

1 PLACE: Iredell County Hall of Justice  
2 221 Water Street  
3 Statesville, North Carolina

4 DATE: Tuesday, July 8, 2008

5 DOCKET NO.: G-5, Sub 495

6 TIME IN SESSION: 2:00 P.M. - 2:33 P.M.

7 BEFORE: Commissioner Howard N. Lee, Presiding  
8 Commissioner Robert V. Owens, Jr.

9 IN THE MATTER OF:

10 Public Service Company of North Carolina, Inc.:  
11 Application for a General Increase in Its Rates and  
12 Charges

13 A P P E A R A N C E S:

14 FOR PUBLIC SERVICE COMPANY OF NORTH CAROLINA, INC.:

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16 Womble Carlyle Sandridge & Rice  
17 150 Fayetteville Street Mall, Suite 2100  
18 Raleigh, North Carolina 27612

19 Craig Collins, Assistant General Counsel  
20 SCANA Corporation  
21 1426 Main Street  
22 Columbia, South Carolina 29201

23 FOR THE USING AND CONSUMING PUBLIC:

24 Gina C. Holt, Staff Attorney  
Public Staff - North Carolina Utilities Commission  
4326 Mail Service Center  
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P R O C E E D I N G S

COMMISSIONER LEE: Good afternoon, ladies and gentlemen. Let's come on the record, please. I am Commissioner Howard Lee with the North Carolina Utilities Commission. With me is Commissioner Robert V. Owens, Jr.

The Commission now calls at this time for public hearing for purpose of taking public witness testimony on Docket No. G-5, Sub 495, in the matter of application of Public Service Company of North Carolina, Incorporated, for adjustment of its rates and charges.

On February 27, 2008, Public Service Company of North Carolina, Incorporated, gave notice of intent to file for a general rate increase.

On March 10, 2008, Carolina Utility Customers Association, known as CUCA, filed a petition to intervene, and an Order granting this petition to intervene was issued by the Commission on March 11, 2008. On March 12, 2008, the Attorney General filed the notice of intervention pursuant to G.S. 62-20.

On March 31st, 2008, Public Service Company of North Carolina, Incorporated, filed an application, direct testimony and exhibits requesting authority to increase its rates and charges.

On April 30, 2008, the Commission issued its

1 Order scheduling investigation and hearing, suspending  
2 proposed rates, establishing intervention and testimony  
3 due dates and discovery guidelines and requiring public  
4 notice. Pursuant to this Order, this docket has been  
5 scheduled for public hearings in Statesville, Asheville,  
6 Gastonia, Durham and Raleigh for the purpose of taking  
7 public witness testimony on the application.

8 An evidentiary hearing on the application has  
9 been scheduled for Tuesday, August 26, 2008, at 9:30 a.m.  
10 to be held in the Commission hearing room in Raleigh. And  
11 at that time the Commission will receive any additional  
12 public witness testimony and the expert witness testimony  
13 of the parties.

14 This public hearing is for the purpose of  
15 receiving testimony from public witnesses only.

16 Pursuant to G.S. 138A-15(c) I remind members,  
17 Commissioner Owens and I, of the Commission -- of the duty  
18 to avoid conflicts of interest and inquire at this time as  
19 to whether either of us has any known conflict of interest  
20 with respect to the docket?

21 (No Response.)

22 As I observe, I see no indication of such  
23 conflict. Let the record reflect, then, that no such  
24 conflicts were identified.

1 I now call upon counsel for the parties to  
2 announce their appearances for the record, beginning with  
3 the applicant, the Company.

4 MS. GRIGG: Good afternoon, Commissioner Lee,  
5 Commissioner Owens. I'm Mary Lynne Grigg with the law  
6 firm of Womble, Carlyle, Sandridge & Rice appearing on  
7 behalf of the Company. Also appearing on behalf of the  
8 Company is Mr. Craig Collins, assistant general counsel  
9 for SCANA Corporation, who's been admitted by this  
10 Commission pro hac vice.

11 MS. HOLT: Good afternoon. I'm Gina Holt with  
12 the Public Staff and I'm here tonight -- this afternoon on  
13 behalf of the Using and Consuming Public.

