

## STATE OF THE COMMISSION

House Consumer Affairs Committee
Informational Meeting

February 12, 2009



## Attributes of Independent Agencies

- Multi-Headed
- Staggered Terms of Office
- For-Cause Job Protection
- Political Minority Provision
- Quasi-Judicial (Adjudications)
- Quasi-Legislative (Rulemaking)
- Quasi-Executive (Enforce Laws and Regulations)



## Attributes of Independent Agencies, cont.

- PUC's antecedents: Railroad Commission of 1907 and Public Service Commission of 1913
- Public Utility Commission created in 1937
- PUC = PA's premier independent agency
- We are creature of, agents of General Assembly



#### **About the PUC**

• The PUC is comprised of 5 full-time members nominated by the Governor to staggered 5-year terms. Commissioners must be approved by a majority in the state Senate.











- The Governor appoints one commissioner as Chairman. The Vice Chairman is elected by his or her peers.
- Commissioners can meet in Executive Session on personnel, litigation, and other confidential matters.
- Each Commissioner has Assistants, usually for each of the primary industries we oversee. At least one Assistant serves as Counsel to that Commissioner.



### About the PUC, cont.

There are about 500 employees at the PUC. We're based in Harrisburg, but have regional offices in Altoona, Philadelphia, Pittsburgh and Scranton.





### **Quasi-Judicial Agency**

- PUC operates as a quasi-judicial agency
- Filings are made with the PUC, similar to the way documents are filed with courts
- Hearings are held when there are material facts in dispute
- PUC must make decisions on the basis of the evidence in the record
- Decisions must be made at Public Meeting



## What We Regulate

Electricity



- Natural Gas
- Local Telephone Service
- Water/ Wastewater
- Transportation Services



## What We Don't Regulate



- Cell phone providers
- Cable companies
- Internet service providers
- Long-distance telephone rates
- School buses
- Municipalities
- Bottled water
- Heating oil
- Rural Electricity Cooperatives





### **A Very Busy Commission**

#### For FY 2007/2008, there were:

- 23 Public Meetings
- 1,277 Reports and Orders processed
- 4,854 Total New Cases Received
- 4,231 Total Documents Served
- 87,000 Total Documents Filed

**E-filings**: Since the Pilot Program Go-Live date of Dec. 8, 2008, through and including Jan. 14, 2009, 9 Pilot Participants have made 108 e-filings.

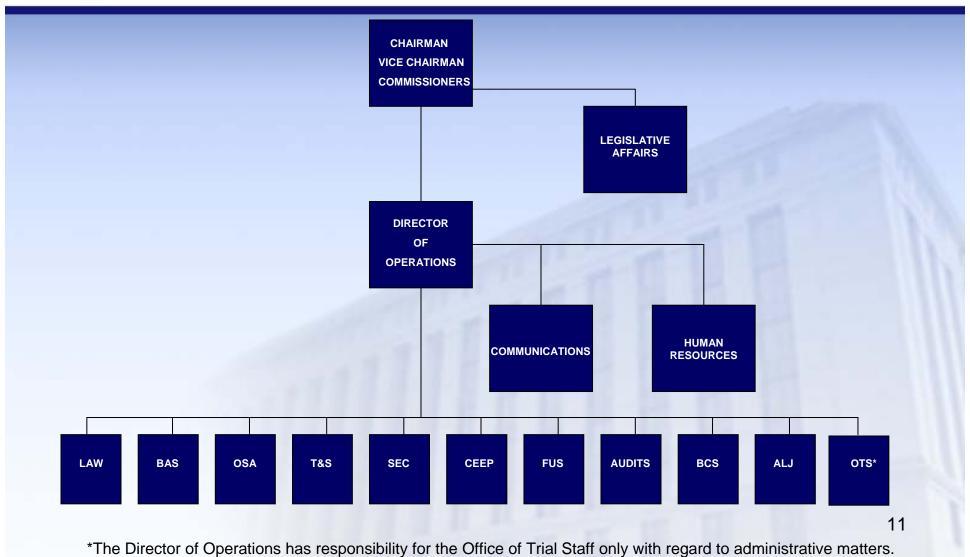


## A Very Busy Commission, cont.

- Current request for 2009-10 = \$55,970,000 (\$52,581,000 in state funds)
- Funded by assessments on utilities
- Regulate nearly 8,000 utilities
  - Mostly Transportation Providers
  - 11 Electric Distribution Companies
  - 44 Licensed Electric Generation Suppliers
  - 31 Regulated Natural Gas Distribution Companies
  - 83 Licensed Natural Gas Suppliers
  - 719 Telecommunications Carriers
  - 193 Water and Wastewater Companies



