Keystone Connection

Utility News in Pennsylvania

A Newsletter published by the Pennsylvania Public Utility Commission regarding utility news in the telecommunications, energy and water markets.

WINTER 2011

PUC Lays Groundwork for Implementing Electric Retail Competition Enhancements

Final Order on Default Service Plans for Period Beyond May 2013

On Dec. 15, the PUC adopted a final order setting forth guidance for electric distribution companies (EDCs) to follow in filing their default service plans for the period to commence on June 1, 2013. By this order, the PUC sought to ensure that the upcoming default service plans do not hinder the Commission's ability to implement changes stemming from the Retail Markets Investigation that was launched this past April.

After considering comments filed in response to a tentative order adopted on Oct. 14, the PUC concluded that the EDCs should file two-year default service plans and eliminate or limit the existence of supply contracts extending beyond the time period for the plans. The PUC also found that the EDCs should limit the proportion of long-term contracts that make up their energy portfolio by relying heavily on the already existing long-term contracts to satisfy compliance with the long-term contract mandate of the law. While concluding that EDCs should include retail opt-in auctions and customer referral programs in their default service plans, the Commission sought comments on the design and structure of these programs through a tentative order adopted on the same date, which is discussed below.

Tentative Orders on Retail Competition Enhancements

By tentative order also adopted on Dec. 15, the PUC outlined an intermediate work plan to address various other competition enhancements, some of which will be implemented during 2012. These measures include consumer education in the form of PUC and EDC mailings; the development of Frequently Asked Questions; inclusion of offers for small business consumers on PAPowerSwitch.com; and the use of scripts at EDC call centers to give new

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Connecting in Pennsylvania

Welcome to the 20th issue of *Keystone Connection*, a publication of the Pennsylvania Public Utility Commission (PUC) that gives a "snapshot" view of the utility markets under the jurisdiction of the Commission, and news on other consumer and PUC issues.

By using the Docket Number or links referenced in some articles, readers may search on the PUC's website to find additional information related to the articles.

The PUC balances the needs of consumers and utilities to ensure safe and reliable utility service at reasonable rates; protect the public interest; educate consumers to make independent and informed utility choices; further economic development; and foster new technologies and competitive markets in an environmentally sound manner.

On the Inside

Act 129 Update

Technical Reference Manual

On Sept. 22, the Commission adopted an order requesting comments on the proposed 2012 Technical Reference Manual (TRM). The TRM provides guidance to the electric distribution companies (EDCs) in evaluating their Act 129 Energy Efficiency & Conservation (EE&C) programs for energy and demand savings. The 2012 TRM included the following proposals: measures not included in previous versions of the TRM; clarification of existing calculation methods; improvement of the functionality and scope of the lighting inventory and motor and variable frequency drive inventory tools; and 11 new residential, and 17 new commercial and industrial measure protocols. The order also requested comments on bigger issues such as the continued use of 3.0 as the hours of usage value per day for compact fluorescent light bulbs (CFLs); the implementation of federal legislation and regulations as they relate to Act 129 programs; and the Technical Working Group's (TWG) review of the applicability of the California Appliance Recycling Program's regression model for determining the deemed savings of retired refrigerators.

Two substantial issues were raised for comment in this order. The first was the eligibility of fuel switching from non-electric fuel-based systems to electric-fuel based systems.

The second issue raised for comment was how to determine peak load reductions under Act 129. The demand response section addressed three topics: determination of the peak load reductions; determination of the 100 hours of highest peak load used to meet obligations; and determination of the average peak load during those 100 hours.

Notification of the 2012 TRM and order was published in the Pennsylvania Bulletin on Oct. 8, 2011. Initial comments were filed on Oct. 28, and reply comments were filed on Nov. 7. The final 2012 TRM and its associated order was approved at the public meeting of Dec. 15.

Smart Meter Plans

Act 129 of 2008 directed that electric distribution companies with more than 100,000 customers file smart meter technology procurement and installation plans with the PUC for approval. The Act defines smart meter technology as including meter technology capable of bi-directional communication that records electricity usage on at least an hourly basis, including related electric distribution system upgrades to enable the technology.

The Act further states that smart meter technology must provide customers with direct access to and use of price and consumption information, to include:

1. Direct information on their hourly consumption.
2. Enable time-of-use rates and real time programs.
3. Effectively support the automatic control of electricity consumption by the customer, the EDC or third party, at the customer's request.

The following is a summary of the EDC smart meter deployment as indicated in their respective plans:

Allegheny Power (M-2009-2123951) indicates that its infrastructure was operational in 2010. System-wide deployment of smart meters commenced in 2010 with completion in 2014.

Duquesne Light (M-2009-2123948) indicates that its infrastructure will be operational in 2012. System-wide deployment of smart meters will commence in 2012 with completion in 2018.

FirstEnergy Companies (M-2009-2123950) indicates that its infrastructure will be operational in 2016. System-wide deployment of smart meters will commence in 2016 with completion in 2022.

PPL Electric (M-2009-2123945) is conducting a series of pilot programs and technology evaluations. The pilots cover the following areas: in-home display; price and usage information evaluation; load control; 15-minute data interval; voltage monitoring; proactive outage detection; next generation technology; and remote disconnect/reconnect.

PECO Energy (M-2009-2123944) indicates that its infrastructure will be operational in 2012. System-wide deployment of smart meters will commence in 2012.

Eminent Domain Cases

On Oct. 11, PPL filed 10 applications to acquire a right-of-way and easement through its proposed exercise of the power of eminent domain for a proposed 69-kV transmission tie line and substation over and across the lands of several landowners. The applications are at the following Docket Nos.:

A-2011-2267426	A-2011-2267429
A-2011-2267416	A-2011-2267349
A-2011-2267418	A-2011-2267388
A-2011-2267446	A-2011-2267353
A-2011-2267352	A-2011-2267448

Retail Markets

Continued on Page 1.

or moving customers the opportunity to select an electric generation supplier (EGS). The tentative order also sets forth proposals the design and structure of retail opt-in auctions, such as customer eligibility, program length, timing of enrollments, participation caps, the product to be offered, and customers' options at the conclusion of the program. Similarly, on customer referral programs, the tentative order suggests that the standard offer be comprised of a percentage reduction from the applicable price to compare, along with other policy recommendations. Comments to the tentative order are due 30 days after its entry, with reply comments due 15 days thereafter.

By a separate tentative order adopted on Nov. 10, the PUC proposed interim guidelines aimed at accelerating the timeframe for switching a customer from the EDC to an EGS. Currently, it takes 16 to 45 days to switch customers. The delay is the result of the 10-day waiting period during which a customer can cancel an unauthorized switch. It also involves the PJM scheduling rules and the need to wait until the next meter read date, since EDC's existing systems are not able to make a mid-cycle switch.

As a first step in shortening the switching timeframe, the PUC proposed to eliminate the 10-day confirmation waiting period. The PUC also indicated that EGSs should send completed enrollment transactions to EDCs before the window closes. Further, the PUC suggested that EDCs, EGSs and the Commission should provide consumer education focused on switching timeframes to improve customer understanding of the process. Regarding the long term, the PUC proposed that supplier switching be fully integrated into smart meter deployment plans to facilitate switches between meter reads. Comments on this tentative order were due on Dec. 14, and it is expected that a final PUC order will be issued in early 2012.

En Banc Hearing

On Nov. 10, the Commission held an en banc hearing on electric shopping issues. The five Commissioners heard from public polling experts who indicated that a majority of Pennsylvania electric consumers know they can change their electric supplier; however, less than half have explored making a change. Poll results were presented by Terry Madonna, of Terry Madonna Opinion Research, and Alphabuyer – a group buying company that negotiates rates, options and terms on behalf of consumers. Results also were given from a Zogby poll and a presentation by pollster Dave Sackett of the Tarrance Group, a Washington, D.C.-based polling group.

"We continue to make progress with the retail markets, which we hope will result in one of the most competitive electricity markets in the country," said PUC Chairman Robert F. Powelson. "Through this investigation we will attempt to enhance consumer education so that all Pennsylvania electric customers are fully informed about switching suppliers."

The hearing also included panels addressing issues such as a statewide consumer-education campaign; accelerated switching timeframes; customer referral programs; a retail opt-in auction; and default service plans beyond June 2013. The panels included a mix of consumer advocates as well as utility and supplier representatives.

Panelists at the hearing noted that Pennsylvania is a leader for consumer education and for its electric shopping website, but that more needs to be done to inform the state's consumers about electric competition; to drive consumers to PAPowerSwitch.com; and to promote switching suppliers.

More information about the PUC's Retail Markets Investigation may be found on the PUC's website, under Electric/Investigation of PA's Retail Electricity Market or by searching using the Docket No. I-2011-2237952.

Management Efficiency Investigation of West Penn Power Company

According to a report on a Management Efficiency Investigation (MEI) of West Penn Power Company released by the PUC on Aug. 25, at Docket No. D-2010-2183001, West Penn could realize annual savings of up to $1.3 million by implementing the recommendations contained in the report.

The PUC Bureau of Audits' MEI examined West Penn's progress in implementing 14 of the 21 recommendations from a Focused Management and Operations Audit report released by the PUC in January 2008 and West Penn's emergency preparedness efforts. The auditors found that West Penn had effectively implemented 12 of the 14 prior recommendations reviewed and had taken some action on the two remaining recommendations. Some of the areas reviewed included service reliability, field operations' overtime levels, capital spending practices, collection practices, diversity report filings and affiliated transactions.

The MEI report included three follow-up recommendations for further improvement. Both the MEI report and the company's Implementation Plan, submitted in response, are available on the PUC website by searching under the Docket Number.

Special Electric Reliability Forum

On Oct. 12, the Public Utility Commission heard from the state's electric utilities whose distribution systems were affected by Hurricane Irene as part of a Special Electric Reliability Forum.

"This was a history-making storm with severe weather that lasted over several days," said Commission Chairman Robert F. Powelson. "It was important for the affected electric utilities and the PUC to come to the table and examine what went well as customer service was restored and what did not go well. We hope the information shared during this forum will allow us to provide additional direction to the utilities to ensure service is restored promptly and consumers are receiving useful information during outages."

The participating electric utilities all reported that Hurricane Irene was one of the worst storms to hit their service territories – both in numbers of customers who were without power as well as the duration of the storm and outages.

The presentations are available on the PUC website. The PUC's Emergency Preparedness Coordinator, Dan Searfoorce, summarized the events related to Hurricane Irene, the overall magnitude of the statewide outages and the role of the PUC as it related to these outages. Operational personnel from the following electric utilities also participated in the forum: the FirstEnergy Companies (Met-Ed and Penelec); PECO Energy; PPL Electric Utilities; UGI Utilities; and Pike County Light & Power.

In general, the participating electric utilities reported the following successes:

- Crews working in the field remained safe while working to restore power
- Pre-staging of additional line crews and pre-planning, including drills, allowed for more efficient responses
- Existing mutual aid agreements that allowed for cooperation from crews outside of the utility were valuable

In general, the participating electric utilities also reported the following lessons learned:

- Improvements are needed for phone systems handling customer phone calls
- A need exists for increased use of technology for customer notification such as email, mobile–friendly web access and social media
- Better weather forecasting is needed

Hurricane Irene hit the East Coast on Aug. 27, bringing with it high winds and heavy rain. At the height of the storm, about 768,000 customers were without power, while overall there were more than 1.3 million customer outages throughout the storm. Pennsylvania has about 5.6 million electric customers. Some customers remained without power for up to 10 days.

