

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

Meeting of October 26, 2010

P.O. Box 3265

www.puc.state.pa.us

Harrisburg, PA 17105-3265

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. Rick Hicks said a prayer for the loss of Linda Roth, a Council member.

Cindy Datig asked, on Page 2, second paragraph, what was the motion that was approved? Tom Charles said we would look into this and let everyone know what motion was made and send it out. Cindy Datig asked, on Page 6 under the Legislative Issue Update, second paragraph, what is the \$40 million that the Governor may call the legislators back for? Tom Charles said he would work with June Perry and the clarifying statement is the Governor would reconvene a Special Session on transportation funding if the Feds denied the request to toll I-80, which would leave a \$472 million gap in funding. The Council approved the amended July 27, 2010, minutes.

Attendance

The following members of the Council were present:

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

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

John Detman

Harry Geller

Public Utility Commission Staff present:

Mike McCarthy, Chairman Cawley's Office
Matt Totino, Commissioner Coleman's Office
April Ballou, Commissioner Powelson's Office
Tom Charles, Office of Communications
Lori Shumberger, Office of Communications
Bob Young, Law Bureau
Joe Witmer, Law Bureau
Heidi Wushinske, Law Bureau
Dave Mick, Bureau of Consumer Services

Guests Present:

Heather Yoder, Office of Consumer Advocate
Karen Markey, Energy Association of PA
Alexandra D'Angola, Greenlee Partners
Julie George, PA Utility Law Project
Peter Trufahnestock, PGW

PUC's Broadband Jurisdiction

Joe Witmer from the PUC's Law Bureau was asked to provide an update on broadband jurisdiction. He passed out three handouts. They are the National Broadband Plan Docket 09-51, comments from the PUC to the Federal Communications Commission (FCC) and two charts on broadband.

Joe Witmer said if someone would like to review all the information about broadband, he wrote down two websites, www.fcc.gov and www.ntia.doc.gov. Look up docket number 09-51 or broadband topic.

The plan is to have broadband offered to everyone across America. In early 2009, Congress directed the FCC to develop a National Broadband Plan to ensure every American has access to broadband capability. All Americans should have access to broadband service with sufficient capabilities, all should be able to afford broadband and all should have the opportunity to develop digital literacy skills to take advantage of broadband.

The goal is that 100 million U.S. homes should have affordable access to actual download speeds of at least 100 Mbps or one to four Megs to all homes. The FCC has recognized the cost of broadband deployment to rural areas will be high.

One of the problems with the U.S. deployment is the constant changing of broadband funding and who should have jurisdiction. Should federal funds be used?

Joe Witmer said the two charts are from the www.broadband.gov website that the FCC published on Sept. 29, 2009. Page 39 shows the competitive intensity in three different case studies and different speeds of broadband

On Page 45, the chart gives the different uplink speeds with the cost associated with each speed and upgrades to each tier. The lowest level would cost approximately \$20 billion. The cost goes up by billions for each broadband speed level.

Both of these issues can be found under the 09-51 section.

The Commissioners are very focused on broadband. The third handout is comments from the Commissioners to the FCC on framework, national broadband plan and open internet proceeding. This filing requests the FCC to modify the law and give the PUC and the State General Assembly more of a role in the broadband regulations.

The FCC has asked the PUC to give thought about low-income consumers and maybe creating a Lifeline program for broadband users.

Joe Witmer said he has listed seven of the major issues by docket and topic on the one handout. Each issue can be reviewed by the docket number on the FCC website.

Tom LeCrone brought up how cable service is not regulated by the PUC and Comcast is the main cable company. They can raise rates as they want to. If a consumer has a cell phone, the PUC doesn't regulate that service either. Should the FCC give the PUC the right to regulate cell phones? Joe Witmer said the cable companies have built their business on their own. The PUC has not regulated them. Tom LeCrone stated the world has changed in the last 30 years. Regulations should also change to protect consumers. Rick Hicks said there is a difference between a phone and voice over the Internet. These are two separate services. Voice over line is considered an informational service and a phone call is a consumer service. The regulatory system has not caught up yet.

Joe Witmer said wireless is still unstable. A couple of consumers downloading music, videos or movies on the same network system can bring that system down.

Terminations and Reconnections/Contract Renewal Notices/Price to Compare

Dave Mick from the PUC Bureau of Consumer Services (BCS) was asked to provide an update on contract renewal notices, price to compare, and terminations and reconnection numbers.

The August and September terminations and reconnections numbers are in your packets. The electric and natural gas termination numbers for September are down compare to 2009 numbers. Water terminations are up by 2 percent.

These numbers are a good sign since we will be moving into colder weather months.

Dave Mick said the cold weather survey will be due to the PUC in December.

Electric and natural gas companies must survey residential properties where service has been terminated in 2010 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.

Dave Mick said electric generation supplier (EGS) contracts will be expiring soon. The EGS must send out two contract renewal notices. The first one should be about 90 days prior to the end of contract or seven days prior to the second notice. The second notice must be 45 days prior to the contract expiring.

