

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

Meeting of May 22, 2012

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Harrisburg, PA 17105-3265

Call to Order and Introductions

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

George Silvestri said he didn't receive the minutes. Tim Hennessey said the Council would postpone the approval of the March 27, 2012, minutes until everyone had time to review them.

Attendance

The following members of the Council were present:

Tim Hennessey, Chairman
Michael Bannon (telephone)
Lillian Carpenter (telephone)
Cindy Datig
John Detman

Harry Geller
Tina Serafini
George Silvestri (telephone)
Lee Tolbert (telephone)
Joe Toner (telephone)

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

Pedro Anes
Robert Christianson, Vice Chairman

Rick Hicks

Public Utility Commission Staff present:

Jan Freeman, Executive Director
Patrick McDonnell, Commissioner Witmer's staff
Brett Rendina, Chairman Powelson's staff
Tom Charles, Office of Communications
Lori Shumberger, Office of Communications
Joe Witmer, Law Bureau
Tom Beene, Legislative Affairs
Alexis Bechtel, Bureau of Consumer Services
Dan Mumford, Bureau of Consumer Services

Guests Present:

Don Dinsmore, Chief of Staff for NJ Republican Leader Gary Chiusano
Bernadette Foisy, PECO
Karen Markey, Energy Association of PA
Heather Yoder, Office of Consumer Advocate

Act 11, Act 127, Reorganization and Alternative Fueled Vehicles Update

Jan Freeman thanked the Council for the invite.

Jan Freeman passed out a copy of the new PUC organization chart. The reorganization was part of the reason for the creation of my position. This chart reflects the major reorganization that has happened within the PUC. This is the first time the chart has been available for public viewing.

The PUC's budget is under review by the legislature as part of their overall budget responsibilities. We went in with a zero budget increase for the fiscal year of 2012 – 2013. The PUC is filling some existing vacancies, but without a budget increase, there will be limited in the positions that can be filled.

Due to consumers shopping for suppliers, utility's revenues are down. This impacts the current percent of revenue ceiling that provides the upper limit on what we can collect from the regulated utilities. We will need to revisit this issue in the next fiscal year.

Jan Freeman said on July 5, will be my one year anniversary with the Commission. This past year has been very busy with several new pieces of legislation being passed. Act 11, Act 13 and Act 127 are just a few of the new legislation that gives the PUC more and expanded responsibilities.

With the passage of Act 127, the Commission has expanded authority to enforce federal pipeline safety laws as they relate to gas and hazardous liquids pipeline equipment and facilities within Pennsylvania.

There are regulations being developed by the federal Pipeline and Hazardous Material and Safety Administration (PHMSA) that will expand the federal (and therefore Commission) responsibility over additional pipeline in less populated areas. However, it is unlikely that this will occur until 2013 or later.

The PUC is still working through Act 127 requirements. We have jurisdiction over all intrastate pipelines. Currently, there are approximately 90 companies with less than 1,000 miles of pipelines that have filed with us. The PUC has posted and is filling positions to handle additional pipeline inspections and safety.

From a fiscal responsibility, the PUC must keep the Marcellus Shale and pipeline funding separate from PUC's other utility's assessments. Funds cannot be comingled.

Act 11 is the electric, natural gas and wastewater distribution system improvement charge (DSIC). The tentative order related to this new law has been distributed by the Commission for further comment. This is similar to the water DSIC that has been in place since the early 1990s. The companies will need to have filed a recent rate case in order to take advantage of this new cost recovery mechanism.

Some companies may elect not to take advantage of the new DSIC cost recovery mechanism. Some may believe that the current ability to recover their costs are adequate.

On May 31, the PUC will hold their first Alternative Fueled Vehicles (AFV) forum at Drexel University. A copy of the press release is in your packets. There are 16 presenters on the agenda. We want to see what is being done and what is being planned in this important area. This market is still being developed. Please feel free to stop in. The meeting will be transcribed and audio will be available on our website.

The forum was developed by a group of folks at the Commission that were part of our Emerging Leaders Program. This program is similar to similar corporate and government leadership programs whose purpose is to identify people who will become the future leaders of organizations, and to assist them in reaching their full professional potential. The PUC picked 23 top individuals to undertake a 9-month training course. These individuals will or may have already moved into management positions.

There were four teams that were given real time projects. The AFV team is the group of which I was the sponsor. Tom Charles is sponsoring a project on the website improvements.

Jan Freeman closed by saying that he is always interested in talking with any of the CAC members at anytime.

Bureau of Consumer Services Update

Alexis Bechtel, Director of the Bureau of Consumer Services was invited to give an update on the Bureau of Consumer Services. A copy of the presentation was handed out with the packets.