Utilities' Service Outage Response and Restoration Practices

On Sept. 23, the Commission entered an order approving a final rulemaking designed to improve utility responses to large-scale outages. The goal of the rulemaking is to have even more effective responses to unscheduled outages for electric, natural gas, water, wastewater and telephone utilities, and establish a uniform approach for reporting standards among industries in the event of utility service outages.

The Commission voted to amend existing regulations regarding service outages and reportable accidents. Commission Chairman Powelson and Vice Chairman John F. Coleman Jr. issued a joint statement:

"We urge all cities and municipalities to coordinate large-scale utility terminations with the PUC and PEMA through the State Emergency Operations Center. It is imperative that both residential and business customers receive adequate notice of such terminations; had such coordination taken place the Commission could have worked with the utilities to ensure this notice occurred. Additionally, the PUC and PEMA need such utility outage information for response and planning puposes."

The amendments to the regulations address:

- Accidents involving injury for the electric, natural gas, water and wastewater industries
- Service outages
- The ability to capture more reportable events, such as physical or cyber-security attacks
- Deadlines for reporting accidents
- The expansion of provisions regarding reporting service outages to include the number of customers interrupted during the event, the number of outage cases and trouble cases for each county affected, and the number of outages exceeding six hours in duration
- Reports to track the number of utility workers, contract and mutual aid workers assigned to repair work

On Nov. 17, the state's Independent Regulatory Review Commission approved the rulemaking.

Code of Conduct Rulemaking

On March 18, 2010, the Public Utility Commission (PUC) issued an Advance Notice of Proposed Rulemaking (ANOPR) seeking input from the regulated community, statutory advocates and interested parties on revisions to the Code of Conduct regulations applicable to electric distribution companies and electric generation suppliers engaged in the retail electricity market within the Commonwealth of Pennsylvania. Numerous parties provided comments in response to the ANOPR.

At the public meeting of Feb. 24, the PUC identified additional safeguards for a properly functioning competitive market to be included in this rulemaking. The additional safeguards, along with the received comments pursuant to the ANOPR, were taken into consideration in developing and drafting the regulation. The PUC issued the proposed regulation on Aug. 25.

The proposed revisions to the regulation are designed to foster the continued development of Pennsylvania's retail electricity competitive market. Specifically, the regulation accomplishes this goal by providing safeguards against cross subsidization between electric distribution companies and their affiliated electric generation suppliers; minimizing customer confusion resulting from the use of similar names, symbols and marks; and adding additional transparency to shared corporate services between the electric distribution companies and their affiliated electric generation suppliers.

The proposed regulations are currently undergoing review by the Office of Attorney General. Comments will be due 45 days after publication in the *Pennsylvania Bulletin*.

More information is available on the PUC's website by searching at Docket. No. L-2010-216094.

Commission Approves Revisions to Default Service Regulations and Policy Statement

The Commission approved changes to its electric default service regulations and policy statement governing electric default service at its public meeting of Sept. 22. The final rulemaking order, issued at Docket No. L-2009-2095604, represented the first major revision to the regulations since September 2007. These regulations govern how jurisdictional electric distribution companies (EDCs) conduct their default service plans, procurement mechanism, implementation plans and cost recovery.

The electric default service regulation order also responded to 16 policy questions posed by the Commission, which sought input from stakeholders on aspects of default service not readily susceptible to specific regulations. The default service policy statement provides additional guidance to EDCs regarding energy procurement, bid solicitation, default service cost elements, rate design, billing and other related practices.

The recently adopted changes were required by the passage of Act 129 that repealed the requirement for EDCs to serve non-shopping customers "at prevailing market prices" and declared that utilities' generation purchases must be designed to ensure adequate and reliable service "at the least cost over time." Moreover, such purchases must be in compliance with the new statutory obligation to provide adequate and reliable service to customers where the Default Service Plans have obtained a "prudent mix" of contracts that should consist of a combination of long-term, short-term and spot-market purchases.

The passage of Act 129 required a thorough review and revision of existing default service requirements. The Commission's proposed rulemaking order dated Jan. 19, 2010, attracted dozen of comments from interested stakeholders. The order and policy statement are still subject to final review by the Independent Regulatory Review Commission, the Office of Attorney General and several legislative committees. The final regulations and policy statement will become final upon publication in the *Pennsylvania Bulletin*.

Eligible Customer Lists

In a widely anticipated move, the Commission has revised its guidelines for the eligible customer lists (ECLs) that are maintained by electric distribution companies (EDCs) for use by electric generation suppliers (EGSs). Most notably, the Commission voted to allow customers to block the release of all their account information if they so choose (Docket No. M-2010-2183412.)

Reasonable access by EGSs to customer information held by EDCs is a vital component of implementation of the retail market as authorized by the legislature in the Electricity Generation Customer Choice and Competition Act. The ECL is a list of information relating to customer accounts, which EDCs periodically release to EGSs to assist in marketing efforts. EGSs, in turn, are obligated to honor the confidentiality of any customer information that they receive.

In November 2010, the Commission issued an order establishing the ECL and providing customers with the ability to restrict the release of certain information to EGSs. The order also gave persons who are victims of domestic violence, or who believe they are at risk of such abuse, the ability to prohibit the release of all of their customer account information. The Office of Consumer Advocate (OCA) and the Pennsylvania Coalition Against Domestic Violence (PCADV) appealed that decision. OCA and PCADV argued that the order violated customers' rights to privacy and that all customers should have the ability to restrict release of all their account information. PCADV further argued that by requiring victims of domestic abuse to identify themselves to block release of their customer information, the Commission was placing them at further risk of harm. These parties also objected to the use of an opt-out format whereby customers would inform EDCs of their decision with respect to the release of information by means of returning a post card or calling a toll-free telephone number. After Commonwealth Court granted a stay of the order, the Commission agreed to reconsider its decision and remand it back to the Commission.

After giving interested parties the opportunity to comment the Commission issued its order on Nov. 15. The Commission noted that the comments indicated that most parties – including EDCs, consumer representatives, EGSs and industrial customers – either favored allowing customers to restrict all account information or did not oppose it. Therefore, the Commission ruled that customers may restrict the release of all information.

The Commission additionally removed the customer telephone number from the ECL so that it would not be released to EGSs under any circumstances, stating that the benefits to suppliers are now outweighed by the privacy concerns and expectations of customers. Finally, the Commission agreed with EGS and EDC commenters that the use of the opt-out process has been working in Pennsylvania for years without any apparent detriment to customer privacy. Therefore, EDCs will be able to continue using this process as a means to communicate with customers.

Although the Commission's original order did not apply to PPL Electric Utilities Corporation and Duquesne Light Company, because they had been subject to earlier, company-specific orders, the Commission made it clear that the recent order would apply to those companies as well.

The Number of Electric Shoppers in Pennsylvania Double in 2011

The number of Pennsylvanians switching to a competitive electric supplier doubled in 2011. Through November, more than 1.4 million Pennsylvania homes and businesses – an all-time high – had switched to a competitive supplier for their electric generation.

At the beginning of 2011, rate caps on electric generation ended for five electric distribution companies in the Commonwealth, opening the door to new shopping opportunities for more than 60 percent of Pennsylvania's electric customers. As a result, Pennsylvania has seen a steady climb in the number of electric shoppers, increasing from 706,113 on Jan. 1 to 1,478,070 on Dec. 21.

Overall, 26 percent of Pennsylvania businesses and residents have chosen a competitive supplier for their electric generation, up 13.6 percent from the beginning of the year. During 2011, residential shopping in the Commonwealth surpassed the 1 million mark, increasing nearly 13 percent to 1,224,354, while the commercial and industrial rate classes continued to see gains in both the number of switching customers and the percentage of customer load now with competitive suppliers. More than 70 percent of large commercial and industrial customers, as well as one-third of the state's small commercial customers, now get their electric generation supply from a competitive supplier.

You can track the most up-to-date electric shopping data on www.PAPowerSwitch.com. Simply click on the "View Detailed Report" directly underneath the statewide total in orange at the top of the page. The report contains detailed information on shopping activity within each EDC service territory, and is updated and distributed each Wednesday.

The Commission is working to encourage more Pennsylvania electric customers to make the switch to a competitive supplier through its Retail Markets Investigation. (See Page 1 for more information.)

Weekly PAPowerSwitch Update

Pennsylvania Public Utility Commission

www.PAPowerSwitch.com

CUSTOMERS SWITCHING TO AN ELECTRIC GENERATION SUPPLIER

WEDNESDAY, DECEMBER 21, 2011

Electric Utility	Date Updated	Total Switching Customers			Residential Switching Customers			Commercial Switching Customers			Industrial Switching Customers		
		#	%	% of Load	#	%	% of Load	#	%	% of Load	#	%	% of Load
Duquesne	12/17/11	192,171	32.7	68.6	170,904	32.5	34.9	20,584	33.4	77.5	683	59.2	96.1
Met-Ed	12/21/11	49,094	8.9	44.5	32,771	6.7	2.2	15,611	23.9	44.9	712	80.3	90.6
PECO	12/20/11	397,679	25.0	56.0	325,204	23.0	24.0	69,745	43.0	60.0	2,730	87.0	95.0
Penelec	12/21/11	92,447	15.7	52.2	67,680	13.4	5.9	24,049	28.5	48.9	718	81.0	92.2
Penn Power	12/21/11	38,309	23.9	56.8	32,029	22.8	17.1	6,131	30.7	63.5	149	99.5	95.7
Pike County	11/9/11	3,190	69.0	53.0	2,571	70.0	74.0	616	64.0	44.0	3	43.0	43.0
PPL	12/10/11	588,725	42.0	71.4	498,707	40.7	41.9	87,078	50.3	85.3	2,940	66.9	97.5
UGI	12/15/11	499	0.8	16.2	2	0.0	0.0	435	5.3	30.0	62	32.5	76.0
West Penn Power	12/21/11	115,956	16.4	46.5	94,486	15.4	6.5	21,353	22.4	56.5	117	90.7	78.9
Statewide Total	**12/21/11**	**1,478,070**	**26.1 ***	**51.7****	**1,224,354**	**24.6**	**22.9****	**245,602**	**33.5**	**56.7 ****	**8,114**	**71.1**	**85.0 ****

* Percentage based on the total number of customers of regulated electric utilities in Pennsylvania as of 12/31/10. (4,970,057 Residential + 680,045 Commercial/Industrial = 5,650,102 Total Customers).

** Percentage represents megawatt hours currently delivered by alternative suppliers.

FERC Highlights

The Federal Energy Regulatory Commission (FERC) recently issued several important decisions.

DOE's Proposal to Conduct New Electric Congestion Transmission Study

In August, the Department of Energy (DOE) announced its plans to delegate to FERC the authority to conduct congestion studies and designate national interest electric transmission corridors (NIETC) for interstate transmission projects. Both of these functions were vested in DOE pursuant to the Energy Policy Act of 2005. On Sept. 9, the Pennsylvania PUC and numerous interested parties submitted comments to DOE. DOE and FERC have recently decided to step back from a wholesale delegation approach. In November, DOE published a notice in the Federal Register seeking comments in preparation for a new NIETC study. DOE hosted four workshops for interested parties in early December. Written comments are due Jan. 31, 2012.