14 COMMISSIONER LEE: Before we actually commence  
15 with the public hearing, are there any preliminary matters  
16 that either the Company or the Public Staff need to have  
17 considered?

18 MS. GRIGG: No, sir.

19 MS. HOLT: No, sir.

20 COMMISSIONER LEE: Ms. Holt, has any public  
21 witness identified that he or she wishes to testify?

22 MS. HOLT: Yes.

23 COMMISSIONER LEE: What we're here for today is  
24 a public hearing to hear from public witnesses. Now,

1 those of you who are interested in testifying will be  
2 called to the stand to my left here. You will be sworn,  
3 unless you choose to be affirmed. And you may give your  
4 testimony in any way you wish to give it.

5 When you have completed your testimony or your  
6 statement, if you would remain in the seat, I will inquire  
7 from both parties, the attorneys, as to whether or not  
8 they have any questions of you.

9 Now, these are more informal proceedings than  
10 they are formal, and they are for your benefit and for you  
11 to speak to the Commission about your views on the rate of  
12 the -- on the rate case application. So you may present  
13 as you feel most comfortable.

14 If there are no further preliminaries, then I  
15 will recognize the attorney for the Public Staff to call  
16 our first witness.

17 MS. HOLT: Public Staff calls Mr. David Pressly.

18 DAVID PRESSLY; Being first duly sworn,

19 testified as follows:

20 DIRECT EXAMINATION BY MS. HOLT:

21 THE WITNESS: Mr. Chairman, members of the  
22 Commission --

23 COMMISSIONER LEE: Ms. Holt will --

24 THE WITNESS: Excuse me.

1 COMMISSIONER LEE: -- ask you some questions.

2 Q. Could you please state and spell your name for the  
3 record and your address?

4 A. My name is David Pressly, P-R-E-S-S-L-Y. My home,  
5 and a Public Service customer, is 632 Dogwood Road,  
6 Statesville, 28677.

7 Q. You may proceed.

8 A. Thank you.

9 DIRECT STATEMENT:

10 Mr. Chairman, members of the Commission and  
11 guests, there are three points I would like to address.  
12 First of all is the proposed three percent increase in  
13 Public Service or the \$20 million. In the public notice,  
14 Public Service says "We have installed about 900 miles of  
15 new pipeline since the last rate increase in 19 -- or in  
16 2006." And I think that's a relevant point.

17 About ten years ago when I built my office  
18 building at 1183 Yanceyville, a little more than 200 feet  
19 from my adjoining owner was a laundromat. The laundromat  
20 had, of course, gas for hot water and gas for clothes  
21 dryers. And I went to Public Service to ask them to  
22 extend their line to my office so I could use gas, natural  
23 gas for space heating and for water heating, hot water  
24 heating.

1           At that time, the Public Service response to the  
2 local construction man out at Weldman [phonetic] said, "We  
3 can't extend that line to your office." I said, "This is  
4 such an insignificant amount, why can't you extend that  
5 line?" His response was, "We don't have any money to  
6 extend that line to serve you." I said, "Why don't you  
7 have any money? Why doesn't Public Service have any  
8 money?" He said "the winters have been so warm and we  
9 haven't sold enough gas."

10           So Mr. Chairman, first of all, I want to suggest  
11 to you that for the other customers such as myself don't  
12 get a re -- a negative response, that three percent and  
13 \$20 million may not be enough and maybe that ought to be  
14 30 percent or 300 percent so other consumers such as  
15 myself are not denied the opportunity for gas at this  
16 short distance.

17           The second thing is the basic facilities charge,  
18 an increase in the basic facilities charge from \$10 to  
19 \$12. Some of my work in Statesville is helping folks who  
20 don't have a lot of money with rental homes. And I'll  
21 have to pay that charge whether there's anybody in that  
22 apartment or not, but it seems like there's -- I don't  
23 know where that 20 percent increase came from, but 20  
24 percent is a fashionable number in our county these days.



1 Many of us in our county found -- find that our homes in  
2 the past couple of years have decreased in value 20  
3 percent. Many of us who had savings accounts to educate  
4 our children find that those savings accounts have  
5 decreased 20 percent. Twenty percent is a fashionable  
6 number and I don't understand why in the world a basic  
7 service charge would increase 20 percent when our -- I'll  
8 say it seems to be this deflation area aspect with the  
9 other costs.

