

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

Meeting of October 25, 2011

P.O. Box 3265
Harrisburg, PA 17105-3265

www.puc.state.pa.us

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.

The Council approved the September 27, 2011, minutes.

Attendance

The following members of the Council were present:

Tim Hennessey, Chairman	Harry Geller
Robert Christianson, Vice Chairman	Tina Serafini
Pedro Anes	George Silvestri
Michael Bannon	Lee Tolbert
Lillian Carpenter (telephone)	Joe Toner (telephone)
Cindy Datig (telephone)	

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

John Detman	Tom LeCrone
Rick Hicks	

Public Utility Commission Staff present:

April Ballou, Chairman Powelson's Office
Pat McDonnell, Commissioner Witmer's Office
Matt Totino, Vice Chairman Coleman's Office
Jan Freeman, Executive Director
Tom Charles, Office of Communications
Lori Shumberger, Office of Communications
David Screven, Law Bureau
Dan Mumford, Bureau of Consumer Services

Guests Present:

Candise Tunilo, Office of Consumer Advocate
Tim Dahl, PPL
Ryan Hill, PPL
Sandra Levine, with George Silvestri

Executive Director Jan Freeman's Visit

Tim Hennessy introduced Jan Freeman, the PUC's new Executive Director.

Jan Freeman thanked everyone for the opportunity to talk with the Council. The Executive Director is a newly created position.

Jan Freeman said his career spans many years of experience in energy consulting, government and corporate business. First job was a utility consultant working on electric and natural gas issues mainly but also on some water and telecom issues. Jan Freeman said he would testify on rate cases at the PUC. From 1979 until 1991, he worked at the former Pennsylvania Energy Office. Other jobs include PECO, Exelon Generation, and the Weber, Fick and Wilson Utility Consulting firm.

Jan Freeman said he has worked in many states in his previous positions. This job is like coming home again.

Jan Freeman said his first priority at the PUC is the reorganization of the bureaus. Some bureaus will be consolidated with others bureaus and some will be eliminated. The PUC has hired all the new bureau directors and filled other new positions as needed.

Jan Freeman said his second priority is to update the strategic plan. This will give the PUC a long-term direction. The Commission is looking at what other states are doing. Pennsylvania has one of the largest commissions. In energy efficiency initiatives, Pennsylvania is a leading state.

A major issue facing the PUC is zero growth in our budget. The budget for next year has been submitted with a zero increase. The PUC has to do more with less money. To accomplish this, the PUC will need to reduce its personnel complement. If the PUC receives jurisdiction over the Marcellus Shale pipeline, we may have to hire more inspectors.

There has been a restriction on travel and out of state travel. All bureaus must review their employees travel. Next year will have more restrictions on travel.

Jan Freeman said the reason he is mentioning this to the Council is because all areas must be reduced. The Council may have to reduce the frequency of its meetings. The Council may have to start meeting every other month or doing meetings via the phone system to help cut costs. Within the next month or two, Executive Chambers will have a better phone system that will improve the ability to conduct conference calls.

Jan Freeman said the issues that the CAC is dealing with are important and would like Council to send them to him and will take the request to the Commissioners. He has an open-door policy and would like to keep an open dialog with the Council.

The Commission is looking into environmental issues, what the cost to consumers will be. He is setting up a committee to look into rising federal issues that the PUC can do on the environmental side. We plan to work with the Department of Environmental Protection (DEP) and other agencies.

Last week the PUC conducted a Special Electric Reliability Forum on Hurricane Irene preparation and response. The PUC asked the utilities to address a number of issues. Most households were back on within 72 hours, but there were pockets of homes without service up to 10 days. The utilities talked about lessons learned to be used at future events.

On retail marketing, the PUC is working to improve customers' knowledge so they can make better decisions on shopping. There are opportunities for customers to shop for electric and natural gas suppliers. Natural gas is still hard to shop at this time due to how many suppliers are available.

Some of the legislative issues are Marcellus Shale and the multiple bills that Governor Corbett and other legislators have proposed. Proposed fees on wells, new pipeline regulations and the assessment side that may give the PUC some funding.