FERC NOPR on Enhancement of Electricity Market Surveillance and Analysis (RM11-17-000)

On Oct. 20, FERC proposed to revise its regulations to require regional transmission organizations (RTOs) and independent system operators (ISOs) to electronically deliver to FERC market data. The market data is related to physical and virtual offers and bids, market awards, financial transmission rights, and other data that would enhance FERC's efforts to detect anti-competitive and manipulative behavior. Comments are due at the end of December.

FERC Order on Smart Grid Interoperability Standards (RM11-2-000)

The Energy Independence and Security Act of 2007 tasked FERC with adopting standards and protocols that ensure smart grid functionality and interoperability in interstate transmission of electric power once it is satisfied that the National Institute of Standards and Technology (NIST) has reached consensus on the aforementioned standards. Upon review, FERC concluded that sufficient consensus has not been reached and declined to institute a rulemaking proceeding. Instead, FERC encouraged stakeholders to participate actively in the NIST interoperability process.

PUC Proposes Rules Governing Marketing and Sales Practices in the Retail Energy Market

The PUC adopted a proposed rulemaking order on Feb. 10 that set forth rules on marketing strategies and sales techniques for electric generation suppliers (EGSs) and natural gas suppliers (NGSs) to ensure fairness and integrity in the competitive market and eliminate confusion on behalf of consumers. The proposed regulations were published in the *Pennsylvania Bulletin* on Oct. 22, seeking comments by Dec. 21.

With more EGSs and NGSs entering the Commonwealth's retail energy market, customers are being exposed to unfamiliar marketing strategies and sales techniques, including direct mailings and door-to-door marketing. Pending adoption of final regulations, the PUC emphasized that suppliers should conduct themselves in compliance with interim guidelines adopted in November 2010 so that their sales and marketing activities do not call into question the fairness and integrity of the competitive market.

The proposed regulations cover a wide range of topics applicable to direct (door-to-door) marketing, telemarketing and sales for the retail residential market, including various provisions regarding agent qualifications, training and identification. In addition, the proposed regulations contain several consumer protections aimed at ensuring adequate and accurate disclosure, and preventing unauthorized switches.

For more details, the proposed rulemaking can be found in the *Pennsylvania Bulletin* at Docket No. L-2010-2208332.

Kosovo Delgation Visits the PUC

On Oct. 31 and Nov. 1, a delegation from the Energy Regulatory Office in Kosovo visited the PUC to learn more about energy and capacity markets, consumer complaint handling, mediation and the hearing process, quality of service standards, and vulnerable customers. About 15 PUC staffers and a representative of the Office of Consumer Advocate participated in the sessions. The delegation also toured the Capitol and was introduced on the House Floor. One delegation member returned to the PUC for an internship during the week of Nov. 7, for a variety of activities, including ability-to-pay hearings, public meeting, the annual reliability meeting and the en banc hearing on the Retail Markets Investigation.

Electric Supplier Licensing

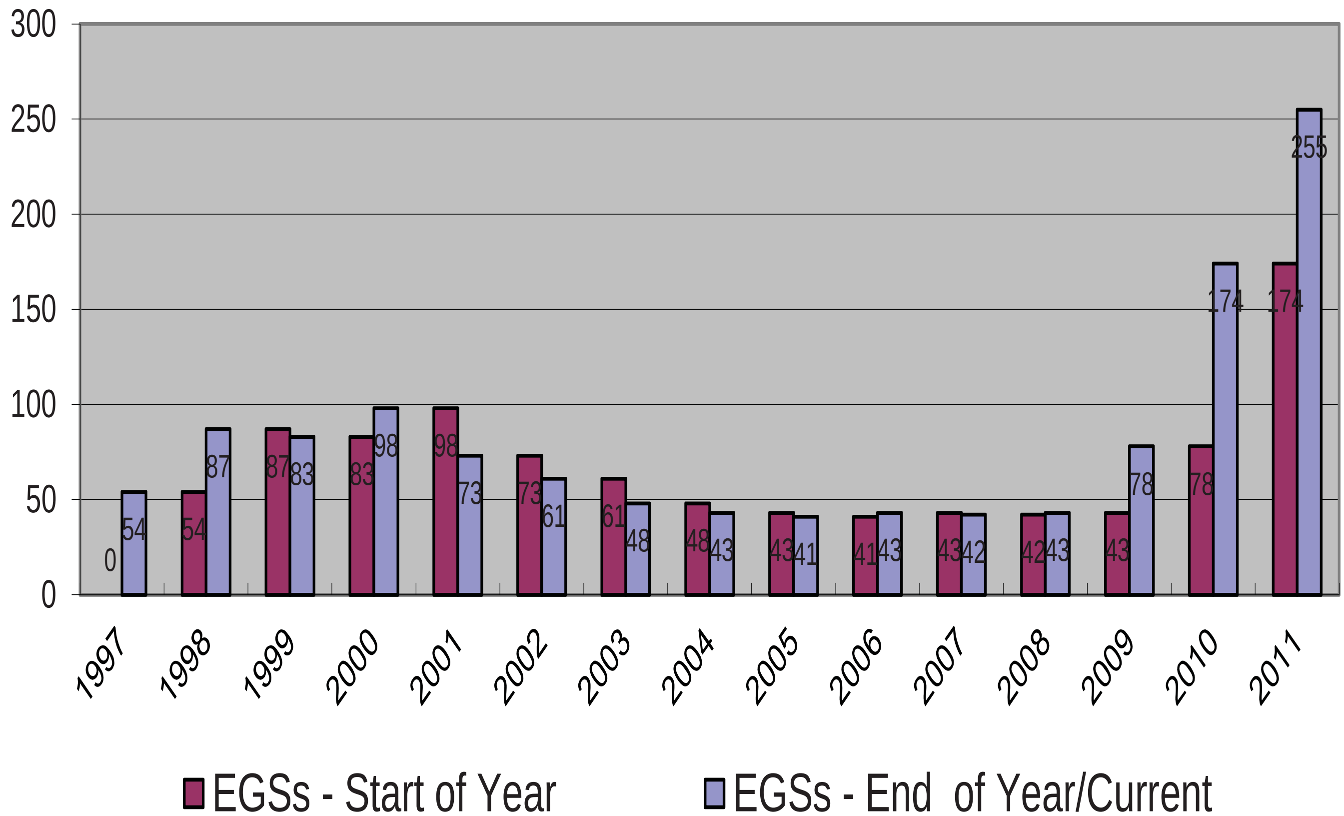
Activity from Aug. 13, 2011, to Nov. 30, 2011

255 Active Licenses

0 Licenses Cancelled

15 Licenses Approved

9 Applications Pending



Water and Wastewater Company Rate Increases

Rate Increases Approved
July 15, 2011, through November 30, 2011

Utility Name	Amount($) Requested	Amount($) Granted	% of Increase	Action	Action Date
Corner Water Supply & Service Corporation	38,719			Investigation	7/28/11
CAN DO - Water Division	266,344			Investigation	7/28/11
CAN DO - Wastewater Division	437,564			Investigation	7/28/11
Twin Lakes Utilities Inc.	124,420			Investigation	7/28/11
Tri-Valley Water Supply Inc.	54,430	24,000	19.50	Settlement	7/21/11
CMV Sewage Company Inc.	270,532	2,000	1.26	Settlement	8/11/11
Wonderview Sanitary Facilities	23,065			Investigation	9/22/11
Newtown Artesian Water Company	999,839	350,000	6.30	Settlement	10/14/11
United Water Pennsylvania Inc.	2,823,179	1,450,000	4.40	Settlement	10/28/11
Penn Estates Utilities Inc. - Water Division	157,511			Investigation	11/10/11
Pennsylvania-American Water Company	70,676,379	36,000,000	7.00	Settlement	11/10/11

Management Audit of The Columbia Water Company

The PUC released a Focused Management and Operations Audit (MA) report of The Columbia Water Company on Sept. 22, at Docket No. D- 2011-2218445. The MA was conducted by the PUC's Bureau of Audits staff.

The Audit staff's MA report contained seven recommendations for improvement. In its Implementation Plan, submitted in response to the MA, Columbia Water indicated that it accepted six recommendations and partially accepted the other recommendation. Some of the recommendations included in the MA report related to: reducing its billing lag; identifying critical valves within the distribution system; establishing valve inspections goals; and updating its emergency response plan.

Both the Audit Staff's MA report and the company's implementation plan, submitted in response, are available on the PUC website at Docket No. D-2011-2218445.

Water and Wastewater Company Applications

Applications Approved
July 15, 2011, through Nov. 30, 2011

Utility Name	Action	Territory	Action Date
Exit II & SYC - Wastewater Division	Transfer by Merger	Springfield & Shrewsbury Township, York County	7/28/11
Pennsylvania-American Water Company	Additional Territory	Newberry Township, York County	8/11/11
High Meadows Mobile Home Park (Wastewater)	Additional Territory	Allegheny Township, Westmoreland County	8/11/11
Aqua Pennsylvania Inc./Sands Springs Water Company	Acquisition Application	Butler Township, Luzerne County	8/25/11
Hopkins & Reedy Water Company	Decertification/Abandonment	Summit Station, Schuylkill County	9/12/11
York Water Company	Municipal Contract/Abandonment	Oxford Township, Adams County	9/22/11
CAN DO Inc. - Water Division	Additional Territory	Butler Township, Luzerne County	10/14/11
Pennsylvania-American Water Co/Wild Cat Park Corporation	Acquisition/Abandonment	Walker Township, Schuylkill County	10/28/11

Pennsylvania American Water Company's Base Rate Case

On April 29, Pennsylvania American Water Company (PAWC) requested a $70,676,379 increase in additional annual revenues. From July 22 through Aug. 10, the PUC held eight public input hearings throughout Pennsylvania. On Oct. 6, a joint petition for settlement was filed with the Commission. The settlement provided for a $36 million increase to additional annual operating revenues. Further, PAWC agreed not to file for another general water rate increase prior to April 29, 2013.

The PUC ALJs issued a recommended decision in which they recommend that the Commission adopt the parties' joint petition for settlement. The Commission issued a final order on Nov. 10, approving the settlement.

More information about this case can be found at Docket No. R-2011-2232243.

United Water Pennsylvania's Rate Increase

On May 9, United Water Pennsylvania Inc. filed a proposed rate increase request which would increase total annual revenues by $2,823,179 (8.6 percent) to become effective July 8, 2011. The Office of Consumer Advocate and the Office of Small Business Advocate filed formal complaints protesting this proposed rate increase. On June 30, this filing was suspended for investigation. At the public meeting on Oct. 28, the Commission approved a Joint Petition for Settlement, which became effective the same day.

Under the terms of this settlement, United was permitted to increase rates to produce an additional $1,450,000 (4.4 percent) annually. This rate increase will increase the annual bill for a residential customer using 48,000 gallons from approximately $402 to $416, or 3.5 percent.

PaWARN Goes Above and Beyond During Major Storms

A minor earthquake and two major storms kept PaWARN busy during late August and the month of September as high winds and floodwaters wreaked havoc on Central and Eastern Pennsylvania. PaWARN is Pennsylvania's Water/Wastewater Agency Response Network that locates emergency resources and personnel during a crisis situation. The PUC is an associate member and sits on the quarterly board meetings.

