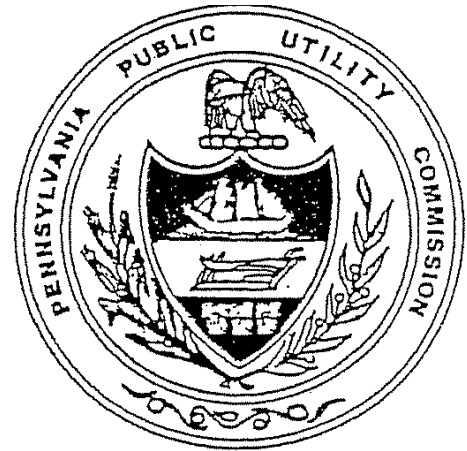


**PENNSYLVANIA
PUBLIC
UTILITY
COMMISSION**



2014-15 EXECUTIVE BUDGET REQUEST

BUDGET HEARING MATERIALS

FOR THE

**HOUSE AND SENATE
APPROPRIATIONS COMMITTEES**

DEPARTMENT: Public Utility Commission

DATE: February 4, 2014

TRANSMITTAL STATEMENT

TO THE CHAIRMAN, SENATE AND HOUSE APPROPRIATIONS COMMITTEES

The accompanying statements, schedules, and explanatory sheets comprising 35 pages represent the operating estimates of the Commission for all proposed expenditures for the 2014-15 Fiscal Year. The information contained herein supports a request for approval of an operating budget of \$68,356,000, including \$3,785,000 in anticipated Federal Funds.

Specifically, this request includes an increase in state funding in the amount of \$1,481,000, or 2.34% above the current fiscal year's approved budget. This increase is directly attributable to fund contractual obligations for salaries and benefits, continue all current programs including the recent additions of Act 127 pipeline safety oversight, Act 13 Unconventional Gas Well Impact fee oversight, and an Electric Safety Division. This budget request supports the reduction of 17 complement positions from 520 to a new complement of 503.

All statements and explanations contained in the estimates submitted herewith are true and correct to the best of my knowledge.

Signed: _____

Robert F. Powelson
Chairman

TABLE OF CONTENTS

<u>SECTION</u>	<u>PAGE</u>
I. MISSION STATEMENT	1
II. DEPARTMENT NARRATIVE	
A. Duties, Responsibilities and Jurisdiction	2
B. Organization	4
C. Policy	4
D. Commission Strategic Goals	5
E. Bureau Operational Objectives	6
F. Operational Considerations	6
G. Program Overview	19
H. Program Descriptions:	23
1. Chairman, Commissioners, and Commissioners' Staffs	23
2. Executive Director	24
3. Office of Legislative Affairs	25
4. Office of Administrative Law Judge	25
5. Bureau of Administration	25
6. Bureau of Investigation and Enforcement	25
7. Bureau of Technical Utility Services	26
8. The Secretary's Bureau	26
9. Office of Special Assistants	26
10. Law Bureau	26
11. Bureau of Audits	26
12. Bureau of Consumer Services	27
I. Program Summary	27
J. Program Statistics	27

<u>SECTION</u>	<u>PAGE</u>
III. APPROPRIATION 16205, GENERAL GOVERNMENT OPERATIONS	
I-Summary Financial Data	28
II-Detail by Major Objective	29
III-History of Lapses	30
IV-Complement Information	30
V-Legislative Citations	30
VI-Explanation of Changes	31
IV. LIST OF CONTRACTS	32
V. REQUEST FOR APPROPRIATION OF FEDERAL FUNDS	33

**PENNSYLVANIA PUBLIC UTILITY COMMISSION
2014-15 BUDGET REQUEST
TO APPROPRIATIONS COMMITTEES OF
THE PENNSYLVANIA HOUSE AND SENATE**

SECTION I

MISSION STATEMENT

DEPARTMENT: PUBLIC UTILITY COMMISSION

DATE: February 4, 2014

I. MISSION STATEMENT

THE PENNSYLVANIA PUBLIC UTILITY COMMISSION 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.

**PENNSYLVANIA PUBLIC UTILITY COMMISSION
2014-2015 BUDGET REQUEST
TO APPROPRIATIONS COMMITTEES OF
THE PENNSYLVANIA HOUSE AND SENATE**

SECTION II

DEPARTMENT NARRATIVE

II. DEPARTMENT NARRATIVE

A. DUTIES, RESPONSIBILITIES AND JURISDICTION

The Pennsylvania Public Utility Commission (PUC) is an independent administrative commission established by the Legislature in 1937 to "supervise and regulate" all public utilities doing business in the Commonwealth.

In creating the PUC, the Pennsylvania Legislative Act of March 31, 1937 (and the Public Utility Law of May 28, 1937) abolished the Public Service Commission of the Commonwealth of Pennsylvania, which had been established by the Public Service Law of July 26, 1913 (effective January 1, 1914).

In 1914, the Public Service Commission had replaced the State Railroad Commission, which was created by the Act of May 31, 1907 (effective January 1, 1908) to regulate, control and manage common carriers within the Commonwealth.

Currently, under the Public Utility Code, as codified in Title 66 of Purdon's Pennsylvania Consolidated Statutes Annotated, the Commission regulates public utility entities furnishing the following in-state services for compensation: electricity, natural gas, telephone, water, wastewater collection and disposal, steam heat, transportation of passengers and property by train, bus, truck, taxicab, limousine, and transportation of gas and oil by pipeline.

The supervision and regulation of the public utilities includes: establishing just and reasonable rates; providing for adequate, efficient, safe service and facilities; conducting audits, inspections, and investigations; developing energy forecasts, plans, and conservation guidelines; providing consumer services; and ensuring the enforcement of, and compliance with, public utility law and regulations.

In the 1990s, the Public Utility Code was amended to provide for competition in electric and natural gas supply as well as local and intrastate telephone service. In each instance, these changes increased the responsibilities of the Commission with respect to reliability, market monitoring and quality of service.

The Public Utility Code was further amended in 2004, 2008, 2011 and 2012. In 2004, new obligations were placed on the Commission relating to alternative energy portfolio standards; the rules governing various consumer protections; and the continued deployment of broadband throughout Pennsylvania. In 2008, an amendment required the Commission to establish and oversee the implementation of an energy efficiency and conservation program as well as smart meter plans aimed at reducing energy demand and consumption throughout the Commonwealth. A 2011 amendment expanded the Commission's authority to enforce the federal pipeline

safety laws as they relate to non-public utility gas and hazardous liquids pipeline equipment and facilities within the state. In 2012, the Commission was charged with collecting and distributing the state's Unconventional Gas Well Impact Fee, which is to be used to address the impacts of drilling as well as review ordinances at the request of a county or municipality and resolve complaints filed by those aggrieved by a local ordinance. Another 2012 amendment allowed jurisdictional water and wastewater utilities, natural gas distribution companies, city natural gas distribution operations, and electric distribution companies to petition the Commission for approval to implement a distribution system improvement charge (DSIC).

In addition to the above duties and responsibilities, the Commission is required or empowered to:

- Prescribe rates for common carriers of passengers and household goods by motor vehicle, and to establish accounting and service requirements for them.
- Regulate the formation, merger, and consolidation of public utilities.
- Determine whether a public utility should be permitted to discontinue service to the public.
- Regulate the crossing of public highways by the facilities of public utilities.
- Inspect the properties, test the equipment, and examine the books and other records of utilities.
- Prescribe systems of accounts for public utilities; require them to restate their plant accounts in their books of original cost; and require them to keep a continuing property record (perpetual inventory) of plant used or useful in the public service.
- Determine whether the issuance of utility stocks and long-term debt by public utilities is necessary or proper for the present and probable future capital needs of the utilities.
- Inquire into the reasonableness, from the point of view of the public interest, of contracts between public utilities and municipalities, and of contracts for services between public utilities and their affiliates (affiliated interest agreements).
- Assess all its expenses on utilities in accordance with Act 215 of Oct. 6, 1976.

- Assess all expenses associated with Act 127 of 2011 on the affected pipeline operators.
- Collect and distribute all applicable funds for Act 13 of 2012- The Unconventional Gas Well Impact Fee.

B. ORGANIZATION

The Commission is comprised of five full-time members nominated by the Governor, for staggered five-year terms, with the advice and consent of a majority of the members of the Senate.

The PUC is requesting a funded complement of 503 employees. In addition to staffing each Commissioner's office, this complement is spread among 12 offices and bureaus reporting to an Executive Director: Regulatory Affairs, Legislative Affairs, Secretary, Administration, Special Assistants, Technical Utility Services, Investigation and Enforcement, Audits, Law, Administrative Law Judge, Consumer Services, and Communications.

The Commission has its headquarters in Harrisburg and regional offices in Philadelphia, Pittsburgh, and Scranton. Generally, the regional offices serve as coordinating points for our Bureaus of Investigation and Enforcement, Consumer Services, Audits and Administrative Law Judge. In addition to holding formal hearings, they field written and telephone inquiries and respond as necessary or forward the inquiries to Harrisburg for resolution.

C. POLICY

The Pennsylvania Public Utility Commission seeks to ensure safe, reliable and reasonably priced electric, natural gas, water, telephone, and transportation service for Pennsylvania consumers by regulating public utilities and by fostering the development of competitive markets.