There is legislation on Gas Distribution System Improvement Charge (DSIC) would allow companies to make increases on customers bill without doing a "full blown" rate case. The gas DSIC helps fund companies to replace old pipelines especially after the recent explosions in Pennsylvania and California.

Jan Freeman said he has worked on nuclear issues in the past and he continues to follow nuclear progress. There is still high support for nuclear power even after the incident in Japan. Not sure if more plants will be built. Nuclear power does produce about 35 percent of PA's power.

There is a Federal Issues Group (FIG) that is investigating national issues. Issues being addressed by the Federal Energy Regulatory Commission (FERC), the Environmental Protection Agency (EPA) and Congressional legislators will be reviews by this group.

On a personal perspective, Jan has over 20 years in corporate area and look at things differently on staffing and bureaus. Jan said he plans to work toward a performance based agency, identifying personal strengths and personal goals. This will be a large change for most staff.

The Commission just did an off-site bureau director retreat. The Governor's Office of Administration (OA) has great team-building programs that state agencies can take advantage of. This assistance was free of charge. This was a great experience for the bureau directors.

George Silvestri asked if there is any anticipation with Wisconsin Electric Power Co. (WEPCO). WEPCO wanted to modernize the Port Washington plant to improve its efficiency and reduce the pollution. The EPA demanded that the plant conform to the

New Source Pollution Standards (NSPS). That is, the plant had to meet the environmental standards of a brand new plant. As a result of this, WEPCO reduce the scope of the improvements and canceled much of the projected project. It did not mean anything to the EPA, despite the fact that the WEPCO plan would have reduced the pollution considerably. Jan Freeman said if the improvements and expansion helps the environment, it would be good.

Harry Geller said clearly the Commission has a full agenda with funding and staff reduction, internal restructuring and many staff at retirement age. In view of this full schedule, what is the plan for the PUC? Jan Freeman said when a vacancy comes up, the position may not be filled. On retirements, this is a point of concern. The PUC has started an emerging leaders program. The Commission has picked 25 top people to train for management positions. This is the first time the Commission has done this program and hopes to continue it each year.

Sandra Levine asked if she could find his contact information on the website. Jan Freeman handed out a business card to everyone and gave them his cell phone number. Please feel free to call him on any issue.

Joe Toner said he appreciated the cost reduction in the PUC's budget. This will help taxpayers. Performance base management is the way to go. Thank you for handling this project.

Bob Christianson said the PUC has a great group of people with a lot of knowledge, but the Council should start inviting other agencies to talk about issues.

Jan Freeman said the Commission is looking at alternative transportation vehicles. He actually drove a compressed gas car years ago. The question is: Does the Commission want to get involved with alternative transportation vehicle regulations?

Special Electric Reliability Forum

Dan Searfoorce from the PUC's Bureau of Fixed Utility Services was asked to give a presentation on the Special Electric Reliability Forum.

Dan Searfoorce said with the recent two storms, Hurricane Irene and Tropical Storm Lee and the long-term outages due to the flooding and storm damage, there are still customers without power due to the damage.

Dan Searfoorce said he is the PUC's emergency preparedness coordinator that works with Pennsylvania Emergency Management Agency (PEMA).

Since Hurricane Irene was reported as a large storm, PEMA knew there would be long outages. There were more than 1.3 million customers without power at some point in Pennsylvania. More than 6 million customers were out power on the East Coast.

The hearing was an opportunity for utilities to offer comments on how they prepared for the storm, what were their best practices, what lessons were learned and how to improve their performance before the next storm.

The hearing gave the public knowledge on what the PUC and PEMA does throughout a storm.

On the safety side, utilities reported there were minimum accidents and no deaths involving utility linemen.

Another big problem when there are long power outages involves water treatment plants and wastewater plants. The utilities know these plants cannot function without power and will try to get electric back to those plants as soon as possible.

With smart meters, the electric companies can ping customers meters to see who has service. If there isn't service, the company knows where to send crews.

There were issues with the utility's messaging systems. This issue was addressed. There was more focus on the message about giving information. The customers want correct information so they know what to plan for. It isn't good enough to say the company will get back to them. PECO has since changed their messages. There was a discussion about using other communication methods to get the utility messages out, such as Facebook, Internet and phone calls.