## **Organizational Chart**





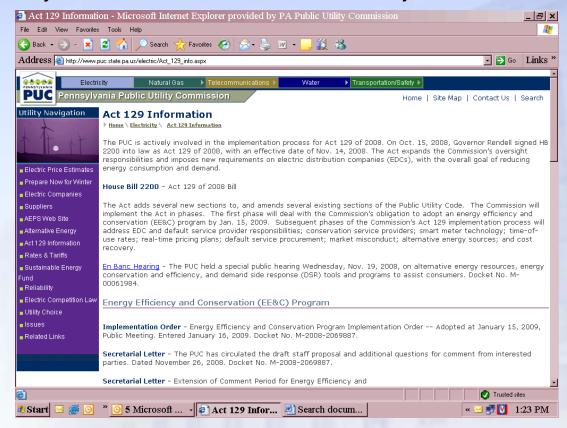
#### Thank You for InfoMAP

- The Information Management and Access Project is a comprehensive document and case management system that automates workflows and reduces reliance on paper copies.
- Fully funded in previous budgets
- Case management system overhaul went live in January 2008 and has been implemented in phases since.
- In the fall 2008, a pilot project began for electronic filings.
- As of mid-February 2009, all users will be able to submit e-filings and pay filing fees via e-commerce.
- InfoMAP is one way we're controlling the docket and eliminating backlogs.



#### **Act 129 Information**

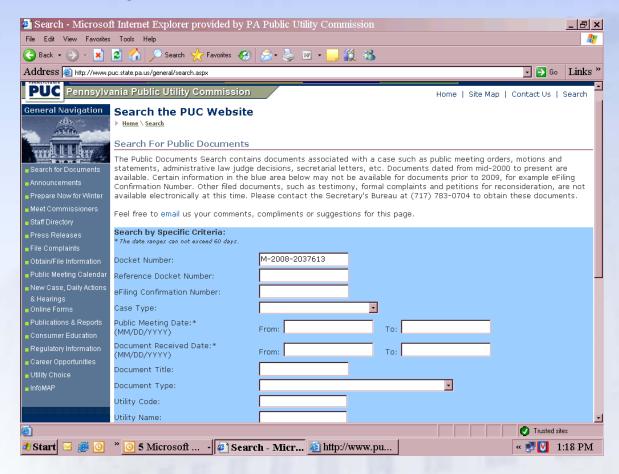
This is an example of a page on our Web site that can be accessed by members of the public if they want to learn more about a certain topic. No docket numbers are needed since this can be accessed by clicking on Electricity and then choosing the document. All publicly available documents on this subject are accessible here.





### Search the PUC Website

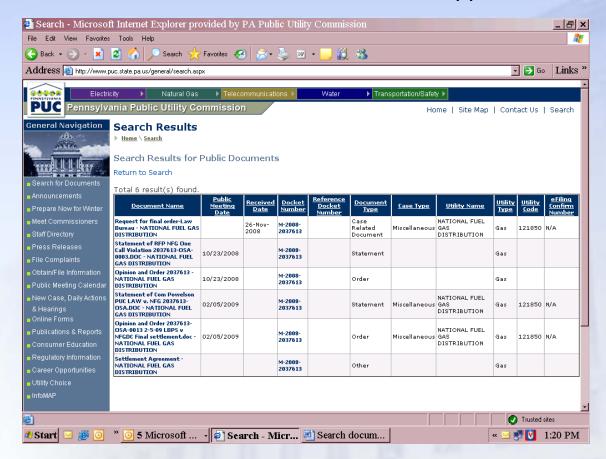
If members of the public wish to access documents about a certain case, they can go to our Search documents page and insert the docket number in the first field.





