

1 PLACE: Gaston County Courthouse
2 325 N. Marietta Street
3 Gastonia, North Carolina

4 DATE: Wednesday, July 9, 2008

5 DOCKET NO.: G-5, Sub 495

6 TIME IN SESSION: 2:00 P.M. - 2:17 P.M.

7 BEFORE: Commissioner Lorinzo L. Joyner, Presiding
8 Chairman Edward S. Finley, Jr.
9 Commissioner William T. Culpepper, III

10 IN THE MATTER OF:

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

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

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

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

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

24 FOR THE USING AND CONSUMING PUBLIC:

25 Gina C. Holt, Staff Attorney
26 Public Staff - North Carolina Utilities Commission
27 4326 Mail Service Center
28 Raleigh, North Carolina 27699-4326

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P R O C E E D I N G S

COMMISSIONER JOYNER: Good afternoon, ladies and gentlemen. We will come on the record. I am Lorinzo Joyner. I'm a member of the North Carolina Utilities Commission. With me today are Chairman Edward S. Finley and Commissioner William T. Culpepper, III.

I now call for hearing Docket No. G-5, Sub 495, where Public Service Company of North Carolina, Inc., doing business as PSNC Energy, has applied for an adjustment in its retail rates and charges.

On February 27, 2008, PSNC filed a letter with the Commission providing notice of its intent to file an application for a general rate increase. That application was filed on March 31st, 2008.

There are a number of proposed accounting adjustments contained in that application, but generally PSNC is requesting approval of certain changes to its cost allocations and rate design and tariffs, implementation of a customer usage tracker and implementation of a cost recovery mechanism for customer conservation programs.

The effect of these changes that are the subject of the application result in an increase in annual revenues of \$20,441,501, which represent an annual increase of three percent over the Company's current

1 rates.

2 In support of the requested increase, the
3 Company stated in its application that it has greatly
4 expanded natural gas service in its rapidly growing
5 service territory since its last general increase in rates
6 and charges, which became effective November 1, 2006. The
7 Company also states that since the end of the test period
8 in that case it's installed over 929 miles of transmission
9 and distribution mains, added approximately 32,000
10 customers and has made approximately \$188 million in
11 capital investments in its utility property.

12 Carolina Utility Customers Association, Inc.,
13 filed a petition to intervene in this case on March 10th.
14 That petition was granted by Order of the Commission on
15 March 11, 2008. The Attorney General filed notice of
16 intervention in this matter on March 12th. That notice of
17 intervention is recognized pursuant to G.S. 62-20. The
18 intervention and participation of the Public Staff of the
19 North Carolina Utilities Commission is recognized pursuant
20 to G.S. 62-15(d) and Commission Rule R1-19(e).

21 On April 30, 2008, the Commission entered a
22 procedural order in this case which scheduled the
23 application for investigation and hearing, suspended the
24 proposed rates for 270 days from the requested

1 implementation date on 5/1/2008, established the deadline
2 for filing petitions to intervene, established testimony
3 due dates and discovery guidelines and required public
4 notice.

5 On June 25th, PSNC caused to be filed affidavits
6 of publication indicating that the notice had been given
7 in accordance with the Commission's procedural Order.

8 I now call for appearances, beginning with
9 counsel for the Company.

10 MS. GRIGG: Good afternoon. I'm Mary Lynne
11 Grigg with Womble, Carlyle, Sandridge & Rice appearing on
12 behalf of the Company. Also appearing for PSNC is Mr.
13 Craig Collins, assistant general counsel for SCANA, who
14 has been admitted by this Commission pro hac vice.

15 MS. HOLT: Good afternoon. I'm Gina Holt with
16 the Public Staff here on behalf of the Using and Consuming
17 Public.

18 COMMISSIONER JOYNER: Thank you. Ms. Holt, I
19 understand that we have one public witness who wishes to
20 testify; is that right?

21 MS. HOLT: That's correct.

22 COMMISSIONER JOYNER: Before we call her, I'm
23 going to make some general remarks about the process here
24 today and what will follow just for your information.

1 This is one of several hearings that the
2 Commission has scheduled for the purpose of receiving
3 testimony and statements from members of the public about
4 this application.

5 Other hearings have been or will be held in
6 Statesville, Asheville, Durham and Raleigh. We will
7 reconvene in Raleigh on August 26th for the purpose of
8 taking additional expert witness testimony in this matter.
9 Today, however, we are here solely for the purpose of
10 hearing from those who will be affected by the rate
11 increase. And we appreciate the fact that you came out
12 today.

13 The Commission is a quasi judicial body. That
14 means that in many respects we function like a court. If
15 you wish to be heard, we require that you testify under
16 oath or affirmation from the witness stand. Ms. Holt, who
17 represents the -- who is with the Public Staff and
18 represents the Using and Consuming Public, will assist any
19 public witnesses who wish to testify.

20 We have a court reporter here who will
21 transcribe your statement and it will become a part of the
22 official record in this case.

23 The lawyers, as well as we Commissioners, will
24 have an opportunity to question any witness about.

1 statements they make.

