at PGW is far from
16 over. We specifically had to ask for an extension
17 on the repayment of the \$45 million to 2006.

18 COUNCILMAN COHEN: Well, I'm dead set
19 against any extension unless in the first place,
20 this request made to the PUC is strictly withdrawn.

21 MR. KNUDSEN: Well, I will consult with
22 counsel.

23 Coming back to Mr. Ortiz's question.
24 Our understanding was that you had complete control
25 on the program through August 31st. Come September

1 2/20/03 - TRANSPORTATION - RES. 020748

2 1st, those rights shifted to the PUC for
3 determination.

4 COUNCILMAN GOODE: Was that advice put
5 in writing or not?

6 MR. KNUDSEN: I believe it was. It was
7 certainly in all conversations. I'm sure it's in
8 writing and I'll get you what we have.

9 COUNCILMAN GOODE: But you cannot say
10 for certain whether that advice was put in writing?

11 MR. KNUDSEN: We have a filing this
12 thick. There were advisory letters from them and
13 I'm sure in one of those --

14 COUNCILMAN GOODE: Let me try to help
15 you out a little bit. Let me suggest that if that
16 advice was put in writing, it might have prompted
17 you to come to City Council. My assumption is that
18 that advice was not put in writing. Now, is that
19 true or is that not true?

20 MR. KNUDSEN: The advice that we got was
21 that it passed from City Council to the PUC. And so
22 there was this jurisdictional issue.

23 COUNCILMAN GOODE: So the advice was not
24 to end the Senior Citizen Discount. The advice was
25 not to take a particular position on it.

1 2/20/03 - TRANSPORTATION - RES. 020748

2 MR. KNUDSEN: The advice was that we
3 needed to put a position before the PUC that the PUC
4 would determine.

5 COUNCILMAN GOODE: Was the advice
6 limited to Council's jurisdiction, or was the advice
7 related to what position PGW should take regarding
8 the PUC?

9 MR. KNUDSEN: More the latter than the
10 former, but I will look to see whether there was
11 communication on the former.

12 COUNCILMAN GOODE: Councilman Ortiz.

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

15 I'm just baffled. It says here, "Does
16 the Gas Choice Act authorize the City to modify the
17 Senior Citizen Discount Program. The issue here is
18 that the Act further specified that City by
19 Ordinance -- that means us -- is the only entity
20 which may make any further change in the Senior
21 Citizen Discount program. The PUC may not, on its
22 own initiative or the initiative of any party,
23 directly alter the Senior Citizen Discount Program
24 or refuse to take the cost of the discount into
25 account when it is setting PGW's rate nor make PGW

2/20/03 - TRANSPORTATION - RES. 020748

on its own alter the Senior Citizens Discount Program as currently grandfathered by the General Assembly. If City Council takes no action then the program will be terminated by means of a moratorium phase out extending over the next few decades."

Obviously, the Act says that we are a party involved in the actions that need to be taken. You went ahead in forum and did not consult us as to whether this is the right road that needs to be done. And the reason we're having this is that we're trying to find what the correct public policy should be. But obviously this is not the way that we thought it was going to be implemented or phased out or eliminated. It's kind of hard to get notice of issues such as this through newspapers, but that's how we found out about this. That's why the Resolution was done. We found out. Some people and some individuals called us up and said, "Do you know this is happening?"

MR. KNUDSEN: Well, I was not aware of --

COUNCILMAN GOODE: Will Mr. Bertocci please approach the witness table?

A simple question, Mr. Bertocci. In

1 2/20/03 - TRANSPORTATION - RES. 020748

2 your research on this issue, you mentioned a
3 possible drafting of a Bill. Have you, in fact,
4 drafted a Bill or would you be prepared to draft a
5 Bill?

6 MR. BERTOCCI: I have never drafted a
7 Bill. I would be prepared to assist in the drafting
8 of a Bill once City Council decides what kind of
9 Bill they want and it's a bill that would ostensibly
10 be designed by City Council to induce the PUC to
11 modify the Senior Citizen Discount Program which has
12 been grandfathered by state law. So legislature did
13 this, the General Assembly, not even the PUC. So
14 it's really City Council that has to come back.

