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National
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Regulatory
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Commissioners

Pennsylvania Public Utility Commission (PUC)

Vice Chairman John F. Coleman Jr.

Dec. 9, 2014



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PUC and ERO



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Role of Economic Regulators

- Balancing act: on one side is consumers, on other side are utilities and stakeholders
 - Both need to remain healthy and stable
 - Utilities must be stable enough to exist for years and attract investors
 - Customers must be able to afford utility service
- We bring together utilities, consumers and legislature



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Role of Economic Regulators

- **Mission statement:**

The PUC “balances the needs of consumers and utilities; ensures safe and reliable utility service at reasonable rates; protects the public interest; educates consumers to make independent and informed utility choices; furthers economic development; and fosters new technologies and competitive markets in an environmentally sound manner.”

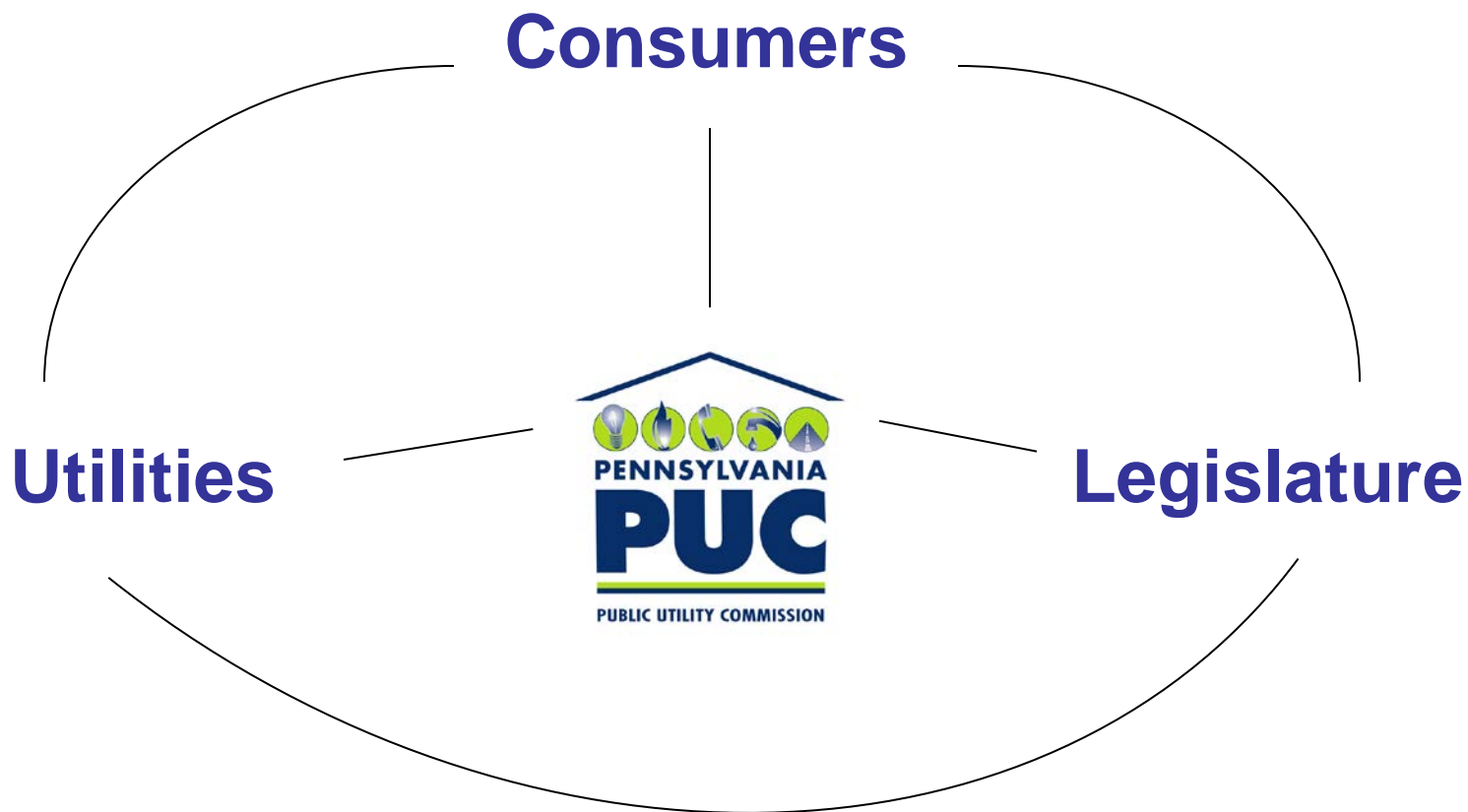


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Role of Economic Regulators





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Broad Policy Issues & Considerations

- Customers' ability to switch suppliers or get out of undesirable contract
- Variable rates
- Unlawful supplier marketing practices
- Making sure stakeholders and consumers can all voice concerns



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Principles/Best Practices for Economic Regulation

- Competition is beneficial to consumers – as far as safe, reliable service is guaranteed
- Ratemaking process
 - How rates are set
 - Quasi-judicial proceeding before Administrative Law Judge
 - Timeline / Commission investigation
 - Formal hearings and recommendations
 - Consumer participation / public input hearings
 - Ex parte communication prohibited by law in pending cases



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Stakeholder Relations: Consumers, Utilities, Legislature

- Hearings and meetings, working proactively with legislators and stakeholders
- Numerous consumer notices and opportunities for public input
- Resolve disputes between parties when needed



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Hurricane Sandy: 2012

- More than 1.26 million PA electric customer outages at the peak – approximately 1.79 million customers experienced outage at some point
- Emergency meetings held with legislature and utilities
- Hundreds of thousands of customers had power restored within 72 hours, most customers (90 percent of peak) restored within 72 hours, **all** customers restored in 10 days



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Polar Vortex: 2014

- Residents on variable electric rates saw bills double, triple, quadruple and more – price per kilowatt-hour exploded from 6 or 8 cents to 20 to 40 cents
- Bureau of Consumer Services
 - 650 formal complaints and almost 9,000 informal complaints from Feb. to Aug.; 24,000 calls in March
 - Hired temp employees, initiated mandatory overtime
- Two expedited rulemakings
 - Disclosure statements and customer notices
 - Accelerated switching



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Insulation from Political Agenda

- **Commissioners nominated by Governor and confirmed by Senate for designated term**
- **No General Fund – utility assessments**
 - Legislature still must approve PUC budget
- **Legislative Affairs office creates avenue for easy communication between PUC and legislators**
 - Liaison with Governor's office, General Assembly and PA Congressional Delegation
- **Rulemakings submitted to oversight committees for input**
 - House Consumer Affairs Committee
 - Senate Consumer Protection Professional Licensure Committee
 - Independent Regulatory Review Commission



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Conclusions and Lessons

- Maintain balance between consumers, utilities and stakeholders
- Learn from other Commissions and issues
- Prepare in advance