

Minutes of the Pennsylvania Public Utility Commission's Consumer Advisory Council

Meeting of March 2, 2010

P.O. Box 3265
Harrisburg, PA 17105-3265

www.puc.state.pa.us

Call to Order and Introductions

Chairman Rick Hicks called the meeting to order at 10 a.m. in the Executive Chambers of the Public Utility Commission. The Council approved the January 12, 2010, minutes.

Attendance

The following members of the Council were present:

Rick Hicks, Chairman	Tom Leach
Robert Christianson, Vice Chairman	Tom LeCrone
Pedro Anes	Dan Paul
Lillian Carpenter (telephone)	Tina Serafini
Cindy Datig (telephone)	George Silvestri (telephone)
Harry Geller	Lee Tolbert (telephone)
Tim Hennessey	Joe Toner

The following members of the Council were unable to be present:

Robert Dampman	Linda Roth
John Detman	

Public Utility Commission Staff present:

Commissioner Robert F. Powelson
Michael McCarthy, Chairman Cawley's Office
Teri Mathias, Commissioner Gardner's Office
Alison Pipitone, Commissioner Powelson's Office
Rik Hull, Commissioner Powelson's Office
Tom Charles, Office of Communications
Lori Shumberger, Office of Communications
June Perry, Legislative Affairs
David Screven, Law Bureau
Dan Mumford, Bureau of Consumer Services
Lisa Weary, Bureau of Consumer Services
Heidi Wushinske, Law Bureau

Guests Present:

Amy Bear, PECO
Cristina Coltro, Philadelphia Gas Works
Katherine Dotto, Greenlee Partners
Bernadette Foisy, PECO
Dereck Hicks, Enhanced Recovery Solutions
Denise Garrett, Enhanced Recovery Solutions
Julie George, Pennsylvania Utility Law Project
Elliott Gold, Philadelphia Gas Works
Steven Hershey, Philadelphia Gas Works
Jennedy Johnson, Office of Consumer Advocate
Westburn Majors, Gmerek Government Relations
Karen Markey, Energy Association of PA
Peter Trufahnestrock, Philadelphia Gas Works

PGW Presentation

Rick Hicks said after January's meeting when Dan Mumford gave the December termination numbers, the Council requested Pennsylvania Gas Works (PGW) to be invited to the next meeting. PGW agreed to attend this meeting and give a short presentation on their termination policies.

Steve Hershey, Vice President of PGW's Regulatory and External Affairs, thanked the Council for the invitation. Steve Hershey introduced the rest of his staff, Cristina Coltro, Elliott Gold and Peter Trufahnestrock.

Steve Hershey said he had over 20 years of experience working with consumers and has worked for PGW the last six years.

PGW normally has more shut offs than other utility companies. There are more low-income customers, seniors, Customer Assistance Programs (CAP) customers and poverty in the service area.

PGW has had a major financial problem for years. PGW does not like to terminate customers, but they cannot allow non-paying customers to use gas and not pay. Approximately 20 percent of a paying customer bill is to recover costs from delinquent bills.

The Customer Responsibility Program (CRP) helps low-income customers to better afford their PGW bills and maintain natural gas service. This program is based on their income not based on the cost of the gas. When the program was started, a customer paid the cost of the commodity and one dollar to deliver. Now after years of this program, most low-income customers cannot pay the complete cost of the commodity.

All terminations that PGW did in November were in compliance with the PUC's regulations. These shut-offs were customers that were not paying their bills. PGW cannot continue to allow non-paying customers to do this.

Many of the shut-offs could have been avoided if LIHEAP would have started their program earlier. In past years, they have sent out grants applications to past LIHEAP customers, so they could apply early to keep from being terminated in November.

PGW has the best restoration rates for reconnections. PGW tries to move low-income customers into the CRP program.

PGW has worked with the Department of Welfare on the LIHEAP program this season. We are a strong advocate for LIHEAP.

Lee Tolbert said he represents a large portion of the low-income customers in Philadelphia. He believes PGW is not being managed correctly and needs improvement. There needs to be competition in the Philadelphia area that would help keep the cost lower. Steve Hershey said PGW has been trimming the fat out of the company. There were over 3,000 employees at one time, and now the company is down to 1,680 employees.

Lee Tolbert stated PGW is owned by the City of Philadelphia and is more political based. Steve Hershey stated PGW has been under new management since 2001. There has not been a single person hired due to political requests or political ties.

