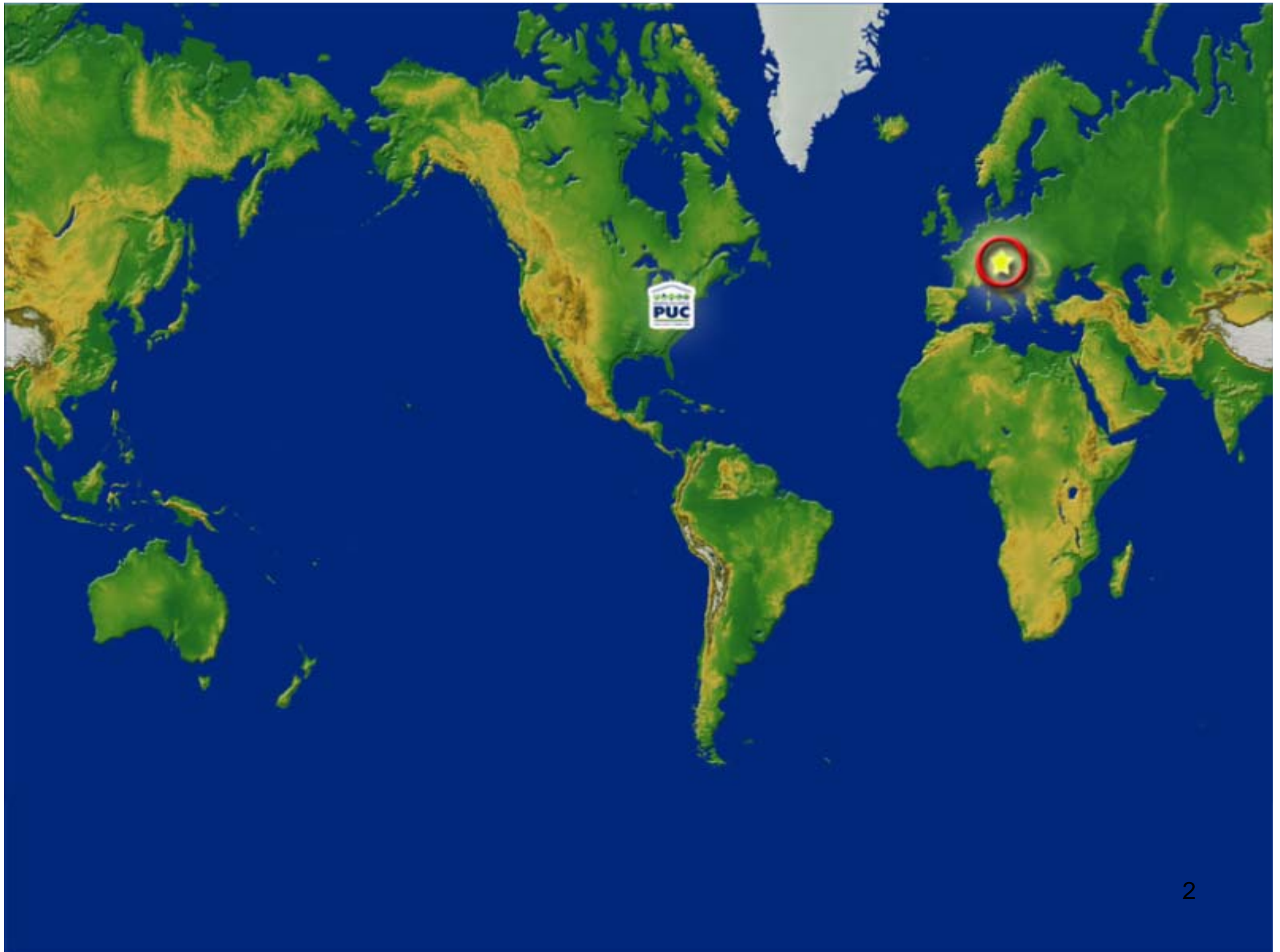


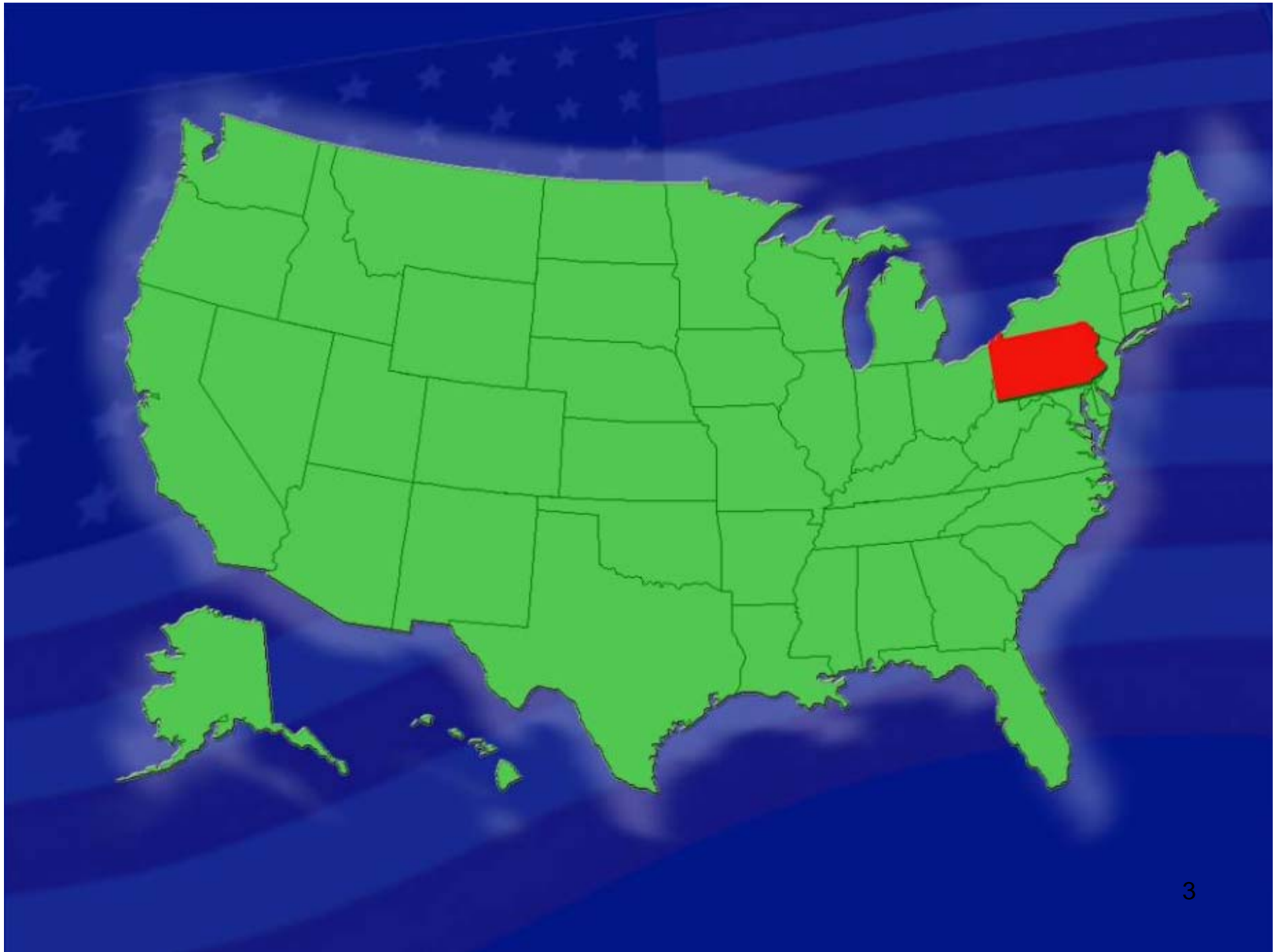


Introduction to Regulation

Chairman Wendell F. Holland, Esq.
Pennsylvania Public Utility Commission
400 North Street
Harrisburg, PA 117120
Tel: 717-787-1031
E-mail: wfh@state.pa.us