### **Search Results**

After Search is clicked, this is the screen that appears. It lists the documents that have been filed by parties or issued by the Commission at that docket number. If the document number is clicked, the Consolidated Case View appears.

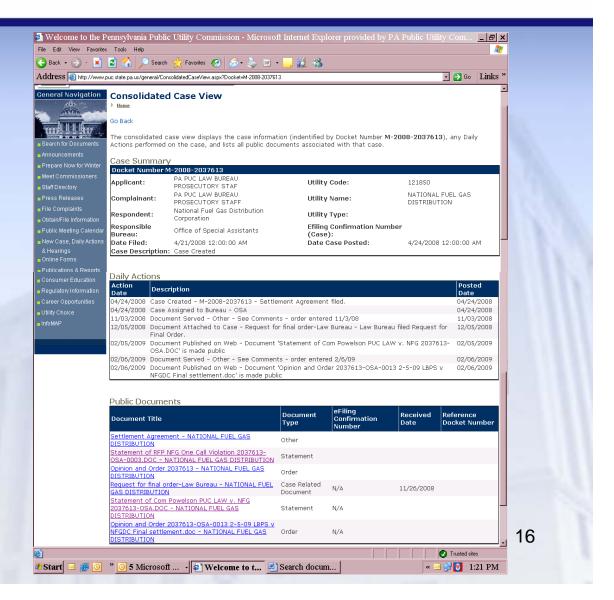




### **Consolidated Case View**

#### This page provides:

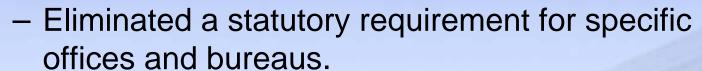
- the case summary, which identifies the applicant, respondent, responsible bureau, etc.
- the daily action on that case, starting from when it was started until the last action taken, and
- 3) links to all public documents.





## 21st Century PUC

At our request, provisions in Act 129:





 Retained the powers and duties performed by those offices and bureaus with the Commission pending this review.

The goal is to align the Commission's structure to meet the current responsibilities delegated by the General Assembly and the utility challenges of the 21st Century.

The Commission is reviewing our current structure and will proceed in a deliberate manner.



### **Budget Reductions**

- Governor asked independent agencies to join his spending reduction initiative
- Restrictions on new hiring
- Restrictions on out-of-state travel
- Reviewing all operating expenditures to determine whether they can be further reduced
- Suspended longevity increases for 182 management and nonrepresented employees
- Commissioners committed to returning their statutory COLAs after the deduction of income taxes
- All money saved during this year will be used to offset utility assessments that are invoiced in the fall of 2009 to support our fiscal year 2009-10 authorized budget

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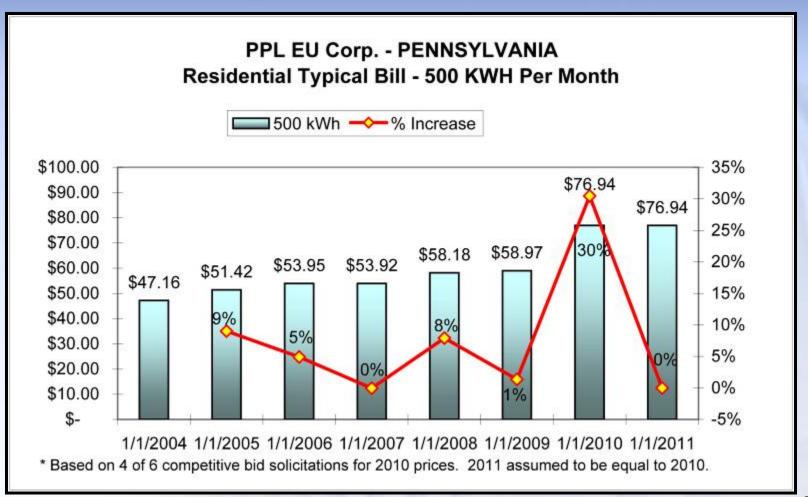
- Carrying about 40 vacancies (out of an authorized complement of 519)
- The Governor's budget would reduce the Commission's complement to 499