2 If you have questions about the case or the
3 application, you can't ask those questions and get an
4 answer from the witness stand. Company representatives
5 are here; the lawyer from the Public Staff is here, will
6 stay afterwards and you -- will be available to answer any
7 questions they might -- that you might have. But today
8 we're here for you to come up and to, once you are sworn,
9 to make a statement that reflects your position with
10 respect to this application.

11 That said, Ms. Holt, would you call our witness.

12 MS. HOLT: Public Staff calls Ms. Janet Puett.

13 COMMISSIONER JOYNER: As she is coming forward,
14 let my inquire of the Commission whether pursuant to the
15 North Carolina State Government Ethics Act there are any
16 conflicts that relate to this matter today?

17 (No Response.)

18 There appear to be done.

19 JANET PUETT; Being first duly sworn,

20 testified as follows:

21 DIRECT EXAMINATION BY MS. HOLT:

22 Q. Ms. Puett, for the record could you spell your
23 last name and provide your address for the record?

24 A. It's P, as in Paul, U-E-T-T. And I'm at P.O.

1 550312, Gastonia, 28054.

2 Q. Thank you. Proceed with your statement.

3 DIRECT STATEMENT:

4 Well, I'm really not an expert witness, I'm just
5 a concerned citizen. In Gaston County -- and I don't
6 think it was a concern to everyone, but we just
7 experienced a 6.25 increase in our other utilities. And,
8 you know, we're a little community. We don't have a lot
9 -- we're losing jobs all the time. We don't have pay
10 increase; we don't have good paying jobs. And it's a lot
11 of fixed income and low income.

12 So even if it is just a three percent -- which
13 I'm a little unclear about three percent because
14 Mecklenburg County just received a 16 percent increase.
15 And here underneath effective rates it says in the winter
16 it will be a 7.2 percent increase and in the summer a 3.4
17 percent, so I don't see how that equals three percent.
18 I'm a little confused about that.

19 But the thing about it is, is that they already
20 take for profit 7.65 percent. Now, people these days
21 don't even make that -- if they have money to invest,
22 don't make half that on their investments. And I think,
23 you know, if you make a 7.65 percent and you're a public
24 company, that should be a pretty good take for a public

1 company. And if you want to expand your business, you
2 shouldn't do it at the -- you know, at the throat of the
3 public good. It shouldn't be -- the poor public shouldn't
4 have to cover these kind of business expansions. I don't
5 know any other business who operates like that. You know,
6 you couldn't stay in business.

7 And they talk about declining usage. Well,
8 yeah, the usage is declining because people can't afford
9 their rates right now. They took their last rate increase
10 November 1st, '06. And, you know, I, for me, I'm
11 fortunate enough I just rehabbed the house and spent every
12 bit of my money making sure that I pay them as little as
13 possible. I took out an electric gas heater, water heater
14 -- I mean took out a gas and put in electric. I took out
15 what was a gas heater for the whole house and put in an
16 electric heat pump.

17 You know, there's a three gas burner I'm getting
18 to the place and that's the only gas that is used in this
19 house. I don't use that. I use a microwave in lieu of
20 that to avoid the gas bill. And I still get a bill for
21 \$12.68 for no usage, and then it went up .35 cents
22 mysteriously this month to 13.03 for absolutely no usage.
23 So I got an increase for no usage. I don't know where
24 this increase is coming from.

1 I mean, and they -- and one more thing, you
2 know, I'm not going to go on because everybody has a busy
3 life, but they talk about here discounted rates for
4 customers. And that sounds all well and good, discounted
5 rates for customers, and there are two rate schedules
6 here. But down here it says to get these discounted rates
7 you have to provide a certificate of Energy Star standing.
8 That means all these poor and fixed income people have to
9 be able to go out and make sure that their house is
10 certified for Energy Star. Now, where are they going to
11 get that kind of money to do that? And it doesn't state
12 how the certification is supposed to take place or by
13 whom. So that's another kind of -- you know, that sounds
14 good, but it's another kind of, sounds like -- it's a
15 tease.

16 And let me see if I can think of anything else
17 before I get out of your face. They wanted -- you know,
18 it's just that, you know, they have this -- in nowhere
19 else in the country that I've lived do they have a
20 facilities charge, which is going up \$2. A facilities
21 charge just for having it in your house whether you use it
22 or not.

23 I lived in California and my bill for gas and
24 electric -- and I have the bills right here. And it was

1 two years ago. It's been two years since I've been here
2 -- but it averaged 21.21 a month for the whole year the
3 last year I was there. That's for gas and electric. Now
4 granted it was a little house, but still, I mean, where
5 are people supposed to get this money from? I don't
6 understand. I really don't.

7 So I think, you know, it is a company for the
8 public good, it should operate for the public good. And
9 7.65 percent profit should be enough. You know, people
10 aren't getting those kind of wages if they get them and
11 they don't have that kind of income from their investments
12 if they have any.