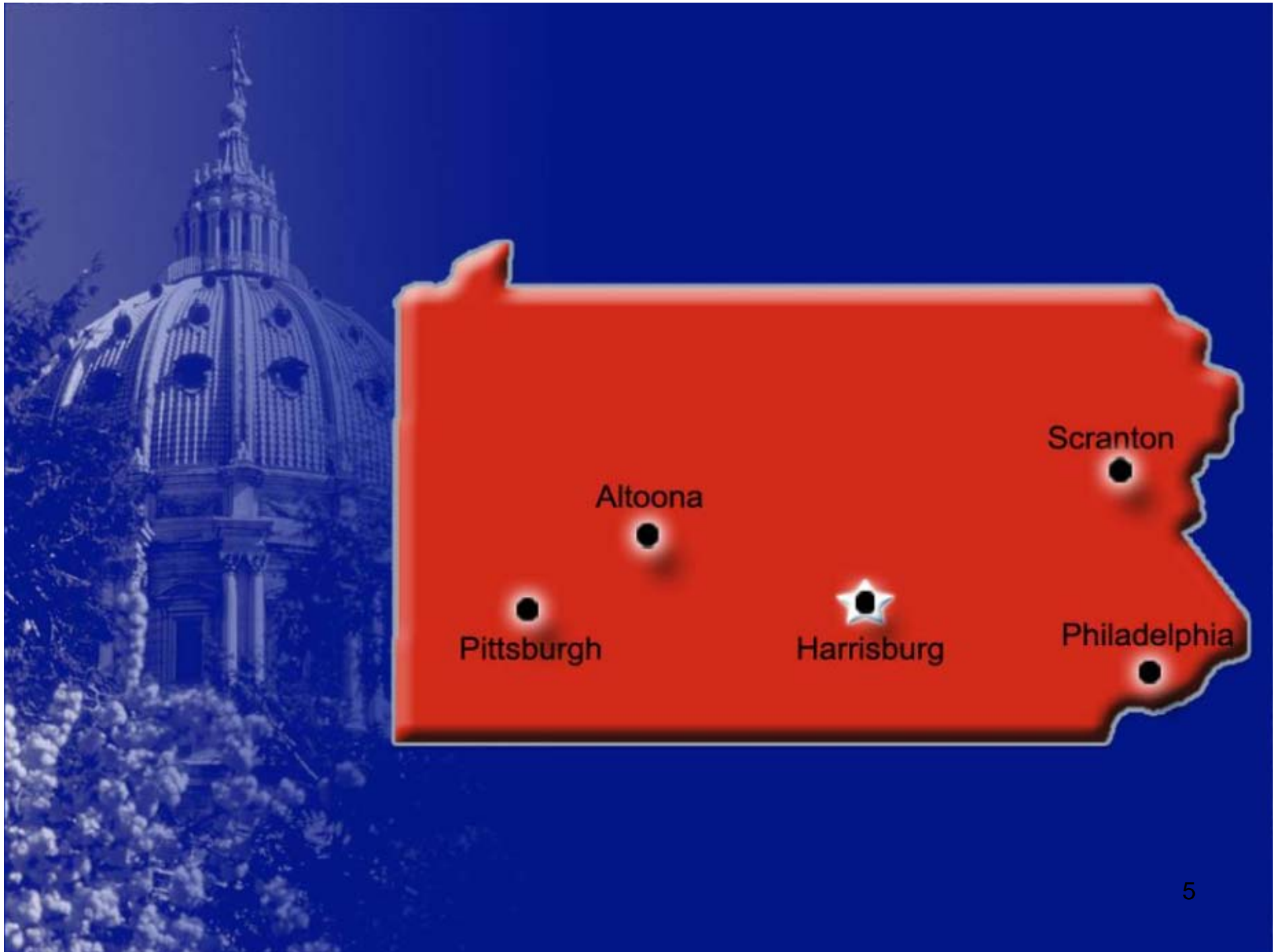




New York

Pennsylvania

Washington, DC





The Commonwealth of Pennsylvania



- The 6th most populous state (12.4 million)
- The 32nd State by land size (44,817 sq. miles or 116,075 sq. km)
- Nickname - “The Keystone State”
- Capital – Harrisburg
- Major city – Philadelphia (1.5 million)



PUC Mission Statement



The Pennsylvania Public Utility Commission ensures safe, reliable and reasonably priced electric, natural gas, water, telephone and transportation service for Pennsylvania consumers, by regulating public utilities and by serving as responsible stewards of competition.