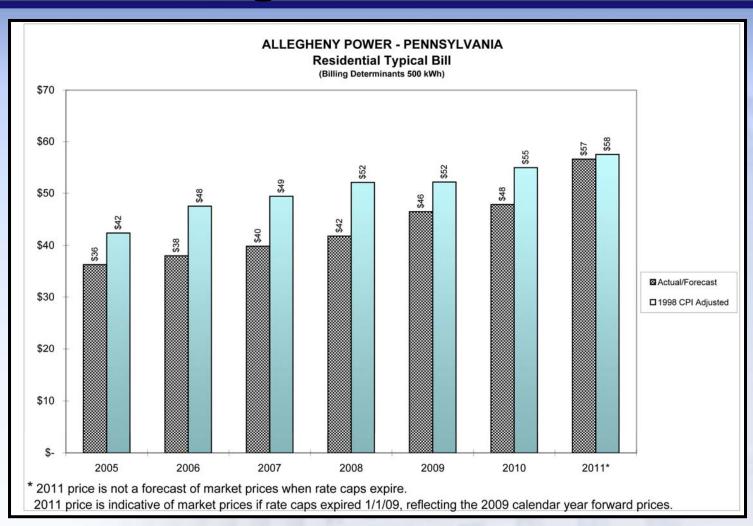
## **Electricity Price Mitigation**

- PPL's rate caps expire Dec. 31, 2009
- Allegheny Power, Met-Ed, Penelec, PECO rate caps expire Dec. 31, 2010
- Continue to underscore mitigation measures from May 2007 Final Order:
  - Energy Efficiency
  - Demand Side Response
  - Default Service Supply Procurement
  - Rate Mitigation Programs
  - Updated Low-Income Programs
  - Removal of Barriers to Retail Choice
  - Consumer Education