The Commission operates on the premise that utility service is a public necessity that should be available on request and at reasonable cost to satisfy the basic needs of all consumers. Seeking to act in a manner that is consistent with public interest, the Commission balances the interests of all groups and does not operate for the benefit of any one particular stakeholder. The Commission further strives to continually improve effective communication of decisions and policies to the Commonwealth's public utility consumers.

The Commission monitors and reviews matters involving all aspects of the regulatory environment, including reliability, safety, and quality of service. The

Commission also performs market monitoring functions to identify and address situations in which an entity may be engaging in anticompetitive or discriminatory conduct or otherwise attempting to unlawfully exercise market power. The Commission likewise follows developments at the regional and national levels to ensure that the interests of Pennsylvania customers are adequately represented.

The Commission reviews and adjudicates requests for utility rate increases by considering what is fair and equitable to both the utility and its customers. However, the Commission is aware that considerations for the cost of capital, service, ability to pay, consumer equity, the environment, and construction issues may conflict in the evaluation of requests for increases in utility rates. The Commission believes that it is in the long-term public interest to permit a strong financial climate for investment in public utilities. Allowing a fair return to investors for the use of their money will enable the companies to attract capital to provide and improve services for all consumers.

D. COMMISSION STRATEGIC GOALS

The Commission has established the following goals for 2014-15 and future years:

- To ensure that necessary utility service is reliably available to all Pennsylvania consumers at a reasonable cost.
- To foster development of competitive markets in the electric, telecommunications and natural gas industries.
- To promptly and effectively address anti-competitive activity by public utilities or licensed competitive suppliers.
- To promote greater public awareness and understanding of the public utility industry and how it affects customers.
- To establish policies that will encourage the public utilities to operate in the most environmentally compatible, safe, fair and cost-effective manner.
- To encourage and coordinate the upgrade of Pennsylvania's electric, natural gas, water and wastewater systems.
- To implement and oversee new laws dealing with pipeline safety, unconventional gas well impact fees, and utility infrastructure improvements.

- To contribute to the economic development of Pennsylvania.
- To support Pennsylvania’s environmental initiatives, particularly with respect to alternative energy portfolio standards, and energy efficiency, conservation and demand side response programs.
- To continue improving internal efficiencies and enhancing public access to information maintained and produced by the Commission.
- To maintain policies and procedures for recruiting and retaining an efficient, diverse and well-trained Commission staff in order to enhance performance and promote timely, consistent, well-reasoned regulatory decisions.
- To provide the General Assembly and the Congress with utility policy recommendations promoting the interest of Pennsylvania consumers in state and federal regulatory forums.

E. BUREAU OPERATIONAL OBJECTIVES

All offices and bureaus have developed complementary and supporting goals and operational objectives for FY 2014-15. The objectives indicate: (1) what we intend to accomplish, (2) what the priorities are, (3) who is responsible for specific actions, and (4) when they will be completed.

F. OPERATIONAL CONSIDERATIONS

During the development of this Executive Budget Request, the Commission reviewed its strategic goals, programs, and priorities. The Commission continues to face new regulatory challenges to current and past practices, responding to known and anticipated changes in the regulatory environment. Initiatives to restructure investor-owned utilities and increase competition in the electric, natural gas and telephone markets are ongoing and continually require the Commission to reallocate staff resources and develop ways to enhance operational efficiency within existing programs.

The Commission continues to carry out the mission and duties assigned by the General Assembly. The traditional responsibilities of the Commission include ensuring the rates charged by public utilities are just and reasonable and that public utilities provide safe, adequate and reliable service. Over the past decade, the Commission’s duties have expanded to include promoting the development of competitive markets for energy and telecommunications services and monitoring the services provided by new entrants in a traditionally regulated environment. Additionally, the Commission is frequently called upon to consider whether

proposed mergers and acquisitions are in the public interest, as well as new transmission lines proposed by the electric industry.

In the late 1990s, the Commission experienced a reduction in requests for fixed utility base rate increases, while other regulatory efforts, such as the restructuring of electric, natural gas, and telephone industries, became a major focus. However, in recent fiscal years, the Commission has seen resurgence in the number of base rate case requests. At the outset of the current fiscal year, the Commission was considering about \$85.7 million in rate increases -- \$18.7 million in energy and \$67 million in water. These rate requests, in addition to others that have been more recently filed and that are anticipated in upcoming months, are expected to heavily impact workload in Fiscal Year 2014-15. Since the provisions of Act 11 allowed for the expansion of DSIC, 14 companies have put the ratemaking mechanism into place with an additional four applications pending. Compare this to four companies with a DSIC prior to the implementation of Act 11. Monitoring and auditing the DSIC provisions and the long-term improvement plans included with the DSIC-application process requires significantly more resources than previous years.

Also, it is noteworthy that during the past 25 years, the number of jurisdictional oversight responsibilities has increased, as have Commission duties and mandated functions. The increase in the number of providers of electric, natural gas, and telephone services is substantial. In 1983, about 17 electric companies and about 60 natural gas companies were under the PUC jurisdiction. In July 2007, the PUC oversaw 54 electric companies and 115 natural gas companies selling energy supply. Six years later, as of July 2013, the PUC oversees about 340 electric companies and 159 natural gas companies selling energy supply to Pennsylvania residents and businesses. In 1983, less than 50 telephone companies were under PUC jurisdiction compared with about 707 telecommunications carriers doing business in Pennsylvania today. Conversely, over the past 10 years the number of jurisdictional water and wastewater companies has declined to 150, as providers have been consolidated and regionalized. In total, the PUC regulated nearly 7,000 entities in Fiscal Year 2013-14 furnishing the following in-state service: electricity; natural gas; telephone; water and wastewater collection and disposal; steam heat; transportation of passengers and property by motor coach, truck and taxicab; pipeline transmission of natural gas; and public highway-railroad crossings.

The Commission handles more than 20,000 filings a year and serves more than 10,000 documents including Orders, recommended and initial decisions, formal complaints and secretarial letters. The number of filings in 2013 did decrease by about 4 percent due to a decrease in the number of formal complaints being filed. The decreased number of complaints has been driven by greater

diligence on the part of regulated utilities and Commission staff to settle issues as opposed to litigation. The Commission continues to experience increased use of its eFiling system – increasing from about 30 percent of documents filed in 2012 to about 42 percent in 2013. This supports the PUC’s continued effort to reduce paper and postage costs. In 2013, the Commission responded to 104 Right-to-Know requests. Although this number is slightly lower than the 132 RTK requests received in 2012, requests were more extensive, asking for multiple documents, and requiring more intense legal review. Examining the number of filings and documents served by the Commission shows the significant amount of work processed by the Commission each year, while staff levels have remained the same or decreased. Many of the efficiencies can be attributed to InfoMAP, the PUC’s recently upgraded case management system.

Regulating the services provided by all public utilities to ensure adequate and reliable service, the Commission has found it necessary on several occasions in recent years to conduct non-prosecutory investigations of services provided by public utilities. The purposes of these investigations are to examine the facts and to secure prompt remedial actions, in lieu of lengthy and uncertain litigation. Troubled water companies, retail electricity markets, smart meter installations and long-term service outages are three situations in which this process has been employed. The Commission plans to rev up an investigation of the retail natural gas markets in Fiscal Year 2014-15. The Commission also has reviewed the financial and operating situations of small natural gas companies; the access charges for telecommunications companies; the operation of competitive markets for both the electric and natural gas industries; and the implementation of the Unconventional Gas Well Impact Fee and system improvement changes.

The Commission continues to dedicate considerable staff time to the simultaneous implementation of three new pieces of legislation – Act 127 of 2011, Act 11 of 2012 and Act 13 of 2012.

Issues related to Marcellus Shale development and safety will continue to have a significant impact on the PUC’s duties and responsibilities. Act 13 of 2012 charged the PUC with collecting and distributing the state’s Impact Fee for the drilling of unconventional natural gas wells. More than \$202.5 million was collected from natural gas producers in 2013 (for Calendar Year 2012), representing the more than 5,672 unconventional wells that were subject to pay a fee under the law. This represents a two-year total of almost \$407.7 million. That money was then distributed as directed by the law to state agencies, county governments, local municipalities and the Marcellus Shale Legacy Fund. The Commission has begun the process of collecting and distributing the next round of impact fee money. The next producer payments are due April 1, 2014, with the payments due to local governments by July 1, 2014. The Commission also is

responsible for reviewing local ordinances (at the request of a local government, resident or producer) for conditions, requirements or limitations on oil or gas operations. That portion of the law is subject to proceedings before state courts, resulting in the PUC delaying final implementation of its duties there. Carrying out our annual duties associated with Act 13 continues to demand significant staff resources.

Acting as an agent for the federal Department of Transportation's Office of Pipeline and Hazardous Materials Safety Administration, the PUC enforces the federal pipeline safety regulations. A 2011 amendment to the Public Utility Code – the Gas and Hazardous Liquids Pipelines Act (Act 127) – took effect Feb. 20, 2012, and expands the Commission's authority to enforce the federal pipeline safety laws as they relate to gas pipeline operators and hazardous liquids pipeline equipment and facilities within the state. These non-public utility gas and hazardous liquids pipeline operators include several different categories of pipelines such as cooperatively owned natural gas distribution systems, non-utility natural gas transportation and gathering lines and propane distribution pipeline systems.