10 But I do want -- the third point is I do want to  
11 compliment Public Service on the new rate schedule 102 for  
12 high efficiency resident service. The proposal is to give  
13 a credit of five cents per therm. And I think that's  
14 admirable. I appreciate the Public Service making that  
15 proposal. In my home, if I use, say, a hundred therms a  
16 month with -- for gas space heating, gas water heating, I  
17 would have a savings of \$5; and a year it would be, say,  
18 \$60.

19 Now, my home -- it wouldn't qualify unless one  
20 has an Energy Star home. My home is an Energy Star home.  
21 But I want to suggest to you, Mr. Chairman, that that may  
22 not be enough if indeed -- if our purpose is to encourage  
23 conservation, that may not be enough because the last home  
24 I built was about 1,800 feet. I built it to be an Energy

1 Star home. It cost about \$3,500 to hire a consultant, per  
2 his inspection, to design the specifications, just to  
3 design the specifications for that home so it could have  
4 ICF foundation, it could have a dehumidifier and a steel  
5 crawlspace. It could have a motion sensor to turn on the  
6 tankless water heater when one walked in the bathroom and  
7 the kitchen.

8 I suggest to you that those costs are  
9 extraordinary and if the benefit from Public Service to  
10 our consumers is only \$5 and roughly \$60 a year, a  
11 consumer is going -- a reasonable consumer is going to say  
12 I don't need to spend this extra money on Energy Star  
13 features to qualify for Energy Star when I'm only going to  
14 save an insignificant amount achievement. So thank you  
15 for that opportunity, Mr. Chairman.

16 COMMISSIONER LEE: Are there questions for  
17 Mr. Pressly?

18 MS. GRIGG: No, sir.

19 COMMISSIONER LEE: Public Staff?

20 MS. HOLT: No, I have no questions.

21 COMMISSIONER LEE: Thank you, Mr. Pressly.

22 MS. HOLT: The Public Staff calls Mr. Jeff  
23 Lineberry.

24 JEFF LINEBERRY; Being first duly sworn,

1                                   testified as follows:

2   DIRECT EXAMINATION BY MS. HOLT:

3   Q.       Could you please state and spell your name and  
4   give your address for the record?

5   A.       My name is Jeff Lineberry.  It's J-E-F-F,  
6   L-I-N-E-B-E-R-R-Y.  My address is 169 Sain Road,  
7   Statesville, 28625.

8   Q.       Please proceed.

9   DIRECT STATEMENT:

10               Well, I have several things that I would like to  
11   address and I -- hopefully I won't take too much of  
12   everyone's time.  But I am a property manager/landlord and  
13   I manage my own properties, so I don't manage for other  
14   people.  My wife and myself have our own business, which  
15   primarily consists of rental properties in the City of  
16   Statesville.

17               It's been brought to our attention that in the  
18   City of Statesville approximately 55 percent of the homes  
19   in the city limits are actually rental properties.  Of  
20   these properties, a large proportion do have gas service,  
21   particularly for the heat and some of the water heaters.  
22   As an example of that, about 22 properties that we own, 21  
23   have gas heat.  Only one of those actually has an Energy  
24   Star rated heating system, which we put in last year that

1 cost us \$3,700. So the Energy Star, the \$5 a month is not  
2 going to really -- of course there is no way for me to  
3 recover that anyway because this heating cost will go  
4 directly to our tenant.

5 In addition to this, we have ten -- excuse me --  
6 of these properties have gas water heaters and a couple of  
7 them have gas ranges. I sat down and did some figuring  
8 and based on a use of an average of 94 therms per month,  
9 that would mean a simple increase of \$4.39, and it's  
10 basically because there is no Energy Star credit per se.  
11 Plus the additional \$2 for the basic facilities charge,  
12 which makes it \$6.39 a month increase.

13 Most of our tenants are medium to low income.  
14 This is going to affect them adversely like any other  
15 increase. They're already being hammered with gasoline  
16 prices, which has doubled in the past few years. The cost  
17 of groceries, which has almost doubled in the last two  
18 years, and various other things that have impacted our  
19 tenants and our residents throughout the city and, of  
20 course, throughout the entire country.

