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Secretary

Re: Case 13-G-0136 – National Fuel Gas - Rates

**** Please note this is a Preliminary transcript, subject to later edits when reviewed by the parties and the Administrative Law Judges assigned to the case.**

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STATE OF NEW YORK
PUBLIC SERVICE COMMISSION

NATIONAL FUEL GAS DISTRIBUTION CORPORATION - RATES
PUBLIC STATEMENT HEARING
CASE# 13-G-0136

Monday, February 24, 2014
3:00 p.m.
Buffalo & Erie County Public Library
Central Library Auditorium
One Lafayette Square
Buffalo, New York 14203

A.L.J. DAVID L. PRESTEMON
Administrative Law Judge
Three Empire State Plaza
Albany, New York 12223-1350

1 (The hearing commenced at
2 3:00 p.m.)

3 A.L.J. PRESTEMON: Good
4 afternoon folks. It's three o'clock. It's
5 the scheduled start time for this public
6 statement hearing. So to those few of you who
7 are here, welcome to the public statement
8 hearing in Public Service 13-G-0136. This
9 case concerns the rates charged by National
10 Fuel Gas Distribution Company for gas service.

11 My name is David Prestemon.
12 I'm an administrative law judge with the
13 Department of Public Service. I'll be
14 presiding in this hearing today.

15 The -- this case, as I say,
16 involves the rates of National Fuel Gas
17 Distribution Corporation. It was initiated by
18 the Commission as an investigation in April of
19 2013. After certain hearings, the parties to
20 the case began negotiations which eventually
21 resulted in a proposed settlement known in
22 Commission parlance as a joint proposal. That
23 joint proposal was signed by the Company,
24 National Fuel Gas, by the staff of the
25 Department of Public Service, by multiple

1 interveners, which is a party that represents
2 large industrial customers, by People United
3 for Sustainable Housing, Buffalo, by the
4 Utility Intervention Unit of the Department of
5 State, which is the -- a representative of
6 consumer interests.

7 And this joint proposal is
8 now pending before the Commission for its
9 consideration. The Commission can adopt it in
10 its entirety, it can modify it, or it can
11 reject it. The purpose of this public
12 statement hearing is solely to allow members
13 of the public who want to do so to give their
14 comments in person, orally, on the record of
15 the case. We have a reporter here who will be
16 taking down everything. This will be
17 transcribed verbatim and included in the
18 record of the case.

19 If you or anyone you know
20 wants to comment in this case, but you do --
21 do not want to speak here or someone could not
22 be here, there are a number of other ways to
23 provide your comments. You can do so on the
24 Commission's website, by email to the
25 secretary of the Commission, by mail, or by

1 phone. And if you see Scott out in the
2 library, he's got a handout which gives all
3 the information about how you can do that.

4 In addition, there will be
5 three more public statement hearings, one here
6 tonight beginning at six thirty, and then two
7 in Niagara Falls. So if you are interested in
8 speaking here, I would just ask that you fill
9 out a card with Scott, giving your name. And
10 we will call on people in their -- the order
11 that they hand in those cards.

12 I'm informed at this point
13 that no one has done that. So in about twenty
14 seconds, we will start sitting here and
15 waiting quietly for someone to speak. If you
16 have questions to pass the time, I might be
17 able to help with some of those. But as I
18 say, the main purpose is to get public
19 comments and right now we don't have anybody
20 interested in speaking.

21 We will hang around for a
22 while to see if anybody shows up late. It --
23 it is not necessary to be here in the
24 beginning of the hearing in order to speak.
25 We will wait for a while to see if somebody

1 gets here later. And again, as I say, we'll
2 be back here at six thirty for an entirely new
3 hearing.

4 (Off-the-record discussion)

5 A.L.J. PRESTEMON: All set.

6 MR. BURKE HUGHES: My name
7 is Richard Burke Hughes, R-I-C-H-A-R-D,
8 B-U-R-K-E, H-U-G-H-E-S.

9 A.L.J. PRESTEMON: Thank
10 you.

11 MR. BURKE HUGHES: At one
12 time, I worked for National Fuel back when it
13 was Iroquois Gas. I just -- I have some
14 things here I'd like to say. I see these
15 refunds and everything, we're talking about
16 quite a few million dollars here, twelve,
17 thirteen million dollars.

18 I don't know if the Public
19 Service Commission is aware, but at one time,
20 and I saw this with my own eyes, the National
21 Fuel had a woman who -- well, she was a
22 chronic alcoholic was what she was. At that
23 time, you could take, given enough years in
24 the company, a year off at full pay and
25 another year off at half pay. Okay? This

1 woman took a full year off at full pay and
2 then came back to work. And unfortunately,
3 her drinking was just as bad when she came
4 back as it was when she left. Okay?