The implementation of Act 127 of 2011 will continue to require significant staff time and resources this fiscal year. The additional jurisdiction provided by the law required hiring additional gas safety inspectors and supervisors, whose training is ongoing. About 106 companies registered about 8,583 miles with the PUC as required under the law. Of those 106 companies, 88 are jurisdictional with a total of about 1,147 miles eligible for safety inspections. The Commission also is tracking the development of pipelines in less populated areas as required under the law. The Commission believes that the continued development in the Marcellus Shale region will require additional safety inspectors based on increased number of jurisdictional gas pipelines now under the Commission's expanded jurisdiction under Act 127.

Also impacting pipeline safety, the Department of Labor and Industry (L&I) and the PUC have determined that enforcement of the Underground Utility Line Protection Law (UULPL) would be best accomplished by the PUC.

The Commission is working with all involved parties on finalizing the draft of the UULPL, drafting regulations, finalizing details for hiring a damage prevention staff, developing investigation policies and procedures, coordinating the details associated with establishing a case management system, and working with representatives of the PA One Call System in order to obtain reports of damages and violations. The proposed PUC damage prevention enforcement program will incorporate the following components: mandatory reporting of all line hits; mandatory reporting of all alleged violations; office investigations

coupled with necessary field investigations; most violations to be disposed of by a Damage Prevention Advisory Committee; 1,600 investigations per year and a PUC goal of reducing line hits each year through enforcement and education programs. The staffing requirements are expected to be one manager/supervisor, four investigators and one clerical support with an annual budget estimate of \$550,000

The Commission remains concerned with the pace of natural gas line replacement throughout the state. Corrosion is a key safety and reliability issue facing the state's natural gas industry. The PUC recognizes the need for innovative solutions for maximizing the safety of our natural gas and other utility infrastructure while minimizing the impact on consumers. Given the environmental, economic development and safety implications of having a strong utility infrastructure, the Governor and General Assembly understood that Pennsylvania must build on solutions that work by adopting Act 11 of 2012. Just as it has in the water industry since 1991, a distribution system improvement charge (DSIC) for electric, natural gas and wastewater will reduce the frequency and associated costs of base rate cases while maintaining a high level of customer protections.

Under Act 11 of 2012, utilities need to petition the Commission to establish a DSIC. Utilities must demonstrate DSIC will accelerate the rate of infrastructure replacement over current rate. Under the law, petitions must contain an initial tariff that complies with PUC model tariff; testimony, affidavits, exhibits, other evidence to demonstrate DSIC is in the public interest/ensures adequate, efficient, safe, reliable, reasonable service; a long-term infrastructure plan; and a fully-litigated base rate case within the past five years. Consideration of the various filings required to qualify for a DSIC and the DSIC petition itself – many of which will be contested – require substantial staff time. As of Jan. 2, 2014, 14 DSIC riders are in effect with applications pending for an additional four.

One year after the completion of the critical transition to market-based electric generation prices, the PUC finalized its statewide Retail Markets Investigation. The PUC action as a result of the investigation and its proposed legislative changes seek to protect and enhance the retail electric market's long-term viability. Under the action, the utility is retained as the default service provider and all consumer protections are maintained. The consumer protections include security of customer information; reporting requirements for quality of service benchmarks and standards, as well as universal service and energy conservation; standards for changing a customer's electricity generation supplier; marketing and sales practices for the retail residential energy market; and standards and billing practices for residential utility service. The ongoing efforts to

ensure the viability of the retail electric market continue to require substantial staff time.

Beyond the recommendations, maintaining a functioning competitive retail electric market requires the EDCs to file workable default service plans to ensure service and rates those who choose not to get their electricity from a competitive supplier. Staff continues to dedicate considerable time to the consideration of those plans.

The PUC continues to make sure consumers have the tools at their fingertips to make an informed decision about choosing an electric supplier through PAMPowerSwitch.com. With a zip-code enabled search and information that is updated regularly, the PUC provides user-friendly, current information for consumers including expanding the small business search information. The Commission also added an online comparison tool for natural gas and provided other information by establishing PAGasSwitch. Keeping both websites updated as well as managing content and complaints requires substantial staff time.

The Commission's Office of Competitive Markets Oversight (OCMO), which is staffed with existing resources from various bureaus, continues to provide an informal forum for resolving issues that are hindering the development of competitive retail natural gas and electric markets. OCMO works extensively with stakeholders to troubleshoot short-term issues that are interfering with the ability of generation suppliers to participate in the retail market and with the overall success of Pennsylvania's retail energy markets. During regularly-scheduled conference calls, OCMO, Electric Generation Suppliers (EGSs), EDCs and consumer representatives address issues such as billing, taxes, price to compare, consumer protections, marketing activities, eligible customer lists and disclosure statements.

Through that stakeholder process, Commission staff developed regulations addressing marketing and sales practices for electric generation suppliers in their interactions with residential customers. Commission staff continues to dedicate time and resources to ensuring EGSs are conducting their marketing practices in a manner that is beneficial to the burgeoning retail electricity market in Pennsylvania. The issues as well as other ongoing concerns with the competitive market are expected to continue to require significant staff time.

The reliability of electric service continues to be a major focus of the Commission, as mandated by the Electricity Generation Customer Choice and Competition Act, or Chapter 28 of the Public Utility Code. Under Chapter 28, the Commission is obligated to ensure that levels of reliability that existed prior to restructuring would continue in the future. In June 2013, the Commission released

an annual report on Electric Service Reliability in Pennsylvania for 2012, summarizing the data submitted by the companies through quarterly and annual reports and describing enforcement actions that have been taken to address areas of concern.

The PUC continues to build upon a comprehensive review into electric reliability as it relates to long-term outages. Many of the experiences from the severe storm-related outages of 2011 were incorporated into the responses for Hurricane Sandy in October 2012. However, following that, the Commission made additional recommendations to improve future storm response including a proposed policy statement on service outage response recovery and public notification guidelines and the establishment of a Critical Infrastructure Interdependency Working Group. Implementation and enforcement of regulations and policy direction designed to improve utility responses to outages is ongoing. We expect significant staff time and resources to be dedicated to addressing outage concerns.

As part of ensuring the reliability of the electric distribution system, the Commission also has established regulations for inspection, maintenance, repair and replacement standards for EDCs. All of the EDCs have filed the required biennial plans before the Commission that addresses upkeep of facilities critical to maintaining an acceptable level of reliability while setting forth minimum inspection and maintenance intervals.

In August 2013, the Commission did not have a staff to perform field investigations of reportable accidents and fatalities involving electric utilities. The Commission also lacked a fully operational staff to investigate and enforce utility violations of the National Electric Safety Code (NESC) and to perform field audits of electric utility inspection and maintenance programs. The Electric Safety Division, which is within the Bureau of Investigation & Enforcement, will be operational in the first quarter of 2014. The Division will include a supervisor and two inspectors, who will undergo two weeks of internal training and reporting requirements, as well as Commission policy and procedures. In the first quarter of 2014, the Supervisor will be ordering equipment and scheduling National Electric Safety Code courses with outside vendors.

Over the past 10 years, an average of 26 incidents per year have occurred involving serious injuries and fatalities related to contact with regulated electrical utility facilities. There also has been an average of six fatalities per year over that same time period. No field audits of the electric utility inspection and maintenance programs have been conducted since the passing of the regulations requiring the programs in 2008. It is estimated that the Electric Safety Inspector Division would cost \$309,775 for a full calendar year. Training costs are

estimated at \$12,000 per year, per inspector. Those costs are expected to decrease over time.

As companies strive to enhance reliability, the Commission has experienced an increase in the number of applications for transmission lines – some of which are significant filings that require substantial staff time as they move through the PUC hearing process. Also, the PUC’s transmission decisions often are appealed, requiring the Commission to dedicate staff time to defend the actions in the courts.

A highly competitive and efficient wholesale electric market is integral to the existence of a properly functioning Pennsylvania retail electric market. While jurisdiction over the wholesale electricity markets falls to the Federal Energy Regulatory Commission (FERC), the Commission increased its efforts to monitor and advocate Pennsylvania’s views on federal and regional energy issues. The PUC intervenes in wholesale market proceedings on behalf of Pennsylvania and in collaboration with other state commissions in proceedings before FERC in order to have an impact on the decisions being made about wholesale electric markets and interstate transmission of electricity.

The Commission also is monitoring the status of various federal environmental proceedings. To the extent that these proceedings will impact that state, the Commission files comments and participates in these proceedings. Proceedings at the federal level that the PUC is monitoring or participating in include proposals to conduct a new electric congestion transmission study; plans to enhance electric market surveillance and analysis; actions on transmission planning and cost allocation; issues with cybersecurity; and proposals on frequency regulation compensation in organized wholesale markets.