21 Here in Statesville in particular we have quite  
22 a bit of public housing. I have no -- nothing to do with  
23 that other than I do know that there's a lot of public  
24 housing. And these -- most of these have gas heat as

1 well. And of course I realize that federal tax dollars  
2 pay for public housing, but then again, if there's an  
3 increase in the cost of the energy for these people, then  
4 their rent is turned around and increased to them. So  
5 they have -- they're living -- and a lot of these public  
6 housing units have people who are retired and on a fixed  
7 income. This is going to really negatively impact those  
8 people.

9           I did some other figures on the -- the one thing  
10 here that kind of throws me, I can't figure out, which is  
11 the weatherization normalization adjustment that's  
12 included in the bills that come out. I looked at one  
13 particular property from November 30th of 2007 through  
14 January the 2nd. The weatherization normalization  
15 adjustment was .09430 and the average temperature was 48  
16 degrees. From January 2nd to February 1st, it was a 41  
17 degree and the weatherization went up to a .0 -- I mean  
18 went down, excuse me, to .02372. And back in February to  
19 March, the weatherization normalization was at .01458 and  
20 the temperature average was 48 degrees. Now, these are  
21 not my figures. These came off the bills that were  
22 provided by PSNC.

23           In March, the average temperature was 55  
24 degrees. The weather normalization adjustment was .01404,

1 which is practically the same thing it was at 48 degrees.  
2 So I don't know how -- what kind of formula is in there  
3 and there's no way for any one of us to have that  
4 information available to us. But just basically figuring  
5 on a -- just on a basic 100 therms usage for my tenants,  
6 on an average we're looking at \$6.67 per month increase in  
7 their bills.

8 I can honestly say it will not affect me  
9 personally because I have all electric in my home, but I  
10 do feel bad for the people that have to try to scramble to  
11 get their moneys in order to pay for their utilities.

12 When we have a vacancy now, the first question  
13 that people ask us, "Do you have gas heat?" "Yes, we do."  
14 "Thank you very much. We're not interested." People are  
15 not -- it's gotten a reputation of being expensive.  
16 People are actually looking for all electric to the point  
17 where I discussed this with several other landlords,  
18 wherever economically feasible, they're trying to change  
19 their system over from gas to electric because of the high  
20 rates.

21 The other thing that I wanted to touch on was I  
22 feel real bad that the -- according to the information in  
23 this pamphlet that was sent out by the PSNC to notify us  
24 about this particular meeting, that for 2007 they did a

1 test period and they only got a 7.65 percent return on  
2 their investment. I feel real bad about that because I  
3 can go to the bank and probably get maybe on a savings  
4 investment less than one percent. I can get a  
5 certificate, if I signed up for a year or better, for  
6 maybe three; if I'm lucky, 2.75. I would love to get a  
7 7.65 percent return on my investments.

8 And I want everybody to make money and I realize  
9 they provide a service, but there's no competition. They  
10 have the only game in town. We have no one else that we  
11 can go to that could give us a better rate for -- the only  
12 other alternative we have is to spend \$4,000 to \$5,000 if  
13 we change it over to an electric. Which, here again, I  
14 realize the cost of energy is going up, but I just don't  
15 feel that this increase at this time should be warranted.

16 I'm through. I think I said more than enough  
17 to --

18 COMMISSIONER LEE: Let -- would you just wait a  
19 minute, at least a moment --

20 THE WITNESS: Okay.

21 COMMISSIONER LEE: -- to see if we have any  
22 questions.

23 MS. GRIGG: No questions.

24 COMMISSIONER LEE: No questions from the

1 Company. Questions from the Public Staff?

2 MS. HOLT: I have one question.

3 CONTINUED DIRECT EXAMINATION BY MS. HOLT:

4 Q. You said you had a question regarding the  
5 weatherization normalization calculation. Did you or your  
6 tenants contact the Company on that and have it explained?

7 A. No, I haven't contacted them to ask them exactly  
8 how it's set up. It's just that it's part of their rate  
9 schedule, which changes every month. And then I look at  
10 the average temperature on the bills and sometimes when  
11 the temperature is the same, the weatherization is totally  
12 different.

