

COMMONWEALTH OF PENNSYLVANIA  
HOUSE OF REPRESENTATIVES  
APPROPRIATIONS COMMITTEE HEARING  
BUDGET HEARING

STATE CAPITOL  
MAJORITY CAUCUS ROOM  
HARRISBURG, PENNSYLVANIA

MONDAY, FEBRUARY 25, 2008, 9:00 A.M.

VOLUME I OF V

PRESENTATION BY  
PUBLIC UTILITY COMMISSION

BEFORE:

HONORABLE DWIGHT EVANS, CHAIRMAN  
HONORABLE MARIO J. CIVERA, JR., CHAIRMAN  
HONORABLE STEPHEN E. BARRAR  
HONORABLE STEVEN W. CAPPELLI  
HONORABLE H. SCOTT CONKLIN  
HONORABLE CRAIG A. DALLY  
HONORABLE GORDON R. DENLINGER  
HONORABLE BRIAN ELLIS  
HONORABLE DAN B. FRANKEL  
HONORABLE JOHN T. GALLOWAY  
HONORABLE WILLIAM F. KELLER  
HONORABLE THADDEUS KIRKLAND  
HONORABLE BRYAN R. LENTZ  
HONORABLE TIM MAHONEY  
HONORABLE KATHY M. MANDERINO  
HONORABLE MICHAEL P. MCGEEHAN  
HONORABLE FRED MCILHATTAN  
HONORABLE DAVID R. MILLARD  
HONORABLE RON MILLER  
HONORABLE JOHN MYERS  
HONORABLE CHERELLE PARKER  
HONORABLE JOSEPH A. PETRARCA

1 BEFORE: (cont'd.)  
2 HONORABLE SCOTT A. PETRI  
3 HONORABLE SEAN M. RAMALEY  
4 HONORABLE DAVE REED  
5 HONORABLE DOUGLAS G. REICHLEY  
6 HONORABLE DANTE SANTONI, JR.  
7 HONORABLE MARIO M. SCAVELLO  
8 HONORABLE JOSHUA D. SHAPIRO  
9 HONORABLE JOHN SIPTROTH  
10 HONORABLE MATTHEW SMITH  
11 HONORABLE KATIE TRUE  
12 HONORABLE GREGORY S. VITALI  
13 HONORABLE DON WALKO  
14 HONORABLE JAKE WHEATLEY, JR.

15 ALSO PRESENT:  
16 MIRIAM FOX  
17 EDWARD NOLAN

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JEAN M. DAVIS, REPORTER  
NOTARY PUBLIC

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1           CHAIRMAN EVANS: I would like to convene the  
2 House Appropriations Committee hearing.

3           Good morning. I hope everybody had a good  
4 weekend.

5           We are back, with the Public Utility  
6 Commission before us and the Chairman, Mr. Wendell  
7 Holland.

8           As you know, we go right to the questions, so  
9 if you would like to introduce, for the purpose of  
10 the record, your colleagues with you.

11          MR. HOLLAND: Yes, Representative Evans,  
12 and good morning to you and to members of your  
13 committee.

14          I'm joined with my colleagues. To my  
15 immediate right is the Vice Chairman, Jim Cawley. To  
16 his immediate right is Commissioner Kim Pizzingrilli,  
17 and to my immediate left is our newest Commissioner,  
18 Tyrone Christy.

19          CHAIRMAN EVANS: Mr. Chairman, as you know,  
20 obviously the issue of energy is a priority. First  
21 and foremost, obviously the Governor has made it a  
22 priority. Obviously it is a national issue in terms  
23 of it being a priority, and obviously for the  
24 consumers of this State it is absolutely a priority  
25 in how we approach it.

1           Can you specifically tell us in terms of your  
2 budget how there are ways that you are trying to help  
3 contribute in some way to the energy discussion, and  
4 in terms of your budget recommendations, are there  
5 things that we need to know that we could be  
6 supportive of relating to conservation or any other  
7 kinds of initiatives that are taking place in terms  
8 of the Public Utility Commission?

9           MR. HOLLAND: Yes, Mr. Chairman.

10           First, I would like to think that about  
11 65 percent of the employees at the PUC and hence  
12 65 percent of our budget concerns energy and energy  
13 matters. So to the extent that we can continue to  
14 focus on energy matters, as we have over the last  
15 70 years, we would certainly like an appropriation  
16 toward that end.

17           More specifically, we have been rather active  
18 at the PUC relative to energy measures. About 2 or  
19 3 years ago, price caps started to come off in  
20 restructured States around the nation, and we at the  
21 commission reacted to that in numerous ways.

22           Perhaps the most laudable way is our price  
23 spikes mitigation proceeding, where we involved a  
24 group of stakeholders -- about 40 of them came --  
25 where we tried to resolve and set a path for going

1 forward.

2           One of the things that came out of that  
3 meeting was a consumer education program, where we  
4 recognize the need to educate Pennsylvanians  
5 statewide on the reality that energy prices, not only  
6 at your home but likely at our gas pumps, will  
7 increase. So we thought that it would be appropriate  
8 to launch a statewide campaign to make consumers  
9 aware and to educate consumers with respect to the  
10 future as it relates to energy prices.

11           So those are kind of the two major things  
12 that we looked for and looked at.

13           CHAIRMAN EVANS: As I can see from your  
14 testimony in terms of your current budget approved,  
15 looking for about \$54 million but including  
16 \$2.5 million expected Federal funds, what exactly are  
17 you looking for in terms of your increase, which is  
18 only like 1.3 percent? What exactly are you  
19 requesting in terms of that 1.3 increase?

20           MR. HOLLAND: Those increases are largely due  
21 to, one, a salary increase, about \$296,000 in  
22 personnel costs for contractually required increases;  
23 just under \$400,000, about \$383,000 in operating  
24 costs for the move of our offices from the  
25 Philadelphia State Office Building; and about a

1 \$105,000 increase in fixed costs to replace computers  
2 and also the purchase of the hardware.

3 The other non-State budget part of that is  
4 about \$2.5 million in Federal funds that we largely  
5 get for transportation.

6 CHAIRMAN EVANS: Thank you.

7 Representative Craig Dally, who is the  
8 vice-chair on the Republican side, sitting in for the  
9 Chairman. Representative Dally.

10 REPRESENTATIVE DALLY: Thank you, Mr.  
11 Chairman.

12 Good morning.

13 MR. HOLLAND: Good morning, sir.

14 REPRESENTATIVE DALLY: On Thursday of this  
15 week, the Appropriations Committee is going to hold a  
16 subcommittee hearing on a proposed bill that will  
17 require a question to be submitted to the electorate  
18 to borrow \$1 billion to provide grants and  
19 low-interest loans to municipalities, to  
20 municipal-owned utility companies and municipal  
21 authorities to provide natural gas, water, waste  
22 water service, for the replacement of aged and  
23 corroding pipes.

24 Now, this legislation would place additional  
25 powers and duties on your commission, and I'm just

1 wondering whether you are familiar with the  
2 legislation or not?

3 MR. HOLLAND: No, sir, I'm not familiar with  
4 the legislation, but I am largely familiar with the  
5 subject. But I'll await your question.

6 REPRESENTATIVE DALLY: Okay. I just wanted  
7 to know what additional duties and powers it would  
8 give to the commission in regard to the \$1 billion,  
9 if indeed the electorate decides that it is prudent  
10 to borrow that additional money.

11 MR. HOLLAND: I'm not familiar with that  
12 legislation, but I will say generally, infrastructure  
13 repair and replacement is an issue that looms large  
14 to all Pennsylvanians in virtually all utility  
15 categories, in water and in natural gas and in  
16 electric.

17 We look forward to working with the  
18 Legislature and the utility industry as well as other  
19 stakeholders in trying to repair and replace our  
20 aging infrastructure here in Pennsylvania.

21 REPRESENTATIVE DALLY: One of the entities  
22 that could receive funding would be municipally-owned  
23 natural gas systems. Is there any other  
24 municipally-owned gas system in Pennsylvania other  
25 than Philadelphia that you are aware of?



1 MR. HOLLAND: We think Chambersburg, but I  
2 will take that subject to check.

3 REPRESENTATIVE DALLY: Okay.

4 MR. HOLLAND: I'll be glad to provide an  
5 answer to that for your.

6 REPRESENTATIVE DALLY: All right. Thank you  
7 very much.

8 MR. HOLLAND: Yes, sir.

9 CHAIRMAN EVANS: I also want to make note  
10 that, you know, we do these hearings in conjunction  
11 with the standing committees.

12 Consumers Affairs is Representative Chairman  
13 Joe Preston, whose office is here, and then Godshall.  
14 I saw him, Representative Godshall. I don't see  
15 Preston right now.

16 Do you have any questions, Representative  
17 Chairman Godshall, from your perspective?

18 REPRESENTATIVE GODSHALL: Thank you, Mr.  
19 Chairman.

20 Just a couple of things, a couple of things  
21 here that I would appreciate.

22 Given the majority of electric generation  
23 caps coming off in the next 2 years, do you believe  
24 that it's an appropriate role for the PUC to dictate  
25 to electric distribution companies how these

1 companies should purchase electric for their  
2 customers in the future with the rate caps coming  
3 off?

4 MR. HOLLAND: I will answer and certainly  
5 open this up to my colleagues.

6 I think that the PUC should absolutely play a  
7 role in this matter, particularly as it relates to  
8 our portfolio guidelines and review of purchasing  
9 strategies.

10 I think we should have the power to buy from  
11 a particular source. We should have the power if it  
12 is good, and I'll open the floor for an answer to  
13 this question to my colleagues, if they care to  
14 supplement that at all.

