

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

**Meeting of November 23, 2010**

P.O. Box 3265

[www.puc.state.pa.us](http://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.

Lori Shumberger told the Council that Joe Witmer had revised his section. The Council approved the amended Oct. 26, 2010, minutes.

**Attendance**

The following members of the Council were present:

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

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

Tina Serafini	George Silvestri
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Public Utility Commission Staff present:

Matt Totino, Commissioner Coleman's Office  
April Ballou, Commissioner Powelson's Office  
Tom Charles, Office of Communications  
Lori Shumberger, Office of Communications  
Heidi Wushinske, Law Bureau  
June Perry, Legislative Affairs  
Dan Mumford, Bureau of Consumer Services  
Grace McGovern, Bureau of Consumer Services

Guests Present:

Joe Kleha, PPL Electric Utilities  
Matt Green, PPL Electric Utilities  
Heather Yoder, Office of Consumer Advocate  
Donna Clark, Energy Association of PA  
Alexandra D'Angola, Greenlee Partners

## Smart Grid Technology Update

Tim Hennessey said he talked with David Schleicher, the Vice President of the Transmission section for PPL. David Schleicher has offered to have someone attend a Council meeting and speak on the Smart Grid technology PPL has employed in the Harrisburg area.

Joe Kleha said he is the Manager of the Regulatory Compliance for PPL. He thanked the Council for the opportunity to speak on the Smart Grid project in Harrisburg.

Matt Green said he is the Program Manager of the Smart Grid department with PPL.

Matt Green asked who has heard about smart grids. If you google the words “smart grid”, you will find 40 different definitions. Page 3 has the definitions of what a smart grid is.

Rick Hicks asked what a self healing system is. Matt Green said if a tree falls on power lines and customer lose electricity, a self healing system will switch electric lines so that customers will have power back before the downed lines are fixed.

Matt Green said customers can contact PPL to work with a technician to see how much their electric usage is and learn how to lower their bill.

Through this program, customer’s usage is recorded hourly and customers can see their usage online. Customers can make choices on how to use their energy.

Consumers can buy advance smart appliances. The smart washing machine will operate when electric demand is lower.

Tom LeCrone asked about the meter boxes and how the information is being sent to the utility company. Mark Green said each utility company works with the manufacturing company to develop a meter for each company. The customer’s usage is transmitted through telephone lines, Wi-Fi and electric lines.

Joe Kleha said this technology is part of the Act 129 regulations that all utility companies must abide by. This pilot program will continue over the next three years. There are no industry standards on smart grids yet. Hopefully after the pilot programs are finished, there will be enough information available to design the guidelines.

Joe Kleha said the pilot programs will transfer customer usage back to the customer via the Internet, cable or Wi-Fi. Consumers will be able to read their usage and can adjust their daily usage accordingly. The major concern is customers can have their information hacked and identify stolen. This is a security issue, and everyone is searching for the right technology to block hackers. Tom LeCrone said he is happy

to hear that companies are taking time to find the correct technology to prevent against identity thief.

Tom Leach asked if consumers will have problems conserving on this system. Is there something to use to reduce usage? Joe Kleha said customers can go onto the website and look up their usage. A customer can review several weeks of electric usage and can change their energy usage from the highest electric prices to lower price times.

Tom Leach asked if the companies can terminate a customer remotely when they are behind on their bill. Joe Kleha said, during the winter months, PPL must follow the winter termination regulations set up under Chapter 56. PPL instituted a plan where customer can go online to sign up for payment plans. Within the first hour of this program, there were 48 hits to use the new plan.

Pedro Anes said the smart meters and appliances are made for the utility by a manufacturing company. Joe Kleha said yes. The manufacturing companies work with each utility company to build the items to each company's specifications. The meter or appliance can be basically generic, but with different keyboards for each company. Matt Green said most of the manufacturing companies have been on board since the beginning of the project.

Lee Tolbert said the cost of smart meters is getting passed onto the customers. Matt Green said yes it is. Rick Hicks said under Act 129, the cost is to be passed onto the customers. The problem is, one consumer wants the bells and whistles and someone else doesn't, and both consumers are billed. This situation needs to be reviewed and revised.

Rick Hicks said under Act 129, the utility company is required to reduce their energy demand and usage. Smart meters and grids are being driven to comply with Act 129 requirements. If a company doesn't reduce their usage, it will be fined.

Matt Green said the Department of Energy (DOE) has \$3.4 billion available for projects. PPL's Harrisburg smart grid project is considered a small project since it falls under \$20 million.

In an article in the Smart Grid Today magazine, Kurt Yeager wrote that "PPL's project offers the most potential."

Matt Green said on Page 7 explains the scope of the project. This project impacts approximately 60,000 customers. There is 21 miles of optical fiber installed and developed an end-to-end cyber-security framework.