13 You know, I don't understand how just because it  
14 gets cold or warmer you should be allowed to raise or  
15 lower the rates at will. I really don't understand that.

16 COMMISSIONER LEE: Commissioner Owens?

17 COMMISSIONER OWENS: I basically had the same  
18 question Ms. Holt was going to ask him. Mr. Lineberry's  
19 image of weatherization formula to you, Mr. Lineberry,  
20 seems to be skewed. I think you brought up a very  
21 excellent point.

22 THE WITNESS: Thank you.

23 COMMISSIONER LEE: Thank you for your time. You  
24 may step down.



1 MS. HOLT: Mr. Lonnie Hartman.

2 MR. TROUTMAN: Mr. Troutman.

3 MS. HOLT: I'm sorry?

4 MR. TROUTMAN: Troutman.

5 MS. HOLT: Troutman, I'm sorry.

6 LONNIE TROUTMAN; Being first duly sworn,

7 testified as follows:

8 DIRECT EXAMINATION BY MS. HOLT:

9 COMMISSIONER LEE: Ms. Holt.

10 Q. Mr. Troutman, could you spell your last name for  
11 the record and state your address?

12 A. Just like the big city south of Statesville,  
13 T-R-O-U-T-M-A-N.

14 Q. And your address, please?

15 A. 232 Davie, D-A-V-I-E, Avenue. I'm right across  
16 the street.

17 Q. Thank you. Proceed.

18 DIRECT STATEMENT:

19 Well, I do, like Brother Pressly, I've had  
20 experience of not getting a gas line extended to one of  
21 our commercial buildings like 150 feet. And they'll do  
22 it, but you've got to pay for it. In most of these  
23 buildings we have large heating and cooling systems in  
24 most of them and it takes several 10-ton units. So it's

1 hard to handle a facility like that with electricity, so  
2 we usually use gas tanks. And we have to pay the rate.

3 And residentials, the last three that we've  
4 remodeled, we've gone heat pumps because of what Brother  
5 Lineberry said about the tenant. That is usually one of  
6 the first two or three questions they ask when you have a  
7 vacant rental, how's it heating and cooling. And they are  
8 shying away from the gas heat because, you know, they've  
9 got to pay a water bill, their electric bill, then they  
10 got the gas on top of that, and then the security deposit  
11 and first month's rent, the lower income people just can't  
12 stand it.

13 And just like it's been pointed out about the  
14 cost of living, gas, everything else, a lot of these  
15 people, our employees, they're strapped. Foreclosures,  
16 there's about 20 in the paper here every week. And so  
17 they've got to tighten up and do without. And I consider  
18 maybe I'm a small, small businessman, nothing like Public  
19 Service, but I think when things tighten up, we have to  
20 tighten up. I think they ought to tighten up their belt  
21 too, be better managers.

22 I mean, you look at these -- you know, these  
23 magazines and these papers about the CEOs making millions  
24 of dollars, I think they need to tighten up. You know,

1 it's nothing nobody else don't have to do. And, you know,  
2 you can go on and on about that.

3 But I just think that, you know, that you have  
4 to be a better manager. You know, I won't ask what the  
5 CEO of Public Service of North Carolina is. It's in the  
6 Charlotte paper here a while back, but, you know, that's  
7 -- makes it hard on these people that can't do any better.  
8 So if they can't pay their gas bill, if they can't pay  
9 their light bill, then they're not going to stay with us.  
10 They're going to be going into public housing or going to  
11 the shelter or something. So I think that, you know, that  
12 would be my recommendation.

13 COMMISSIONER LEE: Any questions from the  
14 Company?

15 MS. GRIGG: No, sir.

16 COMMISSIONER LEE: Questions from Public Staff?

17 MS. HOLT: I have no questions.

18 COMMISSIONER LEE: Commissioner Owens?

19 (No Response.)

