

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

Meeting of May 27, 2014

P.O. Box 3265

www.puc.pa.gov

Harrisburg, PA 17105-3265

Call to Order and Introductions

Vice Chairman Harry Geller called the meeting to order at 10 a.m. in the Executive Chambers of the Public Utility Commission.

Harry Geller had two amendments to the March 25, 2014 minutes. The Council approved the updated March 25, 2014, minutes and the April 22, 2014 Conference Call minutes.

Attendance

The following members of the Council were present:

Tim Hennessey, Chairman (telephone)	Chad Quinn (telephone)
Harry Geller, Vice Chairman	George Silvestri (telephone)
Michael Bannon (telephone)	Lee Tolbert (telephone)
Ralph Douglass	Joe Toner (telephone)
Rick Hicks (telephone)	Javier Toro

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

Lillian Carpenter	Bill Sterner
Tina Serafini	

Public Utility Commission Staff Present:

Matt Totino, Vice Chairman Coleman's Office
Terri Slocomb, Commissioner Cawley's Office
Pat McDonnell, Commissioner Witmer's Office
Joe Witmer, Commissioner Brown's Office
Tom Charles, Office of Communications
Jennifer Kocher, Office of Communications
Lori Shumberger, Office of Communications
June Perry, Legislative Affairs
Colin Scott, Law Bureau
Kriss Brown, Law Bureau
Dan Mumford, Bureau of Consumer Services

Guests Present:

Heather Day, Gmerek Government Relations Inc.
Nicole Gear, Energy Association of Pennsylvania
Westburn Majors, Gmerek Government Relations Inc.

Rick Hicks acknowledged the recent passing of Robert Christianson, who serviced on the Council for many years. Rick Hicks requested a moment of prayer and then a moment of silence.

Commission's Role with PJM

Kriss Brown, from the PUC's Law Bureau, was asked to give a presentation on the Commission's role with PJM Interconnection.

PJM is regulated by the Federal Energy Regulatory Commission (FERC).

The Commission does not regulate PJM. The Commission can give input on PJM issues by letters with approvals or comments. Once PJM files a Tariff change with FERC, the Commission will review the changes and can file comments on it.

State Commissions are not allowed to sit on the board of PJM, but the Commission does have five attorneys that monitor the stakeholder meetings held by PJM to discuss potential tariff changes.

PJM is regulated by and must follow reliability rules developed by the North American Electric Reliability Corporation (NERC). The Commission has staff that monitors and participates in the NERC rule development process.

Ralph Douglass asked what PJM stands for. Kriss Brown said, "Pennsylvania, New Jersey and Maryland".

George Silvestri asked what oversight is there for PJM especially with the closure of the two FirstEnergy plants. Kriss Brown said PJM is federally regulated, but neither FERC or PJM have authority over FirstEnergy plant closings.

Kriss Brown said PJM establishes the three-year auction for generation capacity. All generation facilities that clear the capacity auction must bid into the energy market. FERC regulates and must approve the market rules, bids, service providers, cleared generation performance and payments.

George Silvestri said he is concern about the policy on global warming. The two FirstEnergy plants did not meet PJM's requirements. Kriss Brown said PJM does not rule on the environmental requirements for the various generation plants. The Federal Environmental Protection Agency (EPA) deals with environmental requirements.

Ralph Douglass asked for a description of the capacity markets. Kriss Brown said PJM will determine how much energy will be needed to get through the market year starting at June 1, 2017, until May 31, 2018. PJM must figure the amount of energy needed on the highest demand day and then add an additional 15 percent margin on that top amount. PJM then

holds an auction in which generators bid a set amount of megawatts at a certain price. PJM selects the megawatts it needs starting with the lowest bid price to the highest bid price until it obtains the total megawatts it needs. Each supplier or generator that clears the auction must guarantee the megawatts they will supply every day to PJM. Once the generator has fulfilled their quota, they can sell any extra energy not committed to PJM to other parties through bilateral contracts. PJM will penalize a generator or supplier if they do not supply to PJM their guarantee amount of energy.