There are 10 substations, 50 circuits and 511 capacitors, switches and reclosers. These all work together to get electric back to homes that have lost service due to a storm or pole down.

Tom LeCrone asked if the optical fiber cable is buried in the ground. Matt Green said no. The cable is on the poles.

Matt Green said PPL's technology is comparable to the other utility companies. PPL has set the groundwork on cyber security efforts.

Matt Green said Page 12 shows the future phases that will be considered when the Harrisburg pilot program is complete.

Tim Hennessey asked why there isn't a large city listed. Matt Green said the areas were picked for their electric reliability. PPL doesn't want areas with lots of trees.

Dan Paul asked why areas with mountains were not chosen. Was this because it is harder to restore electric? Joe Kleha said the yellow areas on the map are areas that are hard to restore service to consumers fast. These areas need to have hardware updates.

Dan Paul asked if there is a timeline for the updates. Matt Green said the Harrisburg pilot program should be finished by 2012, but there are no plans for the other areas yet.

## **Terminations and Reconnections/Peoples Natural Gas Settlement**

Dan Mumford from the PUC Bureau of Consumer Services (BCS) was asked to provide an update on settlements and terminations and reconnection numbers.

The October terminations and reconnections numbers are in your packets. The electric and natural gas termination numbers are down by 9 percent compared to 2009 numbers. Water terminations are up by 3 percent.

Starting Dec. 1, utility companies must follow the winter termination rules.

Harry Geller stated it is great to see termination numbers reduced. Does BCS have a sense of why terminations are down? Dan Mumford said PGW's numbers declined almost 20 percent. When we asked PGW why, they said their collection data is more accurate. PGW said they are looking at individual accounts. Also, most companies are doing a better job at moving customers into the Customer Assistance Program (CAP) and universal service programs.

What these numbers do not show is how many consumers are without service. At this time, utilities are doing their Cold Weather Survey of terminated customers. They 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. The utility must make four attempts to contact consumers who are known to be without heat-related utility service. The attempts may include telephone calls, letters and personal visits to the residence, and are done on different days of the

week and different times of the day. If the first three contacts are unsuccessful, the PUC requests that the fourth attempt be an in-person visit to the residence. The cold weather report is due out in mid-December.

Dan Mumford said the Commission issued for comment a proposed settlement with Peoples Natural Gas Inc. that includes a \$1,500 civil penalty for allegedly violating the Public Utility Code or Commission regulations. Interested parties have 20 days to comment on the settlement once the Order has been entered.

The next Chapter 14 Biennial report will be finished soon. Chapter 14 requires the PUC to report to the General Assembly and the Governor every two years. BCS is currently preparing the report, and, once it is final, the Council will get a copy.

## Marketing Guideline Update and Discussion

Dan Mumford said he was asked to provide an update on marketing guidelines. In your packet is a copy of the presentation.

The Interim Marketing, Sales Practice Guidelines were voted on Nov. 4, at the Commission's Public Meeting.

Dan Mumford said marketing regulations have been in place for many years. The new guidelines will be based upon the longstanding existing rules.

The PUC does not review marketing materials, but suppliers provide the PUC with copies of the marketing materials upon request.

A signed canceled check does not allow a company to switch you.

The new guidelines are to prevent complaints and problems, provide guidance on regulations not fully addressed, and provide some rules of the road on an interim basis while permanent rules are pending.

The interim guidelines are intended to facilitate the effective operation of a competitive residential energy market that will benefit consumers and suppliers alike.

While the guidelines are important, they cannot address all the possible issues that may arise when suppliers or their agents interact with customers. Good judgment should be used to avoid any practices that may appear to be aggressive.

Suppliers may employ agents, representatives, independent contractors or vendors to perform marketing or sales support services in accordance with the policy guidelines set forth and in compliance with federal, state and municipal law, and applicable Commission rules, regulations and orders.

Suppliers are responsible for any fraudulent deceptive or other unlawful marketing or billing acts performed by its employees, agents or representatives.

The suppliers performing door-to-door marketing shall conduct, on all potential door-to-door marketing agents or sales agents, comprehensive criminal background checks and screenings necessary to determine if an individual presents a possible threat to the health and safety of the public. Background checks include checking the sex offender registry commonly referred to as the "Megan's Law" registry maintained by the Pennsylvania State Police.

Advance review and approval of training documents and programs by the Commission is not required. However, these documents along with records concerning training activities and completion of the training by agents shall be made available to Commission staff upon request.

All transactions shall be verified by some appropriate method that confirms the customer's consent to the transaction. The transaction verification process shall occur after the agent has physically separated himself from the potential customer by exiting the customer's residence.