Rick Hicks asked that questions and comments be limited to the topic the company was asked to address.

Steve Hershey told Lee Tolbert that he would be willing to talk with him after the meeting. Lee Tolbert stated he would like to sit down with PGW and discuss the issues in Philadelphia. Rick Hicks asked Tom Charles to make sure Steve Hershey's information was given to Lee Tolbert. Tom Charles said he would do that.

Steve Hershey said PGW helps low-income customers through the CRP program. PGW also offers a weatherization program that helps upgrade old heating systems, appliances, insulation and windows.

Tim Hennessey mentions the gas rate that low-income customers receive on the CRP program. Steve Hershey said CRP customers' income must be below the 150 percent poverty level. Those enrolled in the CRP program receives a 7.35 percent savings. The balance of their bill is included in the 20 percent that all PGW customers pay.

If a customer receives a LIHEAP grant, the extra money will be applied to the customer's bill and not to pay other customer's arrearage. This change was made

because of Harry Geller fighting for this. Harry Geller thanked Steve Hershey for the compliment.

Harry Geller mentioned the Chairman's letters that were sent to the CEOs asking the company to reduce the number of customer terminations. PGW's termination numbers were very high. PGW's practice does not appear to reflect the Chairman's request. Steve Hershey said with LIHEAP not sending out grant money sooner, PGW had to terminate non-paying customers. Stopping shut-offs are not an effective way to do business. PGW has ramped up their CRP program. We have trained our customer service people to be responsive to the customers and ask if they are low-income. If they are low-income, our customer service people are to direct them to the LIHEAP program and CRP program.

Steve Hershey said PGW does not have investors since it is a city-owned company. Every dollar is needed to run the operations. PGW cannot shift any more burdens to the paying customers.

Rick Hicks said this meeting is hopefully not the end of our dialog. Thanked Steve Hershey and the others for attending the meeting.

Chapter 14/Chapter 56/Cold Weather Survey/ Utility CEO Letters

Dan Mumford from the PUC Bureau of Consumer Services (BCS) was asked to provide an update on Chapter 14, the Cold Weather Re-survey and the reply letters from the utility CEOs. In the packets are copies of the terminations and reconnections, the Cold Weather Resurvey press release and report, the press release and copies of the utility CEO letters, and a press release on the FirstEnergy settlement and Order.

The first issue to discuss is the terminations and reconnections. These are January's numbers. February's numbers will not be out until the 15th of the month. The numbers are a little higher than 2009 numbers. Please keep in mind, the utilities are still under the winter termination requirements. Those requirements will expire at the end of March. Utilities will be able to start terminating consumers again.

On Feb. 2, 2010, the Cold Weather Re-survey was released. The number of homes without utility service is 14,283, a 32 percent reduction from the Dec. 15, 2009, survey. Electric companies had restored about 50 percent of their customers and natural gas restored about 28 percent of their customers.

Dan Mumford said the press release and utility CEO letters are in your packet. The letters are also posted on the PUC's website. If anyone has a question, please let me know.

The press release for Met-Ed settlement and the Order is in your packets. The settlement came as a result of three separate incidents involving alleged company action or inaction regarding customer service aspects of the provision of their utility service.

In one incident, a customer telephoned Met-Ed after receiving a termination notice followed by the termination of their electric service. Met-Ed took a financial statement from the customer over the telephone following the termination and entered into a payment agreement with the customer to reinstate service. The customer stated that she was going to follow up with the previous Customer Assistance Program (CAP) referral. Allegedly the customer was not referred to CAP at that time, despite some conversation between the customer and Met-Ed about the CAP program. In a separate call, Met-Ed allegedly failed to provide information on the Commission's regulations regarding service pursuant to a confirmed medical condition. At this fire, three firefighters were injured.

The second instance, the customer called to have service turned on. The service was a shared meter account and in the landlord's name. There were numerous phone calls to Met-Ed. The customer was not notified about the right to contact the Public Utility Commission. A fire broke out at the residence, and three children were rescued from a fire.

In a third instance, the company allegedly did not inquire whether the sale and vacating of the premises by the caller meant that the premises would be vacant or if other occupants would reside there. Met-Ed received a telephone call from a person who identified himself as the new owner of the property, seeking to have service turned on. The Met-Ed representative advised the caller that service would be turned on December 26, 2007, because Met-Ed's offices would be closed for the holidays on December 24th and 25th. The owner was found dead of carbon monoxide poisoning from a rented generator that was not ventilated correctly. The customer was not notified about the right to contact the Public Utility Commission.