About the PUC



The PUC is comprised of 5 full-time members nominated by the Governor for staggered 5-year terms. Commissioners must be approved by a majority in the state Senate.



Vacant

- Each Commissioner has 1 vote in Public Meetings
- Can meet in Executive Session on personnel, litigation, other confidential matters
- Each Commissioner has several Assistants, usually for each of the primary industries we oversee. At least 1 Assistant serves as Counsel to that Commissioner.

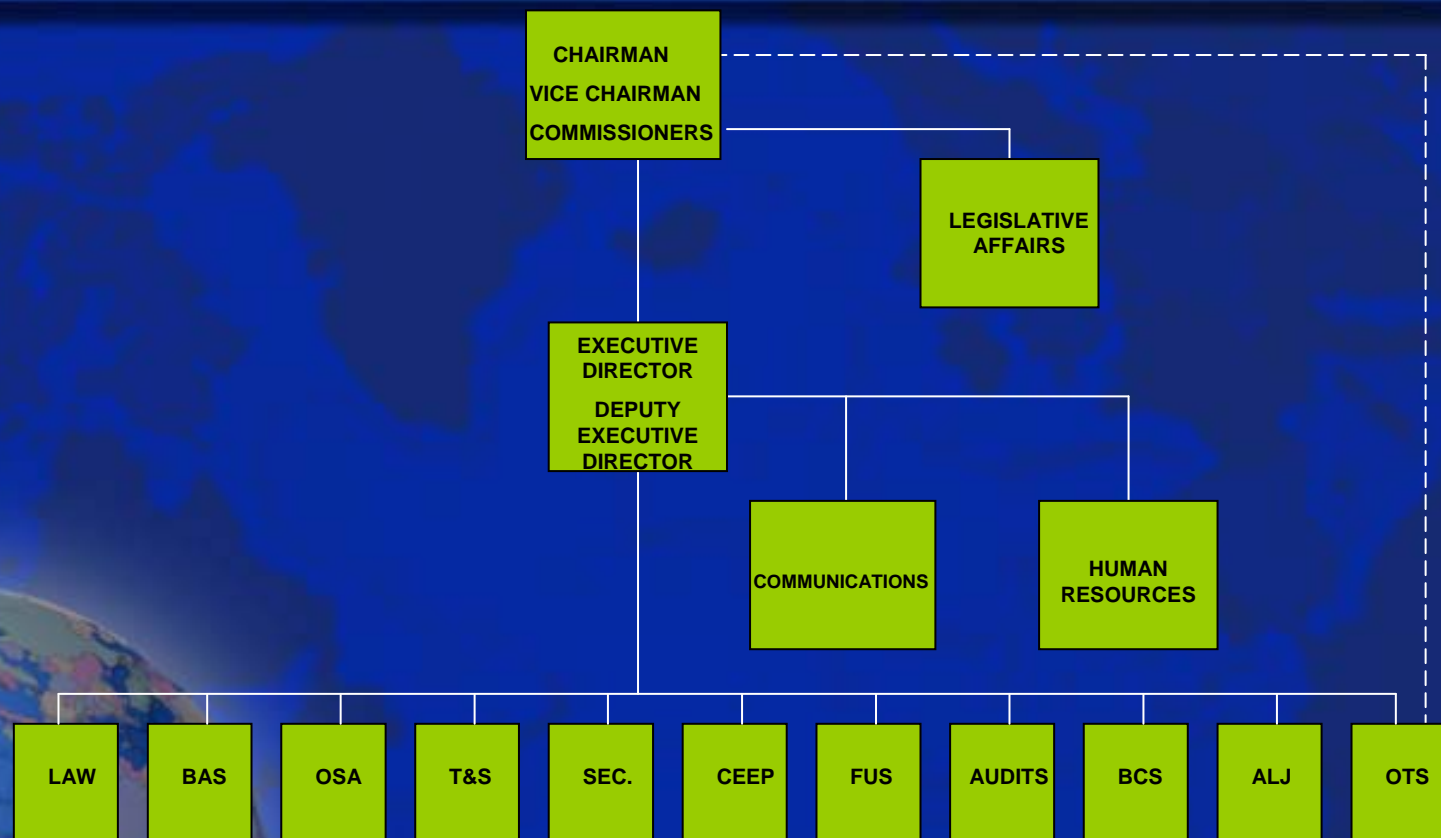
About the PUC, cont'd



- There are more than 500 employees at the PUC. We're based in Harrisburg, but have regional offices in Altoona, Philadelphia, Pittsburgh and Scranton.