Under Section F, the door-to-door salesperson must immediately present valid identification. A business card or other material that states the agent's identity and supplier name, and includes the supplier's contact information, should be provided to the customer.

Tom LeCrone asked, if the marketing person is subcontracted, what does identification does that person have to show? Dan Mumford said they must show the supplier's information.

Dan Paul asked what the dress code is for the marketing person. Dan Mumford said Page 28 covers what the marketing person can and cannot wear.

Under Section H, if a customer is on the "Do Not Call List," a supplier cannot call that customer.

Suppliers shall comply with all local ordinances regarding door-to-door solicitations. Suppliers performing door-to-door activity, as a courtesy, should notify the local municipal officials of its locations and schedule of door-to-door activities.

Dan Mumford said the Commission will soon start working on the permanent rules for marketing guidelines. These will have a comment period the parties can comment. The Council can submit comments at that time. Dan Mumford said he would let the Council know when comments are due.

Tom LeCrone said Rick Hicks drafted our previous comments. Why were most of our views dismissed? Dan Mumford said all comments were reviewed and considered. Tom LeCrone stated he wanted the elderly and disabled consumer homes to be exempted from door-to-door sales.

Dan Paul asked if these guidelines override the local ordinance laws. Dan Mumford said, in Section J, the suppliers must comply with all local ordinances regarding door-to-door solicitations.

Dan Mumford said the Commission is hoping these guidelines will make door-to-door solicitations better for the consumer. Rick Hicks asked if most suppliers were waiting for the guidelines before they started doing door-to-door sales. Dan Mumford said he wasn't sure how many suppliers are doing door-to-door sales.

Tom LeCrone asked about the criminal background check. Which background check is it? Dan Mumford said it does not say which one the suppliers must use, but the background check must have Megan's Law included. Tom LeCrone said it should be a higher, more in-depth check.

Tom Leach asked if there is a master list of suppliers that are available for consumers to review. Dan Mumford said there is a master list of electric and natural gas suppliers that are licensed in Pennsylvania on the PUC website, a list of suppliers serving customers can be found on the PA PowerSwitch or OCA's website.

Rick Hicks asked if the Council could have an electronic copy of the presentation. Dan Mumford said yes. Lori Shumberger will send it.

## **LIHEAP Update**

Grace McGovern from the PUC Bureau of Consumer Services (BCS) was asked to provide an update on the Low Income Home Energy Assistance Program (LIHEAP). Harry Geller will also provide an update. Grace McGovern said there is a copy of the 2011 LIHEAP Fact Sheet in your packets.

The final state plan has been approved, but the budget has not been approved yet.

The cash program opened on Nov. 1, 2010, and closes on March 31, 2011. Consumers can receive between \$300 minimum to \$1,000 maximum cash benefit based on their household size, income, fuel type and county of residence.

Consumers must be at or below 160 percent of the federal poverty level.

The crisis exception program opened on Nov. 1, 2010, and will close on Jan. 2, 2011. Consumers can receive between \$25 minimum to \$400 maximum benefit. There are three conditions that a consumer must be facing to qualify for this program.

The regular crisis program will open on Jan. 3, 2011, and close on March 31, 2011. Consumers can receive between a \$25 minimum to \$400 maximum benefit. To be eligible for a crisis grant, the consumer's income must be at or below the 160 percent federal poverty level, must have a valid termination notice or be without service, and be responsible for the main or secondary heating source.

Most of the utilities are accepting the grant money as payment and are willing to restore a consumer's service with the grant money.

One of the changes this year is that Customer Assistant Program (CAP) consumers can receive assistance. A utility must apply the cash payment to the customer's account in full. The payment is to resolve all past-due CAP payments and apply the remaining money, if any, to the current CAP payment.

June Perry said Gov. Ed Rendell and about 19 other state Governors signed a letter to U.S. Sen. Reid, U.S. Sen. McConnell, U.S. House Speaker Pelosi and U.S. Rep. Boehner requesting the 2010 funding level of \$5.1 billion for the LIHEAP program. The Council asked if they could get a copy of this letter. June Perry said she would forward the letter to Lori Shumberger to send out.

Harry Geller said LIHEAP is a difficult program to operate. The program starts prior to having a final budget approval. This is a five-month program that uses the carryover from the year before as startup money.

The federal government is discussing the 2010 LIHEAP funding level. The states Governors are urging the federal government to keep the LIHEAP budget at \$5.1 billion. If the federal government doesn't approve this amount, all state LIHEAP programs will suffer.

Harry Geller passed out a LIHEAP funding and program changes sheet. With the possibility of receiving fewer funds from the federal government, Pennsylvania's LIHEAP program could run out of money early or Department of Welfare (DPW) will need to make changes to the program. The total LIHEAP fund at this time is \$159 million. We estimate the projected amount needed is \$234 million. That would put the program in the red by almost \$75 million.