13 So -- and there -- I think there's some other
14 things, too. You know, this CUT decoupling mechanism so
15 that they can make periodic adjustments to the volumetric
16 rates. Well, why should they be allowed to do that, you
17 know? They have a real -- they have an issue with the
18 volumetric rate design and declining usage, but they're
19 responsible for chasing people away with the high rates.
20 And the volumetric rate design, that's probably -- that
21 should be retained because that's probably the only thing
22 that's saving us.

23 So the CUT decoupling device, which, you know,
24 who understands what that is. But we know for a fact

1 we're going to be paying more for it and because of it.

2 So I don't know what else I can say. I wish
3 there were other people here to represent, you know, the
4 public good. I did send out my letter to my neighbors. I
5 didn't email it. But I really feel that there has to be a
6 limit to this and people are really just getting gouged
7 from every side and this is one more gouge.

8 And they just put -- I think I said this
9 already, 16 percent from Mecklenburg County and they're
10 coming after us for who -- you know, they say three
11 percent, but who knows, you know. So thank you for
12 listening and I appreciate your time.

13 COMMISSIONER JOYNER: If you'll just sit where
14 you are just for a moment, we'll see if anybody has any
15 questions.

16 MS. HOLT: No.

17 MS. GRIGG: No questions.

18 COMMISSIONER JOYNER: Questions from the
19 Commission?

20 EXAMINATION BY CHAIRMAN FINLEY:

21 Q. Ms. Pruett [sic], the Mecklenburg County charge,
22 who is paying that?

23 A. I heard that on Channel 9 news just about a week
24 and a half or two weeks ago. And they've already taken

1 it.

2 Q. That's Mecklenburg --

3 A. County.

4 Q. -- County residents?

5 A. Yes.

6 Q. That's a water service?

7 A. No, that's for the PSNC service. That's for their
8 service. That's for the service we're talking about. And
9 I just don't understand why should we have to pay for
10 their business expansion. It shouldn't be that way. It's
11 a company for the public good.

12 Q. Thank you, ma'am.

13 A. Thank you.

14 COMMISSIONER JOYNER: Ms. Pruett [sic], I have
15 just one question. And I wanted to give you the
16 opportunity to make any statements you want to on the
17 record, and I also want to disclose that while we were
18 waiting for the courtroom to be open, I met Ms. Pruett and
19 one of the questions she had was with respect to the
20 timing of today's hearing.

21 And I indicated to her that if she felt
22 compelled, she could put that on the record, but in any
23 event I would take it upon myself to, once I got back to
24 Raleigh, respond to her. And of course I'll put a copy of

1 the response in the file, but if you wanted to say
2 anything for the benefit of everybody else here --

3 THE WITNESS: Yeah. I didn't know if that was
4 -- I think it's very important because it keeps the public
5 from being able to speak up for their rights.

6 In this they say if you send a letter you must
7 show up or your letter is disallowed. I think that's the
8 wording. I'm not really sure. It's something akin to
9 that.

10 And it says -- you know, they schedule it at
11 2:00 in the middle of a workday to further deter people
12 from being able to contribute to the process. So that's
13 probably one good reason I'm the only one here. I don't
14 think everybody is apathetic, I just think, you know, it's
15 a function of -- you know, their numb from all the
16 increases from every direction. But to schedule it at
17 2:00 in the middle of a workday and to make it a process
18 where if you send out letters -- I sent out three letters
19 to all the addresses here -- that then if you don't show
20 up to speak at the time that they, you know, that they
21 say, then your letter will be disallowed.

22 So the whole process seems to me to be put up to
23 keep people out of the process, from contributing and from
24 being able to speak up for themselves.

1 COMMISSIONER JOYNER: Thank you.

2 MS. GRIGG: No questions.

3 COMMISSIONER JOYNER: If there's nothing else,
4 we appreciate the fact that you came today and you are
5 excused.

6 THE WITNESS: Thank you.

7 (Whereupon, the witness was dismissed.)

8 COMMISSIONER JOYNER: Is there anything else we
9 need to deal with? I do not see any other public
10 witnesses, I don't believe, but I will inquire just out of
11 an abundance of caution is there anyone else who wishes to
12 be heard today as a public witness?

13 (No Response.)

14 Ms. Grigg, Mr. Collins, Ms. Holt, to the extent
15 that Ms. Pruett has some questions that can be answered
16 today, if she has the time, I would appreciate it if you
17 would make an attempt to at least find out what those
18 questions are, even if you have to follow up.

19 MS. GRIGG: Yes, ma'am. We have Company
20 representatives here and we would be happy to talk to
21 Ms. Pruett [sic] after the --

22 COMMISSIONER JOYNER: Good.

23 MS. GRIGG: -- conclusion of the hearing.

24 MS. HOLT: I would also.

1 COMMISSIONER JOYNER: Thank you very much. If
2 there is nothing else, we are adjourned.

3

4 Whereupon, the hearing was adjourned.

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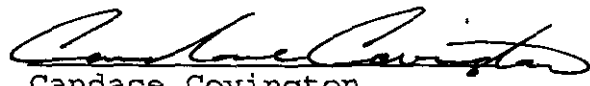
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CERTIFICATE

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