15 MS. PIZZINGRILLI: Just to add on to it,  
16 Mr. Chairman.

17 CHAIRMAN EVANS: If you would introduce  
18 yourself, please.

19 MS. PIZZINGRILLI: I'm sorry. Kim  
20 Pizzingrilli.

21 Just to add on to what the Chairman said.  
22 The commission recently promulgated regulations which  
23 outline the procurement strategies that we expect the  
24 companies to follow, and the companies are also  
25 required to file their procurement plans with the

1 commission.

2 MR. HOLLAND: And from Mr. Christy.

3 MR. CHRISTY: Hi. I'm Commissioner Christy.

4 I believe it's very important that the EDCs  
5 should be required to pursue a least-cost planning  
6 type of mentality on the purchasing of electric power  
7 for their customers, and that could involve  
8 short-term, medium-term, as well as long-term  
9 contracts.

10 Whatever would offer the best opportunity for  
11 the customers I think should be on the table and open  
12 for consideration.

13 REPRESENTATIVE GODSHALL: Thank you.

14 What role do you believe the PUC should have  
15 in the movement of traditional telephone service,  
16 from the movement of traditional telephone service  
17 into IP-enabled services?

18 MR. HOLLAND: It has always been my position  
19 -- and again, this is a question I will ask my  
20 colleagues to add to -- it has always been my  
21 position that our role as it relates to telephones  
22 should be something of a minimalist role, as  
23 competition has certainly thrived with minimal  
24 regulation.

25 There is, however, Chairman Godshall, a

1 question of consumer protection in all of this, and  
2 it is something that we should continue not to  
3 overlook.

4 But regulations, certainly in  
5 telecommunications, should be as light as possible in  
6 order to ensure that competition thrives.

7 REPRESENTATIVE GODSHALL: Thank you.

8 And we recently learned that the commission  
9 uses a different assessment formula when they bill  
10 motor carriers in Pennsylvania, resulting in  
11 significant increases, some of them up to 600 percent  
12 for some carriers.

13 What are we doing to address this problem  
14 and hopefully to prevent it from happening in the  
15 future?

16 MR. HOLLAND: I will give a short answer to  
17 that, Representative Godshall.

18 As a result of our action to reallocate the  
19 assessments among the transportation industry, we  
20 noticed that, one, industry had seen a significant  
21 increase.

22 What we did was to meet with the industry.  
23 Just last week we acted as a commission, under which  
24 we adopted an emergency order which essentially said  
25 that we will have a stakeholder meeting with all, and

1 we invited virtually all aspects of the  
2 transportation industry, for a technical conference  
3 to see just how we can address this allocation issue,  
4 as all carriers were affected -- railroad, property,  
5 and truckers.

6 That conference will probably be in March in  
7 an attempt to ease the financial burden on these  
8 carriers. We required that the carriers pay about  
9 one-third of their required assessment in mid-March,  
10 with the other two-thirds becoming due in June and  
11 September.

12 I think we have had an opportunity -- and  
13 also, we are going to send this matter to hearings  
14 where all parties are going to participate and try to  
15 tackle this very issue.

16 I think we have tried to address this issue  
17 in a cooperative way with the industry, and I think  
18 we will see some creative ideas come out of our  
19 technical conference and our subsequent evidentiary  
20 hearings in March and later this spring.

21 REPRESENTATIVE GODSHALL: Well, I think we  
22 just about have to, because a lot of these agencies  
23 operate not necessarily on a calendar year but on a  
24 fiscal year, and they are in the middle of their  
25 budgets, and, you know, it has been a real blow to a

1 lot of people that provide transportation services to  
2 our constituents.

3 And one final question. The Consumer Affairs  
4 Committee recently had a hearing on House Bill 1490,  
5 which would bring a number of services under the  
6 regulatory authority of the PUC, including cable  
7 services.

8 What position does the PUC take on the bill,  
9 and particularly the provisions that prohibit you  
10 from hiring additional staff? And also,  
11 particularly, you know, does the PUC really feel that  
12 it wants to get involved in the cable industry?

13 MR. HOLLAND: We haven't taken an official  
14 position.

15 Second, to the extent that there are any  
16 additional and significant regulatory  
17 responsibilities, I think it would be appropriate for  
18 us to receive funding for it.

19 And third, cable, much like  
20 telecommunications, is an industry where, in some  
21 respects, competition can thrive and minimalist  
22 regulation may be the goal.

23 REPRESENTATIVE GODSHALL: Do you feel that  
24 you are able to take on this kind of a service  
25 without additional people, staff?

1 MR. HOLLAND: I haven't had the benefit at  
2 this time, Chairman Godshall, of reviewing the extent  
3 of the duties in the legislation.

4 I believe that I come before your committee,  
5 I think in a couple of weeks, on this bill,  
6 and at that time, I think I will have a better  
7 answer.

8 REPRESENTATIVE GODSHALL: I want to thank  
9 you, Mr. Chairman.

10 I also want to acknowledge the fact that  
11 working with the PUC, we have had an excellent  
12 working relationship. They have been open; they work  
13 with us, and I appreciate the ability that we have  
14 had to work with you on the various projects that we  
15 have had over the last few months, and there have  
16 been many of them, from energy on down.

17 So again, thank you, Mr. Chairman.

18 MR. HOLLAND: Thank you, Mr. Chairman.

19 CHAIRMAN EVANS: Thank you, Mr. Chairman.

20 The Chairman of the committee, Chairman  
21 Preston, any comments or questions you want to ask,  
22 Mr. Chairman?

23 REPRESENTATIVE PRESTON: Yes.

24 In your current structure, if the FCC at the  
25 Federal level decides to be able to give some of the

1 States a chance for regulatory review in relationship  
2 to Voice over the Internet, you know, from a  
3 budgetary standpoint, how would you have to be able  
4 to look at that from your current structure?

5 MR. HOLLAND: If all legal questions are  
6 answered, we would look at that as we did with any  
7 other piece of legislation.

8 First, we would try to see if any additional  
9 staff was needed. We had something of a test with  
10 this, Chairman Preston, with respect to AEPS  
11 legislation, which I think imposed a number of  
12 additional responsibilities on us.

13 We were able to meet those responsibilities  
14 without additional staff, but I should say there  
15 might be a possibility that we would ask for  
16 additional funding to hire additional staff.

17 I just haven't really examined the scope of  
18 the legislation in order to fully answer your  
19 question.

20 REPRESENTATIVE PRESTON: And next, in  
21 relationship to the different industries getting  
22 ready to start doing quarterly reporting on a more  
23 continuous basis and/or adjusting their rates, what  
24 are some of your plans, you know, as far as your  
25 staffing levels?



1           And the follow-up question relative to this  
2 is, the PUC, to my knowledge, since I've been here  
3 now in the last 20 years, hasn't gone through really  
4 that much of a dramatic restructuring.

5           What does it need to do to stay in tune to,  
6 you know, now that we are coming up on 2010, what  
7 are some of your plans as far as changes, if  
8 necessary?

9           MR. HOLLAND: I think we are ready at least  
10 to meet the quarterly requirements that you speak of.  
11 Again, I will use the AEPS example as a way we have  
12 been able to handle new legislation within our  
13 system.

14           Second, with respect to restructuring of the  
15 agency, we have looked at that issue a number of  
16 times and decided that, at least presently, we can go  
17 forth within the existing structure.

18           What we have done, I think, to be a more  
19 efficient PUC to handle and to work within our  
20 present structure is, first, we followed the advice  
21 of the Legislative Budget and Finance Committee,  
22 and we have adopted or actually put together a  
23 business plan that will help us keep sight of our  
24 goals and help us to continue to use our resources  
25 wisely.

1           Second, another thing that I think helps us  
2 streamline and adapt to the changes is the advent of  
3 our new computer system, where we think that we will  
4 squeeze efficiencies in many parts of the agency as a  
5 result of the reduction of paper flow.

6           REPRESENTATIVE PRESTON:   Okay.

7           And, Mr. Chairman, lastly, since you brought  
8 that up and that was going to be my final question,  
9 several years ago when I had the privilege of being  
10 on the august Appropriations Committee---

11          CHAIRMAN EVANS:   Can you say that a little  
12 louder?

13          REPRESENTATIVE PRESTON:   One of the major  
14 discussions we had was your request for funding to  
15 update your data system.  Has that been adequate, and  
16 is it up to date now?

17          MR. HOLLAND:   Yes, sir.  It has been very  
18 adequate.  It's up to date.  It's on plan.  It is on  
19 time and under budget.

20          As the story goes, we are in the process of  
21 completing phase one of that project, and the second  
22 phase, permitting electronic filings, is expected to  
23 be deployed in the summer of this year.  The third  
24 phase will be finished later in the year to allow  
25 e-commerce.

1           So you gave us the money. I think I can say  
2 confidently that we are moving forward and things are  
3 going fine, and again, I thank you and the committees  
4 for that appropriation.

5           REPRESENTATIVE PRESTON: Okay.

6           Mr. Chairman, thank you very much for your  
7 time and consideration, and as my fellow colleague,  
8 Chairman Godshall, was saying, it has been a very  
9 positive working relationship with the Public Utility  
10 Commission.

11           I and the staff have had a chance to meet  
12 individually, even with the new Commissioners, and as  
13 we go forward dealing with the rate caps, which are  
14 going to be affecting a lot of us in the future all  
15 across this State, it's positive to be able to see  
16 them being so attentive with it with a good quality  
17 level of staff.