15 One other thing, if you will allow me.
16 I disagree with Mr. Knudsen -- and, again, people
17 debate about what this law means. But I believe
18 that -- and I would like to see City Council pass an
19 ordinance as soon as possible because September
20 first is coming up. But I don't agree that after
21 September 1st it's all over. I think that at any
22 time after September 1st Council could come and say,
23 "This is what we want to do," but you're still going
24 to have to get the PUC to approve.

25 COUNCILMAN GOODE: That's actually where

1 2/20/03 - TRANSPORTATION - RES. 020748

2 I'm going. From your legal knowledge of the Gas
3 Choice Act and what it does to Senior Citizen
4 Discount and the role in jurisdiction of Council
5 within that Act, do you believe that if a Bill was
6 introduced and passed by Council and if it became
7 law, that before September 1st, before the PUC makes
8 a decision, or before this would take effect
9 September 1st, that that supersedes the
10 recommendations of PGW?

11 MR. BERTOCCI: What's going to happen
12 next is PGW has a restructuring plan that is
13 supposed ruled on by the PUC by April 1st. And
14 that --

15 COUNCILMAN GOODE: My question is, if a
16 Bill were to be drafted, introduced and passed by
17 this Council, with your legal understanding of the
18 Gas Choice Act and how it affects Senior Citizen
19 Discount, would that legislative action supersede
20 any recommendation made by PGW?

21 MR. BERTOCCI: I think it would go
22 forward on a different track. It's the PUC that
23 ultimately has to approve.

24 COUNCILMAN GOODE: I understand that.
25 I'm talking about how the Gas Choice Act was

2/20/03 - TRANSPORTATION - RES. 020748

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2 written. I'm asking you for -- from your knowledge
3 of the actual Act itself, there was a role carved
4 out for City Council. Some people said, begging out
5 for Council's voice since Council created the Senior
6 Citizen Discount. If a bill was drafted, introduced
7 and passed before April 1st, do you think that
8 that's not, in fact, what the Gas Choice Act calls
9 for and that would take precedent over any other
10 brief or opinion offered?

11 MR. BERTOCCI: Well, if I said that --

12 COUNCILMAN GOODE: I didn't ask if you
13 said that. I'm asking for your opinion now.

14 MR. BERTOCCI: I think you have to key
15 on the fact that the PUC has to approve what
16 happens.

17 COUNCILMAN GOODE: I understand that.

18 MR. BERTOCCI: And that's why I can't
19 say that automatically City Council passing a Bill
20 just would veto whatever ruling the PUC had already
21 taken.

22 COUNCILMAN GOODE: They can't approve
23 anything if we don't pass a Bill, though?

24 MR. BERTOCCI: That's right. You have
25 to pass a Bill.

1 2/20/03 - TRANSPORTATION - RES. 020748

2 COUNCILMAN GOODE: Thank you.

3 COUNCILMAN COHEN: Mr. Chairman, may I
4 follow-up on that?

5 COUNCILMAN GOODE: The Chair recognizes
6 Councilman Cohen.

7 COUNCILMAN COHEN: Mr. Bertocci, would
8 you be prepared to present to us your best effort
9 with respect to the kind of Ordinance -- actually, I
10 think you're familiar with Council Ordinances
11 because you've appeared before us on many occasions.
12 If you could get us what, in your opinion, is the
13 best legal approach combined with Mr. Knudsen's
14 request to withdraw from the PUC consideration of
15 the request previously made by PGW, that would be
16 helpful. That would begin moving the process.
17 We'll go from there and deal with it step by step.
18 We know that no lawyers can ever predict in advance
19 what judges or commissions or other bodies might
20 ultimately determine. But what I want to know is --
21 because I will never vote for anything proposed to
22 us by PGW unless PGW is prepared to acknowledge that
23 it is City Council, and not PGW, that sets public
24 policy in this area. That's what I think is wrong
25 with the action taken by PGW. He has eliminated

2/20/03 - TRANSPORTATION - RES. 020748

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2 City Council from the triangle of those that have
3 influence and under law to make decisions. He has
4 supplanted us by his own decision that he, on behalf
5 of PGW, has more right than we have to set the
6 policy towards the senior citizens, the Gas Works
7 and I don't believe that's the case. If so, I want
8 to do something to make sure that PGW does not
9 survive because I think it would be a terrible thing
10 to have a runaway commission uncontrolled by the
11 City Council.