20 Thank you, Mr. Troutman.

21 MS. HOLT: I have no other names listed.

22 COMMISSIONER LEE: I inquire as to whether or  
23 not anyone else present in the room would like to -- who  
24 has not yet testified --

1 MR. LINEBERRY: I have spoken, but I would like  
2 to make one point. Am I considered under oath?

3 COMMISSIONER LEE: Let me see if there's anyone  
4 else and then I'll come back to you, Mr. Lineberger [sic].

5 MR. LINEBERRY: Thank you.

6 COMMISSIONER LEE: Is there anyone else who has  
7 not spoken? If you'll come forward and give Ms. Holt your  
8 name.

9 MR. SAFRIET: My name is Doug Safriet.

10 DOUG SAFRIET; Being first duly sworn,  
11 testified as follows:

12 DIRECT EXAMINATION BY MS. HOLT:

13 COMMISSIONER LEE: Ms. Holt. You can have a  
14 seat, Mr. Safriet.

15 Q. Could you please spell your last name and state  
16 your address for the record?

17 A. S-A-F-R-I-E-T. My office is 115 Raleigh Avenue,  
18 East Raleigh Avenue.

19 Q. Please proceed.

20 DIRECT STATEMENT:

21 I represent over 100 homes here in Statesville.  
22 I've been changing anywhere from five to ten a year to  
23 electric because nobody wants to rent when they've got gas  
24 in them. They can't afford it. Gas deposits have gotten

1 so high, the only way you can rent a home in the winter  
2 with gas heat in it is to do it without a deposit because  
3 my deposit has to go pay the gas bill, gas deposit.

4 If the gas keeps going up like it does -- I have  
5 weatherized homes, insulated them trying to reduce the  
6 heat bills. It doesn't matter what you do, it keeps going  
7 up.

8 The gas company has shown a pretty good profit.  
9 That has reduced our profits. Most of us are barely  
10 getting by right now. We've got tenants coming in a  
11 hundred a month short because they've got to put gas in  
12 their car. They can't afford to pay a higher gas bill to  
13 heat with. And most people don't realize this winter what  
14 it's going to cost them to heat over last winter with the  
15 way everybody's going.

16 So add more to this, I am against it. I don't  
17 see how anybody is going to benefit other than the gas  
18 company. That's pretty much all I have to say.

19 COMMISSIONER LEE: If you'll just hold on, Mr.  
20 Safriet. Questions from the Company?

21 MS. GRIGG: No, sir.

22 COMMISSIONER LEE: Questions from Public Staff?

23 MS. HOLT: I just wanted to clarify something,  
24 Mr. Safriet.

1 CONTINUED DIRECT EXAMINATION BY MS. HOLT:

2 Q. You said you rent 100 homes?

3 A. Yes, ma'am.

4 Q. And you -- how many homes have you converted to  
5 electricity?

6 A. I'm going to say close to 50 in the last five  
7 years.

8 Q. Okay.

9 A. Because that's the only way I can rent them is to  
10 get the gas out of them. They would have gas hot water,  
11 gas cook stove, gas heat, I'd yank it out because I'm  
12 tired of having homes setting [sic] empty because they've  
13 got gas.

14 Q. Your tenants pay for their own heating?

15 A. Oh, yes.

16 Q. And -- okay.

17 MS. HOLT: I have no further questions.

18 COMMISSIONER LEE: Commissioner Owens?

19 (No Response.)

20 Thank you, Mr. --

21 THE WITNESS: Pretty much what this is going to  
22 do, I mean, if it keeps getting worse on the gas, the  
23 people can't afford to rent, they're going to be -- the  
24 government's going to end up paying for their housing.

1 We're all going to lose on that one.

2 COMMISSIONER LEE: Thank you, sir. Are there  
3 others who have not spoken who wish to have an opportunity  
4 to testify or present testimony?

5 (No Response.)

6 Mr. Lineberger [sic], if you would return to the  
7 stand, please.

8 CONTINUED DIRECT STATEMENT OF MR. LINEBERRY:

9 I'm sure I said quite enough already, however,  
10 one thing that I looked up just said that we're having an  
11 increase of 7.65 on a pro forma basis. I looked that up  
12 to see what that meant because I didn't know that term,  
13 and I found out that that means that we pull that figure  
14 out of the air because we want to use that figure.

15 So we really don't know what the rate of return,  
16 the real rate of return was for PSNC last year because  
17 they can be taking into account expenses that they made on  
18 various other things or they could just be using a guess  
19 with what I could read on the Internet about pro forma.