Alexis Bechtel said around December 2009, BCS had a backlog of approximately 9,000 cases that were over six months old. Some cases were open for years. The average case turnaround time was over six months.

Our charge was to eliminate the backlog before December 2010 and improve customer service.

BCS eliminated the backlog by August 2010 and reached a 90-day average turnaround time for most cases by July 2010.

Page 5 includes BCS's 2011 goals. These goals were training and quality of service, automation, AutoPAR, and to streamline the case process.

The BCS website was launched in October 2011. The website helps the case workers stay on top of the issues and helps them locate information and important programs faster.

AutoPAR is for simple payment arrangement requests where there is no factual dispute. A consumer who needs a payment arrangement to avoid the termination of service can call our hotline and talk to an interviewer. The consumer's complaint is then electronically sent to the utility - and the utility responds electronically with the basic customer account information BCS needs to issue a payment agreement. The BCS information system automatically retrieves this information and immediately issues and produces a payment arrangement decision for mailing. This automated process gets a payment arrangement to the customer and the utility faster and also frees staff resources to focus on handling more complex cases and disputes.

On Page 7 is BCS's caseload and backlog snapshot. In 2010, we had a caseload of 18,603, and 8,638 were over 180 days old. In 2011, our caseload of 2,686, and 134 cases over 90 days old. At this time, we have 5,217 cases, and only 18 are over 90 days old.

During a normal week in termination season, BCS receives an average of about 2,000 cases a week. We consider the resolution of 1,500 cases a week as doing well.

The call center handles approximately 200,000 calls a year. Our new phone system has a virtual hold feature which will place a customer's call into a queue and allows them to hang up. They will receive a callback when we have an agent available. Many customers also opt to leave a message or an email.

BCS continues to move forward on training and quality efforts. There is more internal training available and also field training at utilities.

The BCS Web (SharePoint) site helps staff find information more easily. This internal site allows everyone to share information, link to information that is in InfoMAP, and link to utility tariffs.

When Lou Sauers retired, most of his information, reports, and notes were loaded into a resource tab on this site. He may not be here, but we can still get to his information easily and quickly.

Lillian Carpenter asked about the staff training. Alexis Bechtel said most of the training is transitioning to eLMS, which is a computer-based training. The staff can see what is available and take the course online. They can brush up on skills that they haven't used often with these training courses. This is an incredible tool for the staff.

Harry Geller asked about the utility site training. Is this onsite training? Alexis Bechtel said yes. The purpose of onsite training is to let our staff see what the utility does on their end to handle cases. This is a more hands-on training.

Harry Geller asked why the case turnaround time has gone up this year. Alexis Bechtel said there isn't as much overtime allowed due to keeping the budget costs down. Also there are fewer people in BCS.

Alexis Bechtel thanked the Council for inviting her, and, if there is anything else needed to please let her know.

Terminations & Reconnections, Low Income Customer Shopping and Retail Markets Investigation Updates

Dan Mumford from the Bureau of Consumer Services was invited to give an update on terminations and reconnections, low-income customer shopping and the Retail Markets Investigation. A copy of the terminations and reconnections are in the packet for February, March and April.

April is the first month when regular terminations regulations are permitted. This gives the first true numbers for the year. Before April, the utilities were under the winter termination regulations. The utilities could not terminate anyone below the 250 percent poverty level.

The termination numbers are down from April 2011 by 17 percent. Only natural gas increased by 2 percent.

One reason for the lower termination numbers is because the PUC asked utilities to understand that LIHEAP is behind and give customers a chance to be approved. To what extent the utilities did this, we are not sure. Next month, we will have a better idea.

What does the “*” beside PECO mean? Dan Mumford said PECO is different because they have both electric and natural gas customers. All their information appears under the electric category.

George Silvestri asked if terminations are down due to a mild winter. Dan Mumford said he wasn't sure but it could be some of the reason. Also natural gas prices are lower.

Cindy Datig said there were more customers enrolled in Customer Assistance Program (CAP) programs. Dan Mumford said that could also help.

Tim Hennessey asked if the PUC thought DPW would work through the backlog in a month's time. Dan Mumford said he was not sure what is happening at DPW, but knew that DPW will be upgrading their computers very soon. Harry Geller said DPW reported to the LIHEAP Advisory Council that the numbers have been reduced. They were getting close to catching up, but we haven't heard if they have succeeded.

Dan Mumford said the Retail Markets Investigation (RMI) had an en banc hearing in late March. Since then, not much has happened. The PUC is very busy working on issues. Once done, the PUC will get back with the stakeholders with a timeframe. Hopefully there will be more information soon. The stakeholders are participating in smaller working groups.