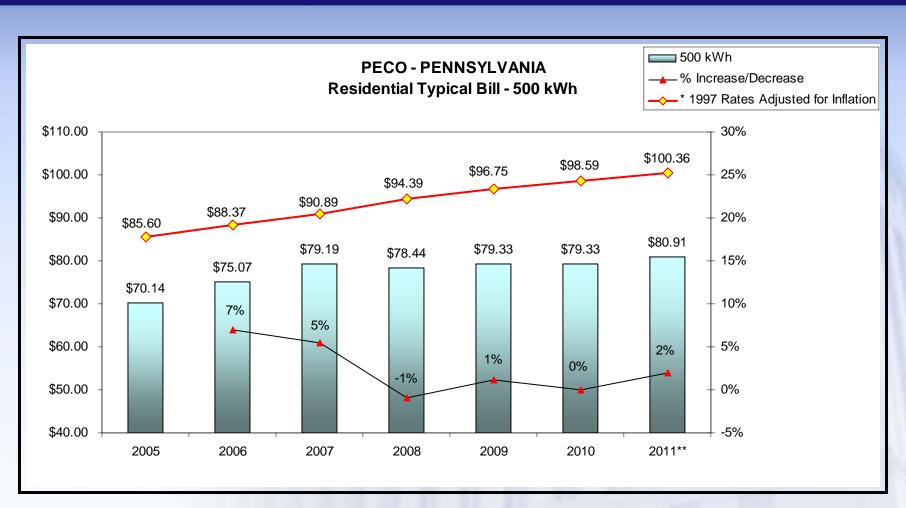




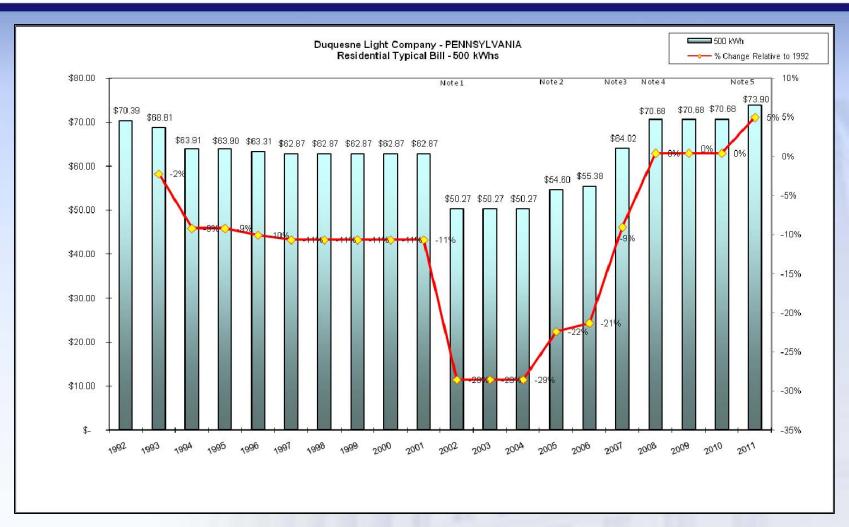




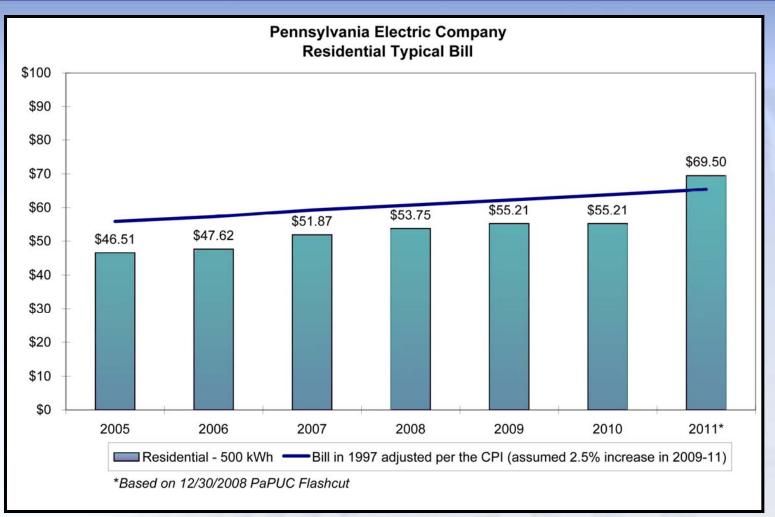




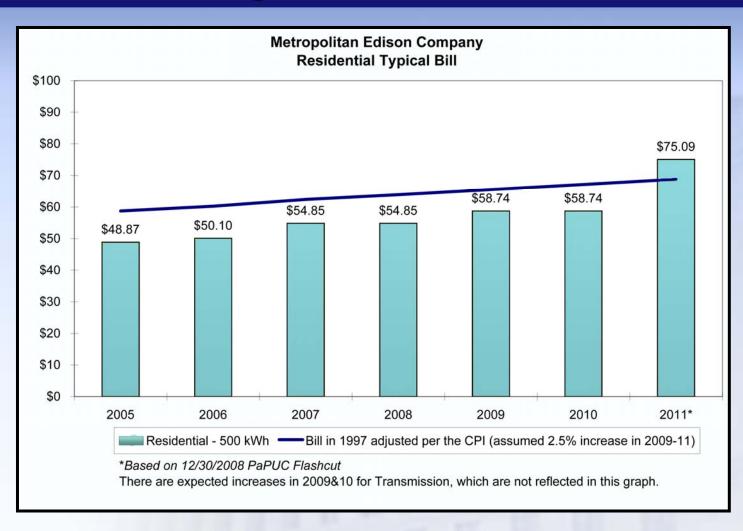




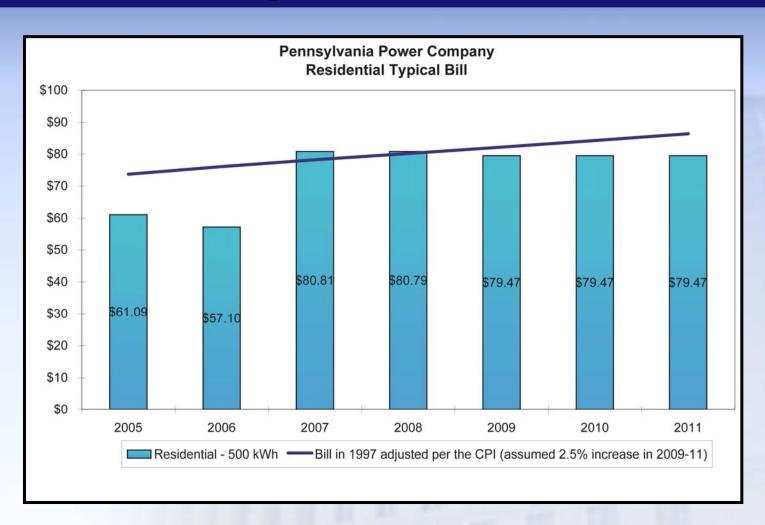




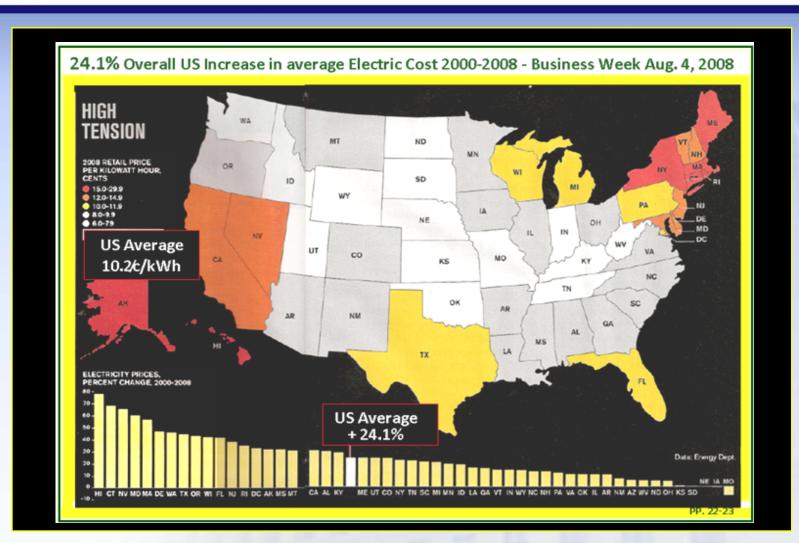




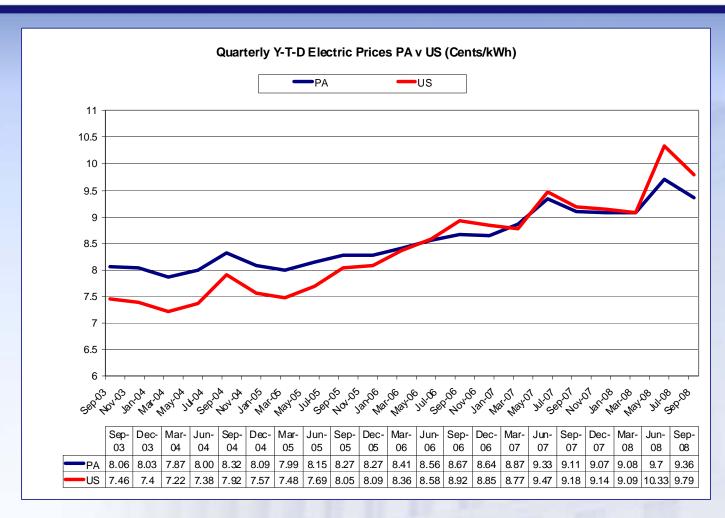














#### Act 129 of 2008

- En Banc Hearing Nov. 19; 30 presenters, including House Environmental Resources & Energy Committee Chairman George
- Very accelerated timetable for implementation
- Met January deadline for approval of the guidelines for the electric distribution companies' energy efficiency and conservation plans, which must be filed for our approval by July 1, 2009
- We have begun implementing:
  - smart-meter procurement and installation plan approval process
  - time-of-use and real-time price plan approval process
  - process for increasing Tier I alternative energy source requirements in proportion with new qualifying Tier I sources
- On Feb. 5, 2009, the Commission adopted a final order establishing a Conservation Service Provider Registry, an application and fees.



## Alternative Energy Portfolio Standards Act of 2004

- At the conclusion of the fourth quarter of 2008, we were nearing the end of the initial implementation of the AEPS Act.
- Commissioners recently met with the alternative energy industry to discuss existing barriers to their investment in Pennsylvania.
- Continue to encourage research, development, and deployment of alternative energy systems through implementation of the AEPS Act and Act 129 of 2008.
- Will deliver the second report on the AEPS Act, including its costs to ratepayers, to the General Assembly in 2009.