12 MR. BERTOCCI: I would work with anyone
13 who was putting a Bill together. My concern -- and
14 this comes from me as a lawyer recognizing that I'm
15 trying to get the approval of the PUC. I don't like
16 the idea that the City would have to seek the
17 approval of the PUC to maintain its Senior Citizen
18 Discount. But the fact of the matter is, that
19 unless the Gas Choice Act is overturned, I think we
20 do have to obtain the approval of the PUC because
21 the PUC has control over PGW's tariffs. Then the
22 question is, well, how do you justify what you want
23 to do, what we've done all this time? And my view
24 is that you would have to do something that
25 documents strongly the City's position, that in

2/20/03 - TRANSPORTATION - RES. 020748

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2 setting up a Senior Citizen Discount without means
3 testing, that actually what's happening is that
4 people's financial circumstances and other personal
5 circumstances like disability, like half of the
6 senior citizens I believe -- some very high
7 percentages of senior citizens have disabilities.
8 That what you are doing is focusing a Senior Citizen
9 Discount in such a way that it inevitably catches
10 people that -- where you can make a case that this
11 is a particularly vulnerable group of people with
12 specific needs.

13 Up until now, we talked mainly in terms
14 of a notion of means testing which is when people
15 talk about means testing, it's always been a notion
16 which is, you file an application and you show
17 exactly what your income is and go through that
18 whole process, like applying for welfare. And
19 obviously in this room and on both sides of the
20 table you hear that that is absolutely a
21 non-starter. We know that we have 80,000 people
22 receiving the Senior Citizen Discount now have. But
23 we may have 100,000, 115, 120,000 seniors who are
24 customers of PGW. We don't really know. Now, if
25 that's the case, then the so-called concern that all

1 2/20/03 - TRANSPORTATION - RES. 020748

2 these rich folks are getting the Senior Citizen
3 Discount may, in fact, be simply not true. There's
4 a lot of information out there that we do not have.
5 And it would seem to me that in trying to craft
6 something which has the best chance of success,
7 which as a lawyer that's what I have to do. I have
8 to say, look, you have a law out there and you have
9 to do something that has the best chance of success
10 to win. I would want to be able to put together
11 something which is based on some demographic
12 information. Right now, we don't sufficient
13 demographic information. Absent from this hearing
14 today was anybody coming in and saying in, these are
15 really the situations of Philadelphia seniors. We
16 have a little bit of information in the consultant's
17 report, but very, very slim to in the PGW
18 consultant's report, and I've pointed that out. We
19 need much more concrete information. And CLS
20 doesn't have the funds to get a demographer in
21 there. I would think that basic demographic
22 information could be worked out if we could get a
23 demographer to do that, to sit down with us and give
24 us some basic parameters so that we can defend what
25 it is that we put into some kind of proposed

1 2/20/03 - TRANSPORTATION - RES. 020748

2 Ordinance.

3 COUNCILMAN COHEN: Well, maybe Mr.
4 Knudsen has a thought. I don't know how to resolve
5 that issue. But it would certainly seem to me that
6 between Community Legal Services and PGW, if there
7 is the will, we certainly ought to find the way to
8 make it clear to the PUC that it is the public
9 policy of the City of Philadelphia to maintain the
10 current Senior Citizen Discount. It is my personal
11 belief, but I have no facts to justify it that most
12 senior citizens of affluence do not request the
13 Senior Citizen Discount. I know I've never even
14 thought about it, because it seemed clear to me it
15 was meant for people who needed the help. I
16 remember speaking once to Councilman Longstreth and
17 asking him and he said he never would have thought
18 of applying and never has. And I haven't found any
19 senior citizen that I've asked, a vast number of
20 them of affluence, who said that they applied for
21 the Senior Citizen Discount. So I believe that most
22 overwhelmingly the people on the list, except for
23 the kind of folks that were testified to by the two
24 witnesses that testified just before you did, I
25 believe the people on the list are there honestly

1 2/20/03 - TRANSPORTATION - RES. 020748

2 except for those that, you know, passed away and
3 somebody continued the use of their names.