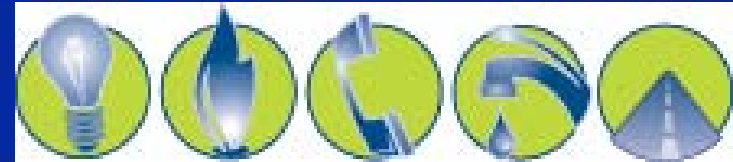
Organizational Chart



Utilities We Regulate



- Electricity
- Natural Gas
- Local Telephone Service
- Water/ Wastewater
- Transportation Services



Creation and Purpose of the PUC



- Created by General Assembly and has duties that given by the statute
- Funded by assessments on public utilities which generally recover costs from ratepayers
- PUC's original purpose was to protect consumers from potential monopolies to imposing unreasonably high rates or proving inadequate service



Creation and Purpose of the PUC, cont'd.



- Advancements in technology and changes in state and federal laws allow other companies to provide services previously only offered by monopolies
- Competitive markets, rather than the PUC, now regulate certain aspects of these services
- Two key functions of PUC in today's world – regulate traditional public utilities and oversee development of competitive markets

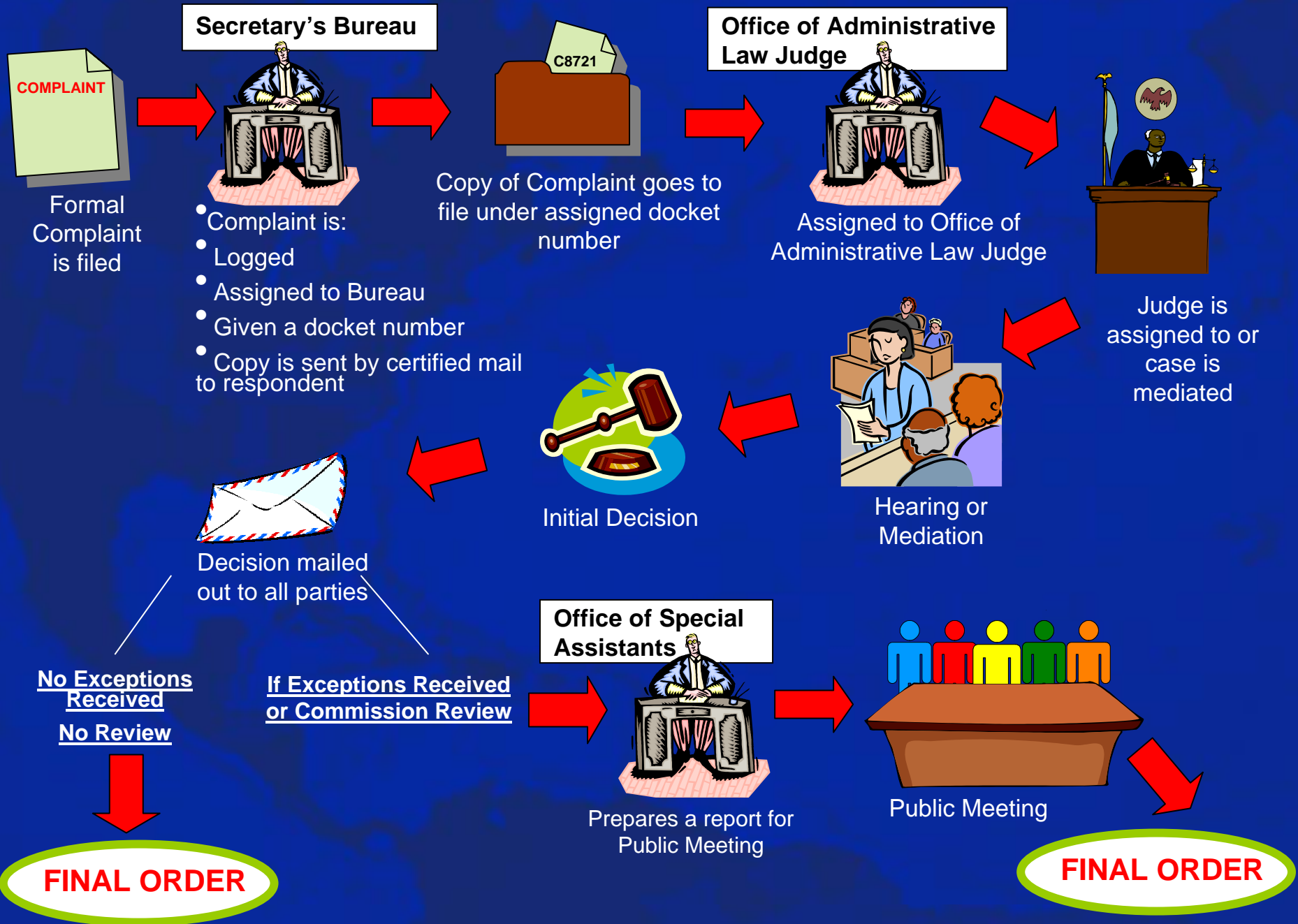


Role of Staff



- Advisory Staff
- Personal advisors to Commissioners
- Technical bureaus and their staff provide advice
- Law Bureau provides legal advice, and defends PUC's decisions in appellate courts
- Prosecutory Staff (no ex parte communications)
- Office of Trial Staff
- Assigned technical staff





Transparency



- A. Sessions
- B. Decision making
- C. Confidentiality
- D. Submission to Third Parties



A. Sessions



- Public Meetings
- Public Input Hearings
- Administrative Law Judge Hearings



B. Decision Making



- Complaint or application is filed
- Assignment to staff or Administrative Law Judge
- Hearings or, in some cases, mediation
- Briefing
- Recommended decision by ALJ
- Final decision by Commission
- Appeals to state and federal court



Administrative Law Judges



The Office of Administrative Law Judge (OALJ) fulfills a “judicial” role within the Commission by:

- 1) Hearing cases – rate cases, applications for authority and consumer disputes
- 2) Mediating cases through an alternative dispute resolution (ADR) process – less expensive and faster means to resolution