The Commission continues to expend significant resources on the continued implementation of Act 129 of 2008, which requires Pennsylvania’s seven largest electric distribution companies to develop energy efficiency and conservation plans and use other methods of reducing the amount of electricity consumed by residential and business consumers. The Act mandated an overall 1 percent reduction in consumption by May 2011, which all but one of the utilities met. With additional benchmarks of a 3 percent reduction in consumption and a 4.5 percent reduction in peak demand by May 2013, the Commission is continuing to monitor utility compliance. At this time, the utilities appear to be on track to meet the 2013 benchmarks. The law requires the Commission to determine whether additional targets can be met in a cost-effective manner and what those targets could be by Nov. 30, 2013, and every five year thereafter; if the Commission determines that the benefits of the program exceed the costs. The Commission determined the energy efficiency and conservation programs were

cost effective and established specific Phase II targets for each utility based on the available funding and energy savings potential (ranging from 1.6 percent to 2.9 percent). The Commission is in the final stages of reviewing the Phase II energy efficiency and conservation plans that have been filed by the utilities. The Commission also is conducting a wholesale review of the cost-effectiveness of the demand response programs. The Commission is reviewing comments to a Tentative Order on a potentially cost-effective demand response model and on a proposal to do further studies to make a final determination on the implementation of such a model. Other directives of Act 129 include the deployment of smart meter technology and time-of-use rates over a 15-year period. Smart meter plans have been adopted for each of the utilities and the plans are at various stages of deployment.

Act 129 also afforded the Commission greater flexibility to change the PUC's structure. It has been two years since the first reorganization was implemented, and this year, senior management did a reorg+2 exercise. Senior management met with each bureau director and reviewed what was working well and what might need to be changed. Through this review and evaluation, the PUC structure was further refined to make certain the agency's bureaus function with its evolving duties and responsibilities.

With these changes, the Commission reduced its complement by seventeen (17) positions and the changes have allowed the PUC to achieve greater efficiency and effectiveness. This reduction in seventeen positions is reflected in this FY 2014-15 budget request.

The Commission has continued with the implementation of an action plan to promote the development of a competitive market for natural gas supply. The Commission continues to work to reduce barriers to competition as identified by natural gas stakeholders, who were convened pursuant to the Natural Gas Choice and Competition Act, or Chapter 22 of the Public Utility Code, after the Commission concluded that effective natural gas competition did not exist. During the upcoming fiscal year, the Commission is planning to launch an investigation into the retail natural gas markets – much like the one conducted for electric. In the meantime, OCMO stands ready to address short-term difficulties faced by natural gas suppliers entering or participating in the retail market.

In September 2013, the Commission initiated a formal investigation into the current status of Pennsylvania's retail natural gas market to assess whether effective competition exists and make recommendations for improvements to ensure consumers have more opportunities to realize the benefits of Pennsylvania's abundant natural gas resources. OCMO is reviewing the comments and will provide recommendations to the Commission outlining specific courses

of action to improve the competitiveness of Pennsylvania's retail gas market. This process is likely to include a mix of venues in which stakeholders will be able to participate, possibly including meetings, conference calls, en banc hearings and informal and formal comments. The investigation is anticipated to require significant staff resources throughout the year in order to enhance the retail natural gas markets.

After finding that natural gas utilities report "unaccounted-for-gas" (UFG) on an inconsistent basis, the Commission issued a final rulemaking standardizing the calculation and reporting of UFG and creating metrics for UFG. The regulations require all NGDCs to use a consistent definition to compute UFG. Additionally, the regulations require NGDCs to file annual UFG reports to the Commission for the period September through August starting in September 2014. Furthermore, the regulation establishes metrics for UFG levels beginning at 5 percent for the 2014 filing year which decrease by 0.5 percent annually until reaching 3 percent for the 2018 and subsequent filing years. The auditing and further monitoring of the program will require substantial staff resources.

In the water and wastewater industry, the Commission maintains a policy on acquisition incentives. The Commission promotes water system viability and supports regionalization efforts, which in recent years has allowed consumers of smaller, troubled systems to experience improved service after being acquired by a larger more viable water system. During the past year, the Commission has facilitated the acquisition of some especially troubled water systems by better managed and financially stronger companies. We anticipate staff time to also be dedicated to similar acquisitions in the upcoming fiscal year.

In Fiscal Year 2014-15, the Commission will move forward with an Advance Notice of Proposed Rulemaking for regulations regarding unaccounted-for water. The PUC is looking at revisions to regulations regarding unaccounted-for-water or, whether it is necessary for the Commission to adopt new regulations regarding the implementation of the International Water Association/American Water Works Association Water Audit methodology. By this advance notice, the Commission seeks to implement the Water Audit methodology as a best management practice in water loss control in Pennsylvania. Staff time will be dedicated to considering the comments filed and finalizing the rulemaking and methodology.

Telephone number resource concerns have subsided somewhat in the 814 and 717 area codes after the Commission instituted number conservation measures that considerably extended the exhaust dates for these area codes. The Commission will continue to track the forecasted exhaust dates throughout the

state and prepare to take action before problems arise from a lack of available numbers.

The Commission is very active in many proceedings at the Federal Communications Commission (FCC) addressing intercarrier compensation (ICC) reform, the universal service fund (USF), Internet Protocol (IP) services, and the jurisdictional split between Commission and FCC authority over telecommunications and information service. Intercarrier Compensation is critical since it represents the payments and rates each carrier must pay other carriers to use a carrier's network. The Connect America Fund (CAF) Order comprehensively reforms ICC, including a new assertion of federal power to set intrastate rates normally set by the Commission under the Legislature's direction. The Commission is appealing the FCC CAF in the 10th Circuit Court of Appeals. The Commission continues to implement the CAF Order while the appeal is pending. The FCC action also has led the PUC to reopen the record in its investigation regarding intrastate access charges paid by long distance companies to incumbent rural local exchange carriers for the limited purpose of examining the cross-effects of the FCC Order. All of this is requiring substantial staff time and resources.

The Commission also continues to fulfill important statutory responsibilities aimed at ensuring motor carrier, rail and gas safety within the Commonwealth. These functions are performed through a variety of measures including inspections of facilities and equipment and the review of records maintained by the regulated utilities. When deficiencies are identified and not immediately rectified, enforcement actions are initiated to protect the public.

The Commission continues to focus on passenger carrier safety compliance. As part of its enhanced oversight of the motor coach industry, the PUC performs inspections of motor coaches at various destinations across Pennsylvania, conducts inspections of buses at motor coach carrier home offices, and completes post-accident motor coach inspections. During the Fiscal Year 2011-12, the Commission conducted about 11,393 enforcement activities.

The Commission also processed applications to approve the construction, alteration and abolition of more than 200 formal highway-rail crossing cases. It completed informal investigations of complaints about unsatisfactory crossing surface conditions, as well as unsafe crossings. Additionally, the Commission finalized a rulemaking that takes into consideration the technological and operational changes of the rail industry over the last 30 years and reflects current federal standards. Implementation of that rulemaking occurred May 30, 2013.

The Commission has increased its motor carrier enforcement presence in the areas of Pennsylvania connected to Marcellus Shale development. The increased inspections are to ensure the motor carriers are complying with PUC regulations. Trucking companies are required to have a certificate of public convenience for property carrier authority and proof of insurance if they are involved with transporting commodities related to the drilling operations such as water, sand and stone. The Commission continues to experience an increase in applications for new property carrier authority from small business start-ups in the Marcellus Shale regions of the state. Significant staff time is being dedicated to the processing and consideration of the applications, while enforcement activities continue to grow due to the increased number of carriers.

For the PUC, an important component of public protection includes offering residential and small commercial consumers through an informal dispute resolution process. The Commission provides a toll-free hotline, through which consumers can seek to resolve billing and service disputes with utilities, with the assistance of intake interviewers and complaints investigators. If their concerns are not addressed to their satisfaction, they may avail themselves of the formal complaint process and have their issues heard by an administrative law judge and ultimately the Commission.

The Commission also offers an opportunity for residential and small business consumers filing a formal complaint against a utility to enter into mediation instead of litigation to resolve the complaint.

Additionally, the Commission continues to devote significant staff resources to three major pieces of legislation enacted in November 2004 impacting the Commission's authority and responsibilities in the areas of utility shut-offs, broadband deployment, and alternative energy portfolio standards. The Commission's duties include ongoing implementation and consumer education efforts.

Act 213 of 2004 (otherwise known as Chapter 14), or the Alternative Energy Portfolio Standards Act (AEPS), established alternative energy portfolio standards, requiring that a certain percentage of all electric energy sold to retail consumers within the Commonwealth is derived from alternative energy sources. The Commission tracks alternative energy credits and provides a trading platform to enable their sale and purchase. The reporting period that ended May 31, 2013, was the second where all 11 Pennsylvania EDCs were obligated for the entire reporting periods. According to the report, all EDCs and EGSs were in compliance with the Act for reporting year 2012. The report also states that sufficient alternative energy sources exist within the regional marketplace to satisfy the Tier I AEPS requirements as least through 2014; solar electric requirements through at

least 2015; and Tier II requirements through at least 2021. The ongoing monitoring of AEPS requires considerable staff time.

Act 201 of 2004 established specific standards and procedures for payment arrangements, customer deposits, and termination of electric, natural gas and water service. The Commission has issued numerous orders interpreting and implementing the law and has finalized relevant regulations; biennial reports on this activity are submitted to the General Assembly. The increased level of consumer call activity to the Commission due to this law continues. The Commission publishes an annual rate comparison report and a biennial report reviewing company operations and performance. The law will sunset on Dec. 14, 2014. The Commission has been actively involved in discussions with the Legislature to reauthorize the Act. Many changes were made to the bill on the Commission's behalf by the House, who passed a bill to reauthorize. Remaining issues for the Commission include no Friday terminations, significant change in circumstances and a sunset provision. Staff will continue to play an active role in the reauthorization process as well as implementing any changes that would occur as a result.

