

**TESTIMONY OF WENDELL F. HOLLAND  
ON BEHALF OF THE PENNSYLVANIA PUBLIC UTILITY COMMISSION**

**Before the Senate Appropriations Committee  
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Good morning, Chairman Thompson, Chairman Fumo and Members of the Senate Appropriations Committee.

I am Wendell Holland, Chairman of the Pennsylvania Public Utility Commission. With me today is my colleague, Commissioner Kim Pizzingrilli.

Thank you for the opportunity to discuss the Commission's budget request for the fiscal year beginning July 1, 2005.

We are focusing on rates, reliability and choice, so we can protect the public interest, promote economic development and preserve the environment.

To accomplish these goals, we continue to work with the General Assembly; the Governor; and our utility and consumer community.

The Commission has opened an investigation to address identity theft and how it impacts utility service in Pennsylvania. According to the Federal Trade Commission, "phone or utilities fraud" accounted for 21 percent of the types of identity theft reported in Pennsylvania in 2003. Thousands of Pennsylvanians apply, on a yearly basis, to our regulated utilities for new or transferred utility service. One consumer alleged that she was not responsible for nearly \$1,200 in telephone charges that accumulated at an address where she had discontinued service and never even lived.

We also initiated an examination related to CashPoint Network Services, which filed for bankruptcy in New York. CashPoint is a bill processor that collected money from customers to pay utilities. This past summer, we estimated that utility customers may have paid CashPoint as much as \$25 million that was never ultimately paid to utilities.

We are partnering with AT&T and the PA Relay Service Advisory Board to spread the word that the hearing public can communicate by phone with people who are deaf, hard of hearing or speech disabled. Our PA Relay campaign already is a success, with awareness of media coverage of PA Relay jumping to 22 percent in 2004 from 4 percent in 2003, and awareness of the 7-1-1 PA Relay number increasing to 12 percent, up from 9 percent. The campaign features: advertising; a website, [www.PArelay.net](http://www.PArelay.net); a toll-free phone number, 1-800-682-8706; and spokesperson Christy Smith, a finalist from CBS's "Survivor."

In November, we partnered with Columbia Gas of Pennsylvania and the Dollar Energy Fund to bring Pennsylvania's most-famous weatherman, Punxsutawney Phil, to the Commission. We urged ratepayers to conserve energy, weatherize and learn about programs to help pay their utility bills. Phil has now seen his shadow, which means our efforts back in November, to help utility customers prepare for six more weeks of winter, were most appropriate.

The Pennsylvania PUC is dealing with complex 21<sup>st</sup> century utility issues and markets, and carrying out new responsibilities that the General Assembly has directed us to fulfill. Several new laws extensively affect the Commission's authority and responsibilities.

Act 183 (of 2004) established a new Chapter 30, continuing Commission-approved alternative regulation of incumbent local exchange carriers and network modernization plans to accelerate broadband deployment to all customers. We are reviewing our regulations for compliance with Act 183, and so we can take any and all appropriate and necessary action.

Act 201 (of 2004), now Chapter 14 of the Public Utility Code, changes the rules that apply to cash deposits, termination of utility service, reconnection of service and the filing of complaints by consumers. The Commission is actively working with all parties to implement this new law, and to protect the health and safety of Pennsylvanians.

Act 213 (of 2004) establishes alternative energy portfolio standards. The Act mandates that, over 15 years, graduated percentages of electric energy sold to retail electric customers must be comprised of electricity generated from alternative energy sources. The Commission is working with stakeholders and the Department of Environmental Protection to effectively carry out this law.

We have the people, the skills and the experience to do the job you have given us to do. We just need one thing more: new technology. We *can* do even more good things for the people of Pennsylvania and fulfill our mission even better. But we need newer technology to do it.

Our technology remains stuck in the 20<sup>th</sup> century while other agencies have advanced. We need the General Assembly's support to upgrade our systems and to continue to serve the public in the most efficient, effective way possible.

The Commission is requesting approval of our 2005-06 budget that includes \$3.85 million for our \$6.6 million two-year Case Management System upgrade (the Integrated Case and Document Management Portal Project). With the current level of funding approved under the Commission's 2004-05 budget, the project will be funded over 10 years -- and we argue that's eight years too long.

The Commission received, docketed, tracked and filed more than 93,000 documents in 2004, compared to about 21,000 documents 20 years ago. The PUC's current system includes mainframe-based COBOL applications that were developed internally in 1978 and are very difficult to support due to the declining number of technicians who are familiar with such applications. In short, even in 2005, this Commission is still dependent on hard copies and manual processes.

The proposed Case Management System would provide a single point of entry, through our website ([www.puc.state.pa.us](http://www.puc.state.pa.us)), for utilities, practitioners, the public, consumers, and staff to file and access documents electronically. Our new system would bring savings in time and money; greater efficiency; easier access to the Commission by consumers, utilities, the legislature and other parties of interest; and a greater return on investment.

Access would be comparable to what practitioners and consumers have become accustomed to in appearing before and dealing with other state and federal agencies.

The Legislative Budget and Finance Committee recently said the Commission should “update and modernize its computer capability,” and a Utility Practitioners’ Group of six utility law firms advised the Commission that we should “facilitate electronic filing.”

The Commission needs this technology to continue to improve the way we serve Pennsylvanians and to build on our accomplishments.

Before I answer your questions, let me give you a brief overview of the Commission’s budget request.

In our budget submission to the General Assembly, we requested approval for a total of \$52,021,000, including \$1,725,000 in expected federal funds. The \$50,296,000 in state funding is obtained from assessments of jurisdictional public utilities based on their revenues from intrastate operations.

Personnel costs are increased approximately \$2,190,000 -- which is necessary to fund the general pay increase and the increase in state paid benefits. In this budget request, \$37,086,000 supports a complement of 523 positions -- 10 positions fewer than our current year’s authorized complement of 533 (due to the transfer of the Medallion Taxicab Program).

Act 94 of 2004 requires the Medallion Taxicab Program to transfer to the Philadelphia Parking Authority by April 2005, and we have been working with the Authority to ensure a smooth transition.

This concludes my remarks concerning the Commission’s budget request. We thank you, Chairman Thompson, Chairman Fumo and Members of the Committee, for your consideration of our budget request. We look forward to responding to any questions you may have regarding our budget request or activities.

Thank you.

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