Dan Mumford said he is part of the RMI universal working group. The group is reviewing long-term and short-term policies. The current issue being discuss is CAP

customers, should they shop or can they shop. The answer varies depending on what utility company they have. PECO CAP customers cannot shop. If they do, they will be removed from the CAP program. Duquesne Light CAP customers can, but Duquesne Light cannot handle the billing. They must be billed separate. There are a lot of strong opinions on this issue. This may be an issue that will not have a general concession.

Cindy Datig said she was told the utility company buys all receivables. If so, why can't CAP customers shop? Dan Mumford said it's a matter of an opinion. Some groups said if a CAP customer changes suppliers and the rate is higher than the default provider, they could end up worse off.

Harry Geller said, regarding CAP customers shopping, every utility company's policy varies. If they shop and their rates go up, the difference must be paid. The difference isn't budgeted in to cover the cost. The ratepayers would have to cover the difference. The possibility of a cost increase can be very volatile to low-income customers.

Dan Mumford said the subgroup is discussion consumer education aimed at CAP customers. Do we need to do more to educate them as to their ability to shop or not to shop? Is there a special message that needs to be tailored for them? The subgroup is working on a document that would convey general principles to help frame the issues. If the default model is changed, who will provide the default service to CAP customers? This could be a bigger long-term issue.

At the last Commission's public meeting, the Commission adoptive an order that terminated rulemakings that were under way for Universal Service programs like CAP. The Commission over the last couple years has been trying to put out regulations about CAP programs. That rulemaking is done. That order gives most of those issues to this subgroup.

Dan Mumford said PECO's default service plan said CAP customers cannot shop.

Cindy Datig asked if there are any minutes available from the working group. Dan Mumford said there are notes, and he would get them for you.

Retail Markets Investigation (RMI) Subcommittee Report

Harry Geller said he knew that Dan Mumford would be talking on this issue. At this time, there are no activities on this. The Commission is doing a general investigation. There are a number of stakeholders involved in the working groups, and telephone conference calls are set.

There are two working groups that we need to be concerned with. They are the Consumer Education group that Tom Charles is staffing and Universal Service group that Dan Mumford is staffing.

We can ask Dan Mumford to continue giving us an update on all RMI progress.

Smart Meters Opt-Out Plan

Tom Beene from Legislative Affairs was invited to give a legislation update on Smart Meter opt-out plans.

Tom Beene said on May 8 there was a hearing held by the House Consumer Affairs committee. Rep. Reese has two bills. They are House Bill 2186 and House Bill 2188. Both house bills deal with smart meters issues and customer data.

Rep. Reese has concerns about the government mandate and control of information and the ability to opt out of smart meters.

The Chairman testified along with Sonny Popowsky, and Terry Fitzpatrick and others. They are not in support of this bill. This is not a wise choice to allow the customers to opt out. The Chairman's testimony could be provided to the Council.

The Office of Legislative Affairs is receiving a lot of mail about the legislatively required smart meter deployment. A lot of people believe that smart meters will allow the utility company or someone to get into their personal emails and see their personal activities.

Tom Beene said he did not believe that these bills will pass in this legislative session. The legislation wants to be out of session by June 13.

If by some chance these bills passed this session, they could still be amended before they pass. Tom Beene said he still think consumers will have to pay for the charge. If you opt out, you would still have to pay for the program.

George Silvestri said during a previous Council meeting it was revealed that, if electricity users wanted to opt out of the smart meter program, they should have to pay a fee and still pay the monthly charge.

George Silvestri said Harry Geller had sent him, several months ago, a copy of a presentation to a Congressional committee on smart technology by a group called EPIC and related to the threats to privacy and unwanted intrusion into the citizenry's affairs. The National Institute for Science and Technology (NIST) and formerly the National Bureau of Standards, was given the task of development of smart meters. When EPIC became aware of the project and questioned the NIST staff, it was revealed that they were totally clueless about privacy issues and misuse of the technology to gain access to personal and private information.

George Silvestri said that one of the grievances against the British King, noted in the Declaration of Independence, was the stationing of British troops in neighborhoods and the homes of the colonists. Now we are required to allow an uninvited intruder into our homes in the guise of a smart chip. As grievous as this is, we then have to pay an upfront fee and a monthly charge to opt out.

Tom Beene asked what George Silvestri expected them to withdraw. If you rent a movie, the company knows what you rented. George Silvestri said that is my decision

to use the company and buy the movie. The smart meter is not my decision. It has been taken out of my hands.