The Order request Met-Ed to make a contribution of \$100,000 to the Dollar Energy Fund.

Cindy Datig asked about the new BCS director. Dan Mumford said Alexis Bechtel was appointed. Tom Charles said a copy of the press release is in the packet.

Commissioner Powelson's Presentation

Commissioner Robert Powelson thanked the Council for inviting him to speak. There are two gentlemen that are from his hometown, Joe Toner and Tim Hennessey.

At this time, 25 percent of PPL customers have picked a new supplier. Commercial customers' numbers are higher. About 48 percent have switched to new suppliers.

The PUC website just added a new shopping tool called the PA PowerSwitch. We decided to keep the website simple, and looked at other state's websites and borrowed from those sites what we considered user-friendly. The best website that we reviewed was Texas Power to Choose. Another website that we used as an example is Connecticut. The Office of Communications has done a great job on the new website.

Commissioner Powelson said he and Chairman Cawley have done a lot of PCN call-in shows to help educate consumers on how to shop for a new generation supplier.

Leading up to the rate caps coming off, the Commission needed to start educating consumers about what to do. The Office of Communications needed to move fast to prepare consumers. They are working with electric utility companies to send out literature to educate their customers.

The CEO of PPL has commercials telling their customers, it is OK to shop for a new generation supplier; they would not be offended if a customer went with someone else.

PECO has 1.6 million customers that will have their rate cap expire at the end of 2010.

Another big issue is the Marcellus Shale. The Department of Protection (DEP) has the majority of the jurisdiction, but the PUC does have some. With the price of gas, this could be a silver lining for Pennsylvania.

The PUC will be responsible for the gas to be safely removed. The PUC has a big opportunity to make sure the gas is safety transported. There is enough gas that can provide 48 states with adequate supply for 20 years.

Pennsylvania will need to come up with a tax that will help the state. The Marcellus Shale offers great opportunities going forward. Rick Hicks said the PUC regulates natural gas. What other part will be under the PUC's regulation? Commissioner Powelson said, safety as it pertains to natural gas pipelines.

Commissioner Powelson said the PUC will be holding an *en banc* hearing on what our responsibilities are. Another issue is environmental drilling with water, to make sure it is environmentally safe to project the ground water. The traditional water treatment system cannot handle this type of drilling.

George Silvestri said imposing a tax on the gas isn't a good idea. Drilling has one of the highest corporate taxes at 9.9 percent. Commissioner Powelson said the PUC does not legislate, but regulates. They cannot come into Pennsylvania and not expect to be taxed.

Commissioner Powelson said Act 129 created an energy efficiency and conservation program. Prior to the Act, the PUC did not have the tools in place to focus on these issues. With the passing of Act 129, electric distribution companies are required to develop energy efficiency and conservation plans, and adopt other methods of reducing the amount of electricity consumed by customers. PECO has a great program that gives consumers rebates when the consumer buys new energy star products. There are compact fluorescent lighting (CFL) rewards programs that provide rebates and point of sale discounts. Most utility companies will be offering time of use rates and meters. Everyone should take advantage of these programs.

Pennsylvania is the fourth largest coal production state. About 58 percent of all electricity in Pennsylvania comes from coal. With the new renewable portfolio in our state, we will need to use more green energy. Pennsylvania cannot stop using coal but must reduce its usage.

Some upcoming issues are PPL is planning to build a new nuclear plant and looking into getting wind powered energy from the West Coast.

Another issue is the abandonment of Yucca Mountain. In 2009, the site was no longer viewed as an option for storing reactor waste. The planned mode of transportation was by rail. This issue needs to be dealt with. The states are filing suits on this issue.

The new smart grid system has problems with the old infrastructure at the poles. The equipment must be updated.

Commissioner Powelson said Tom Charles and his staff have stepped up and done a great job educating the consumers. At our budget hearings with legislators, they asked how we have been doing this job without the extra funding.

Commissioner Powelson passed out an article called "Déjà Vu all over again" about utility regulation.

Tom Leach asked about the two electric companies that are planning to merge. What will the PUC be doing about this? Commissioner Powelson said the merger has not been filed yet. This will be a multi-state jurisdiction procedure and not an easy issue.