20 And I would like for there to be some sort of a  
21 -- if we could see one actual rate that they got rather  
22 than on a pro forma basis we might better know whether  
23 they are -- should get a -- it could be they only made  
24 four percent instead of 7.65. But then again, they may

1 have made 12.

2 That was the only point I wanted to make. Thank  
3 you.

4 COMMISSIONER LEE: Thank you. Mr. Troutman, you  
5 would like to return to the stand?

6 CONTINUED DIRECT STATEMENT OF MR. TROUTMAN:

7 I'm not sure whether the gas company is familiar  
8 with it or not, but another thing I would like to point  
9 out is the City of Statesville is offering rebates or  
10 whatever you want to call it, incentives, to change from  
11 gas to electric; like, what, 150 on a water heater.  
12 Whereas you switch from gas to a 300 -- 300 heat pump --  
13 right, 150 if you change from gas to electric.

14 And we're just like Mr. Safriet, that's what  
15 we're doing. If you've got gas furnace and you go to a  
16 heat pump, 300. And that's -- that makes it kind of  
17 worthwhile and it makes the tenant happier. Just want to  
18 point that out.

19 And, you know, one other comment. I'm not down  
20 on Public Service gas, but if you think about this and you  
21 think about the other utilities, it's not managed like a  
22 business. Y'all work out what y'all think you need and so  
23 on and so forth, then you tell the Commission this is what  
24 we need to do that. In other words, there's no -- it's



1 not like a private business where we have to scratch and  
2 strive and borrow and do everything we can to make things  
3 work. You know, over the history, y'all just ask and you  
4 receive.

5           And basically the consumer, there's very few  
6 that will come out here and speak. I would like to see  
7 these several hundred tenants that rent from these people  
8 sitting back here in here telling their story. You think  
9 a man and a wife and two or three chaps working over here  
10 in a plant at \$10 an hour paying rent or making a house  
11 payment, they're a better manager than most of us if they  
12 make it. I mean, they're struggling, especially in  
13 economic times that we're in right now.

14           So, I think that, you know, these bean counters,  
15 they put all this paper together and make it say whatever  
16 it wants to, but we're out here in real life and we know  
17 what we're talking about. So I think they ought to give  
18 this a long hard look before they put these poor people in  
19 more peril than what they're in.

20           COMMISSIONER LEE: Thank you, sir. Is there  
21 anyone else who has anything on their mind in the way of  
22 testimony or presentation they would like to present  
23 that's relevant to the purpose of our being here?

24                           (No Response.)

1 Are there any final comments from the Company?

2 MS. GRIGG: No, sir.

3 COMMISSIONER LEE: Any comments from the Public  
4 Staff?

5 MS. HOLT: No, sir.

6 COMMISSIONER LEE: Commissioner Owens?

7 COMMISSIONER OWENS: I'd only like to say I  
8 would like to commend the attendees for their  
9 professionalism, to their excellent points they brought up  
10 while they were on the chair.

11 And, Mr. Lineberry, I will ask that question on  
12 August 26 on the actual rate of return, I can assure you.  
13 But thank y'all for coming today.

14 COMMISSIONER LEE: We do appreciate you all  
15 coming and being a part of this hearing. It may not seem  
16 as if it's relevant or important for you to take the time  
17 to come and present your testimony, but we are here for a  
18 purpose and that purpose is to hear from the citizens and  
19 to have you an opportunity to have input in a decision  
20 that this Commission takes very seriously.

21 And you can be assured that your testimony will  
22 be evaluated very thoroughly and certainly will be shared  
23 with other Commission members and anyone else who wishes  
24 to see what was said here today, and you can be assured

1 that it will not go without consideration when the  
2 Commission makes its final decision.

3 If there's no one else who wishes to be heard  
4 and no other matters to come before us at this time, this  
5 meeting will be adjourned until 7:00 p.m. in Asheville,  
6 North Carolina.

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8 Whereupon, the hearing was adjourned.

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CERTIFICATE

The undersigned Court Reporter certifies that this is the transcription of notes taken by her during this proceeding and that the same is true, accurate and correct.



Candace Covington  
Court Reporter II