5 Holidays, paid holidays,
6 well, everybody gets paid holidays. At the
7 gas company, you also got your birthday as a
8 paid holiday. As I said, your -- your sick
9 time built up over the years until you had a
10 full year and a half year. All right.

11 Bernie Kennedy, who was the
12 -- he started with Iroquois Gas in the land
13 department, moved up, right up through the
14 ranks until, on his retirement, I think he was
15 president and chief executive officer with
16 National Fuel Gas. Every year they have the
17 ten highest earners in Buffalo. And the
18 National Fuel Gas is always up there with a
19 million five, you know, up in that salary.
20 Who knows how much bonuses?

21 Now Bernie was a chairman --
22 president, chief executive officer pretty
23 close to twenty years. He retired, I think,
24 at seventy years of age. Okay? I don't
25 object to a man making a good living, but a

1 couple of years after Bernie retired, he was
2 still on the board of directors and lo and
3 behold, they offered him a buyout of his
4 pension. Twenty-five million dollars was the
5 buyout for his pension. Now the man's
6 seventy-four years old. He should already be
7 a multi-millionaire; right? Okay.

8 The gas company has had, for
9 years, all the local offices where the meter
10 readers work out of and they had a sales
11 floor. You had a salesman selling appliances;
12 right? My feeling is what you should pay when
13 you're paying a gas bill is you should be
14 paying for the gas you use, the means to get
15 it to you, the pipelines. I -- I don't see
16 where this sales floor and selling gas
17 appliances -- leave that to your Appliance
18 Store, people like that. Okay. I think you
19 could -- with the excesses, you could cut gas
20 bills in half.

21 And -- and when I say
22 excesses, I -- I think the rich are always
23 crying oh, you're nicking the rich. Well,
24 Paul Allen of Microsoft fame just took
25 delivery this year on a four hundred and forty

1 -- fourteen-foot yacht. His old yacht was for
2 sale, was three hundred and twelve feet, I
3 think, for a hundred and seventy million
4 dollars. Right? It doesn't sound to me like
5 you're abusing the rich. Bill Gates built a
6 home in Seattle, sixty million dollars. I
7 grant you he gave computers to libraries all
8 over the country, a generous man, but you
9 know, the excesses are with the rich.

10 And I just feel that not --
11 not just the gas company, the electric, these
12 employees make terrific money. They go to
13 work for these companies and they work right
14 through to retirement and beautiful retirement
15 plans, the whole nine yards.

16 I think when -- when I --
17 when I think back, I remember on one occasion
18 the Country Club of Buffalo, and I was reading
19 the meter. And the first month I read it I --
20 I knew something was wrong, but I couldn't,
21 you know -- and I was in a hurry because I had
22 a lot of work to do that day. So the second
23 month, I read it and I walked around the meter
24 and I'm looking what's wrong, what's wrong. I
25 looked at it again and I looked at it again.

1 Well, lo and behold, a
2 mistake was made when the meter was set, one
3 of these big block meters. And somebody had
4 failed to tell the -- or whether they didn't
5 have it on their paperwork or what, it was a
6 special dial meter, the difference being that
7 in a regular dial meter reads in hundreds of
8 cubic feet and then the special dial meter was
9 thousands of cubic feet. So this -- this
10 meter had only been in place for maybe a year
11 or so, but of course, instead of paying for
12 five thousand cubic feet, it should have been
13 fifty thousand cubic feet.

14 And so they -- they -- they
15 got together with them and figured out well,
16 they owed us twelve thousand dollars -- owed
17 National Fuel Gas twelve thousand dollars.
18 And they made arrangements that it would be
19 paid. And of course, from that point on, it
20 was -- so it's not all -- you know, what
21 you're paying for here is -- is the employees.
22 And -- and as I said, I'll pay for the guy
23 taking care of the pipelines, the gas comes --
24 the people that take care of the pipelines,

25

1 but all those extraneous stuff is just --
2 that's all. Thanks.

3 A.L.J. PRESTEMON: Thank
4 you, Mr. Hughes.

5 Do we have anyone else
6 interested in speaking right now? All right.
7 Then we'll wait around a little longer. If
8 you want to sit here and stare at me, I'm
9 here; that's fine, but there won't be much
10 going on for a while. Thanks.

11 (Off-the-record discussion)

12 THE HEARING OFFICER: We're
13 going to stand adjourned until the next one at
14 six thirty.

15 (The hearing adjourned at
16 4:00 p.m.)

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1 STATE OF NEW YORK

2 I, G. Michael France, do hereby certify that the
3 foregoing was reported by me, in the cause, at the
4 time and place, as stated in the caption hereto, at
5 Page 1 hereof; that the foregoing typewritten
6 transcription consisting of pages 1 through 10, is a
7 true record of all proceedings had at the hearing.

8 IN WITNESS WHEREOF, I have hereunto
9 subscribed my name, this the 3rd day of March, 2014.

10

11 G. Michael France, Reporter

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