Lillian Carpenter asked how the PUC plans to educate consumers without computers. Commissioner Powelson said we will need to do marketing through the mail, do door-to-door marketing, and contact area agencies for low-income and seniors.

George Silvestri asked what Pennsylvania is doing about the new nuclear plant. And nuclear waste is not a waste, but a renewable energy. Commissioner Powelson said that is a great point. There are debates on this issue. Commissioner Powelson told

George Silvestri that he could get in contact with him to discuss this topic more indepth.

Rick Hicks thanked Commissioner Powelson for attending the Council meeting.

Act 129 & Smart Meters Points to Consider

Tom LeCrone said the subcommittee group came up with three points for consideration by the Council.

The first point is, privacy concerns regarding access to details on home electrical usage and questions on how this information will be used and who will have access to this information.

The second point relates to concerns regarding the cost and reliability of the smart meter devices, the form of communications (radio, cell phone, phone, Wi-Fi, power lines, or TCP/IP), especially in rural areas, to be used and whether the failures of the smart meter, including power surges, will cut off the power.

The third point dials with concerns about the five star system users that will be required to buy an additional device later this year in order to be able to use their systems.

If the Council would like to discuss these points further, please let the subcommittee know.

Chapter 91, Basis for Council Powers

David Screven and Robert Christianson have worked on what the Council's authorities are.

The Council was adopted in 1977 and amended in 1994. The Council as we are today was created in 1996.

There are two major sections in Chapter 91. They are sections 91.2 and 91.3. These give us our purpose and duties.

Section 91.2 says the purpose of the Council shall be to advise the Commission upon matters relating to the protection of consumer interests as those interests are affected by the Commission's exercise of its jurisdiction as provided by law. Nothing in this chapter shall prevent or discourage advice on any subject which will aid the Commission in pursuance of its regulatory duties.

Section 91.3 says the Council shall consider all matters within the scope of 91.2 (relating to purposes of the Council) which arises from; consumer inquiry or request; Commission inquiry or request; or proceedings, deliberations, or motions of the Council itself. The Council shall make periodic reports to the Commission regarding the activities of the Council and its recommendations as to how the Commission may better serve the public and, particularly, the interest of ratepayers. The Council, in considering matters within its jurisdiction, may conduct investigations and may solicit and receive comments from interested parties and the general public.

What is not clear is the type of advice the Council can give to the Commission that is within our jurisdiction. It does not state the Council can subpoena witnesses. The Council must ask the Commission to go after the information that we need.

Lee Tolbert asked how far the Council can go and what can we request. Does a utility company have to help us when requested? Rick Hicks said since we have Heidi Wushinske as our new lawyer, maybe she and Lee can talk after the meeting.

David Screven stated this will be his last meeting with the Council. Heidi Wushinske has worked with the Council before and is back.

David Screven thanked the Council for the time he was able to service them. Rick Hicks thanked David Screven for his time.

211 Update

David Screven said he was asked to give an update on the 2-1-1 system. There is a press release in your packets from Feb. 11, 2010.

The petition was filed by United Way of Pennsylvania, designating PA 2-1-1 as the lead implementing agency of the 2-1-1 abbreviated dialing code for providing information and referral services in Pennsylvania. This would not replace the emergency 9-1-1 system. The 2-1-1 system would make critical connections with appropriate community-based organizations and government agencies more easily accessible to those in need.

Joe Toner asked how this system will be funded. David Screven said by private donations, and there are pending grants from state and federal legislative levels. There will be no surcharges to consumers.

At this time, the 2-1-1 system has been approved and in use throughout the states except for two states. Pennsylvania is one of the two states.

The United Way person that attended a prior meeting about this topic said the 2-1-1 system will help reduce 9-1-1 call volume.

Tom LeCrone asked if the phone books would have to include this in their white pages. Rick Hicks said yes, they must print this information in their books.

Rick Hicks said he worked with United Way on this issue. The phone companies will not have to pay for this system, so they are willing to help. There was 85 comments filed on this issue with the PUC.

David Screven said this is a non-emergency call system.

Shopping and Electric Price Estimate Update

Tom Charles said Commissioner Powelson said 360,000 from PPL changed their suppliers, but statewide there have been over 500,000 who have switched. Residential customers who have switched are 310,000.