18           So again, it's always a pleasure to come and  
19 work with the great Chairman and all the members of  
20 the Appropriations Committee. I really enjoyed  
21 this.

22           CHAIRMAN EVANS: No more questions.

23           REPRESENTATIVE PRESTON: Thank you very much,  
24 and don't forget the 24th District.

25           CHAIRMAN EVANS: We'll be here all day.

1           No; on a serious note to what Representative  
2 Dally raised to the subcommittee hearing that will be  
3 conducted by Representative Chairman Mike McGeehan,  
4 Chairman Preston is the prime sponsor of that bill.  
5 That's the issue about the gas and the water  
6 hearing that will be conducted, because one of  
7 the discussions that was talked about in the  
8 Governor's economic stimulus package was  
9 infrastructure.

10           Chairman Preston introduced a bill which  
11 deals with taking it to the voters about dealing with  
12 that issue. So that is fully open to discussion.  
13 That's one of the reasons why Chairman McGeehan is  
14 conducting that hearing on Thursday around the  
15 infrastructure issue.

16           What I would like to do is go to  
17 Representative Greg Vitali.

18           REPRESENTATIVE VITALI: Thank you, Mr.  
19 Chairman.

20           I just wanted to make a couple of  
21 observations or statements rather than a question,  
22 and they can be commented on if you so choose.

23           I think we are all becoming increasingly  
24 aware of the importance of energy conservation and  
25 shifting to renewables, and the reasons are pretty

1 obvious -- climate change and impending rate hikes  
2 and dependence on foreign sources of energy and so  
3 forth. And people really do need to be aware of the  
4 role of the PUC in conservation and shifting to  
5 renewable sources.

6 I just want to relay some frustrations with  
7 some of the experts I have been working with with  
8 regard to the PUC.

9 There is a perception out there that the PUC  
10 has not been the ally for these issues in the past,  
11 that they could be. One of the things that was cited  
12 to me, for example, was the Legislature's necessity  
13 to pass House Bill 1203 to clarify some things, some  
14 interpretations of the AEPS bill, which, frankly,  
15 could have been -- interpretations going the other  
16 way would have been more helpful in energy  
17 conservation and renewables.

18 I think the one point that was cited was the  
19 interpretation of the solar carve-out, and that was  
20 not interpreted by the PUC to the pleasure of  
21 environmentalists and people in the solar industry.  
22 And there are other things that are cited that I,  
23 frankly, don't have the ability or the preparation to  
24 talk about -- net metering, about whether voluntary  
25 share of users counts toward the obligations of the

1 electric distribution companies, and so forth. I  
2 just don't have the expertise to debate that.

3 The point really is and the point I want to  
4 make to the PUC and the public at large is that you  
5 do have an important role, because you interpret the  
6 laws we pass, and the legislation we pass is  
7 inherently subject to interpretations, and we need  
8 your help in this.

9 We hopefully will be passing other technical  
10 legislation -- hopefully, smart metering; hopefully,  
11 the conservation piece -- and as we move forward,  
12 we need a PUC that is on board with interpretations  
13 that facilitate conservation and shifting to  
14 renewables.

15 That's my statement. You can respond as you  
16 see fit.

17 MR. HOLLAND: Thank you, sir.

18 Did you want us to respond, sir?

19 REPRESENTATIVE VITALI: That's entirely up to  
20 you.

21 MR. HOLLAND: Mr. Chairman, I'll move to the  
22 next commenter, if it is okay with you. No.

23 Seriously, though, Representative Vitali, we  
24 would love to engage in dialogue and we will continue  
25 to, and we look forward to working with you and other

1 members of the General Assembly on these issues.  
2 They are difficult issues, and we are always willing  
3 to engage in dialogue and cooperate to the extent  
4 possible.

5 REPRESENTATIVE VITALI: Thank you.

6 MR. HOLLAND: Thank you.

7 CHAIRMAN EVANS: Representative Jake  
8 Wheatley.

9 REPRESENTATIVE WHEATLEY: Thank you, Mr.  
10 Chairman.

11 Good morning, Mr. Chairman and other invited  
12 guests.

13 Let me start by, I guess, having you explain  
14 to me, in your comments, your written comments, you  
15 talk about the budget that you have before us and  
16 only requesting an increase of \$679,000, which is  
17 1.3 percent, I think, is the increase. But you also  
18 say that you follow the Governor's request, which  
19 does not include \$5 million that was proposed for an  
20 educational campaign.

21 Can you talk to me about what that  
22 educational campaign included, and why wasn't that  
23 also a part of your budget request?

24 MR. HOLLAND: Well, I'll take the last part  
25 first.

1           The Governor made a request for us to not  
2 include that, and we did.

3           To the first part of your question. As you  
4 have heard in the last half an hour, energy and the  
5 price of energy has become a significant issue, not  
6 only here in Pennsylvania but in the Mid-Atlantic  
7 region and throughout the nation and literally  
8 throughout the world.

9           We believe that there will be so much upward  
10 pressure on prices, energy prices, here in  
11 Pennsylvania for a number of reasons that it's  
12 important to let consumers know, first, that energy  
13 prices will increase, as other consumable goods have  
14 increased; and second, that consumers should continue  
15 to prepare now for those rising energy prices. And  
16 when I say consumers, I don't mean just residential  
17 consumers but consumers in all classes.

18           As a result, we collectively thought that an  
19 education program addressing those issues would be  
20 appropriate going forward, and that's why we  
21 targeted the amount we did. I think the amount was  
22 \$5 million.

23           Significantly, Representative Wheatley, as I  
24 said earlier, as a result of our price mitigation  
25 proceeding, we had a number of stakeholders literally



1 in the room talking about the various issues, and one  
2 issue that came up was education.

3 First, I think amongst those stakeholders  
4 there was near unanimous agreement that education  
5 should be carried forth.

6 Second, the range of education went from  
7 about, I think, \$3 million up to \$24 million in terms  
8 of just how much the education program should  
9 comprise. We thought we would be conservative and  
10 try to peg it, that education program, at just  
11 \$5 million.

12 In subsequent and kind of more recent  
13 discussions, we found that a number of stakeholders,  
14 our consumer committees, I think the Office of  
15 Consumer Advocate and other public advocates and  
16 stakeholders, continue to believe that an education  
17 program is appropriate.

18 REPRESENTATIVE WHEATLEY: So although you are  
19 not requesting it, you see the need for a statewide  
20 educational campaign of some sort to help people  
21 understand how they can immediately impact their  
22 bills or the future of their bills in their household  
23 just by doing simple things as changing light bulbs  
24 or winterizing their homes. So you do see that as an  
25 important activity, even though you are not

1 requesting additional money?

2 MR. HOLLAND: Yes, sir.

3 REPRESENTATIVE WHEATLEY: And kind of in line  
4 with that, can you talk to us a little bit about what  
5 you have seen as it relates to the change in the law  
6 that we have with Act 201, I believe, and how that  
7 has impacted consumers. Are we seeing an increase in  
8 the number of shutoffs during the winter? If so,  
9 where? And do you have demographic information for  
10 that?

11 MR. HOLLAND: Yes. We have -- first let me  
12 say that you should receive a report, I think later  
13 this year, which talks about the result of Act 201  
14 and its benefits.

15 What we have seen largely as a result of 201  
16 is that collections have increased significantly.  
17 What we've seen, I think in virtually both energy  
18 industries and even in the water industries, is that  
19 collections have increased significantly.

20 What we have also seen, I think, is that the  
21 number of -- and this may be an indirect result of  
22 201 -- is that payment arrangements as well have  
23 decreased as well. And I think what 201 really tried  
24 to do is to try to make sure that those customers who  
25 can afford to pay their bills in fact do pay their

1 bills, and that's kind of the most important thing,  
2 I think, that we wanted to do.

3 And I'll open it up to my colleagues if they  
4 want to add anymore on the results of that.

5 REPRESENTATIVE WHEATLEY: And they can add it  
6 in writing, if they want, because I'm going to  
7 finish. I know the Chairman is pulling my coat to  
8 this.

9 But I would love to -- in writing, if you can  
10 forward to us -- what has been done in the past three  
11 or four cycles now, and I have asked the same  
12 question around diversity inside of the utility  
13 companies, meaning how much business is being done  
14 with women and minority businesses? What are the  
15 workforce issues? Are we doing anything to encourage  
16 and to incentivize and monitor the changes that are  
17 happening over time? Are you doing anything? You  
18 can respond in writing about that.

19 And then the final question that I have  
20 really just goes to this transportation assessment  
21 issue. Do you project that this could open up a  
22 budgetary problem for you, meaning, and I guess my  
23 question is, what happens if we ignore kind of the  
24 Federal law that kind of initiated the changes in how  
25 we were assessing the motor companies? I mean the

1 transportation company carriers. What happens if we  
2 kind of ignored that? Would that mean what we  
3 collect as overassessment, would that be due back to  
4 those companies, and do you see that as a problem for  
5 the PUC in the future?

6 MR. HOLLAND: First with respect to  
7 diversity, I'll be glad to provide those reports.  
8 I think pursuant to our regulation, the receipt of  
9 reports are due the first of March or the end of  
10 March, and that will give me a more informed basis to  
11 give you an idea of what is happening in the industry  
12 itself.

13 Second, with respect to transportation, I'd  
14 like to wait until the result of the technical  
15 conference that we are having with the industry in a  
16 month. I think that that will go a long way to  
17 resolving this issue.

18 REPRESENTATIVE WHEATLEY: Okay.

19 MR. HOLLAND: I've got to say that it's been  
20 our collective pleasure to work with the  
21 transportation industry, at least in this case with  
22 the railroad industry, because we actually had a  
23 chance to hear their unique concerns, and I think we  
24 have literally worked together and cooperatively in  
25 such a way to address this issue head-on and to at

1 least chart a path.