Ralph Douglass asked how reliable the projected capacity markets are. Kriss Brown said PJM has projected very well. There have not been any black outs due to a lack of capacity. There have been some equipment failures that have caused blackouts.

Variable Rates, Call Center Inquiries, CAP Shopping and Terminations Update

Dan Mumford, from the Bureau of Consumer Services, was asked to give an update. There is a copy of the PowerPoint presentation in the packets.

Dan Mumford said the first couple of slides pertain to PJM and its footprint. The PJM website explains a lot of information to the consumer. The website shows the current cost for wholesale power.

The next several pages show what happened during the January cold weather. Due to the severe cold weather, the cost of natural gas saw a large increase. Since many generation plants are run by natural gas, this caused the electric prices spike.

Page 7 explains how this impacted the customers on variable rates. The wholesale price increased, which was passed on to the variable rate customers. This resulted in tripling or even larger increases to variable rate customers. Variable rates can change monthly to reflect market conditions.

Dan Mumford said, as soon as the PUC became aware of the large increases, there were media alerts and press releases to notify consumers.

Page 8 shows a graph for all the informal complaints the PUC received. The graph starts on Feb. 1, 2014, and continues until May 12, 2014. The Commission has received about 7,500 complaints this year. In 2013, there were only 2,000 complaints. The complaints have slowed down.

Dan Mumford said, if consumers are having issues in contacting their supplier, they should call the PUC and file a complaint with us.

The PUC is meeting with the Office of Consumer Advocate (OCA) and the Attorney General's Office on these issues.

Most of the complaints are being settled.

Harry Geller asked, since some consumer's arrearages cannot be addressed by the Commission, do these numbers include Customer Assistance Programs (CAP) customers. Dan Mumford said yes, some CAP customer could shop under the Chapter 14 regulations. If the CAP customer was signed up for a variable rate, the PUC cannot help them.

George Silvestri said there are many consumers that are having a rough time getting in touch with their suppliers when the electricity goes off. Dan Mumford said if you lose service, you will need to call your utility company not the supplier. Reliability is the utility company's responsibility.

Harry Geller asked if BCS knows how many consumers' complaints have been settled. Dan Mumford said no.

Michael Bannon said some consumers have received refunds from their suppliers. Dan Mumford said yes, that is correct. That is why the PUC suggests consumers to call the supplier first. Michael Bannon asked if there is a judge involved in these cases. Dan Mumford said only the formal cases will go through an administration law judge. If an informal complaint does not get settled, then it will become a formal case or go to the mediation level.

Dan Mumford said the PUC requested two new sets of regulations on Thursday, May 22, 2014. Chairman Powelson testified before the Pennsylvania Senate Consumer Protection and Professional Licensure Committee on April 29, 2014. All five Commissioners attended the hearing. The Commission wants new switching and disclosure regulations to protect consumers. The Commission turned these regulations around within a month.

The new switching rules would allow a consumer to be switched within days of the request instead of the normal 11 to 40 days. Consumers would no longer need to wait until the meter reading.

The new disclosure regulations would make the disclosure statements more understandable and useful to consumers, especially in the context of variable-priced products. This would also require that suppliers provide an Electric Generation Supplier (EGS) contract summary to customers. It would be a one-page overview, in plain terms, of the most important contract terms.

Dan Mumford said the shopping numbers have dropped the last 11 weeks by nearly 70,000 customers. The customers have gone back to their default service company. There has been an impact on shopping but hope to see a reversal soon. Joe Toner asked why the customers have gone back to their default service. Dan Mumford said customers were not happy with their variable suppliers and went back to the default company.

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Page 25 starts the summer potential issues and problems. Some of the EDC's default prices are increasing dramatically on June 1, 2014. The chart shows how much each EDC will be going up. West Penn Power will go up 51 percent, but they will still be the cheapest.

The PUC put out a press release on May 13, 2014, about these increases. The PUC received a good amount of media on this release. In the press release, it was explained that the PUC does not control the price of the generation portion of consumer's bills. It is determined by the wholesale electric market.