The utility companies will be coming back to the PUC at a later date to address issues that were brought up at this meeting, and the PUC will continue to follow up with the utilities.

Joe Toner asked if the utilities discussed preventative ways to reduce outages such as tree trimming. This is a huge issue in the West Chester PECO area. PECO backed off their tree trimming, and now there are more outages. Preventative tree trimming does help. Dan Searforce said the PUC is reviews this issue with the utilities. There are customers that don't want their trees cut.

Michael Bannon asked how the utility handles a transformer being out. Dan Searforce said, with a big storm, the utility's system will go up the lines to see what is out. In smaller storms, this would not take as much time. The system doesn't take into account the area or how bad the damage is. The line crews have to determine how to get the lines back on.

Lillian Carpenter suggested the PUC talk to PECO about their tree-trimming policy and why it is important. Dan Searforce said he thinks they already do this. Lillian Carpenter suggested PECO should do emails and radio or TV advertising on why they need to trim trees.

George Silvestri asked how reliable the green technology power is. Will the green technology be able to satisfy our growing needs? If there is no wind, the wind farms will not generate power. Dan Searforce said all those issues are factored into green

generation. We know the green power is intermittent. The utility companies make sure there are other types of power available to take over when green power is low.

Harry Geller stated that utility companies are becoming more streamlined. They are hiring contractors to do the tree trimming and repairs. What does the PUC allow the companies to budget in for these services? Dan Searfoorce said the PUC does request this information. It is part of their audits and electric reliability reporting. Contractor reimbursement is a key item the PUC reviews.

Dan Searfoorce said utility retirements are an issue. Are the utilities replacing or training for those retirements? The utilities must give us their hiring programs. What they are doing to bring in new linemen? Michael Bannon asked if there is a way to enforce this issue. Dave Screven said the PUC will investigate these issues if we see a problem. Also, the utility will bring in out-of-state linemen to help do emergency repairs. Some of the utilities are partnering with community colleges to get more students or apprentices.

Lee Tolbert commented on the electric outages, lack of tree trimming and the issues Chester County is having. Shouldn't these areas be monitored due to the continuing problem? Dan Searfoorce said they have talked with PECO on these issues.

A discussion about PECO's service territories, and how they handle their issues and how they report to the PUC followed.

Tom Charles suggested that PECO should be invited to a future meeting to address tree trimming, outage restoration and storm response in their service territory.

Door-to-Door Marketing/Terminations and Reconnection Numbers/Landlord-Tenant Utility Issues

Dan Mumford from the PUC's Bureau of Consumer Services (BCS) was invited to give updates on Door-to-Door Marketing, Terminations and Reconnection Numbers and Landlord-Tenant Utility Issues.

The terminations for year-to-date as of the month of September are up by 5 percent. There hasn't been much change.

Peoples Natural Gas numbers are still down due to the installation of a new system. Once the system is up, their numbers will be back up.

Starting December 1, the winter terminations procedures will start. No one under the 250 percent poverty level is exempt until April.

Harry Geller asked if Peoples' new billing system will be up and running before December. Dan Mumford said the PUC will be meeting with Peoples later in the week, but believes their terminations will not be back to normal until April.

Cindy Datig said Peoples is still terminating customers. Dan Mumford said yes, but the amount of terminations have diminished.

On November 1, the House Consumer Affairs Committee is holding a hearing on Chapter 14. The Commission was asked to testify on the status and recommended changes. Commissioner Cawley will be testifying. OCA, a utility group and PULP/Community Legal Services may also testify. The agenda has not been finalized yet, so the list of testifiers is subject to change.

Dan Mumford said the Chapter 56 regulations were published in the PA Bulletin on October 8. The link to the PA Bulletin was emailed to everyone. He can come to a later meeting to discuss this with the Council.

The 2010 Annual Utility Consumer Activities Report and Evaluation (UCARE) report has been released. The press release is in your packets. If you would like to review this report, you can review a copy on the PUC's website.