Act 183 of 2004 modified Chapter 30 in the Public Utility Code with the primary goal of establishing broadband availability throughout the Commonwealth by 2015. The modified Chapter 30 preserved Commission-approved alternative regulation of incumbent local exchange carriers (ILECs) and network modernization plans (NMPs) and contains programs designed to promote and accelerate the deployment of high-speed access facilities and services to the Internet. Act 183 required all ILECs to either commit to achieving 100 percent broadband availability by 2008 or offer a bona fide retail request program. Additionally, Act 183 offered all ILECs the option of reducing or eliminating the productivity offset of their approved rate cap formula in exchange for an ILEC's commitment to complete its NMP earlier than 2015. Many carriers amended their plans to meet a 2008 target for deployment; the remaining carriers have implemented bona fide retail request programs, resulting in the completion of deployments to numerous communities throughout the Commonwealth.

Although the Commission has eliminated many reporting requirements pursuant to Act 183, major pending projects include the resolution of issues raised by price change opportunity filings and the continued oversight of broadband deployment commitments.

Consumer education continues to be an integral part of the Commission's duties, ensuring that consumers are well-informed about their rights and responsibilities, as well as matters that affect them as utility consumers.

Beyond the extensive education provided about shopping for electricity and PAPowerSwitch.com, PUC consumer outreach specialists travel the state to ensure consumers from all socioeconomic backgrounds are educated and understand their rights as utility customers. Again in Fiscal Year 2014-15, the outreach team will host numerous workshops, free seminars and roundtable discussions throughout the state. Outreach specialists also support and participate in community fairs, legislative forums, senior expos, public input hearings and other educational events. During those events, consumer-outreach specialists provide materials to consumers about complex utility issues, including shopping for a competitive electric generation supplier; the Responsible Utility Customer Protection Act; customer assistance programs; energy efficiency and conservation tips; transmission line siting; rising energy prices; "Prepare Now" for higher winter energy costs; and the availability of high speed internet.

In Fiscal Year 2012-13, the PUC completed a major overhaul to make its website an even more useful tool for consumers. An enhanced website search engine and an improved case management system have shaped a PUC that continues to increase accessibility and transparency. The leading factor in this is the implementation of a new case and document management system – InfoMAP (Information Management and Access Project). InfoMAP's initial investment and upgrades created efficiencies which have paid off including savings in postage costs, paper reduction and more transparency for public involvement and review of Commission actions. The Commission continues to change its regulations to reflect the increased ability to file electronically. Due to these changes, the Commission has seen a 12 percent increase in 2013 in the number of filings that are now being made electronically.

As noted previously, the electric, natural gas, and the telecommunications utility industries are involved in an arena of regulatory change that continues to be affected by competitive, market-based pricing. Even so, the Commission seeks to ensure that Pennsylvania consumers will continue to receive safe and reliable utility service at a reasonable price, in both traditional and competitive utility marketplaces. The Commission remains committed to staff training and development on these significant trends, as well as on the more traditional ratemaking issues being faced by the Commission.

G. PROGRAM OVERVIEW

The Commission is vested with and exercises broad powers in the discharge of its regulatory obligations on behalf of consumers and utilities. Commission decisions in both the rates and services areas are reached at public meetings in conformity with the Commonwealth's "Sunshine Law."

Under present law, the operation of a public utility requires Commission approval, as does extension or abandonment of service. Traditionally, when the Commission allows a utility to provide service within specified geographical boundaries, the company becomes a geographic monopoly since it is the only company permitted to operate in that delineated area. Such monopolies are allowed by law because construction of two or more sets of facilities would be more expensive than a single plant and could create chaotic service and economic conditions. In return for their service rights, utilities are subject to regulation to assure that rates are fair and service adequate for customers who cannot choose a different company.

Excluding Philadelphia Gas Works, utility service provided by municipalities is exempt from regulation, with the exception of that part furnished beyond their corporate boundaries. Municipal authorities furnishing water, wastewater, and transit service also are beyond Commission control, except for those operating on a lease-back arrangement with a political subdivision.

The law prescribes specific guidelines as to how rates must be set, and Commission decisions may be challenged through appeals filed with Commonwealth Court. The Commission must determine a utility's allowable expense and revenue requirements; i.e., how much money the company needs to operate properly. It also must decide how charges for residential, commercial, industrial, and other types of customers should be structured and designed to collect the total amount of allowable revenue.

Under the law, a company must give 60 days' notice before the effective date of a general rate increase. During this 60-day period, the Commission must decide whether to hold hearings or permit the increase to go into effect. Hearings are presided over by Administrative Law Judges (ALJs) who prepare written decisions for review and response by interested parties prior to Commission action. In cases involving a general rate increase, the law provides that the Commission render a final decision granting or denying, in whole or in part, the request within seven months of the effective date. Absent such action, the proposed increase shall go into effect, subject to refund, upon issuance of a Commission order.

At the hearings, the company has the burden of proving justification for a rate increase. If hearings are held, staff members of the Commission's Bureau of Investigation and Enforcement (I&E) challenge the requested rate increase. I&E is charged by law with representing the public interest in hearings before the Commission's Administrative Law Judges (ALJs). Staff personnel may not advise the Commissioners on a case in which they are taking a prosecutorial role. Certain communications to or by any member of the Commission, ALJ or other employee of the Commission are prohibited in contested, on-the-record proceedings.

In addition to the formal hearings, members of the public are given an opportunity to provide information concerning the rate proposal to the Commission staff for possible use in the hearings. In major cases, special Public Input Hearings are held for this purpose. Recent experience has shown that the public is becoming more and more engaged in many of the Commission's proceedings, meaning more public input hearings are being held on cases that are outside rate proposal consideration.

Fundamental to the many other pertinent factors in establishing rates are the determination of the value of a utility's property devoted to the public service and a fair rate of return (profit) on investment. Once rates are established, utilities cannot legally charge rates other than those officially on file with the Commission. Advance customer payments, except as may be allowed in special circumstances, are prohibited; utilities must observe strict Commission safeguards before service may be terminated in the event of bill delinquencies.

In maintaining close scrutiny over utility service and facilities, the Commission is particularly concerned with safety and reliability of electric, natural gas, water and telephone lines, and railroad grade crossings. Utilities must report accidents to the Commission, which regularly inspects facilities to determine whether they are safe and adequate. Gas explosions, electric safety incidents and railroad grade crossing accidents are investigated promptly in an effort to prevent recurrences. The Commission's team of rail safety inspectors also performs inspections for compliance with the Federal Railroad Administration's track, operating practice and freight car standards.

In addition, the Commission has a force of motor carrier investigators who check on safety of truck (in accordance with federal motor carrier requirements), taxi, limousine, and bus operators. These efforts focus on the inspection of equipment to determine compliance with Commission regulations, while the Commission also ensures that adequate insurance coverage is maintained by motor carriers.

The Commission annually processes thousands of applications and other documents, including numerous consumer complaints. These filings and complaints relate to a host of topics including fuel surcharges, billing procedures and amounts, late payment penalties, meter readings, termination notices, and general service problems.

The Commission has the right to examine the physical property of utilities and to audit their books and accounts. The Commission has established uniform

accounting systems for utilities and requires them to maintain perpetual property inventories and to carry on their books proper sums of annual depreciation.

A team of Commission auditors closely monitors fuel procurement practices and costs which ensure an equitable mechanism for the recovery of higher fuel costs. The Commission orders refunds to customers where excessive charges have been made and prohibits unreasonable rate discrimination.

Utilities are required, with certain exceptions, to get approval for the transfer, sale, or merger to another utility, or municipality, of property used and useful in the public service. Issuance of utility securities is controlled through Commission authority to register or reject them.

Relations of companies with affiliated interests also are carefully scrutinized to give the Commission complete information in this area. Utilities must file all service contracts with affiliated interests, and, if investigation shows contract charges are improper or unreasonable, the Commission may order elimination of excessive amounts affecting cost of service to the public.

As the result of the restructuring of major industries and the introduction of competition in the telecommunications, natural gas and electric markets, the Commission has the responsibility to ensure that these transitions are orderly, and that consumer interests are protected. Besides monitoring the development of these markets, the Commission reviews the qualifications of new entrants and assists new entrants in their interactions with the incumbents.

REGULATORY PRIORITIES - This budget request reflects the Commission's regulatory priorities in the areas of (1) safe and reliable service at just and reasonable rates, (2) consumer services and education, (3) transportation safety and compliance, (4) competition, market-based pricing and incentive ratemaking, and (5) fixed utility audits.

COMPLEMENT SUMMARY – This budget plan includes funding for a complement totaling 503. In order to control complement costs, vacancies are reallocated based on the operational needs of the Commission's offices and bureaus. Also, the Commission will continue to use consultants, temporary hires and overtime as necessary and appropriate.

PERSONNEL COSTS - The total estimated personnel costs are \$53,866,000 comprised of \$51,150,000 in state funds, and \$2,716,000 in federal funds. The 1.2% increase requested in this budget reflects contractual obligations including large increases for Health care cost and retirement contributions for the reduced complement we propose.