2 So if it's okay with you, perhaps in a month.

3 REPRESENTATIVE WHEATLEY: Sure. Thank you.

4 Thank you, Mr. Chairman.

5 REPRESENTATIVE KELLER: Thank you,

6 Representative Wheatley.

7 Representative Dave Millard, please.

8 REPRESENTATIVE MILLARD: Thank you, Mr.

9 Chairman.

10 Chairman Holland, just to piggyback a little  
11 bit on Representative Godshall's questions to you,  
12 the amount of Federal funds recommended for the Motor  
13 Carrier Safety Program in fiscal year '08 and '09  
14 increases over 22 percent.

15 Now, can you provide this committee with an  
16 explanation of what this increase in funding is  
17 actually going to be used for?

18 MR. HOLLAND: Representative Millard, can I  
19 get back to you on that? I have conferred with my  
20 colleagues, and I think the appropriate and accurate  
21 course would be to provide an answer in writing.

22 REPRESENTATIVE MILLARD: Sure. Would you  
23 copy every member of this committee on that?

24 MR. HOLLAND: Oh; absolutely, sir.

25 REPRESENTATIVE MILLARD: Thank you.

1 Thank you, Mr. Chairman.

2 REPRESENTATIVE KELLER: Thank you.

3 Just a little housekeeping. Any  
4 communications will go through the Chair, and then  
5 the Chair will distribute them.

6 Representative Matt Smith, please.

7 REPRESENTATIVE SMITH: Thank you, Mr.  
8 Chairman.

9 Just to piggyback a little bit on  
10 Representative Wheatley's questions with regard to  
11 transportation assessments. I just want to clarify a  
12 couple of issues there.

13 I have heard from some motor carrier  
14 companies in my district, and I just want to clarify,  
15 was the increase on taxi-service providers somewhere  
16 in the range -- increased assessments -- somewhere in  
17 the range of about 300, 350 percent in terms of the  
18 increase in the assessments?

19 MR. HOLLAND: I will accept that subject to  
20 check.

21 REPRESENTATIVE SMITH: Okay. And that was  
22 for the '07-08 budget. Is that correct?

23 MR. HOLLAND: Again, I will accept that  
24 subject to check.

25 REPRESENTATIVE SMITH: Okay.

1           I guess my question and the issue as I see it  
2 is that the taxi carriers were already 7, 8 months  
3 into their season, into the fiscal year, had already  
4 collected fares from passengers based on last year's  
5 assessments, based on the previous assessments.

6           Is there any mechanism -- and this may be a  
7 subject that will come up at the technical conference  
8 -- any mechanism in place that will allow those  
9 taxi-service providers to recoup the costs that  
10 may have been lost due to the increased  
11 assessments?

12           MR. HOLLAND: Yes; the 1-percent surcharge.

13           REPRESENTATIVE SMITH: Okay; okay.

14           And I guess to just wrap it up, was last  
15 year's budget based on the previous year -- or the  
16 '07-08 budget, was that based on the previous  
17 assessment rate for taxi-service providers, and if  
18 so, why was that changed sort of midstream? What was  
19 the reason for that?

20           MR. HOLLAND: The answer to the first  
21 question is yes, and the simple answer to the  
22 second part of your question is that we went from  
23 one category to three categories.

24           REPRESENTATIVE SMITH: Okay. And what  
25 was the nature of that change? Why was that

1 necessary?

2 MR. HOLLAND: We thought that we, in so  
3 doing, more accurately assigned and allocated costs  
4 to the particular industries. We found that our  
5 direct costs, costs of personnel, were not in line  
6 with the true costs, and as a result, we reallocated  
7 those costs.

8 REPRESENTATIVE SMITH: Okay. And will  
9 correcting this issue, I guess, doing something like  
10 that in the middle of the year and increasing that  
11 assessment such a drastic amount, will that be a  
12 subject that will be addressed at the technical  
13 conference in terms of how to maybe go about it a  
14 different way in the future, or more in line with the  
15 way the companies are operating in terms of their  
16 fiscal year?

17 MR. HOLLAND: Yes, Representative Smith.

18 REPRESENTATIVE SMITH: Okay.

19 Thank you, Mr. Chairman.

20 REPRESENTATIVE KELLER: Thank you.

21 Representative Katie True.

22 REPRESENTATIVE TRUE: Thank you, Mr.

23 Chairman.

24 Good morning to you all.

25 MR. HOLLAND: Good morning.



1           REPRESENTATIVE TRUE: I represent part of  
2 Lancaster County, and Tennessee Gas Pipeline is  
3 looking to come through with a second pipeline. They  
4 want to run it up against, you know, right along with  
5 the existing gas pipeline that we have, and they are  
6 beginning that process.

7           My concern is that it appears that the  
8 Federal funds for gas pipeline safety have been  
9 reduced by about 50 percent, and I'm just wondering  
10 if, number one, I don't know if you would like to  
11 explain why, other than I know that the Feds did  
12 that, if it will impact, if you feel this will impact  
13 safety, particularly if we are -- I know they are  
14 old, I know that they are not carrying enough for the  
15 need that we have in our area, but, you know, will  
16 that affect or be of any concern as far as safety  
17 with another pipeline coming up alongside?

18           MR. HOLLAND: It's a concern for us, and we  
19 will continue to press our legislative efforts in  
20 Washington for more Federal funds.

21           Of course, the risk that you run is, the  
22 fewer funds that you have, the fewer staff members  
23 you have to actually do the inspections. We are  
24 aware of this, and we will continue to see what we  
25 can do to make sure that more Federal funds come.

1           REPRESENTATIVE TRUE: I appreciate your  
2 comment. Thank you, sir.

3           MR. HOLLAND: Yes, ma'am.

4           REPRESENTATIVE KELLER: Representative John  
5 Myers.

6           REPRESENTATIVE MYERS: Thank you, Mr.  
7 Chairman.

8           Mr. Chairman and colleagues, good morning.

9           MR. HOLLAND: Good morning.

10          REPRESENTATIVE MYERS: I have been hearing a  
11 lot about alternative energy, and for some reason it  
12 kind of sticks in my mind, and I'm actually trying to  
13 learn how we get to the end product. You know, what  
14 is the recipe and what are the ingredients?

15          And what I mean is that as I look at the  
16 Alternative Energy Portfolio Standards and I'm  
17 reading some of this material, that in the next  
18 15 years, 18 percent of Pennsylvania's electric  
19 energy should be using some alternative energy source  
20 from a prescribed list.

21          Could you share with us what that prescribed  
22 list is, because I'm thinking you are talking about  
23 nuclear, solar, wind, coal gasification. I mean, are  
24 they all a part of this prescribed list, or what is  
25 the prescribed list?

1           MR. HOLLAND: Yes, Representative Myers, I'll  
2 do the best I can from memory.

3           Largely as a result of the Alternative Energy  
4 Portfolio Standard, two categories of alternate  
5 sources of energy were created. The primary sources  
6 of energy are largely natural gas, nuclear, and coal.  
7 Pennsylvania sits on a mountain of coal. Take those  
8 out of the equation.

9           What the Legislature thought was that it  
10 would be appropriate to look at different or  
11 alternate energy sources to meet our growing energy  
12 needs here in Pennsylvania, so they created two  
13 tiers, and my colleagues might have to help me with  
14 this one.

15           But largely in one tier, you had products  
16 such as wind, solar, and biomass, and in the second  
17 tier you had waste coal, distributed generation, and  
18 it was from those two different groups we were to  
19 start to increase our generation to provide  
20 additional sources to Pennsylvanians.

21           REPRESENTATIVE MYERS: Are these different  
22 sources or technologies going to be regulated by the  
23 PUC? Are you all going to have any role in bringing  
24 these things on line?

25           MR. HOLLAND: We do not regulate generation

1 in Pennsylvania.

2 REPRESENTATIVE MYERS: Okay.

3 To what extent will the PUC, if any, play  
4 with creating these new technologies?

5 For example, you talked about biomass. I  
6 know that is like a real hot item going on. As a  
7 matter of fact, I know even this week that the  
8 National Governors Association was talking about all  
9 this stuff, you know.

10 And I want to go back to gas, coal  
11 gasification. That's another source to generate.  
12 So, I mean, do you all see yourselves playing a role  
13 in that?

14 And I got two more questions; I want to tie  
15 them all together.

16 MR. HOLLAND: For this question,  
17 Representative Myers, I would like to defer to my  
18 colleague, Commissioner Christy.

19 REPRESENTATIVE MYERS: Okay. Can I tie my  
20 two questions together before you talk about the  
21 technical side of it?

22 MR. HOLLAND: He is going to answer; tie four  
23 together for him.

24 REPRESENTATIVE MYERS: Okay.

25 Also, it is indicated that in order for this

1 AEPS to get up to where it needs to be at, that it is  
2 going to require a significant staff and a capital  
3 resource to implement. I would like to hear some  
4 more about that.

5 And again, according to, as it states here,  
6 energy economists say that the AEPS law will likely  
7 cause electric rates to increase, and we are trying  
8 like not to go there. So how does that fit into what  
9 we are trying to do if we, at the end of the day, we  
10 get to where we want to be at and it is going to cost  
11 people more, even without the rate caps?

12 So what are you all thinking in those two  
13 regards?

14 MR. CHRISTY: On the first part of your  
15 question, the commission has been very active in  
16 implementing the AEPS legislation, and as an example,  
17 that includes coming up with the net metering  
18 regulations at the commission.