George Silvestri said he pointed out that the technology for remote electric meter reading was used for years in rural areas. A truck drives by and using radio signals reads my meter. This preserves my privacy.

Tim Hennessey told George Silvestri that his points are noted. Maybe we can get a copy of these bills. Mike Bannon said he agrees with most of those points. Could he also get a copy of the bills?

Cindy Datig said isn't there already a company like PPL that has used smart metering for years. Tom Beene said that Sonny Popowsky testified that smart meters have been around since 2004 in PPL and our service territories. Cindy Datig asked if the customers had to pay for smart meters and was it mandatory. Tom Beene said he believes so. George Silvestri said that there are smart meters and there are smart meters.

Tina Serafini mentioned Penelec giving smart meters and also giving a credit to their customers. Tom Beene said he believes so. After Penelec filed their smart meter deployment plan with the Commission, they started.

Joe Toner asked about having off peak meters as well as a regular meter, and wants to opt out of the smart meter. Would you be charged for two meters? Tom Beene said he believes that currently customers would be charged for what is on their property. The amendment that could be offered could have an opt out fee, but he has not seen the legislation yet. Joe Toner said then he would be charged for two meters. This legislation needs to have another look.

Bernadette Foisy said you should not get an additional charge for the off-peak meter. She will have someone from PECO get in touch with you.

Lillian Carpenter asked if low-income customers will have a different rate for these meters and to opt out of the meter. Tom Beene said no, there is no mention of it.

Commission Update, Vice Chairman Confirmation, Website, Consumer Education Update

Tom Charles said at the last meeting, the Vice Chairman John Coleman, had received approval from the legislative oversight committee. Since then, he has been confirmed by the Senate. He will continue as the Vice Chairman for the PUC.

We are overhauling the PUC website. We are looking to make the website more consumers friendly. We'll start adding videos onto the website from public meetings. Utilities will have the ability to file staff reports and data easier through the website. We hope to be able to walk the Council through the new website at an upcoming meeting.

The consumer education subgroup is considering a statewide plan. Our two goals are to drive more to consumers to the PA PowerSwitch website and to educate consumers about upcoming changes from the RMI.

We will be reconvening the subgroup this summer hopefully see a tentative order on consumer education in the near future. Harry Geller has asked to be on the subgroup.

Karen Markey said the consumer education and universal service subgroups are only on the electric side.

Tom Charles said there will also be a new PA PowerSwitch natural gas shopping site with comparison tools.

Cindy Datig asked if there is any place on the PUC's website that lists the PUC's education activities. Tom Charles said yes, there is a site and we are looking to improve this site. Cindy Datig said she didn't know about the Pittsburgh event until it was over.

Discussion of CAC Priorities

Tim Hennessey asked if there should be anything else added to the future agenda items other than what is listed.

Tim Hennessey said the 2-1-1 fund update that Cindy Datig requested.

Tim Hennessey said the Council would like more discussion on smart meters. George Silvestri offered an observation on the Council. The Council is more reactive mode instead of proactive mode. What are our role and some guidance from the PUC about our role?

George Silvestri asked what is wrong with having resource or white pages. He has presented ones in the past to the Council. Now have white pages on ethanol vs gasoline. These are numbers based on engineering. He would like to send a copy to Tom Charles and distribute to the Council. Tom Charles said to send it to him, but he is not sure what the Council's jurisdiction on this issue.

Tom Charles said we will add an update on the Council's jurisdiction to an upcoming meeting. Tim Hennessey said he agreed to get an update on the role of the Council.

Tim Hennessey said he received a letter from Tom LeCrone giving his resignation due to personal reasons.

Cindy Datig asked about the 2-1-1 fund. Is there anything that will be coming up in the next month on the 2-1-1 fund? She received a phone call from a utility company stating the United Way wants them to fund the 2-1-1 fund through a universal service program ride along. United Way asked if customers would add \$1 to their bill to help fund this. The utilities said no.

Cindy Datig said she also heard that some of the Commissioners are in support of this. Tom Charles said he has contacted the Law Bureau and hopes to have someone at an upcoming meeting soon. If something happens on 2-1-1 fund issue, will let everyone know.

Tom Charles said Rick Hicks was following this issue. Maybe reach out to him also.

Future Meeting Topics Include:

- 2-1-1 Fund Update
- Aging Workforce and Line Crew Update
- Council's Role and Jurisdiction Update
- Legislative Update
- Marcellus Shale Update
- Marketing Guidelines Update
- Retail Markets Investigation Update
- Smart Meters Update

The next meeting for the CAC will be held at 10 a.m. on July 24, 2012, in the Executive Chambers of the Commonwealth Keystone Building.

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