OPERATING, FIXED ASSETS, INTERAGENCY COSTS SUMMARY –

The 2014-15 budget for Operating, Fixed Assets, and Interagency costs is \$14,490,000. This total is comprised of \$13,421,000 in state funds and \$1,069,000 in federal funds. The PUC has maintained a flat budget over the past few years in operating costs. A slight increase was appropriated in 2013-14 and with the continued implemented cost restraints administered throughout the Commission; the PUC believes that the operating, fixed assets and interagency costs can remain flat again for 2014-15.

COST REDUCTION PROPOSALS - Our ongoing cost reduction efforts address ways to increase individual productivity and operational efficiency within existing programs. The upgrades to the PUC InfoMAP system will continue to improve both the information flow to consumers and utilities as well as internal case tracking. It is expected that additional economies will be realized as utilities, practitioners and consumers more fully avail themselves of the ability to electronically file and access information.

BUDGET SUMMARY – The Commission is requesting \$68,356,000 for budget year 2014-15, which includes \$3,785,000 in potential Federal Funds, used to regulate motor carrier and natural gas safety. Of the total amount requested, the State share of \$64,571,000 will be obtained from assessments and fees paid by jurisdictional public utilities as well as assessments received for administration of Act 127 of 2011. The \$1,000,000 appropriation for the administration and oversight of Act 13 of 2012 is a separate budget line item listed under “Other Funds”.

This budget request for \$64,571,000 in State funding in the 2014-2015 Fiscal Year represents a 2.34% increase over the current fiscal year. The \$1,481,000 increase is to fund contractual salary and benefit obligations, continue all current programs, including the Electric Safety unit. In addition, we receive \$1,000,000 for the duties assigned under Act 13 of 2012- The Unconventional Gas Well Impact Fee legislation.

H. PROGRAM DESCRIPTIONS

Appropriation 16205 (General Government Operations):

1. Office of the Chairman and Commissioners’ Staffs

By statute, the Office of Chairman and Commissioners consists of five members nominated by the Governor for staggered five-year terms. The nominations must be approved by a majority of the Members of the Senate.

The Commissioners adjudicate matters coming before the PUC. They also provide policy guidance and direction to Commission staff on matters affecting utility rate and services as well as on Commission staffing, budget and administrative matters.

Act 129 of 2008 amended Chapter 3 of the Public Utility Code to eliminate references to certain bureaus and offices, giving the Commission more flexibility to decide on an appropriate organizational structure. In response to that legislation, the Commission reorganized to better align the agency's structure to meet current statutory responsibilities.

2. Executive Director

The Executive Director is responsible for the oversight of the day-to-day management of the Commission functions and staff. This position is responsible for the planning, direction, organization, and operation of the Commission. Also, the executive director is tasked with developing and implementing a two-year strategic plan.

- Director of Regulatory Affairs

The Director of Regulatory Affairs oversees the PUC's bureaus with regulatory functions, including the Bureau of Audits, the Bureau of Consumer Services, Office of Special Assistants, the Bureau of Technical Utility Services and the Office of Administrative Law Judge.

- The Director of Administration

The Director of Administration is responsible for overseeing all administrative and personnel functions. The Office is comprised of the Office of Human Resources, Management Information Systems, the Secretary's Bureau and the Office of Administrative Services, which is responsible for office services and the Fiscal and Assessment section that handles budget issues.

- The Director of Communications

The Director of Communications is charged with handling Commission media relations, external communications, internal communications and consumer education, in addition to acting as the lead staff for the Consumer Advisory Council.

3. Office of Legislative Affairs

The Office of Legislative Affairs acts as the liaison between the PUC and the General Assembly and the Pennsylvania Congressional Delegation; identifies legislation that may affect the Commission or public utilities and obtains staff analysis; provides relevant information to the legislature; and promotes the Commission's position on legislation and issues with the General Assembly.

4. The Office of Administrative Law Judge

The Office of Administrative Law Judge fulfills a judicial role within the Commission by hearing cases, mediating cases through the alternative dispute resolution process and issuing decisions. The Bureau's primary duty is to provide fair and prompt resolution of contested proceedings before the Commission. The Administrative Law Judges are attorneys with experience in administrative law, who preside over the hearings in cases, which can include consumer complaints, rate filings, investigations, ability to pay/billing disputes and applications.

5. The Bureau of Administration

The Office is comprised of the Office of Human Resources which is responsible for handling all personnel issues, and providing administrative and advisory services to all PUC management; Management Information Systems which oversees information and technology; and the Fiscal and Assessment which is responsible for the preparation of the Commission's budget, collection of assessments, and all other fiscal operations including the collection and disbursement activities associated with the Unconventional Gas Well Fund; Office Services is tasked with the processing of contracts, distribution of supplies, mail and all other office services.

6. The Bureau of Investigation and Enforcement

The Bureau of Investigation and Enforcement serves as the prosecutory bureau for purposes of representing the public interest in ratemaking and service matters before the Office of Administrative Law Judge, and enforcing compliance with the state and federal motor carrier safety and gas safety laws and regulations. The bureau handles rail safety enforcement proceedings. The Bureau also prepares reports for the Commission, provides technical support for other bureaus and participates in various working groups.

7. The Bureau of Technical Utility Services

The Bureau of Technical Utility Services serves as the principal technical advisory bureau to the Commission regarding fixed and transportation utility regulatory matters, as well as serves as an adviser to the PUC on technical issues for electric, natural gas, water and wastewater, and telecommunications utilities.

8. The Secretary's Bureau

The Secretary's Bureau is the PUC's official point of contact with the public. The Bureau receives all official documents and filings, serving as the prothonotary of the Commission. All official Commission actions and decisions are issued over the Secretary's signature. All correspondence and filings must be addressed to the Secretary to be considered filed before the Commission.

9. Office of Special Assistants

As an advisory support bureau, the Office of Special Assistants provides legal and technical advice to the Commission primarily regarding challenges to administrative law judge decisions, as well as policy issues. The Office drafts opinions and orders containing a review of the facts, the applicable law and a proposed resolution of the issues raised in contested proceedings; drafts opinions and orders pursuant to motions adopted at Public Meeting; and reviews petitions for relieve following the issuance of Commission orders.

10. Law Bureau

The Law Bureau acts as the Commission's in-house legal counsel, providing legal advice to the Commission regarding electric, natural gas, telecommunications, water/wastewater and transportation matters, as well as proposed legislation, regulatory and policy statements. The Bureau's director serves as Chief Counsel to the Commission. The Law Bureau represents the Commission before state and federal courts when the Commission's decisions are challenged and before other state agencies. The Bureau also represents the Commission before federal agencies such as the Federal Communications Commission or the Federal Energy Regulatory Commission on issues that impact Pennsylvania.

11. Bureau of Audits

The Bureau of Audits performs financial, management and operational and specialized audits on electric, natural gas, steam heat, water and telecommunications utilities. It also reviews certain adjustment clause rate filings

and 1307(e) reconciliation statements. The audits may result in recommendations to refund over-recovered costs and/or to improve accounting or operational procedures that, if adopted, may save the utilities money.

12. Bureau of Consumer Services

The Bureau of Consumer Services responds to and investigates informal complaints from residential and small commercial consumers. The Bureau also serves as an intermediary between utilities and consumers, working to resolve complaints or develop payment arrangements. The Bureau provides consumers with utility-related information and monitors compliance with PUC regulations regarding consumers. The Bureau provides an analysis of utility performance when handling consumer complaints and issues.

I. PROGRAM SUMMARY

A priority during the budget year is to effectively implement statutory and regulatory requirements that focus on the traditional regulation of public utilities, while continuing to work toward establishing and maintaining a competitive market place for electric, natural gas, and telephone industries. In addition, the Commission strives to operate the agency in the most cost-efficient manner possible and will continue to review staffing levels in all bureaus.

The requested budget provides funding to support 503 positions. This net complement request includes staff reductions in some bureaus and shifts in vacant positions in others to accommodate the additional duties of Act 127 of 2011, Act 11 and 13 of 2012 and the Electric Safety unit. This authorized complement level is necessary to support both existing Commission programs and the new duties outlined above and to establish and maintain competitive markets for electric, natural gas, and telephone industries. We will continue to evaluate staffing levels and make changes as necessary throughout the year.

J. PROGRAM STATISTICS

Data relating to specific Commission programs and Program Performance Measures are on page 14 of the Commission's 2014-2015 Executive Budget Request. The Executive Budget Request was submitted to the Secretary of the Budget on October 1, 2013.