19 And we also have in the process, in the  
20 works, standard interconnection agreements that will  
21 allow these small producers of power to easily  
22 interconnect with the grid.

23 With respect to your final question,  
24 renewables are more expensive than conventional  
25 sources in today's terms. That could change. If

1 there is any type of a carbon-capture type of  
2 regulation coming out of Washington, then that would  
3 change the dynamics of the cost of all these  
4 different options.

5 But in today's terms, the renewables will  
6 cost a little bit more than the conventional  
7 sources.

8 REPRESENTATIVE MYERS: Thank you, Mr.  
9 Chairman.

10 REPRESENTATIVE KELLER: Thank you.

11 The gentleman from Monroe County,  
12 Representative Mario Scavello.

13 REPRESENTATIVE SCAVELLO: Mr. Chairman, my  
14 question has already been asked, but I would like to  
15 go back to the comment made earlier in regard to  
16 communications going past the Chair, and I know it is  
17 something that should have been asked to Chairman  
18 Evans.

19 But a week ago I asked for a breakdown on the  
20 economic formula for the distribution of the dollars  
21 in the Governor's initiative for the rebates, and we  
22 received it for the first time at the hearing when  
23 Revenue was here. I wasn't prepared to look at it,  
24 but I did make comments. It was obvious that the  
25 distributions, the formula that was given to us, was

1     inaccurate, and we have not received, as of yet we  
2     have not received an updated one.

3             So my hope is that when the Chair gets it,  
4     that that information is funneled back to the members  
5     ASAP.

6             REPRESENTATIVE KELLER:    Absolutely.

7             Representative Cherelle Parker.

8             REPRESENTATIVE PARKER:    Thank you, Mr.  
9     Chairman.

10            To Chairman Holland and all assembled, good  
11     morning and thank you very much for being here.

12            Chairman Holland, I want to direct my  
13     question to the telecommunications industry, and I  
14     want to just follow up on something that you  
15     mentioned earlier.

16            I think you were responding to Representative  
17     Godshall where you talked about traditional telephone  
18     service versus IP and noted the minimal role that you  
19     believe that that industry should have as it relates  
20     to regulation and it should be as light as possible  
21     to encourage competition, but that you did see a role  
22     for the PUC on the consumer-protection side.

23            With that in mind, I was wondering if you  
24     could just tell me if the PUC has a position on the  
25     Federal Lifeline program, sought to assist low-income

1 residents and allowing them to afford just the basic  
2 telephone service.

3 I do know that our Consumer Advocate has been  
4 a strong advocate for support in an automatic  
5 enrollment in this Federal Lifeline program, so I  
6 wanted to know whether or not you had taken a  
7 position on it and if in fact you thought this was  
8 something that we should be promoting, again, not  
9 just through the PUC and/or through the Consumer  
10 Advocate but all State agencies that have direct  
11 relations with those individuals in Pennsylvania who  
12 may fall under the Federal poverty guidelines and be  
13 eligible for the Lifeline program.

14 MR. HOLLAND: Representative Parker, the  
15 simple answers to your questions are yes, yes, and  
16 yes.

17 One of the things that we are very serious  
18 about is that part of our statutory responsibility  
19 that requires that rates be reasonable, and to the  
20 extent that we can further that, we will. So we have  
21 as a State agency here in Pennsylvania been  
22 supportive.

23 We have been supportive as well at the  
24 national level, at our national association, with  
25 respect to Lifeline rates. Again, I can belabor it,



1 but the simple answer is yes and yes.

2 REPRESENTATIVE PARKER: Thank you.

3 Oh; just one other comment, Mr. Chairman.

4 I have to just go back to this 2007 decision  
5 in September that the PUC made as it relates to the  
6 PGW in Philadelphia, their request for a \$100 million  
7 rate increase, and you are only approving 25 million  
8 of those dollars.

9 And it was during that time that I had the  
10 opportunity to directly interact with members of your  
11 staff. I hosted one of the public hearings that the  
12 PUC held on this issue in Philadelphia, actually in  
13 my district.

14 We had an overwhelming attendance, not just  
15 from the northwest section of Philadelphia, but I was  
16 surprised to see residents from throughout the city  
17 of Philadelphia come and express their concern about  
18 the issue, and I wanted to thank you and any members  
19 of your staff for just allowing this issue to be held  
20 in a location that was easily accessible through  
21 public transportation for residents of the city of  
22 Philadelphia.

23 Sometimes when you stay in these buildings in  
24 nice offices and beautiful suits, we forget what it  
25 is like for regular folk to make it to places where

1 they can talk with you, and I appreciate you all for  
2 remembering that.

3 MR. HOLLAND: Thank you, Representative  
4 Parker, for making that venue available. It was on a  
5 basketball court, and, you know, I felt right at home  
6 there.

7 REPRESENTATIVE PARKER: Let me also state for  
8 the record that you also took some public hits in  
9 various news outlets, not only just in the city of  
10 Philadelphia but outside the city of Philadelphia.  
11 So thank you for just making the right decision in  
12 the midst of that public discourse.

13 MR. HOLLAND: Yes, ma'am. Thank you.

14 REPRESENTATIVE KELLER: Thank you.

15 If we would take note, we have five more  
16 members who would like to have questions, and the  
17 clock winder probably didn't make it in. That's not  
18 the right time.

19 We have 15 more minutes left scheduled for  
20 the committee, so if the members would be mindful of  
21 that, I would appreciate it.

22 Representative Ron Miller.

23 REPRESENTATIVE MILLER: Thank you, Mr.  
24 Chairman.

25 Good morning, Chairman Holland.

1           MR. HOLLAND: Good morning, Representative  
2 Miller.

3           REPRESENTATIVE MILLER: On page E-32.6 of the  
4 Governor's budget, it deals with the PUC and the  
5 budget, and one of the things that it discusses is  
6 consumer services.

7           There's a table, and it shows electric  
8 deregulation, and it shows the homes eligible to  
9 participate in Pennsylvania as being 4.9 million and  
10 then it shows an estimated savings of \$124 million.  
11 And if you look at that, that's \$25 per household per  
12 year, or \$2 a month, which the average consumer is  
13 going to say, deregulation really hasn't done a lot  
14 for me; it doesn't appear like deregulation has  
15 helped me on my bill a whole lot, accept for this cap  
16 that has been artificially placed, which there is a  
17 note under that table that notes that the estimated  
18 savings for homes and businesses reflects rate caps  
19 that come off in 2010.

20           Now, that's fine. Let's assume the bill is  
21 even double and they save twice as much from  
22 deregulation. We are still looking at \$4 a month per  
23 household, and most consumers are going to have a  
24 concern with that, in my mind.

25           You have a tough job at the PUC, because we

1 keep throwing things at you. We are working on smart  
2 meters, which will be an additional cost and is going  
3 to save the consumer something, supposedly. But I  
4 don't know how we quantify exactly how much that will  
5 be, especially at the same time that we are mandating  
6 alternative energy and other things which have been  
7 recognized, until something in the dynamics changes,  
8 is more costly, and even in your testimony here  
9 today, in the answer saying that that cost coming  
10 down relative to the other generation, we just might  
11 rise the cost of traditional generation by a carbon  
12 tax or something like that.

13           So I guess my point is, it appears to me we  
14 have three separate goals, and we are trying to work  
15 on cost containment for the consumer, energy  
16 independence, which makes a lot of sense, and also  
17 environmental stewardship. All three of them are  
18 good goals.

19           How does the PUC weigh all that in when you  
20 approve rates and you work through this process, and  
21 then how do we know how you weight those things? Is  
22 that something in your decisions that is written in?  
23 Or how does the public know how you weight all these  
24 and come up with the rate setting?

25           It's a lengthy question. I apologize.

1           MR. HOLLAND: No; I understand your question  
2 perfectly, Representative Miller.

3           The simple answer to your question is very  
4 simply, and I want to use a line that Jack Nicholson  
5 once used in a movie, he said, "You don't want to  
6 know how we do our job; you just want to know that we  
7 walk the wall every night and keep you safe." And  
8 while there's a little bit of levity in that---

9           REPRESENTATIVE MILLER: Understood.

10          MR. HOLLAND: ---there's a lot of seriousness  
11 in it.

12          The joy I have as Chairman in working with  
13 the PUC is that I work with people that have a  
14 combined experience of over 80 years in this  
15 business, and it's because of that experience we can  
16 share our experiences in different walks of life and  
17 at different eras in time in order to arrive at  
18 decisions that are very difficult.

19          This is an absolutely fascinating time to be  
20 a regulator in the nation, and I absolutely mean  
21 that. I often say that the only job in government  
22 worse than ours is that of being the IRS. But it's  
23 an absolutely fascinating time, and it is absolutely  
24 challenging to try to weigh and balance all these new  
25 and competing interests that you have identified.

1           I think I can say that the four of us agree  
2 that you can be assured that we will try to do our  
3 job fairly and honestly and try to balance all  
4 interests. There's no silver bullet in this  
5 business. What we try to do is protect and promote  
6 the public interest.

7           REPRESENTATIVE MILLER: Thank you. Thank  
8 you, Chairman Holland.

9           Thank you, Mr. Chairman.

10          REPRESENTATIVE KELLER: Thank you.

11          Mr. Chairman, you do realize what happened to  
12 Jack Nicholson at the end of that movie?

13          MR. HOLLAND: Yes.

14          REPRESENTATIVE KELLER: He did order the code  
15 red.

16          Representative Scott Petri, please.

17          REPRESENTATIVE PETRI: Thank you, Mr.  
18 Chairman, and thank you, Chairman Holland, for  
19 appearing today.