This report covers customer complaints about the utilities that have contacted the PUC for assistance. The report breaks the complaints down by utilities. The customer service response time is also in the report.

Harry Geller commented that the Council normally receives a hard copy of these reports. Dan Mumford said the PUC is trying to go paperless, all reports are on the website, but if you want a copy, please let Tom Charles or Lori Shumberger know.

The supplier marketing rules were just published in the PA Bulletin on Saturday, October 22. This triggers the start of the 60-day comment period. On December 21, comments must be in.

Some of the key points are: door-to-door solicitation, background checks on salesperson, how to verify a sales transaction, should the salesperson be present when verifying a sale, and what the hours for door-to-door sales should be. There are many opinions for these issues.

Michael Bannon said he has received multiple complaints that someone showed up at their doors, and thought it was the utility company and it wasn't. Dan Mumford said there is a complete section on misrepresentation of salespersons. Should the supplier let the PUC or the utility companies know they are in the area. They should be wearing an identification badge with their photos. These issues also are under comment. If you think something is important, should comment on it.

George Silvestri said he is receiving phone calls from suppliers. They will not take no for an answer. Dan Mumford said suppliers are not exempt from the "do not call list." Michael Bannon said you can report them to the Attorney General's Office.

On the resale of utility service, were the landlord has one meter and bills the tenants. There is the PA Utility Code, Section 1313 and Section 3313. A landlord cannot sell the utility at a higher rate than what he is paying. There is a lot of confusion on this

issue. They cannot make a profit. Michael Bannon asked if they can add a fee to the tenant's bill. The answer was yes for handling or processing.

Harry Geller said he has dealt with this issue over the years. Who is responsible to enforce this issue, is it the Commission or the Attorney General. Dan Mumford said it is in the Public Utility Code, but the PUC doesn't have jurisdiction over landlords.

Harry Geller said he understands the PUC doesn't regulate landlords but what do they do to help tenants. Dan Mumford said if a consumer calls, the PUC will provide them with the local utility rate to compare with what they are being billed. We also tell them to get in contact with a tenant rights group or call an attorney.

Michael Bannon said he has mobile home parks with a joint oil meter. There are more than 850 mobile homes. The park charges a 30 percent fee for administration cost. There needs to be a clear route on who is in charge.

Tom Charles said he would check with the Law Bureau on this issue and will get back to the Council at a future meeting.

Retail Markets Investigation

Dan Mumford said the PUC plans to hold an En Banc hearing on November 10. All five Commissioners will be there. On the agenda is accelerated switching timeframe, consumer education, retail opt-in auction and default service plans after 2013.

Customers are frustrated with the time to be switched to the new supplier. It can take between 45 and 60 days. The utility company must have a meter reading before the switch can happen.

Tom Charles said the Commission will be upgrading the telephone system in Hearing Room 1 and anyone can participate by the telephone. Those on the phone will only be able to listen in and not make comments.

Tom Charles said the Commission has a website for the Retail Markets Investigation. There are recaps, comments and agendas from past meetings. The final agenda and audio will be posted after the en banc hearing on November 10. All comments and presentations will be posted.

Future Agenda Items

Tim Hennessey asked if there were any new issues for future meetings.

Harry Geller said if the Council is going to address the marketing regulation comments, it will need to be done soon. Tim Hennessey said, since Rick Hicks hasn't been at the last two meetings, would someone else handle these comments. Harry Geller offered to work on the comments.

Bob Christianson said he would like an update on aging workforces and line crews. Tim Hennessey said maybe PECO could address this.

Bob Christianson said the Council's regulations may need to be updated. Tom Charles said he would talk with Heidi Wushinske.

Bob Christianson said there is a flyer from Direct Energy about free electricity on Saturdays. He would like to see more information on this.

Future Meeting Topics Include:

- Aging Workforce and Line Crew Update
- Commissioner Visits
- Director of the Bureau of Consumer Services Visit
- Legislative Update
- LIHEAP Update
- Marcellus Shale Update – Chairman Powelson's Visit
- Marketing Guidelines Update

The next meeting for the CAC will be held at 10 a.m. on Nov. 22, 2011, in the Executive Chambers of the Commonwealth Keystone Building.

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