**PENNSYLVANIA PUBLIC UTILITY COMMISSION
2014-15 BUDGET REQUEST
TO APPROPRIATIONS COMMITTEES OF
THE PENNSYLVANIA HOUSE AND SENATE**

SECTION III

**APPROPRIATION 16205
(GENERAL GOVERNMENT OPERATIONS)**

PUC BUDGET REQUEST FOR FY 2014 - 2015

(\$ Amounts in Thousands)

Page # of Governor's Executive Budget:
Pp. E36.3

APPROPRIATION:
General Government Operations

I. SUMMARY FINANCIAL DATA			
	<u>2012-2013 Actual</u>	<u>2013-2014 Available</u>	<u>2014-2015 Budgeted</u>
State Funds	\$ 60,398	\$ 63,090	\$ 64,571
Federal Funds Total	\$ 4,857	\$ 4,907	\$ 3,785
Federal Sources Itemized			
<i>Natural Gas Pipeline Safety</i>	2,819	2,819	1,897
<i>Motor Carrier Safety Assistance Program</i>	1,888	1,888	1,888
<i>ARRA-Electric Regulatory Assistance Prog.</i>	150	200	-
<i>ARRA-Smart Grid Regulation</i>	-	-	-
Grand Total	<u>\$ 65,255</u>	<u>\$ 67,997</u>	<u>\$ 68,356</u>
	<u>2012-2013 Actual</u>	<u>2013-2014 Available</u>	<u>2014-2015 Budgeted</u>
<u>Unconventional Gas Well Fund:</u>			
Gas Well Fee Administration	\$ 1,000	\$ 1,000	\$ 1,000

II. DETAIL BY MAJOR OBJECT
 (\$ Amounts in Thousands)

APPROPRIATION:
 General Government Operations

	2012-2013 Actual	2013-2014 Available	2014-2015 Budgeted	Change Budgeted vs. Available	Percent Change
PERSONNEL					
<i>State Funds</i>	\$ 46,977	\$ 49,669	\$ 51,150	\$ 1,481	2.98%
<i>Federal Funds</i>	3,438	3,536	2,716	(820)	(23.19%)
<i>Other Funds</i>	-	-	-	-	0.00%
Total Personnel	\$ 50,415	\$ 53,205	\$ 53,866	\$ 661	1.24%
OPERATING					
<i>State Funds</i>	\$ 12,898	\$ 12,898	\$ 12,898	\$ -	0.00%
<i>Federal Funds</i>	1,419	1,371	1,069	(302)	(22.03%)
<i>Other Funds</i>	-	-	-	-	0.00%
Total Operating	\$ 14,317	\$ 14,269	\$ 13,967	\$ (302)	(2.12%)
FIXED ASSETS					
<i>State Funds</i>	\$ 123	\$ 123	\$ 204	\$ 81	65.85%
<i>Federal Funds</i>	-	-	-	-	0.00%
<i>Other Funds</i>	-	-	-	-	0.00%
Total Fixed Assets	\$ 123	\$ 123	\$ 204	\$ 81	65.85%
NON-EXPENSE/INTERAGENCY					
<i>State Funds</i>	\$ 400	\$ 400	\$ 319	\$ (81)	(20.25%)
<i>Federal Funds</i>	-	-	-	-	0.00%
<i>Other Funds</i>	-	-	-	-	0.00%
Total Non-Expense/Interagency	\$ 400	\$ 400	\$ 319	\$ (81)	(20.25%)
TOTAL FUNDS					
<i>State Funds</i>	\$ 60,398	\$ 63,090	\$ 64,571	\$ 1,481	2.35%
<i>Federal Funds</i>	\$ 4,857	\$ 4,907	\$ 3,785	(1,122)	(22.87%)
<i>Other Funds</i>	-	-	-	-	0.00%
Total Funding	\$ 65,255	\$ 67,997	\$ 68,356	\$ 359	0.53%

APPROPRIATION:
General Government Operations

III. HISTORY OF LAPSES
(\$ Amounts in Thousands)

	<u>2011-2012</u>	<u>2012-2013</u>	<u>2013-2014 Estimated</u>
State Funds	\$ -	\$ -	\$ -

IV. COMPLEMENT INFORMATION

	<u>12/31/2012</u>	<u>12/31/2013</u>	<u>2014-2015 Budgeted</u>
State/Federally Funded			
<i>Authorized</i>	520	520	503
<i>Filled</i>	470	469	503
Federally Funded			
<i>Authorized</i>	0	0	0
<i>Filled</i>	0	0	0
Other Funded			
<i>Authorized</i>	0	0	0
<i>Filled</i>	0	0	0
Total			
<i>Authorized</i>	520	520	503
<i>Filled</i>	470	469	503

V. DERIVATION OF REQUEST / LEGISLATIVE CITATIONS / DISBURSEMENT CRITERIA

TITLE 66 PA. C.S.A., PUBLIC UTILITIES

VI. EXPLANATION OF CHANGES
(\$ Amounts in Thousands)

APPROPRIATION:
General Government Operations

	STATE/ OTHER \$	FEDERAL \$	TOTAL \$
PERSONNEL			
Balance of increase in contractual obligations and fringe benefit costs and reduction of 17 positions and funding for remaining vacant positions at 13 pay periods.	\$ 1,481	\$ -	\$ 1,481
2 Reduction in Federal Funding - Natural Gas Pipeline Safety	\$ -	\$ (620)	\$ (620)
3 Reduction in Federal Funding - Finalized ARRA Funding		\$ (200)	\$ (200)
Subtotal Personnel	\$ 1,481	\$ (820)	\$ 661
OPERATING			
1 Reduction in Federal Funding - Natural Gas Pipeline Safety	\$ -	\$ (302)	\$ (302)
Subtotal Operating	\$ -	\$ (302)	\$ (302)
FIXED ASSETS			
1 Increase in cost of computer equipment	\$ 81	\$ -	\$ 81
Subtotal Fixed Assets	\$ 81	\$ -	\$ 81
NON-EXPENSE/INTERAGENCY			
1 Decrease to reflect actuals	\$ (81)	\$ -	\$ (81)
Subtotal Non-Expense/Interagency	\$ (81)	\$ -	\$ (81)
Grand Total	\$ 1,481	\$ (1,122)	\$ 359

**PENNSYLVANIA PUBLIC UTILITY COMMISSION
2014-15 BUDGET REQUEST
TO APPROPRIATIONS COMMITTEES OF
THE PENNSYLVANIA HOUSE AND SENATE**