On Aug. 23, a 5.8 magnitude earthquake that originated in Central Virginia was felt throughout much of Pennsylvania. PaWARN was activated and immediately surveyed its membership for damage assessments. Fortunately, only a few systems sustained minor damage from the earthquake, and no resources were requested. However, the earthquake served as an omen of what was to come as two major storms would soon pound central and eastern portions of Pennsylvania, resulting in more than 25 emergency requests for assistance through the PaWARN network.

"PaWARN and its member utilities went above and beyond to help communities affected by hurricanes Irene and Lee," said Dan Searfoorce, PUC Emergency Preparedness Coordinator. "WARN members provided potable water tankers, and specialized water and wastewater system equipment to communities and systems throughout the affected areas. This assistance freed state and county resources to concentrate on other recovery and life-safety issues."

For more information on PaWARN, check out their website at www.pawarn.org.

Swatara Township Authority in Dauphin County was completely under water.

Derry Township Municipal Authority, in Dauphin County, submerged by floodwaters.

Pennsylvania American Water personnel go airborne to restart pumps at the Swatara Raw Water Pump Station (Dauphin County) during Tropical Storm Lee.

High-Tech Track Inspections

On a daily basis, the PUC Track Inspectors are walking or riding on railroad tracks in the Commonwealth with their level boards, track gauges and tape measures. They are inspecting for rail structural deficiencies and irregular track geometry to reduce the risk of derailments. One tool at their disposal is the Track Geometry Car. This car is part of the Federal Railroad Administration's (FRA) Automated Track Inspection Program (ATIP). ATIP utilizes state-of-the-art inspection cars with measurement systems that produce a load on the track and accurately (within .1 inch) records gauge, alignment and track surface, and calculates the maximum speed of the trains on curves. Through the use of advanced electronic sensing and data processing, the vehicle is able to collect track geometry data while traveling at speeds up to 110 mph. The data is compiled on reports which indicate the track deficiencies and locations by GPS; the PUC inspectors' field investigations verify the results of the Geometry Car inspection.

The Geometry Cars are used in Pennsylvania, because of the passenger high-speed lines, large number of track miles with heavy tonnage, high hazardous material volume, and high mileage of the Department of Defense Strategic Corridor rail routes.

Rail inspections, performed by visual means can only detect external defects, excessive wear and subtle signs of large internal problems. Steel rails are vastly superior to that of years ago in both strength and wear qualities, however, defects still occur. There is technology available to X-ray the rails, looking for internal defects that may fail under a train. Ultrasonic and electromagnetic technology instruments are installed on inspection vehicles that traverse the track at speeds up to 15 mph, testing the rail for various failures. The FRA has established regulations requiring the use of this rail flaw detection technology on certain high-density and passenger lines. The PUC inspectors ensure that the railroads in Pennsylvania are in compliance with this regulation.

The Geometry Car and the Rail Flaw Detection Car are used throughout the rail network in Pennsylvania. These cars have proven to be a tremendous benefit to the rail industry, customers and public safety. With the utilization of ever-evolving technology and training, the safety record of rail transportation will continue to improve.

The Geometry Car is able to collect track geometry data while traveling at speeds up to 110 mph.

Scranton District Enforcement Officer Selected to Coordinate the Federal New Entrant Audit Program

On Oct. 3, Enforcement Officer Phillip Jones of the Scranton District was promoted to New Entrant Coordinator. The New Entrant Safety Audit program is funded by the Federal Motor Carrier Safety Administration (FMCSA) and was developed to educate new carriers beginning interstate operation. Among other duties, the PUC's New Entrant Officers must review new carriers' record-keeping methods, drug and alcohol testing programs, and vehicle maintenance programs to ensure compliance with federal safety regulations. The primary goal of the program is to develop a strong safety management program, which will lead to safer operations on the highways.

Officer Jones, who resides in Honesdale with his wife, Tessa, and his two children, Kaeleb and Haylei, will be responsible for managing the current caseload of more than 2,000 audits, and overseeing the 18 Enforcement Officers who are trained and certified to participate in the program. Officer Jones' objectives include preparing an internal policies and procedures manual to promote uniformity among districts and conducting educational training to advance the program.

Enforcement Officers Work to Ensure the Safety of Motor Coach Passengers

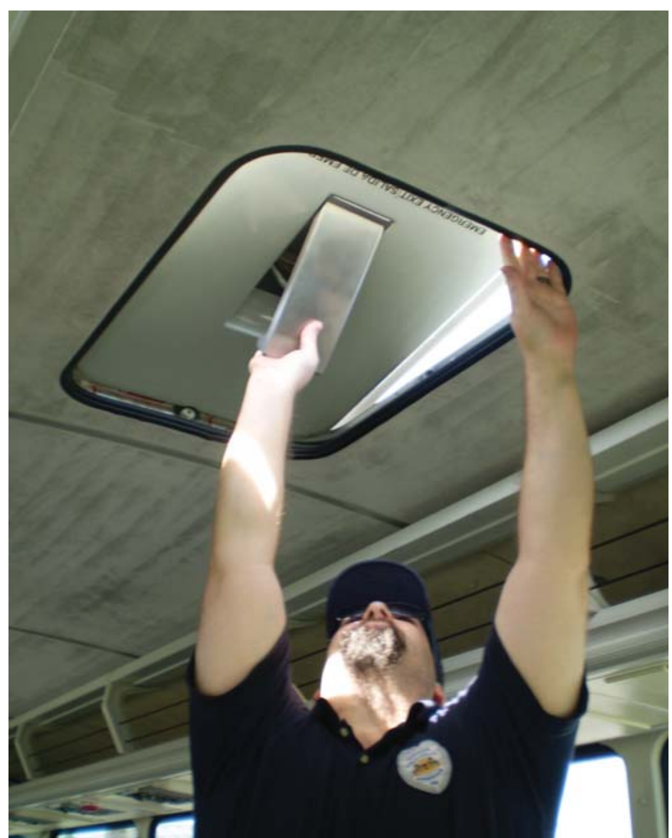
Each District Office within the Motor Carrier Division of the Bureau of Investigation and Enforcement is dedicating at least two days per month to conduct motor coach inspections. The Commission's trained and certified Enforcement Officers work in teams of four or more, and they often collaborate with the Pennsylvania State Police and local police departments to meet a shared goal of ensuring safety for passengers of motor coaches. Every district office maintains a mobile utility trailer, equipped with ramps and other inspection tools that is transported to inspection sites, which include terminals, and destination spots, such as sporting events and fairs.

During inspections, motor coaches are positioned over pits or on ramps to allow officers adequate access to under-vehicle components. Officers examine the vehicles' parts and accessories, as well as drivers' qualifications, such as physical examination cards, logs that record driving time, and controlled substance testing. Overall, the inspections determine whether a vehicle is safe to operate according to the Federal Motor Carrier Safety Regulations (FMCSR) as adopted by the Pennsylvania Department of Transportation and the Commission.

Violations discovered during inspections can result in a range of penalties, including warnings, traffic citations, Commission-generated complaints, and cancellation of operating authority. If officers determine that a vehicle is in an unsafe condition, the vehicle's owner must arrange for complete repairs before it can resume operating, and Enforcement Officers ensure that repair services and alternative bus or coach services are available at every destination inspection for passengers' convenience. Passengers are advised to direct safety-related complaints to the Bureau District Office that serves their county.

A PUC Officer inspects of the undercarriage of a coach.

Motor Carrier Enforcement Officers check the driver's paperwork for compliance.



Safety inspections also are done in the interior of buses.

Price Cap Filings

To date, 23 incumbent local exchange carriers (ILECs) adopted price caps using the gross domestic product price index (GDP-PI) outlined in Act 183 of 2004 as the inflation factor under the alternative regulation portion of their Chapter 30 Plans. As a result, the carriers file their annual price stability mechanism index either accompanied by tariffed rate changes and/or banked revenue increases/decreases.

Through past settlements reached with the state's Office of Consumer Advocate, most of the ILECs are required to implement banked revenue changes in actual rates within four years or forego the revenue. Verizon PA, Verizon North and CenturyLink are required to immediately implement any rate decrease of more than $500,000. In 2011, companies with price cap mechanisms were authorized a total of $5.342 million under their respective 2011 price cap filings. Of this, a total of $242,500 was implemented into rate increases and $2.384 million was banked for future use. The remaining $2.715 million was netted against mandated rate decreases or forgone due to settlement agreements.

Commission Requests Proposals for an Administrator of the State Universal Service Fund

On Sept. 19, the Commission issued a Request for Proposals (RFP) to hire a Universal Service Fund Administrator (USF Administrator) for the next contract period. The RFP can be found from the PUC's home page/Request for Proposal. The term of the contract will be from the effective date of the contract (anticipated to start in 2012) through Dec. 31, 2015, with one optional year (at Commission's option) through Dec. 31, 2016.

The USF Administrator serves as a third-party administrator of the Pennsylvania Universal Service Fund. The USF Administrator functions as the "financial hub" of the fund and collects contributions to the fund from more than 300 companies, including 33 incumbent local exchange carriers (ILECs), intrastate toll services companies (IXCs) and competitive local exchange carriers (CLECs). The USF Administrator manages these funds and disburses payments to 33 small rural telephone carriers. The role of the USF Administrator is described under Commission Regulations at 52 Pa.Code § 63.167.

The Commission received two proposals. A multi-bureau technical evaluation committee reviewed the two proposals and made a recommendation to the Commissioners. The Commissioners will make the final selection, which will be approved at an upcoming public meeting. Once the Commissioners announce their selection, the PUC will enter into final contract negotiations with the selected administrator.

Updates for 570, 717 and 814 Area Codes

The telecommunications industry filed petitions with the Commission requesting relief for three of the Commonwealth's area codes. New area codes are needed when existing area codes exhaust their supply of "NXX" codes (which is the second set of three digits in a 10-digit telephone number, NPA-NXX-XXXX). When the forecasted exhaust date for an area code is set to occur within 36 months, industry numbering guidelines require the preparation of relief options and an industry consensus regarding the form of relief.

For the 570 area code, a decision was reached in 2010 to implement an overlay when the existing reserve of telephone numbers reaches a critical stage. Area code 272 will be added, meaning consumers will need to dial 10 digits (area code plus seven digit telephone number) for all calls after the implementation of the new area code. Consumers will be given plenty of advance notice before the new dialing requirements are enacted.

The 717 area code was originally projected to run out of telephone numbers in 2012. However, efficient use of numbering resources due in large part to the diligent efforts of the PUC and others to conserve numbers, have moved the exhaust date to late 2016. Adequate resources currently exist for carriers to receive numbers in a timely fashion and, therefore, the Commission dismissed the industry filing on Dec. 1.

The 814 area code remains under the Commission's watchful eye. In 2010, the PUC approved a plan to split the 814 area code along geographic boundaries to avoid running out of phone numbers, creating a new area code for customers in portions of northwestern Pennsylvania. The Commission has reopened the record and is currently reviewing more than 40 petitions for reconsideration, and testimony received during additional technical conferences and public input hearings. Relief alternatives include an overlay of a new area code and various geographic splits of the existing area code running east to west, north to south, or northeast to southeast. Present forecasts indicate there are enough numbers to last through March 2016.

FCC Highlights

The Federal Communications Commission (FCC) recently issued several important decisions.

The Vaya Petition, Docket No. 01-92.