## Review of Wholesale Electricity Markets

- The PUC initiated a review of wholesale electricity markets.
- These markets have impact on PA electricity customers despite the lack of state regulatory jurisdiction.
- 5 Commissioners presided over three special en banc hearings to solicit comments from stakeholders, including utilities, suppliers, PJM, the Midwest Independent System Operator, and market experts.
- 5 Commissioners met with FERC Commissioner Marc Spitzer.
- Commissioners increased the involvement of staff in monitoring and advocating Pennsylvania's views on federal and regional energy issues.



### Chapter 14/Act 201 of 2004

- As of Feb. 2, 2009, the total number of homes without access to their central heating system due to a lack of electric or natural gas service was 11,347, a 36 percent reduction from the December 15, 2008, total of 17,745.
- On Dec. 14, 2008, the Commission released the second biennial report on its implementation of Act 201. In the report, the Commission encouraged the General Assembly to enact legislation that will provide additional state dollars for LIHEAP, above the already earmarked \$10 million per year that is spread over the next four years.
- Proposed Title 52, Chapter 56 regulations were delivered this month to our oversight committees.



### Chapter 30 -- Act 183 of 2004

- Created a true-up for Verizon Price Change Opportunities interpreting legislative intent for telcos to complete broadband deployment in a timely manner.
- 29 Incumbent Local Exchange Carriers reached 100 percent broadband deployment by Dec. 31, 2008.



## Natural Gas Choice and Competition Act

- Established Office of Competitive Market Oversight (OCMO) on Jan. 5, 2009, to facilitate NGS/NGDC dispute resolution
- Rulemaking issued on NGS issues on Dec. 4, 2008
- Voluntary Purchase of Receivables (POR) programs to be filed by March 31, 2009
- Rulemaking to be issued by 1<sup>st</sup> quarter 2009 on NGDC issues [price to compare, capacity release, PGC cost reconciliation and quarterly price adjustments, POR programs, cost recovery of competitive activity, and regulatory assessments]
- Rulemaking to be issued by 1<sup>st</sup> quarter 2009 on improved business practices
- Review of effectiveness of changes on or after Sep. 11, 2013



## Legislative Priorities 2009-10

The Legislative Budget and Finance Committee supported many of these initiatives in its 2007 performance audit.

Commissioners and staff will be in touch with our oversight committee Chairmen and staff about these priorities:

- Gas-safety jurisdiction over numerous unregulated propane and landfill gas providers
- Fair recovery of assessments from electric and natural gas suppliers
- Wastewater system improvements through a Collection System Improvement Charge
- Increased fines for gas pipeline safety violations
- Clarification of the Commission's jurisdiction over allocation of rail/highway crossing costs



## **Legislative Priorities** 2009-10, cont.

#### Administration/Enforcement Under U.S. UCR Act

- Effective Jan. 1, 2007, the U.S. Unified Carrier Registration System Plan and Agreement (UCR Act), became law, preempting and replacing various state fees and assessments over motor carriers of property with a single, nationwide fee to be collected once by each carrier's "base state."
- To ensure that Pennsylvania is able to collect its full revenue entitlement under the UCR (\$4.9 million), we must ensure that both the PUC's enforcement officers and the PA State Police have enforcement authority over non-certificated carriers to secure payment (e.g., fines for non-payment).

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## Legislative Priorities 2009-10, cont.

#### **Marcellus Shale**

- Geologic formation underlying much of Western and Northern Pennsylvania long known to contain large amounts of natural gas
- The Commission has been working with the Governor's Policy Office's interagency group.
- Drilling process requires large amounts of water and treatment of wastewater
- The increased natural gas production will increase the number of jurisdictional intrastate natural gas pipelines.
- The Commission has proposed legislation to assume natural gas safety jurisdiction over otherwise non-jurisdictional entities such as private natural gas producers (which are not public utilities), gathering systems, and any entity distributing flammable gas via pipeline and "master meter" to residential, commercial, or industrial consumers.



## Transparency and Responsiveness

- InfoMAP
- State of the Commission Report
- Public Meeting Summary
- Public Meeting Audio
- Office of Legislative Affairs
  - June Perry, Director(717)-787-3256juperry@state.pa.us





## **Questions?**