Tom LeCrone asked what this budget breakdown was based on. Harry Geller said it was based on the federal government approving the \$5.1 billion funding. Tom LeCrone said if the federal funding level is cut, than LIHEAP would be higher in the red. Harry Geller said yes.

Rick Hicks asked about the carryover funds from last year will these be used? Harry Geller said yes, there was a \$21 million carry over.

Harry Geller said consumers were denied LIHEAP and CAP funds because DPW has not properly trained their employees in the past. This year, DPW has informed us that there was additional training.

Harry Geller said the crisis exemption program is a new program. This program will help those that cash grants cannot resolve the emergency need. This program will close on January, and the regular crisis program will then open.

Tom LeCrone asked what role the Council can do to help. Rick Hicks said maybe send a letter to the new Governor to help, but our job is to advise the Commission.

Tom LeCrone asked if Harry Geller could draft a letter and everyone could send it. Harry Geller said the Council could ask the Commissioners to send a letter to the federal government.

Tom LeCrone made a motion that Harry Geller is to draft a letter recommending that the Commission support the initiative of Pennsylvania and other Governors to request full funding or the level of funding commensurate with last year of \$5.1 million. The motion passed after Bob Christianson seconded it.

## **PUC Settlement Dollar Resolution**

Cindy Datig from Dollar Energy Fund, requested to give a presentation on the PUC's settlement resolution that she would like the Council to discuss. A copy of the resolution is in the packets along with a legal memo from Shane Rooney, from Commissioner Coleman's office.

Cindy Datig said the PUC is directing utilities to pay settlements to their hardship funds. These settlements could be directed to a general utility assistance funding pool of organizations that administer low-income programs.

Cindy Datig said she would like the support from the Council to adopt a resolution requesting the PUC to direct future utility settlement dollars to hardship funds.

Rick Hicks passed out to the Council a letter on disposition of funds from settlements at the PUC.

Rick Hicks said he does not disagree with Shane Rooney's memo, but he said Shane Rooney started his analysis in the wrong place. The Commission can direct funds to other recipients other than the General Fund.

The Commission staff raises charges or questions regarding acts or practices of the utility company and requests information regarding such acts or practices from the utility to determine whether a violation of regulations or law has occurred. The utility provides the information and claims its acts or practices do not violate the Commission's regulations or the Public Utility Code. If no admission or finding of wrongdoing is determined, the utility and staff often agree to disagree and resolve the matter through a settlement, with changes in practices. These settlements are to be made to the utility's low-income fund.

Rick Hicks said he believes that Cindy Datig's resolution is a good idea. The settlement money could be directed to a general assistance funding pool for all hardship fund organizations to have access to.

Rick Hicks said, as a matter of law, the Commission in place, there is nothing wrong with what they are doing. The Commission's practice is fair.

Rick Hicks said the Council should go on record supporting the PUC settlement dollar resolution. This is a good opportunity for low-income programs that support consumers.

Tom Charles requested some time for the Commission to review Rick Hicks' letter before the Council sends the Commission their request. Rich Hicks said no, the letter is his view only and not a legal document.

Heidi Wushinske said both Shane Rooney's and Rick Hicks' letters discussed the PA law. She would like time to review both letters.

Cindy Datig said Dollar Energy works with 13 companies that deal with low-income consumers, would like to see the money go to an account that these companies can use and not back to the utility company.

Harry Geller said he is torn on the wording "funds or settlements." If we included conservation or LIURP programs, he wouldn't have a problem with the request. Cindy Datig said she doesn't want to reward the utility; the funds would need to be delegated to a settlement company and not to the utility companies. Harry Geller said the LIURP program benefits low-income individuals.

After more discussion on how to proceed on this issue and adjust the memo to fit the Council's requests, Cindy Datig moved that the Council endorses Rick Hicks' memo and the PUC Settlement Dollar Resolution requesting non-litigated settlements to be directed to low-income programs and hardship funds. The motion passed after Lee Tolbert seconded.

## Legislative Issues Update

June Perry from PUC's Office of Legislative Affairs was asked to give an update on legislative issues.

June Perry said in the packet is two pages. The 2011 Senate session schedule gives the dates for the months of January through March. There is no House session schedule yet.

The other page is the 2011-12 Senate and House Leadership election results.

Everything will start new in January. Every bill will need to be readdressed or brought back into the House or Senate.

## Future Agenda Items

Tom Charles brought up the January meeting. The discussion was made to keep the January meeting to the regular date on Tuesday, Jan. 25, 2011.

**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
- Marcellus Shale Update

The next meeting for the CAC will be held at 10 a.m. on Jan. 25, 2011, in the Executive Chambers of the Commonwealth Keystone Building.

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