On Sept. 23, 2010, the Commissioners voted to approve the revisions to finalize the interim guidelines. A copy of the press release and Order is in your packets.

Rick Hicks said some of the EGS contracts had a penalty for early cancelation, some had variable rates, while other contracts had no penalty fees involved. Consumers can go to the PUC's website and click on the "Electric shopping at PA PowerSwitch." Consumers can get up-to-date prices for each supplier.

PPL prices were fixed for 2010 contract. For 2011, PPL prices will be changing quarterly. This will make shopping for suppliers more complicated. Come December, Met-Ed suppliers will start submitting their offers to the PUC.

Marketing Guideline Update and Discussion

Dave Mick said the Commission is moving forward to get the interim marketing guidelines out. There may be action taken in November. The docket number is M-2010-218591.

Rick Hicks said the Council filed comments before the Commission on this subject. He will be interested on seeing how many of the Council's comments will be in the guidelines.

Robert Christianson said the Commission does not allow residential and small business auto renewals. There may be more suppliers offering fixed rates over fixed terms. A fixed term agreement may have a cancelation fee.

Legislative Issues Updates

Lori Shumberger said June Perry could not make the meeting and sent an e-mail with her comments.

June Perry said there is nothing going on at this time. The House has five session days scheduled in November, and the Senate has only one session day scheduled for ceremonial functions. There is not much going to happen unless there is a change of heart with the Senate to work after the election.

June Perry said she can give an end of session wind down update next month.

Marcellus Shale Update

Bob Young from PUC's Law Bureau was asked to give an update on Marcellus Shale.

Bob Young said House Bill 2693 from Rep. Mathew Baker, on pipeline safety law, was amended. About three weeks ago, House Bill 80, Alternative Energy Portfolio Standards Act, was added to HB 2693. Since this has been done, the bill will not be acted on. There is a Senate version that could be acted on, if the Senate comes back into session. This legislation most likely will not be acted on this year.

The question was asked if there would be more PUC hearings on Marcellus Shale. Bob Young said, at this time, there are none planned.

Bob Young said there are two pipelines companies that have utility certification hearings scheduled in the Office of Administration Law Judge. They are Peregrine Keystone and Laser Marcellus Northeast. Peregrine Keystone's comment period will end in mid-November.

Rick Hicks said the benefit of becoming a utility company is eminent domain. Bob Young said that is correct and gaining public utility status allows companies to use eminent domain to acquire property and requires them to follow the state Public Utility Code, which regulates rates, safety measures and consumer services.

George Silvestri said a family member received a large payment for permitting a company to drill on their land. The Department of Conservation and Natural Resources (DCNR) has a moratorium on water use. The drilling companies must truck in water and cannot use the water from streams.

Tom Leach asked if there will be a tax on Marcellus Shale. Bob Young said his opinion is most likely. Dan Paul said it depends on the Governor. Rick Hicks said this discussion has been shut down for the rest of this year.

Future Agenda Items

Rick Hicks said Cindy Datig has an issue about PUC settlement dollar resolution that she would like the Council to discuss. Cindy Datig said the issue is whether the PUC should direct settlement money to hardship funds. But at this time, Tom Charles asked, out of courtesy to the majority of Commissioners, that this matter be held until information can be distributed to the Council.

Dan Paul said he would like to give an update on wind energy. Rick Hicks told Dan Paul to circulate in writing his concerns, and keep his comments about 20 minutes and include a recommendation. Dan Paul said he does not want to make a recommendation at this time, just to update the Council. Rick Hicks said to have everything prepared for the January meeting.

Tom Leach asked what the status on LIHEAP funding is this year. Rick Hicks said to add a LIHEAP report to the November meeting. Rick Hicks said he would volunteer Harry Geller and asked for one person from the PUC to give an update.

George Silvestri's white papers were brought up and asked for a report. Rick Hicks asked George Silvestri to give an update in January and please send information to Tom Charles or Lori Shumberger to be circulated to the Council prior to January's meeting.

Dan Paul said he would like to discuss the telephone participation. Members should try to attend the meetings and not participate by the phone. This affects the quality of the meeting. Those that attend must shout to be heard on the phone.

Dan Paul said he understands that some members have to travel in from the Pittsburgh area and their round trip would be eight hours, but others don't have as far to travel.

Dan Paul said there are almost half the members on the phone for today's meeting. Members lose touch with each other. Why should the other members make an effort to attend every meeting?

Rick Hicks said he would rather have a member on the phone than not attend a meeting. This is a volunteer activity.

Rick Hicks said he would personally encourage members to attend, but would stop there.

Future Meeting Topics Include:

- Act 129 & Smart Meters -- Points to Consider
- Aging Workforce
- Alternative Energy/Implications of Wind Energy
- Commissioner John F. Coleman Jr. Visit
- Director of the Bureau of Consumer Services Visit
- George Silvestri's White Papers
- Legislative Issues Update
- LIHEAP Update
- PUC Settlement Dollar Resolution

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

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