If a consumer has decided to stay with their default company, they do not have a fixed rate. The default company's rate can be adjusted every three months. To receive a fixed rate, the consumer would need to choose a new supplier that is offering a longer-term, fixed rate contract.

The PUC posted a consumer alert slider on the PUC website stating prices will be going up on June 1, 2014.

PJM sent out a press release on May 14, 2014, stating there will be enough resources to power air conditioners during the upcoming summer months. PJM does forecast a 1.3 percent higher energy usage over last summer's projected amount. But last summer's peak was higher than PJM had projected due to the hotter than normal temperatures.

Harry Geller asked about the new supplier switching rule that will make switching faster. How will consumers know what price they have now? Dan Mumford said some consumers will not find out their price for generation until they receive their bill. But under the new disclosure regulation, it must be on their monthly energy bill.

Dan Mumford said the April termination numbers are not available at this time. Once the numbers are available, will make sure they are forwarded to the Council.

PECO CAP customers still cannot shop for an electric supplier because the Commonwealth Court has put it on hold until they have reviewed the regulations.

Harry Geller said, per the March Council meeting, the PUC was going to meet with the utilities about terminations due to the variable rates. Has this happened? Dan Mumford said the PUC has asked the utilities to extend a longer payback timeframe to the variable rate customers with high bills. Most companies have responded back yes.

The PUC has urged variable rate customers to talk with their supplier about the cost and also their utility company for the high bills for this winter. The PUC will be watching the termination numbers closely.

Ralph Douglass said there is talk about capping the variable rates. Harry Geller said there is proposed legislation on this. Dan Mumford said the General Assembly would need to pass legislation on this. The Commission cannot cap the rates. Also capping supplier rates would be very hard without capping the wholesale rates or markets.

PGW Sale, PUC's Process and Role

Jennifer Kocher, from the PUC's Office of Communications, was asked to give a presentation on the Commission's role with PGW sale.

Jennifer Kocher said at this time nothing has been filed with the PUC. There is no timeframe for filing.

The media reports have indicated PGW is waiting for city council's approval before filing with the PUC.

Most mergers or acquisitions typically take a year or more. Once City Council has approved the sale, then comments can be filed and the case would go before a judge.

Ralph Douglass asked if City Council would need to approve the sale before it came before the PUC. Jennifer Kocher said yes, once approved, the PUC would look into the sale.

Ralph Douglass asked if the PUC decided the sale was not a good decision, could the sale go through. Jennifer Kocher said no, the sale could not.

Sunoco Marcus Hook Pipeline, PUC's Process and Role

Jennifer Kocher, from the PUC's Office of Communications, was asked to give a presentation on the Sunoco Marcus Hook Pipeline, and the PUC's process and role.

Sunoco Pipeline is a public utility and has been since 2002 offering petroleum products and refined petroleum products pipeline transportation service within the state, and was subject to the Commission's oversight and jurisdiction.

The PUC does not have jurisdiction over the siting of natural gas pipelines, but we do have jurisdiction over the safety of pipelines.

The Mariner East project is approximately 300-mile project that will make use of the company's existing pipeline infrastructure, supplemented by construction of an additional 151-mile extension from Houston, PA, to Delmont, PA, to ship natural energy resources from the Marcellus Shale in Pennsylvania to the Marcus Hook Industrial Complex on the Delaware River and Twin Oaks facilities.

The PUC does not make decisions regarding eminent domain. As a public utility, eminent domain is decided at the state or federal level. The company is able to file before the courts to use eminent domain and then seek approval from the Court of Common Pleas. The company is not required to obtain PUC preapproval to exercise eminent domain to build a pipeline as the Public Utility Code only requires such preapproval for overhead electric and telecom facilities.

Jennifer Kocher said, in April, Sunoco filed 31 petitions for zoning variances to build the pump stations. On May 8, the petitions were amended to include intrastate delivery via the pipeline and to treat each petition as a separate case.