Vaya Communications filed a Petition with the FCC in this docket asking the FCC to prohibit any Local Exchange Carrier (LEC) from collecting intrastate access charges from another LEC for Voice over Internet Protocol (VoIP) communications. Vaya asked the FCC to declare that a LEC only has to pay another LEC interconnection at the lowest intrastate rate for all intrastate communications. Otherwise, Vaya may have to pay a LEC intrastate access rates for in-state long-distance VoIP calls and intrastate reciprocal compensation rates for in-state local calls. The Commission filed in opposition to that request based on state law, which requires the Commission to ensure that carriers in Pennsylvania receive compensation for switched network access rates or other compensation for VoIP traffic. The PUC expressed concern that a decision in favor of Vaya could effectively preempt state law.

The TW Telecom Petition, Docket No. 11-119.

The TW Telecom petition asks the FCC to expressly declare that Internet Protocol-to-Internet Protocol interconnection (IP to IP interconnection) is a telecommunications service with interconnection rights under state and federal law. The petitioner asks for that declaration because of the legal uncertainty of whether IP interconnection and services are "telecommunications" or "information service" under federal law. If IP interconnection is "telecommunications, the states and the FCC would have joint jurisdiction, and state commissions could mediate any disputes between carriers about IP interconnection. If IP interconnection is an "information service," the FCC would have jurisdiction and the states would have little, if any, role. The Commission submitted a filing noting that classifying IP interconnection as telecommunications was attractive because it preserves a larger state role. That approach would also avoid the impractical effect of shifting interconnection disputes in the states to the FCC. At Paragraph 1336 of the Connect America Fund (CAF) order, the FCC noted the matter and determined that all carriers had an obligation to negotiate interconnection in good faith. The FCC also sought more input on how the FCC can best implement that statutory mandate under federal law given the movement to IP networks. The Commission will examine the matter further in light of the CAF order.

The Vonage Petition for A Limited Waiver, Docket No. 99-200.

Vonage submitted a petition for a limited waiver of the FCC's rules, at Section 52.15(g)(2)(i), which require an entity seeking telephone numbers to demonstrate evidence that they are providing service in a given area. Vonage claimed that waiver of that rule was appropriate because the FCC had already granted a similar waiver for Southwest Bell Communications (SBC) in February 2005 in the same docket. Otherwise, Vonage would not have direct access to telephone numbers and would have to continue to get them from a wholesale telecommunications provider. The PUC submitted a filing noting that several similar petitions have been pending for some time. The PUC also stated that by granting the waiver it could make it harder for states to ensure that retail sellers, like Vonage, are complying with the rules the FCC and states enforce to make sure that scarce telephone numbers are being efficiently distributed. Otherwise, numbers could be used inefficiently and trigger more problems with area code changes. The Commission noted that the problem with direct access to numbers was self-created. Vonage has asked, and the FCC had granted, a preemption that prohibits the state commissions from requiring Vonage to get the state certification that other carriers must get in order to have direct access to numbers. The matter is under consideration at the FCC.

Connect America Fund Order

The Federal Communications Commission (FCC) recently issued a comprehensive proposal to reform universal service, intercarrier compensation, broadband deployment and services, and FCC support for those services in a decision issuing in the ongoing Connect America Fund proceeding (CAF order). The FCC issued the CAF order on Nov. 18, and published it in the *Federal Register* on Nov. 29. The CAF order is a complex and comprehensive proposal to restructure the telecommunications marketplace for local and long-distance calling throughout the country. Parts of the CAF order are effective on Dec. 29, although other parts of the order will be the subject of more analysis or become effective at a later date. The Commission is evaluating this complex decision to determine the impact to Pennsylvania markets, providers, consumers and our laws. As part of this process, the Commission filed a Petition for Review in the Third Circuit as a placeholder filing in order to ensure that the Commission has legal standing to challenge any part of the CAF order that would appear to be detrimental to Pennsylvania.

The CAF Order and Universal Service

Universal Service is the term used for the FCC's efforts to provide federal universal service fund (FUSF) support to carriers so that reasonable local rates can be maintained in high-cost areas, typically rural areas. The FUSF is supported by an assessment on carriers' interstate calling revenues. Those revenues have declined due to technological changes even as the FUSF support distributions have increased.

The four parts of the FUSF are High-Cost, Schools and Libraries, Rural Health and Low Income. Pennsylvania pays about $158 million (as of 2009) more into the FUSF than it receives, although some rural carriers do receive more in support than they pay. The CAF order is focused on the High-Cost part of the fund that supports service in areas where telephone service would otherwise be more expensive. The CAF order also determined that support for broadband deployment and service should be a feature of a reformed FUSF.

The CAF order's focus on the High-Cost part contains several important determinations. The FCC plans to consolidate the multiple forms of support in the current fund and refocus that support into one fund to support broadband deployment and services. The CAF order also includes broadband within the category of services that will be supported by the FUSF. Previously, the FUSF was focused exclusively on voice service. As part of this reform, the CAF order contains provisions that will give carriers receiving federal support the "right of first refusal" allowing them to decide if they want to make commitments to broadband deployment obligations as a condition to receiving federal support. Alternatively, the CAF order plans to use a "reverse auction" approach to determine the support needed in those areas where carriers will not or cannot deploy broadband.

Intercarrier Compensation

Intercarrier Compensation is the term used for the payments that telephone companies and their competitors pay each other to use the other's networks. The three forms of compensation are interstate access rates (for interstate long-distance calls); intrastate access rates (for in-state long-distance calls); reciprocal compensation (for in-state local calls); and bill and keep compensation (each carrier pays its costs for call completion). Currently, reciprocal compensation is the lowest rate, interstate access rates are next, and intrastate access rates are the highest.

The FCC's CAF order would transition all intrastate and interstate intercarrier compensation for the exchange of traffic to a "bill and keep" regime (zero "0" switched access rates). The FCC approach impacts the PUC's jurisdiction to set intrastate wholesale intercarrier compensation rates and manage related impacts on retail telecom. service rates. The FCC order also impacts certain applicable provisions of Pennsylvania law, e.g., Chapter 30. The PUC continues to evaluate the FCC order impacts on both regulated carriers and end-user consumers in Pennsylvania.

On Dec. 5, the PUC's Law Bureau filed an appeal against the FCC order in the U.S. Court of Appeals for the Third Circuit in Philadelphia. Other federal appeals have been filed by the Public Utilities Commission of Ohio, the Vermont Public Service Board, the National Association of Utility Consumer Advocates, and other interested parties. These appeals are being consolidated for hearing by the U.S. Court of Appeals for the 10th Circuit, Denver, Colorado. The Commission is also evaluating the first series of intrastate tariff filings that purport to implement certain provisions of the FCC order.

Commission Issues Monthly Gas Switching Chart

In October, the Commission officially released the first monthly Natural Gas Switching Chart similar to the weekly chart that is posted on the www.PAPowerSwitch.com website to track electric switching. The chart is made public on the PUC website each month and was designed with the assistance of the Energy Association of Pennsylvania, the Commission's Bureau of Technical Utility Services and the Office of Communications. The chart can be found on the PUC's website under Natural Gas/Natural Gas Shopping.

Monthly PA Gas Switch Update

CUSTOMERS SWITCHING TO A NATURAL GAS SUPPLIER

DECEMBER 2011***

Natural Gas Utility	Total Switching Customers			Residential Switching Customers			Commercial Switching Customers			Industrial Switching Customers		
	#	%	% of Load	#	%	% of Load	#	%	% of Load	#	%	% of Load
Columbia Gas of PA	110,750	26.8	78.9	100,686	27.0	29.3	9,853	25.3	59.9	211	42.8	99.4
Equitable Gas	18,197	7.0	74.0	15,067	6.0	7.0	3,038	17.0	77.0	92	67.0	100
National Fuel Gas	19,373	9.2	74.9	15,118	7.7	9.7	3,873	25.8	73.2	382	65.4	99.0
PECO	20,669	4.2	62.8	13,648	3.0	3.0	6,159	15.1	30.4	862	100	100
Peoples Natural Gas	91,966	26.0	80.0	84,208	26.0	26.0	7,609	27.0	71.0	149	82.0	100
Philadelphia Gas Works	2,464	.5	58.5	0	0	0	2,339	8.9	52.5	125	16.8	97.8
Peoples TWP	58	0	81.0	0	0	0	42	1.0	36.0	16	94.0	95.0
UGI	21,133	6.5	90.5	13,130	4.3	4.6	8,280	24.8	76.2	723	52.3	99.8
UGI Central Penn Gas	1,416	1.9	82.2	0	0	0	1,251	12.4	69.3	165	52.9	98.4
UGI Penn Natural Gas	3,936	2.5	80.1	482	.3	.5	3,305	21.2	70.3	149	66.8	99.5
Valley Energy	39	.7	86.0	0	0	0	19	2.5	8.9	20	69.0	93.2
Statewide Total	**290,001**	**10.1***	**77.1****	**242,339**	**9.2**	**7.3**	**45,768**	**19.8**	**56.8**	**2,894**	**58.3**	**98.4**

(2,624,405 Residential + 230,412 Commercial + 4,965 Industrial = 2,859,782 Total Customers)

* Percentage based on the total number of customers of natural gas distribution utilities subject to Chapter 22, Natural Gas Competition, of the Public Utility Code, 66 Pa. C.S. §§2201 — 2212.

** Percentage represents alternative supplier load (volume of gas in MCF) billed during the reporting month, compared to the total load of the gas company.

*** In order to include information regarding the number of customers who have switched during the reporting month together with the percentage of load (volume of gas in Mcf) delivered by alternative suppliers, it is necessary to compile actual usage information based on monthly customer meter readings and billing processes. Complete usage data is not immediately available with the settlement process ranging from 30 to 60 days.

PENNSYLVANIA PUC PUBLIC UTILITY COMMISSION

Commission to Utilities: Prepare Now

As the winter months and heating bills quickly approach, the PUC reminded electric and natural gas utilities to take extra steps to help consumers, especially those on limited and fixed incomes, "Prepare Now" for heating costs.

In November, all five PUC Commissioners signed a letter that was sent to electric and natural gas utilities under the PUC's jurisdiction asking the utilities to join the PUC in reaching out and educating consumers, especially those on limited and fixed incomes. The letter contained specific suggestions as to how the utilities can help. The utilities are asked to inform the PUC of any of the suggested actions they implement.

"Winter months and winter heating bills are quickly approaching," the letter said. "As a result of the nation's economic status, many families are finding themselves in difficult financial positions and struggling as they face the routine costs of winter energy bills."

The Commission's focus for the ninth year of its "Prepare Now" outreach campaign is increasing consumer awareness on rising energy prices; exploring ways to reduce energy usage; educating consumers about the availability of low-income programs; and increasing awareness for safe home heating.

PUC Permits Laser Northeast Gathering Company to Withdraw its Application

At the Nov. 10 public meeting, the Commission granted Laser Northeast Gathering Company LLC's request to withdraw its application for a certificate of public convenience to operate as a public utility in Pennsylvania. The Commission also decided that it will not rescind its prior orders in this proceeding.

This proceeding began in January 2010, when Laser filed an application for a certificate of public convenience authorizing it as a public utility to provide natural gas gathering service by pipeline in certain townships of Susquehanna County, Pennsylvania. A PUC administrative law judge's (ALJ's) recommended decision denied the application and rejected a non-unanimous settlement filed by Laser and other parties.