20          On page 13 of your budget materials, you talk  
21 about the current complement going forward being  
22 projected to be the same as it is for this fiscal  
23 year, namely 509 members, and I understand the  
24 personnel costs mandated as a result of renegotiation  
25 of a contract.

1           My question is, it's my understanding that  
2 your current complement is actually at 447 personnel.  
3 Is that correct?

4           MR. HOLLAND: Subject to check, that's about  
5 right, sir.

6           REPRESENTATIVE PETRI: Okay. Would we expect  
7 a fairly significant savings from this fiscal year  
8 for the 62 employees that weren't filled?

9           MR. HOLLAND: To the extent that there is any  
10 savings in our budget, we will apply that to our  
11 request for next year.

12          REPRESENTATIVE PETRI: Do you know what that  
13 savings was in the personnel costs?

14          MR. HOLLAND: I'm sorry?

15          REPRESENTATIVE PETRI: Do you know offhand  
16 what that savings was for this fiscal year in  
17 personnel costs?

18          MR. HOLLAND: No, but I will be glad to  
19 forward that information to you.

20          REPRESENTATIVE PETRI: Okay. If that number  
21 turned out to be equal to or in excess of the  
22 increase that is projected of \$296,000, would that  
23 then do away with the need for the increase for this  
24 year?

25          MR. HOLLAND: To the extent that there is any

1 surplus, we try to apply it going forward, and if  
2 that's the case, then perhaps the answer to your  
3 question could be yes.

4 REPRESENTATIVE PETRI: Okay. I will be  
5 interested in that information.

6 Looking at the various contracts you let, I  
7 noticed in the area where you have three court  
8 reporting costs, that between the year '06-07 and  
9 '07-08, those fiscal years, there was about a  
10 70-percent increase from your court reporting  
11 services from the three contracts, and while it's not  
12 a big raw number, it is about \$120,000. It is a  
13 70-percent increase. So what do you attribute that  
14 to?

15 MR. HOLLAND: More hearings.

16 REPRESENTATIVE PETRI: Just more hearings?  
17 More volume?

18 MR. HOLLAND: Yes.

19 REPRESENTATIVE PETRI: And where is the  
20 volume coming from, in which division?

21 MR. HOLLAND: Probably energy.

22 REPRESENTATIVE PETRI: Okay. If you could  
23 kind of give us a rough breakdown.

24 MR. HOLLAND: Absolutely.

25 REPRESENTATIVE PETRI: I would understand



1 increasing the hearings in energy, but if it is  
2 coming out of the motor carrier division, that would  
3 just sit a little funny with me, given the  
4 deregulatory process we are in, but maybe that is  
5 true as well.

6 Last question. In the area of motor carrier  
7 safety, you are looking for a \$354,000 increase.  
8 What part or what aspect of safety are you trying to  
9 look at in this fiscal budget?

10 MR. HOLLAND: Transportation and trucks.

11 REPRESENTATIVE PETRI: Okay. So the  
12 \$354,000, would that be for personnel? Is it for  
13 overtime? What aspect do you anticipate having a  
14 significant increase in the inspecting of  
15 trucks?

16 MR. HOLLAND: Subject to check, personnel.

17 One of our most unusual expenses, believe it  
18 or not, is IT. Many of our motor carriers have  
19 laptops and wire cards, and we have seen a  
20 significant increase in telecommunications services.

21 So those would be kind of a line around the  
22 things that we do. But to the extent I can get a  
23 further breakout, Representative, I will be glad to  
24 supply you with that.

25 REPRESENTATIVE PETRI: I would also be

1 interested, if you could submit to the Chair a  
2 breakout of how you anticipate that being split out  
3 regionally.

4 In the southeast, we have a lot of police  
5 departments that are currently doing motor carrier  
6 safety, and they are doing safety inspections and  
7 they are doing traffic enforcement to a high degree  
8 at, of course, the resident's own expense, and I want  
9 to make sure we are not duplicating those efforts, or  
10 that if you are going to do those, maybe some of my  
11 local communities can back down on the services that  
12 they are currently engaging their taxpayers to pay  
13 for.

14 I think motor carrier safety is important,  
15 don't get me wrong. I just want to make sure that we  
16 are using our resources properly.

17 Thank you, Mr. Chairman.

18 MR. HOLLAND: Okay. We will try to provide  
19 that regional breakout, sir.

20 REPRESENTATIVE KELLER: Thank you.

21 Representative David Reed.

22 REPRESENTATIVE REED: Thank you, Mr.  
23 Chairman.

24 Thank you, Mr. Chairman and Commissioners,  
25 for coming before the committee today.

1           A couple weeks ago in a hearing held by the  
2 Environmental Resources and Energy Committee,  
3 Commissioner Christy had the opportunity to present  
4 his beliefs dealing with the upcoming rate caps, the  
5 removal of the rate caps from electricity prices  
6 across the Commonwealth, and within his testimony he  
7 stated that he believed that an extension of the  
8 rate caps was necessary to help mediate that  
9 situation.

10           So my question -- and I have three questions  
11 I will present, and then you can answer them as you  
12 deem fit -- to the rest of the Commissioners, do you  
13 also believe that the extension of the rate caps are  
14 part of the solution?

15           What other steps would you suggest that we  
16 take in mediating those possible increases in  
17 electricity prices, and you can give a broad overview  
18 of that question and perhaps present more detailed  
19 information to the committee chair in writing in the  
20 future.

21           And third, should we as a Legislature be  
22 looking at reducing or cutting the gross receipts  
23 tax, the electricity tax per se, to our consumers as  
24 part of that equation to help mediate that situation?

25           MR. HOLLAND: Representative Reed,

1 Commissioner Christy has asked for a clarification,  
2 and then I'll ask Commissioner Pizzingrilli and  
3 Vice Chairman Cawley to comment.

4 And perhaps I can submit. We have limited  
5 time. Is that okay, sir?

6 REPRESENTATIVE REED: Sure. Certainly.

7 MR. CHRISTY: Thank you.

8 Just a clarification. The major thrust of my  
9 comments a couple weeks ago were that the wholesale  
10 market where power is exchanged primarily has some  
11 issues and some problems.

12 I'm not necessarily endorsing rate cap  
13 extension as a solution to the suspected increases in  
14 cost, one, if the rate caps come off, but rather the  
15 important part of my testimony is to highlight that  
16 there are some issues with how the wholesale power  
17 market is structured and that I strongly believe that  
18 that structure is not conducive for getting customers  
19 just and reasonable rates, and that was the most  
20 important part of the testimony that I sponsored.

21 MR. CAWLEY: Representative, I testified  
22 about this 2 weeks ago before the House Consumer  
23 Affairs Committee on House Bills 2200 and 2201.

24 At that time, I said this: You can only defy  
25 gravity so long. The people of Pennsylvania, by the

1 time the rate caps come off, the remaining areas of  
2 Pennsylvania in 2010 and 2011 will have enjoyed a cap  
3 on 80 percent of their bill for nearly 15 years while  
4 everything else has gone up.

5 If we had a crystal ball and we knew where  
6 wholesale electric prices were going to be in  
7 2 years' time, we could make an easy decision.

8 If wholesale electric prices, over which we  
9 have no control, were going to go down, then I would  
10 say yes, let's extend rate caps, because, you know,  
11 why let rates continue to go up if we knew that in  
12 2 years' time they were really going to be down? We  
13 could just maintain the status quo.

14 Unfortunately, everyone that we have listened  
15 to tells us that wholesale electric prices are going  
16 to continue to rise, and that means the current gap  
17 between the capped generation rates and the market  
18 rates, wholesale rates, is going to get greater. So  
19 why wait to deal with a problem that's going to just  
20 get worse?

21 If you cap the rates, you are going to be  
22 defying reality. You are going to be making a  
23 situation that exists now merely worse.

24 Now, what do we do about it? In our default  
25 service regulations and in House Bill 2201, provision

1 is allowed for customers to pay a little extra now --  
2 a rainy day fund, if you will, a little Christmas  
3 Club for the day when the gap is closed -- and also,  
4 both our regs and House Bill 2201 provide for a  
5 phase-in after the rate caps come off.

6 But, of course, if you wait until that time,  
7 you have got to pay carrying charges on the deferred  
8 amounts. In other words, under 2201, for the first  
9 3 years after rate caps come off, the utilities would  
10 be permitted to raise rates no more than 15 percent  
11 per year.

12 Well, what if the increase is really  
13 30 percent or 40 percent and they can only raise  
14 rates 15 percent at a time? Well, they have still  
15 got to provide the power and pay for the cost of  
16 providing the power, so they have got to carry the  
17 charges, and therefore, customers have to pay for it  
18 or you are going to bankrupt the utilities.

19 So I wish we had a crystal ball. I think the  
20 smartest way to go about this is to deal with it  
21 right now.

22 I think wholesale prices are going to  
23 continue to rise, and therefore, let's give  
24 intelligent consumers the opportunity to start paying  
25 a little now for the day when the rates are going to

1 jump to wholesale prices, market prices. And let's  
2 provide for phase-ins after the rate increase, and  
3 let's get to the day when this experiment that was  
4 started in 1996 actually gets a chance to work.

5 We have seen it's working in the Duquesne  
6 service territory when almost 25 percent of the  
7 residential customers are shopping, 17 percent of the  
8 commercial customers. Nearly half of the industrial  
9 customers in the Duquesne service territory are  
10 getting their energy from not the default supplier,  
11 not Duquesne Light, but from an energy generation  
12 supplier.