Since Sunoco made an amended petition, it was republished in the PA Bulletin on May 24, 2014. This restarts the timeframe for parties wishing to file a formal protest or comments. They must file by June 9, 2014. Public comments are always welcome and will be placed in the public comment folder for the case. The case then will be assigned to an ALJ judge and a prehearing will be scheduled.

Jennifer Kocher said last week, Sunoco came to the PUC seeking to rescind an August 2013 PUC Order by which the PUC approved the company's application to abandonment of a portion of its petroleum products pipeline transportation service saying it was necessary for the proposed Mariner East pipeline project. They also suspended service for up to 18 months to another portion.

The question on how long with this procedure take? Jennifer Kocher said there is no timeframe on when this has to be ruled on.

Legislative Update

June Perry, from PUC's Legislative Affairs, was asked to give an update on legislation.

June Perry said the General Assembly has been out on recess and will be back in session in June. The PUC budget has not seen action yet, but should in the near future.

House Bill 939 is Chapter 14. This bill was scheduled for Senate committee action, but it was pulled from the agenda due to concerns raised by several parties. There will be nothing done on this bill until fall.

House Bill 2104 is the variable rate bill introduced by Rep. Godshall. HB 2104 was amended and voted out of committee, but there may be further changes. The Senate has not acted on this issue other than hold two hearings.

Gas competition is House Bill 1188. This bill is in the Senate, but also was pulled from the committee's agenda at this time. There are amendments drafted to this bill for consideration.

June Perry said there are two bills related to One Call. House Bill 1607 was voted out of the House Consumer Affairs Committee and has seen some floor action. SB 1084 was introduced in the Senate. These bills are on our radar, but we do not see anything happening yet.

Harry Geller asked if the Commission is taking a position on any of these bills. June Perry said the Commission supports HB 939 and supports eliminating Friday terminations. HB 2104, the Commission supports provisions of this bill, but also has many concerns. The Commission is supporting HB 1188. HB 1607/SB 1084 are Commission legislative priorities. HB 2287 and SB 1385 are the Commission's budget bills.

Future Meeting Topics

Ralph Douglass said he has a level of frustration with all this information and what is the Council to do with it. Harry Geller said the Council has not taken a position on any issues at this time. Harry Geller said, it is his understanding that the Council can and is responsible to advise the Commissioners on concerns of consumers. The Council can present motions for the Commissioners to look at and follow up on issues by working groups.

Harry Geller asked Ralph Douglass if there are any issues that he would like to address. Ralph Douglass asked if the Council did any motions lately. Tom Charles said the Council submitted a motion to the Commissioners a couple meetings ago. Ralph Douglass said the Council should maybe move forward on some of the above issues. Harry Geller suggested developing a committee to present some issues to the Council for consideration to give to the Commissioners. Michael Bannon agreed with this idea.

George Silvestri said the Council is concerned about the suppliers. The Council could draft some comments to the Commissioners. We are not only Council members but consumers.

Harry Geller said the solicitation of consumers by suppliers should be looked into.

Rick Hicks said he has actually submitted comments on formal proceedings, and agreed with some cases and disagreed with some. That is a great example on what happens at meetings. If the Council is not taking formal actions on cases, it is only the Council's fault. The Council can submit informal comments on cases.

A subgroup was put together and will have meeting to discuss issues and will have the subgroup's recommendations before the next regular meeting. The subgroup will be made up of Michael Bannon, Ralph Douglass, Harry Geller and Joe Toner. Ralph Douglass will be the subgroup chairman.

Harry Geller brought up having a June conference call meeting. Ralph Douglass said at the end of the April conference call, it was discussed that the conference calls would not become a regular occurrence.

Michael Bannon said he would like an update on the MOU meeting with the Attorney General's Office. Tom Charles said he would talk with Bob Young on this issue.

Future Meeting Topics Include:

- Act 13 Update
- Comcast, Supplier of Electricity
- Legislative Update
- Marcellus Shale Update
- Resale of Utilities
- Smart Meters Privacy Update

The next meeting for the CAC will be held at 10 a.m. on July 22, 2014, in the Executive Chambers of the Commonwealth Keystone Building.

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