Various parties filed exceptions to the recommended decision, and, in June 2011, the Commission entered an order determining that Laser met the threshold standard regarding whether its service constituted "public utility" service and remanded the proceedings to the ALJ to determine whether granting a certificate of public convenience is "necessary or proper for the service, accommodation, convenience or safety of the public" and for further development of the record to address certain questions. Various parties filed petitions for reconsideration and appeals of the Commission's June 2011 remand order.

In an order entered in August, the Commission denied the reconsideration petitions and, in addition, provided clarification regarding the factors and characteristics of the type of entities which the Commission will not consider to be public utilities. The Commission indicated that "it is not the intent of the Commission to seek to exert jurisdiction over entities that provide services similar to Laser but do not fall under the definition of public utility service, which definition includes holding oneself out as being willing to serve the public."

Various appeals of the Commission's June 2011 order and August 2011 order remain pending before the Commonwealth Court.

Two additional companies also filed applications for a certificate of public convenience. On Dec. 5, Pentex Pipeline Company filed a petition to withdraw their application with the Commission at Docket No. A-2011-2230314. Peregrine Keystone Gas Pipeline LLC's application is before the Commission's Office of Administrative Law Judge at Docket No. A-2010-2200201.

Review of the Scope of NGS Licensing Requirements

On Oct. 14, the Commission ordered review of the licensing requirements for natural gas suppliers (NGSs) set forth in Commission regulations at 52 Pa. Code § 62.101 -§ 62.102. The review was prompted by the Commission's approval of a NGS license for Alphabuyer LLC, an entity not required to be licensed under current NGS licensing regulations. The license authorizes Alphabuyer to operate as a broker/marketer engaged in the business of supplying natural gas supply services to customers in various natural gas distribution service territories throughout the Commonwealth (Docket No. A-2010-2201777.)

Alphabuyer is a marketer/broker that contracts directly with retail customers and does not have any affiliation or contract with specific NGSs, and as such, fits squarely within the regulations' exemption from licensing applicable to a "marketing services consultant." To date, the Commission's practice has been to issue NGS licenses to such entities upon demonstration that they meet the financial and technical requirements of NGS licensure and that they will comply with, and will be governed by, the applicable provisions of the Public Utility Code and Commission regulations.

The proposed rulemaking, at minimum, will allow the Commission to receive comments to determine if its regulations regarding NGS licensing requirements conform with the plain language of the Natural Gas Choice and Competition Act, 66 Pa.C.S.§§ 2201, et seq., and reflect the current business plans of NGSs appearing before this Commission. The Law Bureau was directed to initiate this rulemaking within six months at Docket No. L-2011-2266832. The NGS licensing exemptions contained in 52 Pa. Code § 62.102 remain in effect until such time as the Commission would adopt final regulations that would rescind them.

1307(f) Filings

UGI Penn Natural Gas Inc. (PNG)
Docket No. R-2011-2238943, et al

On June 1, PNG filed its annual changes to rates for recovery of purchased gas costs with proposed modifications to PNG's Tariff Gas - Pa. P.U.C. No. 8, which included unchanged rates from rates in effect on June 1, 2011. Several formal complaints were filed. On Aug. 23, the parties filed a stipulation in settlement of Section 1307(f) Rate Investigation which was unopposed by any other party. The stipulation in settlement was approved by the recommended decision of a PUC administrative law judge (ALJ) dated Sept. 7. The Commission adopted the initial decision by order dated Sept. 22.

UGI Central Penn Gas Inc. (CPG)
Docket No. R-2011-22389949, et al

CPG filed its purchased gas cost with proposed modifications to CPG's Tariff Gas - Pa. P.U.C. Nos. 3 and 3S, proposed unchanged from rates on June 1, and several formal complaints were filed. On Aug. 23, the parties filed a stipulation in settlement of Section 1307(f) Rate Investigation, which was unopposed by any other party. The ALJ approved the stipulation in settlement by a recommended decision on Sept. 13. The Commission adopted the recommended decision at the public meeting of Oct. 14.

UGI Utilities Inc. – Gas Division
Docket No. R-2011-2238953, et al

On Aug. 23, UGI Utilities filed its annual changes to rates for recovery of purchased gas costs with proposed modifications to UGI's Tariff Gas – Pa. P.U.C. No. 5. Several formal complaints and petitions to intervene were filed. Also on Aug. 23, the parties filed a stipulation in settlement of Section 1307(f) Rate Investigation, which was unopposed by any other party. The stipulation in settlement was approved by the ALJ's recommended decision dated Sept. 15. The Commission adopted the recommended decision at the Oct. 14 public meeting.

PECO Energy Company
Gas Division - Docket No. R-2011-2239263, et al

On May 27, PECO filed its Purchased Gas Cost filing, which proposed to increase the rates. Several formal complaints and a petition to intervene were filed. On Aug. 12, a joint petition for complete settlement was filed. The joint petition for complete settlement was approved by the recommended decision of two ALJs on Sept. 1, and the Commission adopted it by order on Oct. 14.

Winter Reliability Meeting

The Commission's Winter Reliability Meeting was held on Nov. 9, with the purpose of providing a snapshot of various conditions that may affect natural gas supply, price and service reliability for the upcoming winter.

The presenters reported that natural gas companies across Pennsylvania are prepared for this winter.

Terrance J. Fitzpatrick, President and CEO of the Energy Association of Pennsylvania, said that their members are well prepared to accommodate the conditions forecasted in their winter season planning design.

J.P. Ghio, Vice President of Gas Supply for UGI Utilities Inc., noted that UGI contracts for firm supply to meet peak-day demands of core market customers.

Spectra Energy Transmission LLC's Robert G. Riga added that his company's assets are well positioned to access and attach existing and new sources of natural gas supply.

Joseph L. Hartz, Vice President of Supply and Operations for UGI Energy Services Inc., said the U.S. Energy Information Administration expects higher average fuel bills this winter heating season for heating oil and propane users.

Yasmin Snowberger of the Commission's Bureau of Technical Utility Services (TUS) discussed several key points from the Bureau's annual Natural Gas Trends and Developments Report.

Darren D. Gill, Acting Manager of Energy, Water and Emergency Preparedness Division, TUS, gave the opening remarks.

Energy Price Forecast for Winter 2011

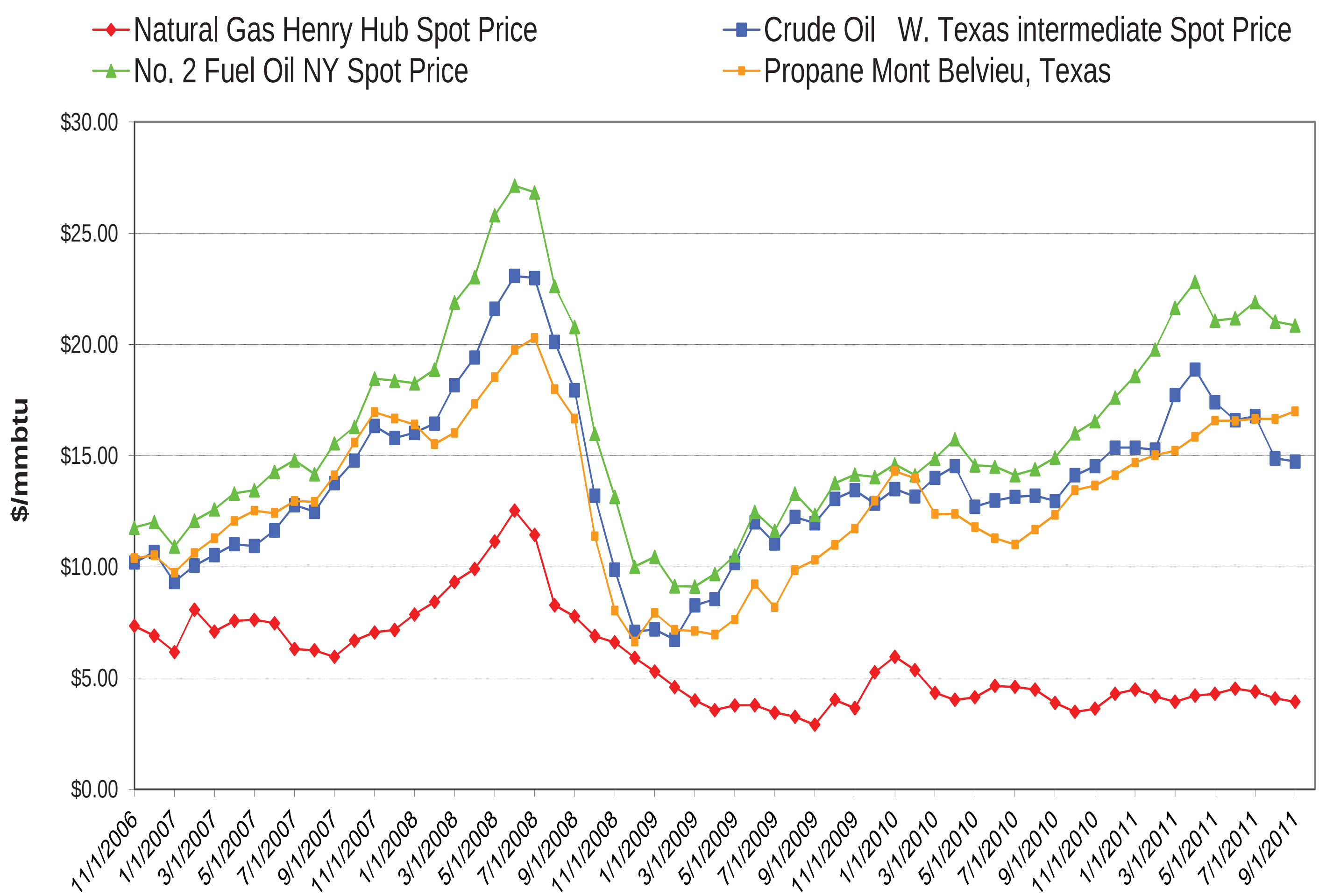
The Energy Information Agency's (EIA) November 2011 *Short-Term Energy Outlook* expects that United States refiner acquisition cost of crude oil to average about $100 per barrel in 2011 and 2012. West Texas Intermediate (WTI) crude oil spot prices fell from an average of $110 per barrel in April 2011 to $86 per barrel in August. WTI trades in the midcontinent region and typically has traded at a premium over the average U.S. refiner acquisition cost. As transportation capacity out of the Midwest increases, more supplies from Canada and North Dakota can be moved to refining centers such as the Gulf Coast. The U.S. average refiner cost premium over WTI prices should then fall to $8 by the end of 2012.

Annual U.S. price for regular-grade gasoline is expected to average $3.54 per gallon in 2011 and $3.46 in 2012. Average gasoline price was $2.78 per gallon in 2010. Higher prices in 2011 were due to the higher cost of crude oil and changes in the average United States refiner gasoline margin (the difference between refinery wholesale gasoline prices and the average cost of crude oil) from an average of $.34 per gallon in 2010 to $.48 in 2011 and then a decline to $.42 per gallon is expected in 2012.