At this time, PECO and FirstEnergy are still under rate caps that cover more than 60 percent of Pennsylvania.

The Council asked about electric price estimates. There is a press release and chart in your packets. The Commission started doing this quarterly comparison between current market prices and capped rates. This chart helps show what the prices would be if their rate caps were off. Come January, 2011, this report will no longer be done since all rate caps will be off.

Consumer Education/Commission News

The Commission has launched a new electric shopping website called PA PowerSwitch. This was done very fast to meet the needs of consumers that want to shop for a new generation supplier. In your packet is a one page summary and screen shots of the new website.

When you click on the Shop for your home, you will need to click on your electric company. That will take you to the Office of Consumer Advocate's (OCA) shopping guide.

The new website launched in February. In April, consumers will be able to search by their zip codes. In May, we will be launching the Spanish version, the ability for suppliers to update their own prices and company information on the website, and consumer alerts.

Tom Charles thanked OCA and the Energy Association for partnering with us.

Lillian Carpenter asked about consumers that do not have computer, how will they get this information. Tom Charles said BCS's call centers have this site. If anyone

calls and cannot get to a computer, BCS will mail the information out to the consumers. The Commissioners realize that low-income and seniors will need help, so the Office of Communications is working with the utilities to increase outreach

Lillian Carpenter said most seniors will not open their doors to people they do not know. There are too many scams and they do not feel safe. How will consumers know if these are real people or someone that is going to scam them? Could someone do a phone solicitation? Joe Toner said most municipalities require people to register with them and have identification available to show.

Harry Geller thanked Tom Charles, the Office of Communications and the Commission for updating the website. Come April, when consumers can search for suppliers by zip code, who will be responsible for updating the website. Tom Charles said OCA updates their website and we are linked to that, but the suppliers will be responsible to put in their own prices soon.

Cindy Datig asked if the PUC will be taking over the shopping guide that OCA does. Tom Charles said OCA will continue to do their shopping guide. OCA just offered to help us by allowing us to link their shopping guide to PA PowerSwitch.

Jennedy Johnson, from OCA, said doing a phone solicitation will not work for those that are on the "Do Not Call" list. Competitive suppliers cannot call consumers that are not in their service territory. Consumers can call OCA direct and we will send out a shopping guide at no expense. They can also get on our mailing list and will get updated guides.

Pedro Anes said the consumers that don't have access to a computer, they could go to a center or library where anyone could come and use a computer. There are state funds out there that could help some centers get a computer. Case workers also make house calls. They could hand out information to their clients.

Tom LeCrone said it would be helpful to have a standard contract that all suppliers use. The Commission does not have the authority to enforce this, but could OCA do this? Many consumers have avoided signing because they do not understand the contract. Rick Hicks said OCA is only for residential consumers.

Tom Charles said the Commission news is Commissioner Pizzingrilli has retired from the PUC and Chairman Cawley has been renominated by the Governor.

The new BCS director is Alexis Bechtel and a press release is in your packet.

Future Meeting Items

The question was brought up about the next meeting, should the meeting be held off until April or held on March 23. The Council decided to have the regularly scheduled meeting on March 23.

Harry Geller asked about the statement about public actions in Chapter 91.3 f that states all actions of the Council be made public. The minutes and agendas are on the PUC website.

Harry Geller asked if the new director of BCS could attend a meeting. Tom Charles said he would see about a future meeting but reminded the Council to please be respectful to guests that are invited to the meetings. Rick Hicks said he would ensure this.

Lee Tolbert said the Council needs to have a true investigational arm. Rick Hicks state the Council does not have a budget and suggested that he should have a discussion with Heidi Wushinske.

George Silvestri brought up the Supreme Court's decision about transmission lines. He would like to have PJM attend a meeting to discuss this decision. Rick Hicks said he was to invite PJM, but has not, and will work on getting them to a future meeting.

Future Agenda Items

- Act 129 & Smart Meters -- Points to Consider
- Aging Workforce
- Door-to-Door Marketing
- Law Bureau Review of Changes in the Law
- Market Projections
- New Developments in PA Telecommunications Infrastructure
- OCA Overview and Competition Discussion – scheduled for April
- PUC's Bureau of Audits Overview
- PUC's Office of Trial Staff Overview
- George Silvestri's White Papers

The next meeting for the CAC will be held at 10 a.m. on March 23, 2010, in the Executive Chambers of the Commonwealth Keystone Building.

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