13 We have seen the same thing happen in the  
14 Penn Power service territory, where 10 percent of the  
15 residential customers are shopping, and we have seen  
16 nearly 40,000 more customers in a year's time start  
17 shopping.

18 If you give this experiment a chance to work,  
19 it will work, but if you just keep postponing the day  
20 when you give it a chance to work by capping the  
21 rates and extending the rate caps, you are never  
22 going to know whether this experiment is going to  
23 work or not.

24 And as far as the gross receipts tax, I think  
25 that has a minimal effect on it. I mean, the amounts

1 of money are minimal.

2 MS. PIZZINGRILLI: I would just echo what the  
3 Vice Chairman just stated.

4 In addition, I have also testified that I  
5 believe that extending the rate caps is just delaying  
6 the inevitable.

7 He talked about our default service  
8 regulations and policy statement where we gave  
9 guidance to the companies that they should implement  
10 some rate mitigation strategies that would allow  
11 consumers to pay ahead and to phase in rates. We do  
12 have a couple of cases pending before us now that do  
13 just that.

14 In addition to everything the Vice Chairman  
15 stated, I still think our statewide consumer  
16 education efforts can only help to educate consumers  
17 about the rate caps expiring and what they can do now  
18 to prepare for the future.

19 So I think those two things coupled together  
20 warrant us looking at the rate caps not being  
21 extended and letting the rates go into effect.

22 REPRESENTATIVE REED: Thank you, Mr.  
23 Chairman.

24 MR. HOLLAND: Yes, sir.

25 REPRESENTATIVE KELLER: Representative Steve



1 Barrar.

2 REPRESENTATIVE BARRAR: Thank you, Mr.  
3 Chairman.

4 I just want to do a follow-up question on  
5 Representative Parker's question. I think she had  
6 mentioned, I think actually with great pride, that  
7 you had denied PGW 75 percent of the rate increase  
8 requested.

9 Aren't you in fact by denying so much of the  
10 rate increase, aren't you denying their ability to  
11 address their infrastructure problems, which we  
12 are having and starting to begin a huge debate on  
13 now?

14 MR. HOLLAND: Quite the contrary,  
15 Representative Barrar, and your point is well  
16 taken.

17 We found in the context of the rate case that  
18 they simply didn't prove their case.

19 What we have done collectively as a  
20 commission is to encourage the passage of  
21 distribution system infrastructure surcharge  
22 legislation that would enable not just PGW but all of  
23 our natural gas distribution companies statewide to  
24 get more immediate cost recovery of prudently  
25 incurred capital costs for repair and replacement

1 programs.

2 REPRESENTATIVE BARRAR: I think my concern is  
3 that we are going to have hearings next week on this  
4 billion-dollar bond issue that the Governor would  
5 like, and I can imagine that PGW, I know their  
6 infrastructure needs are not being met, and PGW would  
7 probably, being one of two in this State that is a  
8 gas municipal-owned authority, would probably be in  
9 line for a large share of that. And I'm concerned  
10 that they have been pushing off their infrastructure  
11 improvements and looking to the State to pay for this  
12 when it should be, is it fair for the State taxpayers  
13 to pay for it when it should be the ratepayers paying  
14 for it?

15 MR. HOLLAND: In the DSIC scenario, PGW's  
16 ratepayers would pay for their own system repairs.

17 We have in place an example of that mechanism  
18 in the water industry here in Pennsylvania where  
19 ratepayers and service-specific territories  
20 essentially pay their own way for their own repairs.  
21 That's kind of a general fund, if you will.

22 REPRESENTATIVE BARRAR: A question on a  
23 different subject -- the gross receipts tax.

24 With rate caps coming off in the next couple  
25 of years, I know there will be an increase in the

1 revenues collected on the gross receipts tax. Have  
2 you estimated that into, after 2009-10, what  
3 that additional revenue coming into the State  
4 would be?

5 MR. HOLLAND: That's a work in progress,  
6 Representative Barrar, and to the extent we get that  
7 number, we will be glad to share it with you and  
8 members of the committee.

9 REPRESENTATIVE BARRAR: Thank you. Just a  
10 couple other questions.

11 There's a line item, there has been a  
12 recommended increase in your budget of \$383,000 for  
13 operating costs and fixed asset costs for the lease  
14 and moving associated with the Philadelphia State  
15 Office Building.

16 Can you give us a little background on what  
17 that additional revenue would be used for and if that  
18 will be a permanent line item now in the budget, that  
19 cost?

20 MR. HOLLAND: Moving costs, one time. We are  
21 leaving Broad and Spring Garden, and I think we are  
22 going to Eighth and Market.

23 REPRESENTATIVE BARRAR: So are you going from  
24 a State-owned building now to a leased building?

25 MR. HOLLAND: Yes. I think all the tenants

1 in the State office building are leaving that  
2 building. And it's not our initiative; it's what we  
3 have been requested to do.

4 REPRESENTATIVE BARRAR: Okay. One last  
5 question.

6 I've been receiving a lot of complaints -- I  
7 live down in the Chadsford-Concord area -- I have  
8 been receiving quite a few complaints from residents  
9 and some of the conservation groups in that area that  
10 the utility company, their electric company, is  
11 taking a very hard-line stance on their  
12 scorched-earth policy for their high-line utility  
13 lines there, where they are taking out all the  
14 vegetation.

15 MR. HOLLAND: Yes.

16 REPRESENTATIVE BARRAR: Is that really  
17 necessary? Is there anything that the PUC can do to  
18 intercede?

19 I think they are citing a ruling from the  
20 Federal Homeland Security that they have to go  
21 through here and just leave basically nothing behind  
22 but scorched earth?

23 MR. HOLLAND: Well, let me put it another  
24 way. In order to increase reliability, utilities as  
25 a rule have been trimming their vegetation.

1           I think we have been able to work with  
2 utilities and consumers in an attempt to mitigate any  
3 harsh visual effects as a result of those efforts.  
4 We will be glad to work with you and your  
5 constituents to see if there are reasonable  
6 alternatives to what is being proposed.

7           REPRESENTATIVE BARRAR: I know I have some  
8 residents down there whose properties will just be  
9 devastated if this continues, and I think there may  
10 have been -- have you interceded in any type of a  
11 lawsuit on behalf of this policy, do you know? Or  
12 maybe it is DEP that has done that.

13           MR. HOLLAND: I'm not familiar with your  
14 immediate problem. I know this problem is not  
15 uncommon as it relates to vegetation and tree  
16 trimming. And again, if you want us to, we will be  
17 glad to sit down with you and your constituents and  
18 the company to see if there is a reasonable  
19 alternative.

20           REPRESENTATIVE BARRAR: Thank you. I will  
21 contact you about that and see if we can get you  
22 involved in it.

23           MR. HOLLAND: Yes, sir.

24           REPRESENTATIVE BARRAR: Thank you very much.

25           MR. HOLLAND: Yes, sir.

1           REPRESENTATIVE BARRAR: That is all I have,  
2 Mr. Chairman.

3           REPRESENTATIVE KELLER: Thank you.  
4 Representative Gordon Denlinger.

5           REPRESENTATIVE DENLINGER: Thank you, Mr.  
6 Chairman.

7           Good morning, everyone.

8           A question about, I think Representative  
9 Parker stated well the concerns that we have about  
10 average ratepayers of electric costs, and I want to  
11 kind of follow that line just briefly, if we can.

12           Of course, the Governor has proposed a new  
13 energy tax, if you will -- "systems benefit charge"  
14 is the official title; it's another word for "tax" --  
15 that would be levied at the rate of one-twentieth a  
16 cent per kilowatt hour.

17           Have you begun researching the cost? And if  
18 you could share that with us all, the cost to the  
19 residential consumer as an average and also costs to  
20 business and industrial users.

21           MR. HOLLAND: Yes, we have, and I want to  
22 defer it to the Vice Chairman. But for some reason,  
23 is it \$5 a month or \$5 a year?

24           MR. CAWLEY: \$5 a year for a residential  
25 customer. This is, in the truest sense of the

1 word, it is a minimal investment in Pennsylvania's  
2 future.

3 What you do, of course, is take a little bit  
4 from everybody for the greater benefit. It's capped  
5 at \$10,000 for the very largest customers.

6 And I believe the Senate has already passed  
7 the bill, Senate Bill 1, on this subject, which you  
8 have before you.

9 REPRESENTATIVE DENLINGER: In your  
10 deliberations, did the timing of this with rate caps  
11 potentially coming off here enter into the  
12 discussion?

13 Obviously at a time when consumers are going  
14 to pay significantly more for the cost of their  
15 electricity, here we are adding a tax increase on top  
16 of that. Was that a part of your deliberations at  
17 the time?

18 MR. HOLLAND: We have deliberated many  
19 aspects of the energy issues, including efforts that  
20 may result in upward pressures on rates.

21 REPRESENTATIVE DENLINGER: Did you want to  
22 say something else?

23 MR. CAWLEY: Well, the goal here is to first  
24 of all get off foreign oil and to do all we can in  
25 Pennsylvania to be self-sufficient. And how do you

1 do that?

2 Well, you do everything you can to conserve  
3 energy and to shave the peak demand off the grid,  
4 because when you do that, you lower the demand which  
5 lowers the price. You also don't have to build as  
6 many transmission lines and power plants.

7 The goal is to use money wisely in  
8 Pennsylvania to make investments, so we not only  
9 encourage conservation and energy efficiency and  
10 demand-side management but we also invest in things  
11 like coal gasification to use our natural resources  
12 in Pennsylvania.

13 This is a long-term investment in  
14 Pennsylvania, so the people of Pennsylvania  
15 eventually will not have to pay as high prices as  
16 they normally would have to if we just do nothing.