Energy Price Forecast *Continued on Page 22.*

Wholesale Fuel Prices by Heat Content

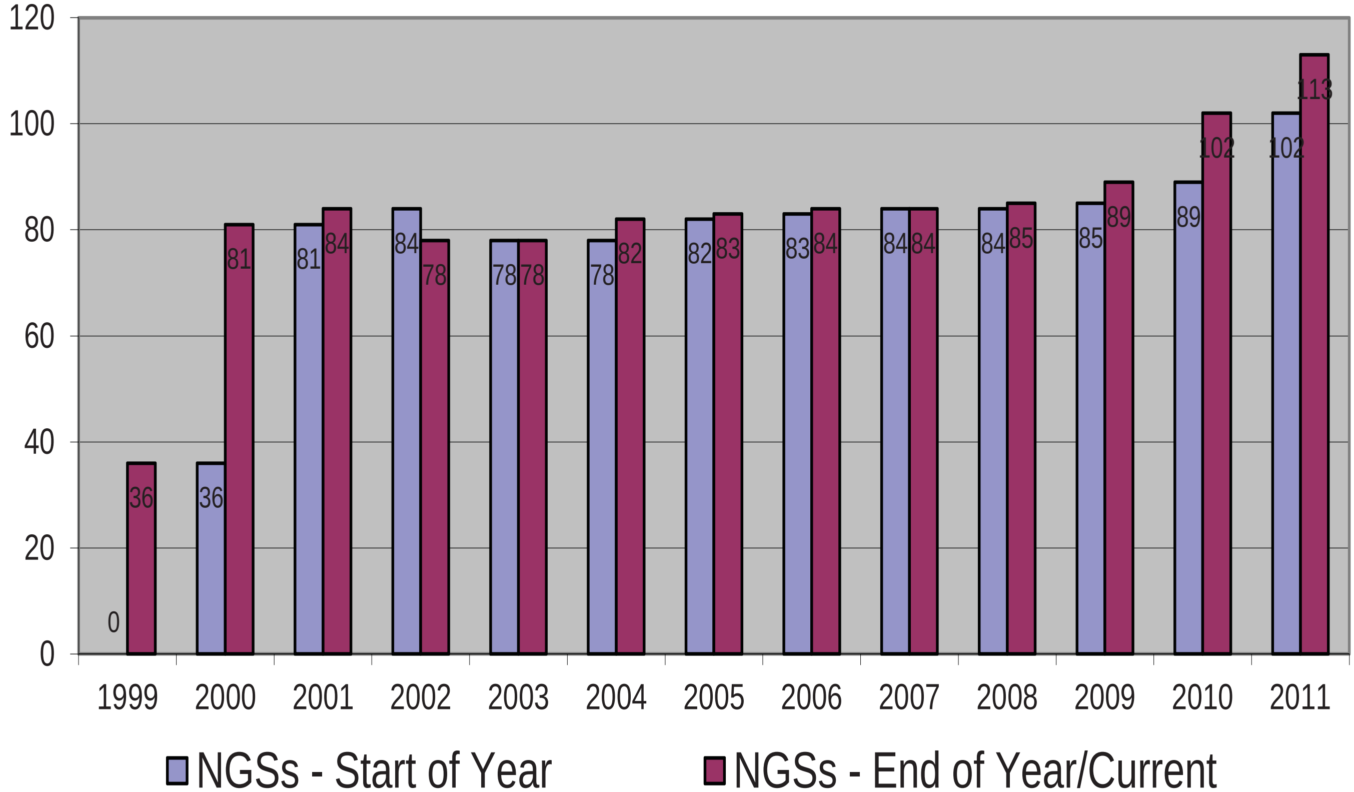
Data from EIA's *Weekly Gas Report* and *Weekly Petroleum Status Report*
(Unweighted Average)



Natural Gas Supplier Licensing

Activity from Aug. 12, 2011, to Nov. 30, 2011

113 Active Licenses **1 License Approved** **1 License Cancelled** **4 Applications Pending**



Energy Price Forecast

Continued on Page 21.

The Henry Hub (Louisiana) natural gas spot price is expected to average $4.09 per million Btu (MMBtu) in 2011, and increase to $4.13 per MMBtu during 2012. Natural gas working inventories as of Oct. 31, ended at an estimated 3.8 trillion cubic feet – slightly below the five-year average in the East.

EIA expects annual average retail electricity prices to rise by 1.7 percent in 2011 and by 1.2 percent in 2012. NOAA (National Oceanic and Atmospheric Administration) expects overall temperatures in the Northeast to be milder than last year. Coal is expected to provide fuel for 44.9 percent of generation in 2011 and 43.5 percent in 2012. Cost of coal delivered for electric generation has increased 6.4 percent in 2011. The share of generation from natural gas is expected to increase from 22.6 percent in 2010 to 22.8 percent in 2011 and 23.7 percent in 2012.

EIA's Short-Term Energy and Winter Fuels Outlook released in October 2011, estimates 5 percent of United States households heat with propane, and households in the Northeast using propane can expect to pay 9 percent more this heating season than last year. Households using natural gas can expect average heating expenditures for natural gas and heating oil to increase by 3 percent and 8 percent respectively this winter (Oct. 1 through March 31) compared with last winter. Homes using electricity for heating can expect a modest decrease in expenditures of less than 1 percent. Average expenditures for homes using heating oil are expected to be higher than in any previous winter.

Additional forecast details can be found at: http://www.eia.doe.gov/oiaf/forecasting.html.

Columbia Gas Base Rate

On Oct. 14, the Commission voted to approve a partial settlement for a $17 million increase in Columbia's rates. Columbia had originally requested a $37.8 million increase. The Commission adopted the administrative law judge's recommended decision to approve the settlement.

The settlement left two remaining issues to be litigated. These issues were residential rate structure and Columbia's Customer Assistance Program (CAP) Plus Program. Regarding the CAP Plus Program, the Commission determined that the matter could not be resolved in the context of this base rate proceeding. Instead, the Commission decided to defer consideration of this issue and hold it in abeyance for disposition at a future date.

Regarding residential rate structure, the Commission determined that the Bureau of Investigation and Enforcement (I&E) alternative rate design proposal should be adopted. Columbia had originally proposed a flat fee rate design. I&E recommended an alternative residential rate design that retains a customer charge and includes a 2 Mcf usage allowance to establish a monthly minimum charge, and also retains an additional usage charge component. The I&E rate design proposal provides the company with more revenue stability than it would have under a traditional customer charge; lessens the need for rate cases, creates less volatile bills; and helps to mitigate customers overpaying or underpaying on a monthly basis.

More information about this case can be found at Docket No. R-2010-2215623.

Vice Chairman Coleman Participates in LIHEAP Kickoff

Vice Chairman Coleman joined Pittsburgh Steeler Hall of Fame running back Franco Harris on Nov. 1 to help kickoff the Low Income Home Energy Assistance Program (LIHEAP) application season at the Hosanna House in Wilkinsburg.

"The PUC knows the winter months are fast upon us," said Vice Chairman Coleman. "We want to make sure that all Pennsylvanians know that eligibility for the LIHEAP program has changed and how to apply for the funding. Even if you were not eligible in prior years, under the new guidelines, you may be now."

LIHEAP helps low-income individuals pay their home heating bills through energy assistance grants. The program opened for applications on Nov. 1 and is scheduled to close March 30, 2012. However, the length of the program may change depending on availability of funds.

Pipeline Replacement Plan Order

On Dec. 22, the Commission issued an order addressing pipeline safety issues in the wake of the changing scope of federal gas-safety regulations, the continuing pipeline development resulting from Marcellus Shale, and the recent tragic natural gas incidents across the nation. The order addresses issues such as distribution integrity management, frost patrols, pipeline replacement and performance plans, and performance metrics.

For more information search the PUC's website under Docket No. M-2011-2271982.

Sargeant Gas Company Transfer of Distribution Assets

On May 4, Sergeant Gas Company filed an application, Docket No. A-2011-2239524, with the Commission seeking approval under Section 1102(a)(3) of the Pennsylvania Public Utility Code for the transfer of all of Sergeant's distribution system assets and facilities to Utility Pipeline Ltd. and then to Knox Energy Cooperative Association Inc. Knox is a not-for-profit, member-owned, bona fide cooperative association. The application is for technical "abandonment" of service by Sergeant to customers in Elk County and McKean County. On Aug. 10, the applicants and the Office of Consumer Advocate filed a joint petition for approval of application and adoption of settlement agreement. An initial decision was issued on Aug. 24, approving the joint petition for settlement and granting the application as modified by the joint petition for settlement. The Commission adopted the initial decision by final order on Sept. 22.

PUC Gas Safety Chief Named NAPSR Chair

Paul Metro, Chief of the Gas Safety Division in the Bureau of Investigation and Enforcement, has been elected as Chairman of the National Association of Pipeline Safety Representatives' (NAPSR) Board of Directors. NAPSR's Board is the governing body of the organization and is responsible for NAPSR policy.

NAPSR is a non-profit organization of state pipeline safety personnel to promote pipeline safety in the United States and its territories. The Association supports the safe delivery of pipeline products by working closely with U.S. Department of Transportation's Pipeline and Hazardous Materials Safety Administration (PHMSA).

2011-12 LIHEAP Guidelines

This year, the income requirement for cash and crisis assistance through the Low Income Home Energy Assistance Program (LIHEAP) is at or below 150 percent of the Federal Poverty Income Guidelines (FPIG). For a family of four, the household income would need to be at or below $33,525 to qualify.

The Cash Program opened Nov. 1, 2011, and closes March 30, 2012. The minimum cash benefit is $100 and the maximum cash benefit is $1,000. To apply, customers will need to provide:

- Names of all people in the household
- Dates of birth for all household members
- Social Security Numbers for all household members
- Proof of income for all household members, and
- A recent heating bill

The Crisis Exception Program opened Nov. 1, 2011, and closes Jan. 2, 2012. There are three conditions for eligibility:

- The household must be determined eligible for a LIHEAP cash grant.
- The household must verify that the main or secondary heating source has been completely shutoff or that they are completely without their main heating fuel.
- LIHEAP cash grant alone cannot resolve emergency

The regular Crisis Program opens Jan. 3, 2012, and closes March 30, 2012. The minimum Crisis benefit is $25, and the maximum benefit is $300. Qualifying utility customers must have a valid termination notice or be without service. Deliverable fuel customers must have already run out of fuel or have less than a 15-day supply.

2010 UCARE Report

On Sept. 30, the Commission released the *2010 Utility Consumer Activities Report and Evaluation (UCARE)*. This report provides the Commission and consumers with the ability to review the major electric, gas, water and telephone companies' customer service performance for 2010. It also provides utilities with the opportunity to compare their performance to other utilities within their industry.

According to the report, the Commission's Bureau of Consumer Services (BCS) received 68,659 utility customer contacts that required review in 2010, a decrease of 7 percent from 2009. Of these contacts, 13,341 were consumer complaints, and 55,318 were payment agreement requests (PARs). Both consumer complaints and PARs were down from 2009. In addition, BCS received 77,761 contacts in 2010 that did not require investigation.

The number one reason for residential customers contacting BCS was to resolve billing disputes with their electric (21 percent), gas (26 percent), water (44 percent) and telephone (34 percent) companies.

The report, prepared by BCS, is posted on the PUC website under Publications and Reports. Also available on the website are preliminary 2011 UCARE statistics by quarter.

PUC Promotes Lifeline Awareness Week, Helps Consumers to Stay Connected

In conjunction with a national initiative to promote Lifeline and Link-Up discount program awareness, the PUC joined United Way of the Capital Region program partner, YWCA, other state agencies and industry representatives to help residents "stay connected" at an event on Sept. 15 in Harrisburg.