4 Therefore I, think that the number
5 endangered is a large number. I think there's no
6 justification whatsoever for any kind of a means
7 test. I think that one reason PGW wants it is they
8 know that automatically based upon historical
9 conditions, that will automatically eliminate large
10 numbers of people from ever applying and, therefore,
11 denying the people the use of the Senior Citizen
12 Discount. And in that case, PGW is in violation of
13 City policy. It's clear to me that the City policy
14 is what the Chairman stated before, that City
15 Council will overwhelmingly be for this. We have a
16 simple rule, nine votes passes an Ordinance. We
17 would hope that the Mayor would sign it, but if not,
18 12 votes overrides it and just by the count, as the
19 Chair was giving it before, I think there will
20 certainly be far more than 12 votes to sustain the
21 current policy's continued existence. It may be
22 unanimity on the question. So I just think the two
23 of you ought to get together and come up and offer
24 to the Committee your proposals on how to clear this
25 up. By clearing it up I mean get it off the PUC

2/20/03 - TRANSPORTATION - RES. 020748

agenda. It ought not to be there. We ought to save the state taxpayer money by not having the PUC waste its time considering a petition that has no vitality and no current life to it. That will happen if Mr. Knudsen withdraws it , not just informs them that he understands that City Council has a different opinion.

MR. KNUDSEN: Two responses, Councilman. I don't know what our legal rights are. I'll get some clarification on that. The PUC will be informed of this discussion today. There's no question of that.

With regard to, if you charge Mr. Bertocci with the formulation of an Ordinance we will work with him to provide whatever information he feels he needs to provide substance to the appeal -- or to the proposal.

COUNCILMAN COHEN: Would that be satisfactory, Mr. Bertocci, if Mr. Knudsen's words were effectively carried out by PGW?

MR. BERTOCCI: Yes.

COUNCILMAN COHEN: And would you let this Committee, the Chairman, know if there's any failure on the part of the PGW to live up to the

1 2/20/03 - TRANSPORTATION - RES. 020748

2 commitment Mr. Knudsen is apparently prepared to
3 make?

4 MR. BERTOCCI: Yes. But I also think
5 that demographic information would be important in
6 putting together something that would have the
7 strongest possible chance of success. Ultimately
8 the PUC is going to have to approve this.

9 COUNCILMAN GOODE: Mr. Bertocci, by way
10 of analogy, let me say that what you're referring to
11 in terms of coming up with the best legally
12 defensible Bill is somewhat like hiring the most
13 qualified person. There is always someone who is
14 more qualified. You have limited options before you
15 have. What people actually set out to do is hire
16 someone who is qualified enough. And if we find
17 that this Bill is not qualified enough legally, as
18 you said, in your opinion, we can always go back.

19 It's something very simple this Council
20 has the ability to do. We can introduce and pass
21 legislation in a matter of weeks.

22 MR. BERTOCCI: That's fine.

23 COUNCILMAN GOODE: Thank you.

24 There are no further questions of this
25 panel. We will continue this hearing hopefully with

1 2/20/03 - TRANSPORTATION - RES. 020748

2 a Bill drafted to respond to.

3 I thank you all for coming out.

4 This hearing is recessed to the call of
5 the Chair.

6 (Council adjourned at 4:15 p.m.)

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1 2/20/03 - TRANSPORTATION - RES. 020748

2 C E R T I F I C A T I O N

3
4 I HEREBY CERTIFY that the foregoing
5 proceedings of the Council of the City of
6 Philadelphia of February 20, 2003, were reported
7 fully and accurately by me, and that this is a
8 correct transcript of the same.

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12 RE: COMMITTEE ON TRANSPORTATION AND
13 PUBLIC UTILITIES
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16

17
18 _____
19 Lisa C. Bradley, RPR
20 and Notary Public
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