

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

Special Conference Call Meeting of April 22, 2014

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Harrisburg, PA 17105-3265

Call to Order and Introductions

Chairman Tim Hennessey called the meeting to order at 10:10 a.m. in the Executive Chambers of the Public Utility Commission.

Michael Bannon had a correction for the March 25, 2014 minutes. The Council will approve the updated March 25, 2014, minutes at the May 27 meeting.

Attendance

The following members of the Council participated in the telephonic meeting:

Tim Hennessey, Chairman
Michael Bannon
Lillian Carpenter
Ralph Douglass
Rick Hicks
Chad Quinn

Tina Serafini
George Silvestri
Bill Sterner
Lee Tolbert
Joe Toner

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

Harry Geller

Javier Toro

Public Utility Commission Staff Present:

Pat McDonnell, Commissioner Witmer's Office
Joe Witmer, Commissioner Brown's Office
Tom Charles, Office of Communications
Lori Shumberger, Office of Communications
Colin Scott, Law Bureau

Guests Present:

Heather Yoder, Office of Consumer Advocate

Utility Service and Competition in Philadelphia Discussion

Tim Hennessey said Lee Tolbert brought up at the last meeting about Philadelphia having no competition available for consumers.

Tim Hennessey asked Tom Charles if he had anyone lined up to discuss this. Tom Charles said the conference call meetings are for the Council members to have discussions and there would not be PUC staff attending the meeting other than Colin Scott, Lori Shumberger and Tom Charles (and Commissioners' staff if they wish).

Tim Hennessey asked Lee Tolbert to lead the Council in this discussion.

Lee Tolbert said he had requested a presentation on the sale of PGW and how it will affect the PUC. Most of the information that is circulating in Philadelphia is not correct.

Ralph Douglass said the PGW sale would move it from a city-run utility to a privately owned utility. Lee Tolbert asked if the PUC would still regulate the company.

Tim Hennessey asked Tom Charles to have someone attend a future meeting to discuss this. Tom Charles said he would.

Ralph Douglas asked if a natural gas competitor would need to run their own lines for natural gas. If so, this would be a big cost. Lee Tolbert asked if there is a way to open up natural gas like the electric competition. Tom Charles said there is natural gas choice, but it is not as successful as the electric competition.

Lee Tolbert said Philadelphia needs to open up to competition and not to continue to suffer from monopoly utility companies that provide all the services. There is no choice in services unlike the western side of the state.

Tim Hennessey said the sale of PGW should be public knowledge, but it sounds like most do not know what is happening. Tom Charles said the PGW sale is not yet before the PUC. Lee Tolbert said he had some conversations with some of the natural gas companies and what they plan to do once the sale is complete. Could the Council get some of the natural gas companies to give a presentation on this? Tom Charles said he would have someone from the PUC give an update on the PGW sale first and then go from there. The discussion continued about the sale of PGW and what will happen once the sale is finalized.

If finalized, the sale could open up Philadelphia to competition from natural gas suppliers.

Lillian Carpenter asked if the Council is considering making a recommendation on the sale of PGW. Tim Hennessey stated he was not sure what recommendation the Council could make without more information. Lee Tolbert suggested looking at past performance. Tom Charles said, at this time, there is nothing before the Commission and so nothing for the Council to advise about.

Tim Hennessey said Tom Charles will have an update on what is happening before the Philadelphia City Council on the PGW sale. The sale would bring in much needed capital to the city.

Consumer Education Discussion

Tim Hennessey said he believes this issue came out of the PAPowerSwitch presentation from the March meeting on fixed and variable rates.

Michael Bannon asked if there has been any update on the variable rate issue with the Commission and the Office of Attorney General. Are consumers still filing complaints? Tom Charles said consumers are still filing complaints with both offices. There are new rulemakings and legislation being considered. The Office of Communications is still working to enhance the website. The PUC's consumer educators are going across the state to educate consumers on variable rates. The Office of Communication is sending out press releases with information about the variable and fixed rates, and doing interviews about the rates.

Michael Bannon asked if there is data on how many consumers have been terminated due to the high variable rate electric bills. Joe Witmer said the winter termination regulations just ended on March 31. April starts the regular termination rules, and there is always an upward spike for the month of April on terminations so, at this time, we are not sure. There may be an update at a future public meeting.

Tom Charles said he would get someone to give an update on where the consumer complaints are and the number of complaints. Michael Bannon said by then consumers would have received notices of terminations due to the high variable rate bills.

George Silvestri stressed that variable rates are not a great way to go. A discussion on the hazards of variable rate contracts on consumers was discussed and what the possible pitfalls could be.

Rick Hicks made the suggestion to ask the Office of Consumer Advocate (OCA), the Attorney General's Office (AG's) and the PUC Bureau of Consumer Service (BCS) to help figure out what is the best recommendations on variable rates. Heather Yoder said OCA would be willing to talk to the Council. Heather Yoder said she would get in touch with Tom Charles.

Other Issues for Discussion

George Silvestri brought up the FirstEnergy plants that were closed due to global warming and discussed the difference between coal fired plants versus the natural gas fired plants.

Tim Hennessey said this is a very complex issue and he would need more background on it. George Silvestri said this was one of the white papers that he sent.

George Silvestri said the PUC Chairman attended the hearing on these plant closures and brought up the grid reliability without the two plants. To update and bring the closed plants back on line would be a very complex job now.

Ralph Douglass asked who is responsible for the grid and the impact due to the closing of two plants. Tom Charles said PJM Interconnection Inc. (PJM) is in charge of the electric grid and he would have someone attend a future meeting to discuss the role of PJM.

George Silvestri said he would like an update on Marcellus Shale and the impact on the environment. Lee Tolbert agreed with George Silvestri.

Tim Hennessey said Marcellus Shale is on the future agenda list along with Act 13 and Chapter 14.

CAC Conference Call Meetings

Tim Hennessey said today's discussion was very informative. But these meetings will not be done every other month, but only as needed.

George Silvestri said having the conference calls is better than having a meeting every two months. Joe Toner agreed that the call was productive.

Future Meeting Topics

Tim Hennessey asked if there were any other topics that Council would like to discuss.

Tim Hennessey said he would like to talk about the Sunoco Marcus Hook pipeline project. The oil pipelines would be updated with new lines to transport natural gas.

Bill Sterner said there are a lot of customers who use fuel oil that could be heating with natural gas. He would like to see the natural gas lines expanded.

Tom Charles said the PUC is working on a "Get Gas Program" and Commissioner Witmer is spear heading this program. At a previous public meeting, UGI plans to do a pilot program to extend gas service to areas that were previously considered uneconomic.

Future Meeting Topics Include:

- Act 13 Update
- Attorney General's Office MOU Update
- Comcast, Supplier of Electricity
- Legislative Update
- Marcellus Shale Update
- Sunoco Marcus Hook Pipeline, PUC's process and Role
- PGW Sale, PUC's Process and Role

- Commission's Role with PJM
- Resale of Utilities
- Smart Meters Privacy Update
- Variable Rates Update

The next meeting for the CAC will be held at 10 a.m. on May 27, 2014, in the Executive Chambers of the Commonwealth Keystone Building.

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