- 3) Issuing decisions – parties may file “exceptions”, final decision made by PUC Commissioners



Work Process



- Cases are resolved in one of two ways:
 - Parties resolve dispute by using mediation or otherwise agreeing to settle case
 - ALJ hears the case and decides all issues in the case by issuing a Recommended or Initial Decision



Mediation



Assignment received and reviewed to determine whether it is suitable for mediation. If yes,

- (1) Interim Order under Chief ALJ signature directing parties to attempt to resolve dispute.
- (2) If parties are unable to resolve dispute, mediator will set up a mediation session.
- (3) If unsuccessful, case goes to an ALJ for hearing.



Hearing Process



- Hearings can be in person, telephonic or, in limited circumstances, by video conference.
- Pre-hearing conference – to organize case, identify parties and establish schedule
- Pre-hearing conference order – specifies hearing dates, briefing schedule, and will encourage settlement discussion among parties
- Hearings will be recorded by either a court reporter or they will be taped.



Hearings cont'd.



- ALJ will conduct the hearings and administer oaths or affirmations to witnesses.
- Witnesses are presented and subject to cross-examination questions
- ALJ is authorized to receive evidence, issue subpoenas, and make any necessary rulings during the course of the proceeding
- In most cases, parties may be required to file written briefs to summarize the evidence and their legal arguments.
- ALJ will close the record, and then draft recommended decision.



C. Confidentiality



- Customer Information
- Financial Issues
- Protective Orders
- Competitive Information (Codes of Conduct for Competitive Suppliers)
- Examples
 - Gas Explosions
 - Railroad Incidents



E. Submission to Third Parties



- Orders and Final Decisions
- Redacted Data
- Reports to:
 - » Federal Government
 - » Legislature
- Media, i.e., Press Releases



Working Relationship with Other Stakeholders



- State Agencies – i.e., MOUs
- Public Advocates
- Stakeholders