17 REPRESENTATIVE DENLINGER: I appreciate the  
18 goals, and they are, of course, international,  
19 national, and here, statewide.

20 To the person sitting down at their kitchen  
21 table with their checkbook trying to figure out which  
22 bill to pay, that becomes a very personal matter.  
23 And I'm not telling you things you don't know, but  
24 there is a point of concern there.

25 Without the enactment of this proposal, the



1 system benefit charge, do you feel we are still as a  
2 State poised to move forward, as we should, on  
3 alternative energy?

4 MR. CAWLEY: My opinion is no, not unless you  
5 enact smart meters. You have got to have a device in  
6 the home that gives the right price signals to people  
7 so they know what it is costing them to consume  
8 electricity.

9 And you also have to change the price  
10 structure. Electricity is priced on an average  
11 price. So it doesn't matter when you use it and how  
12 much you use it, it's at an average cost. Well, we  
13 have got to get away from that, because it encourages  
14 profligate use of energy.

15 It's not an easy message to tell people that  
16 they have got to start using less, and unfortunately,  
17 the greatest motivator is increase in price. That's  
18 going to happen in any event, and the question is, do  
19 we put in the metering technology, the devices in our  
20 home that allow people to use energy wisely? Do we  
21 invest in technologies that are going to shave the  
22 peak off demand? Or do we do nothing?

23 Again, I say this was a wonderful experiment  
24 that we started 12 years ago, 13 years ago. Let's  
25 see if it works. But the end game is to get the

1 metering in place for everybody, and that's a whole  
2 different subject which we could spend an hour on,  
3 but we have got to do that.

4 REPRESENTATIVE KELLER: Well, we don't have  
5 an hour, so if we could--- Thank you.

6 REPRESENTATIVE DENLINGER: And I will just  
7 conclude with a comment, if I may, Mr. Chairman.

8 Respectfully, I agree with you as far as  
9 letting the experiment run its course and looking to  
10 free-market solutions as far as this is concerned.  
11 However, here we are, taking and State mandating an  
12 alternative as far as collection of data rather  
13 than, again, letting the free market do what it  
14 should.

15 So there is another thought process on that,  
16 and you are aware of that, but I thought I would  
17 mention it.

18 Thank you, Mr. Chairman.

19 REPRESENTATIVE KELLER: Thank you.

20 Chairman Dally, please.

21 REPRESENTATIVE DALLY: Thank you, Mr.  
22 Chairman.

23 Just a follow-up to an earlier question from  
24 Representative Godshall, and I think it was  
25 Commissioner Christy that addressed that.

1           On the issue of procurement, last year we  
2           unanimously passed House Bill 1530, which included  
3           permanent guidelines similar to what the PUC has for  
4           procurement in your regulations. That language has  
5           since been stripped out by the Senate.

6           But my concern is with House Bill 1201, which  
7           the Rendell Administration has actively promoted.  
8           That bill, if my recollection serves me right, would  
9           mandate that power procured to meet peak demand is to  
10          be purchased at, quote, "least cost," but then it  
11          adds an additional layer on top of that saying that  
12          you have to purchase so much of that from alternative  
13          energy sources.

14          Now, we passed a procurement bill a couple of  
15          years ago that requires utilities to purchase power  
16          from alternative energy sources. This adds an  
17          additional layer on top of that to address peak  
18          demand, and it seems to be inconsistent with your  
19          policy of least-cost procurement when this could  
20          actually be the highest cost procurement if you force  
21          utilities to purchase that kind of power under those  
22          circumstances.

23                 I would just like your comments, if I could,  
24                 please.

25                 MR. CHRISTY: I'm not sure what that extra

1 layer of alternative energy purchasing requirements  
2 is that you are referring to. I don't know off the  
3 top of my head.

4 REPRESENTATIVE DALLY: Okay. Well, my  
5 recollection is that House Bill 1201 requires when  
6 the power company goes to purchase the additional  
7 power to meet peak demand, that they have to  
8 purchase so much of that from alternative energy  
9 sources.

10 I don't know if anyone else has---

11 MR. CAWLEY: Well, that's merely recognizing  
12 the fact that the Alternative Portfolio Standards Act  
13 was passed. That's all that is doing.

14 REPRESENTATIVE DALLY: No, I think it is in  
15 addition to that, I believe.

16 MR. CAWLEY: I don't want to differ with you,  
17 but I testified on this bill 2 weeks ago, and what  
18 1201 does do is provide for competitive procurement  
19 of power by requests for proposals and auctions, spot  
20 purchases if necessary, and then the most  
21 controversial part is, quote, "bilateral contracts"  
22 at the sole discretion of the utility, which I  
23 personally oppose.

24 But as I recall the bill, it merely  
25 recognized the fact that over the next 15 years, the

1 utilities that provide default service -- in other  
2 words, to those who don't switch to an alternative  
3 energy supplier -- they have to, the increased amount  
4 of their generation has to come from alternative  
5 energy sources.

6           Again, this is a way of weaning ourselves  
7 away from foreign influences.

8           REPRESENTATIVE DALLY: But isn't that  
9 scenario different than when you are in the market  
10 for additional power to meet peak load demands?  
11 Isn't that a different scenario?

12           I mean, I'm not on Consumer Affairs; I didn't  
13 have the benefit of hearing your testimony. But it  
14 seems to me that that's a different, when you are  
15 looking at least-cost procurement, that's a different  
16 situation when you are trying to meet peak demand,  
17 isn't it?

18           MR. CAWLEY: Well, the default supplier has  
19 to get energy for those customers who do not choose,  
20 and what our regulations and what House Bill 2201  
21 provides is a portfolio approach, where it is a mix,  
22 a prudent mix of long-term contracts, short-term  
23 contracts, spot purchases, that averages the risk, if  
24 you will, and gets the best price over the next 1 to  
25 5 years.

1           And the bill also does provide that as a part  
2 of the procurement plan, which must be submitted to  
3 us and we must approve, that some part of it may be a  
4 long-term contract for as long as 20 years to bring  
5 along a particular project which is good for  
6 Pennsylvania or will bring along a nascent technology  
7 like solar.

8           REPRESENTATIVE DALLY: Okay, and that's not  
9 the issue that I'm concerned about. I'm concerned  
10 about the purchases for, you know, like maybe, as you  
11 mentioned, spot purchase. I guess that's the  
12 scenario that I'm concerned about in terms of adding  
13 this additional layer on to buy power and then, you  
14 know, it's supposed to be at least cost and it ends  
15 up to be perhaps highest cost. So I don't think that  
16 is good for the consumer.

17           Thank you.

18           REPRESENTATIVE KELLER: Thank you.

19           One final member with a question, and Dante,  
20 please, Dwight will come down here and pluck me out  
21 of this chair. We are about 20 minutes over, so if  
22 you will be brief, please.

23           REPRESENTATIVE SANTONI: I will; I will.

24           Okay. I'm sorry, Chairman.

25           REPRESENTATIVE KELLER: Representative

1 Santoni.

2 REPRESENTATIVE SANTONI: This is a follow-up  
3 to Representative Reed's question relative to the  
4 extension of rate caps and policies and programs  
5 designed to lessen some of that ratepayer  
6 shock.

7 With regard to Chapter 14 and the elimination  
8 of rate caps, would it be prudent to rethink Chapter  
9 14? I guess there are some service shutoff  
10 provisions under that chapter, and I guess how do you  
11 -- my final question -- how do you foresee the effect  
12 of rate cap removal under that chapter, Chapter 14?

13 MR. HOLLAND: Chapter 14 -- excuse me.

14 I think that to the extent that rate caps  
15 tend to put upward pressure on rates, an argument  
16 could be made that you will see more difficulty in  
17 residential households paying the bill and hence, and  
18 hence--- I just lost my train of thought, but you  
19 will see more difficulty with residential customers  
20 paying their bills.

21 I think that that will certainly increase the  
22 PUC's responsibility in administering and handling  
23 those complaints and perhaps be a policy question  
24 that the Legislature itself may seek to address  
25 generically after the caps come off in 2010 or

1 2011.

2 But yes, I certainly see our job getting a  
3 lot more difficult, Representative Santoni.

4 REPRESENTATIVE SANTONI: Thank you, Mr.  
5 Chairman.

6 REPRESENTATIVE KELLER: Thank you.

7 One last follow-up question. Chairman Dally.

8 REPRESENTATIVE DALLY: Thank you, Mr.  
9 Chairman.

10 Vice Chairman Cawley, I think our  
11 disagreement or perhaps my misunderstanding with your  
12 response was that perhaps we are talking about two  
13 different bills. I think you testified to 2201 and I  
14 was talking about 1201, and 1201's language is  
15 different. So I think that explains it.

16 Thank you.

17 REPRESENTATIVE KELLER: Thank you.

18 Chairman, Commissioners, thank you for coming  
19 here today for the testimony. I know you are going  
20 to have a tough job in the few short years ahead, so  
21 good luck. Thank you.

22 We are going to recess for 5 minutes so the  
23 stenographer can get some blood back in her fingers.

24 We will be back in 5 minutes with the  
25 Pennsylvania Emergency Management Agency, the State



1 Fire Commissioner, and the Director of Homeland  
2 Security.

3 We are in recess.

4

5 (The hearing concluded at 10:25 a.m.)

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1           I hereby certify that the proceedings and  
2 evidence are contained fully and accurately in the  
3 notes taken by me on the within proceedings and that  
4 this is a correct transcript of the same.

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Jean M. Davis, Reporter  
Notary Public

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