"The recent natural disasters we've experienced here in Central Pennsylvania are a great example of why we all should have access to local telephone service. Imagine being stranded in your house as the flood waters crept up to your front door, but had no way to contact emergency responders to get help," said Commissioner Pamela A. Witmer during her remarks. "Lifeline and Link-Up provide crucial financial assistance for qualified consumers so no one gets left out."

Also providing remarks were the state's Assistant Consumer Advocate, and representatives from Verizon and the YWCA of Greater Harrisburg. FOX 43-TV covered the event, and several representatives from community-based organizations were in attendance.

The Lifeline 135 program is available for customers of all qualified telephone service providers. Under the program, customers who participate in certain public assistance programs, or who have income at or below 135 percent of the federal poverty guidelines (currently $30,000 for a family of four), can receive a discount on their monthly local phone service for one telephone line. The discounts are paid out of the federal Universal Service Fund, which is subsidized by contributions from all telephone customers. Link-Up provides a 50 percent reduction off the telephone installation charge, up to a maximum of $30, for qualifying households that do not currently have telephone service.

Chapter 56 Rulemaking

On June 9, the Commission approved revised final rules that will update its regulations (Docket No. L-00060182) dealing with residential utility service standards in order to make those regulations consistent with legislative changes regarding how utilities address delinquent residential accounts and to modernize the regulations as to accommodate technological advances. The Commission approved the final rules that will revise its regulations at 52 Pa. Code Chapter 56, to ensure they are consistent with Act 201 of 2004, also known as Chapter 14. Section 6 of Act 201 requires the Commission to amend Chapter 56 to comply with the provisions of Chapter 14.

Throughout this process, the Commission strove to implement Chapter 14 in a manner that will allow it to achieve the policy goals of increasing utility account collections and eliminating the subsidization of bad debt costs by paying customers, while also being as fair as possible and ensuring that service remains available to all customers on reasonable terms and conditions. The Commission used a collaborative process that took into account the perspectives and needs of both utilities and consumers and provided all parties an opportunity to participate in these efforts.

The rulemaking addresses provisions such as:

- Winter termination
- Definition of customer
- User without contract
- Application and credit standards
- Security deposits
- The service termination process
- Medical emergency procedures
- Dispute procedures
- Protections for victims of domestic violence
- Electronic billing and payment
- Medical certificates

On Oct. 8, the revised final regulations were published in the *Pennsylvania Bulletin* and are now in effect.

Commissioner Testifies on Chapter 14

On Nov. 1, Commissioner James H. Cawley testified before the House Consumer Affairs Committee on Act 201 of 2004, known as the "Responsible Utility Customer Protection Act," now Chapter 14 of the state's Public Utility Code. The Committee continues to review Chapter 14, because its creation seven years ago continues to have a profound impact on consumers and how utilities address uncollectible accounts.

Commissioner Cawley testified that the Commission has implemented Chapter 14 in a manner that guards the rights of consumers while protecting the fiscal health of the state's natural gas, electric and water utilities. The PUC strives to ensure compliance with the law while protecting the health and safety of customers.

Commissioner Cawley highlighted statistical findings and emphasized how changes to the state's distribution of the federal Low Income Home Energy Assistance Program impacts consumers because of provisions in Chapter 14.

In outlining several areas where legislative further action may be needed, Commissioner Cawley respectfully asked for the Committee's consideration. Those areas included better defining payment arrangements, eliminating the Friday termination provision and allowing medical certificates to be signed by physician's assistants.

Commissioner Cawley said the Commission remains committed to balancing the needs of consumers and their ability to pay with the need to maintain the fiscal health of utilities. The Commission has worked to apply this law in a way that is consistent with its legislative intent while at the same time protecting the health and safety of Pennsylvanians and will continue to do so in the future.

LIURP Managers Meeting

On Nov. 15, the PUC's Bureau of Consumer Services (BCS) hosted a meeting of Low Income Usage Reduction Program (LIURP) Managers. The event was attended by electric and gas utilities representatives, BCS staff, and the Energy Association of PA. A guest speaker from the Department of Community and Economic Development (DCED) gave an update on the status of DCED's Weatherization Program and encouraged coordination among utilities and the community action agency network. The utilities shared ideas and educational materials, and addressed common issues and possible solutions occurring within the LIURP program. UGI presented a demonstration of their new web-based Customer Outreach System.

LIURP is a statewide, utility-sponsored, residential usage reduction program, mandated by PUC regulations. Overall, the 16 major electric and gas distribution companies that are required to participate in LIURP have spent $481,917,791 from 1988 to 2010. The primary goals of LIURP are to assist low-income residential customers to conserve energy and reduce their energy bills.

Tip from the Secretary

Stop Bundling Your Filings!

In recent months, Commission staff has been frustrated with "bundled" filings made by the major utilities. For example, a utility will file its reconciliation, 1307(f) or (e) and other unrelated filings together with one cover sheet on top. When the staff of the Secretary's Bureau receives the filing, they have no way of knowing that the filing has multiple parts or that those filings "buried" within should be separately docketed and broken out to be assigned to different bureaus and offices in the Commission. As a result, the filing gets bogged down in the system when weeks later an unrelated filing is discovered and now must be sent back to the Secretary's Bureau for additional docketing and processing.

To ALL Utilities:

To save postage - sending several filings in one overnight package is not a problem. But if a utility wants the filings expedited - then remember to separate and identify each filing with its own cover sheet so PUC staff can process each separately and send promptly to the correct Commission office!

PUC Issues Cold Weather Survey Results

In December, the Commission released the results of its annual Cold Weather Survey, which showed that about 17,475 households will enter the winter season without heat-related utility service compared to 17,294 this time last year.

In accordance with the Pennsylvania Public Utility Code, the state's electric and natural gas distribution companies under the PUC's jurisdiction must survey residential properties where service has been terminated in 2011 and has not been reconnected during the course of this calendar year. The survey assesses the number of households without heat-related service entering the winter months.

As part of the survey, the utility or its representative must make four attempts to contact consumers who are known to be without heat-related utility service. The attempts may include telephone calls, letters and personal visits to the residence, and are done on different days of the week and different times of the day. If the first three contacts are unsuccessful, the PUC requests that the fourth attempt be an in-person visit to the residence.

Harrisburg Call Center Moving into the Commonwealth Keystone Building

Since returning customer complaint intake functions in-house in 2005, the PUC has housed the Harrisburg Call Center in the Forum Building. Due to recent complement reductions within the Bureau of Consumer Services and with some reconfiguring of the office space, the PUC has moved the Harrisburg Call Center into the Keystone Building. The move, which was completed this month, will allow the bureau to incorporate additional work-sharing and teamwork and is expected to enhance morale. The Philadelphia Call Center is located in the State Office Building with other PUC District Offices at 801 Market Street.

Legislative Developments

As the last few session days were winding down in the House and Senate, the General Assembly continued to act on important issues. Three issues impact the Commission - the Marcellus impact fee, gas pipeline safety, and alternative regulatory mechanism legislation.

Two Marcellus impact fee bills have seen recent House and Senate action, HB 1950 and SB 1100. HB 1950 provides the Commission with 7.5 percent of the impact fee dollars (up to $2 million) for gas pipeline safety efforts. SB 1100 requires the Commission to collect and disburse the impact fee. SB 1100 was amended into HB 1950 and passed out of the Senate. It is awaiting action in the House and likely to go to conference committee for further negotiations.

HB 344 (Title 66 bill) provides the Commission with safety jurisdiction over otherwise nonjurisdictional gas and hazardous liquid pipelines consistent with federal laws and regulations. A Senate committee amended the bill with similar provisions contained in SB 325 (freestanding act), and the Senate passed the bill back to the House. The House concurred with the Senate amendments. It awaits signing in the House and will then go to the Governor for his signature.

Finally, HB 1294, allowing certain fixed utilities (electric, gas and wastewater) to file for an alternative ratemaking mechanism, passed the House prior to the legislature going into summer recess. This bill is presently in the Senate Consumer Protection and Professional Licensure Committee.

Commission Completes Phase 1 of the Reorganization

The PUC completed Phase 1 of its ongoing reorganization this fall with a number of important action steps, including the identification of management and line staff employees to be reassigned to the Law Bureau, and the new bureaus of Investigation & Enforcement and Technical Utility Services; and the changing of reporting relationships for several other bureaus and offices. The PUC's new organizational chart can be found on the PUC website under About the PUC/Organizational Chart.

Additionally, in an effort to keep external stakeholders updated on the reorganization, Vice Chairman Coleman and Executive Director Jan Freeman attended a National American Water Association Board Meeting in Hershey on Aug. 17 to educate board members on the PUC's reorganization and its impact. On Oct. 5, Freeman addressed the telecommunications industry representatives at the Pennsylvania Telephone Association Technical Showcase & Conference. He explained the reasons for and scope of the reorganization, and how it may affect the telecommunications industry through internal efficiencies and greater effectiveness, and greater safeguards against backlogs.

Feedback

We welcome any feedback on the Pennsylvania PUC's quarterly newsletter, *Keystone Connection.*

Staff from the Bureau of Administation, Office of Administrative Law Judge, Bureau of Audits, Bureau of Technical Utility Services, Office of Communications, Bureau of Investigation and Enforcement, Office of Special Assistants, the Secretary's Bureau and the Law Bureau all contribute and write articles for this publication.

For media inquiries or to share ideas, feel free to contact Cyndi Page of the Office of Communications at (717) 787-5722.

PUC 2012-13 Budget Update

The PUC's budget submission for the 2012-13 fiscal year (FY) was submitted to the Governor's Office of the Budget in early October. This request followed the Governor's directive to operate in FY 2012-13 at the same state funding level as the current fiscal year. Our request was for a total of $63,755,000, of which $58,898,000 is state funding and $4,857,000 in anticipated federal funding. The federal funds include our Gas Pipeline Safety Program, Motor Carrier Safety Assistance Programs and the ARRA (Federal Stimulus) Electric Regulation Assistance Program.

This budget submission was a zero percent increase in state funding over the current fiscal year. Through complement reductions and reductions in many operational expenses, the PUC has overcome the increases in personnel costs for contractually mandated salary and benefit increases for FY 2012-13. The overall operating and fixed assets budgets have risen slightly, and this increase has been diminished by the reduction in complement. The reduction of 12 positions were achieved through attrition both as a result of the reorganization efforts and expected retirements.

As part of the PUC's commitment to fiscal responsibility in the current fiscal year, the Commission has identified personnel and operating expense reductions. Through reducing overtime and wage expenses, minimizing travel costs associated with training, eliminating or reducing specific contract expenses, foregoing some technology upgrades, delaying the filling of certain vacancies and scrutinizing all operating expenses, the Commission projects that it will be able to reduce its spending by at least $1.5 million. This savings will be used to offset future assessments on public utilities.

SECA Campaign is a Success!

Once again, PUC employees gave generously from their hearts and pockets by raising more than $17,100 for this year's SECA campaign.

The PUC raised $443.25 from its annual bake sale and $469 from its annual luncheon. Both of this year's totals far exceed last year's contributions from the same events.

"We were able to raise enough money to beat last year's luncheon total by over $100," said Shannon Marciano PUC's SECA Coordinator.

The SECA luncheon featured a representative from the Central PA Food Bank who spoke about the need for donations in these hard economic times.