SECTION IV

LIST OF CONTRACTS

PENNSYLVANIA PUBLIC UTILITY COMMISSION
CONTRACTS

Appropriation	Vendor PA City Code	Vendor	CI - Avail Cntrl Lvl	Exp. and Commitments FY 2012	Exp. and Commitments FY 2013	Commitments for FY 2014
Gen Govt Operations	1620	US/CA/Not assigned	ITERIS INC	Operational Expenses	\$ 14,000.00	
				Fixed Assets Exp.	\$ 14,000.00	
		US/CT/Not assigned	NEOPOST USA INC	Operational Expenses	\$ 120,229.84	\$ 19,754.62
			WHELEN ENGINEERING CO INC	Operational Expenses	\$ 42,495.00	\$ 12,237.60
		US/GA/Not assigned	DS WATERS OF AMERICA INC	Operational Expenses	\$ 8,688.54	\$ 8,563.21
		US/IN/Not assigned	OFS BRANDS INC	Operational Expenses		\$ 5,140.80
		US/MA/Not assigned	SNL FINANCIAL LC	Operational Expenses		\$ 12,000.00
		US/MD/Not assigned	VERIZON NETWORK INTEGRATION INC	Operational Expenses	\$ 12,848.35	
		US/MN/Not assigned	WEST PUBLISHING CORPORATION	Operational Expenses	\$ 159,160.00	\$ 124,740.00
		US/MO/Not assigned	CODE 3 INC	Operational Expenses	\$ 7,955.57	
		US/NJ/Not assigned	KONICA MINOLTA BUSINESS SOLUTIONS	Operational Expenses	\$ 39,240.23	\$ 41,223.80
			RICOH AMERICAS CORPORATION	Operational Expenses	\$ 26,206.56	\$ 21,105.52
			GLOBAL INDUSTRIES INC DBA OFFICES	Operational Expenses	\$ 584.00	\$ 51,365.98
			HALIFAX SECURITY INC	Operational Expenses	\$ 3,388.46	\$ 14,491.61
			ADAPTIVE DATA STORAGE INC	Operational Expenses	\$ 2,692.00	\$ 3,253.00
		US/NY/Not assigned	BLOOMBERG FINANCE LP	Operational Expenses	\$ 19,411.66	\$ 2,850.00
		US/OH/Not assigned	REED ELSEVIER INC	Operational Expenses	\$ 32,544.00	\$ 30,691.00
		Adams	GATEWAY GETTYSBURG HOTEL & CONFEREN	Operational Expenses	\$ 21,609.19	\$ 30,564.00
		Allegheny	IBM CORPORATION	Operational Expenses	\$ 458,683.74	\$ 178,450.42
			UNIVERSITY OF PITTSBURGH	Operational Expenses	\$ 77,712.36	\$ 45,332.21
			DAY FORD INC	Fixed Assets Exp.	\$ 124,185.00	
			PITNEY BOWES POSTAGE BY PHONE	Operational Expenses	\$ 5,000.00	\$ 10,500.00
			URBASH PROFESSIONAL REPORTING INC	Operational Expenses	\$ 37,502.90	\$ 25,000.05
		Berks	PITNEY BOWES PRESORT SERVICES	Operational Expenses	\$ 7,470.01	\$ 7,460.05
		Blair	CENVEO CORPORATION DBA	Operational Expenses	\$ 6,861.92	\$ 3,866.17
		Cambria	SARGENTS COURT REPORTING	Operational Expenses	\$ 74,994.40	\$ 74,999.35
		Centre	STATE COLLEGE ASSOC LIMITED	Operational Expenses	\$ 6,274.70	
			PENNSYLVANIA STATE UNIVERSITY	Operational Expenses	\$ 305,035.89	\$ 335,053.13
		Chester	KARAS ENTERPRISES	Operational Expenses		\$ 15,000.00
			CLEAN POWER MARKETS INC	Operational Expenses	\$ 572,397.60	\$ 665,336.50
		Columbia	COLUMBIA MONTOUR AREA VOCATIONAL	Operational Expenses	\$ 175.00	
		Cumberland	THE DISCIPLINARY BOARD OF THE	Operational Expenses	\$ 16,000.00	
			FRY COMMUNICATIONS INC	Operational Expenses	\$ 24,640.00	\$ 14,080.00
			COMMONWEALTH REPORTING CO INC	Operational Expenses	\$ 99,919.45	\$ 99,999.25
			DERING CONSULTING GROUP INC	Operational Expenses	\$ 18,979.25	\$ 20,046.25
			DELOITTE CONSULTING LLP	Operational Expenses	\$ 30,745.00	
		Dauphin	XEROX CORPORATION	Operational Expenses	\$ 64,832.31	\$ 36,909.65
			RICOH USA INC	Operational Expenses	\$ 79,221.06	\$ 64,016.42
			MCNEES WALLACE & NURICK	Operational Expenses	\$ 68,020.00	\$ 148,566.97
			HARRISBURG PARKING AUTHORITY	Operational Expenses	\$ 428,040.00	\$ 253,030.00
			HARRISBURG NEWS CO	Operational Expenses	\$ 9,003.15	\$ 4,552.35
			COMPUTER AID INC	Operational Expenses	\$ 1,182,718.92	\$ 1,423,211.25
			PRIORITY SYSTEMS INC	Operational Expenses	\$ 5,273.28	
			PREMIER PRODUCTION SERVICES INC	Operational Expenses	\$ 46,190.00	
			PAVONE INC	Operational Expenses	\$ 38,950.00	\$ 1,771.08
			TRANSCORE HOLDINGS INC	Operational Expenses	\$ 31,077.33	\$ 19,986.16
			UNISYS CORPORATION	Operational Expenses	\$ 14,234.00	
				Fixed Assets Exp.	\$ 71,420.00	
			NATL ASSOC OF REGLTRY UTILITY COMRS	Operational Expenses	\$ 53,089.50	\$ 68,306.07
			CORL COMMUNICATIONS INC	Operational Expenses	\$ 11,700.00	
			HERRE CONSULTING LLC	Operational Expenses	\$ 8,361.83	\$ 8,260.00
			ROLKA LOUBE SALTZER ASSOCIATES	Operational Expenses	\$ 5,180.00	
			PENNSYLVANIA TURNPIKE COMMISSION	Operational Expenses	\$ 5,136.54	\$ 6,993.62
		Delaware	TRECOM SYSTEMS GROUP INC	Operational Expenses	\$ 89,479.00	
		Lackawanna	STARR UNIFORM CENTER	Operational Expenses	\$ 13,802.11	\$ 3,736.01
		Lancaster	HT RESULTS LLP	Operational Expenses	\$ 22,961.00	
		Montgomery	THE LERRO CORPORATION	Operational Expenses	\$ 218,398.90	
			EPLUS TECHNOLOGY INC	Operational Expenses	\$ 26,266.78	\$ 11,120.32
				Fixed Assets Exp.	\$ 13,895.60	
			ALLIED BARTON SECURITY SERVICES LLC	Operational Expenses	\$ 76,561.65	\$ 82,368.00
		Philadelphia	UNITED STATES POSTAL SERVICE	Operational Expenses	\$ 50,000.00	\$ 51,500.00
			M & M DISPLAYS INC	Operational Expenses	\$ 4,790.25	\$ 6,415.00
			PHILADELPHIA PARKING AUTHORITY	Operational Expenses	\$ 54,108.00	\$ 27,054.00

**PENNSYLVANIA PUBLIC UTILITY COMMISSION
2014-15 BUDGET REQUEST
TO APPROPRIATIONS COMMITTEES OF
THE PENNSYLVANIA HOUSE AND SENATE**

SECTION V

**REQUEST FOR APPROPRIATION
OF FEDERAL FUNDS**

COMMONWEALTH OF PENNSYLVANIA
REQUEST FOR APPROVAL OF FEDERAL FUNDS

		Authorization Number 10-01	Date Prepared 09-Jan-14
1. Federal Appropriation & Symbol Federal Funds-Gas Safety 7010214000		2. State Agency PA PUC	3. Action Requested <input checked="" type="checkbox"/> Legislative Appropriation <input type="checkbox"/> Executive Authorization
4. Supplemented Appropriation (Title/Symbol) General Fund-GGO 1620514000		8. Federal CFDA No. 20.700	
5. Contact Person (Telephone No.) Yvonne Hess (717) 783-6190		9. Purpose <input type="checkbox"/> Original Request <input type="checkbox"/> Subgrant <input type="checkbox"/> Amendment to Appropriation <input type="checkbox"/> Carryover <input checked="" type="checkbox"/> Renewal <input type="checkbox"/> Amend Governor's <input type="checkbox"/> Other: Budget	
6. Restricted Receipt/Revenue Title/Symbol Federal Grants-Gas Pipeline Safety Act 004820101			
7. Federal Grant Program Title Public Law 90-481 Nat. Gas Pipeline Safety Act of 1968			
10. Federal Granting Agency/Division US Dept. of Transportation-Office of Pipeline Safety		12. Federal Grant Authorization Public Law 90-481 as amended Pipeline Safety Act 1979	

11. TYPE OF PROGRAM
 on-going One time From: 10/1/2014 To: 9/30/2015

13. Funding (Dollar Amounts in Thousands)

	Actual 2012-13	Available 2013-14	Budget 2014-15
Carryover	\$0	\$0	\$0
New Funding Available	\$2,819	\$2,819	\$1,897
Federal Appropriation	\$2,819	\$2,819	\$1,897
Estimated Expenditures	\$2,819	\$2,819	\$1,897
Ending Balance	\$0	\$0	\$0
Required Matching			
State	\$3,736	\$3,736	\$2,814
Other		0.00%	0.00%
Program Total	\$6,555	\$6,555	\$4,711
100% Federal Complement			

MATCH EXPLANATION:

14. Is the amount requested an increase or decrease from the amount in previous years? Yes No . If yes, explain below.
Decrease in federal funding availability
15. Are these funds discretionary? Yes ___ No . If yes, explain below.
16. Are these administrative funds for a restricted receipt? Yes ___ No . If so, what is the amount of the restricted receipt?
17. What is the Federal lapse date? 9/30/2015
18. Grant description and results (give purpose of grant and describe key program activities and expected results in terms of a major program measure).

The Pennsylvania Public Utility Commission is certified under a 5 (a) agreement with the Federal Government to enforce the regulations of the Natural Gas Pipeline Safety Act of 1968, as amended November 30, 1979. This Act requires all regulated gas utilities to adhere to standards of safety in the storage and distribution of natural gas (in addition to Title 52 PA Code, Chapter 59). To enforce these regulations, our staff inspects each utility for conformance and also investigates all accidents and incidents involving natural gas to determine cause and recommend remedial measures.

19. For Subgrants only, identify the parent Federal appropriation and the agency from which the subgrant will be made:

COMMONWEALTH OF PENNSYLVANIA
SUPPLEMENTAL REQUEST FOR APPROVAL OF FEDERAL FUNDS

		Authorization Number 10-1	Date Prepared 09-Jan-14
1. Federal Appropriation & Symbol Federal Funds-Motor Carrier Safety-7052514000	2. State Agency PA. PUC	3. Action Requested <input checked="" type="checkbox"/> Legislative Appropriation <input type="checkbox"/> Executive Authorization	
4. Supplemented Appropriation (Title/Symbol) General Fund-GGO-1620514000	8. Federal CFDA No. 20.218		
5. Contact Person (Telephone No.) Yvonne Hess (717) 783-6190	9. Purpose <input type="checkbox"/> Original Request <input type="checkbox"/> Subgrant <input type="checkbox"/> Amendment to <input type="checkbox"/> Carryover Appropriation <input type="checkbox"/> Language <input checked="" type="checkbox"/> Renewal <input type="checkbox"/> Amend Governor's <input type="checkbox"/> Other: Budget		
6. Restricted Receipt/Revenue Title/Symbol Federal Grants-NHTSA Motor Carrier Safety Asst. 0004820101			
7. Federal Grant Program Title Surface Transportation Assistance Act of 1982			
10. Federal Granting Agency/Division Dept. of Transportation/FHWA	12. Federal Grant Authorization 402 STAA- USSOT FHWA		
11. TYPE OF PROGRAM <input checked="" type="checkbox"/> on-going <input type="checkbox"/> One time From: 10/01/2013 To: 09/30/2014			

13. Funding (Dollar Amounts in Thousands)

	Actual 2012-13	Available 2013-14	Budget 2014-15
Carryover	\$0	\$0	\$0
New Funding Available	\$1,888	\$1,888	\$1,888
Federal Appropriation	\$1,888	\$1,888	\$1,888
Estimated Expenditures	\$1,888	\$1,888	\$1,888
Ending Balance	\$0	\$0	\$0
Required Matching			
State	\$472	\$472	\$472
Other	\$0 0.00%	\$0 0.00%	\$0 0.00%
Program Total	\$2,360	\$2,360	\$2,360
100% Federal Complement			

MATCH EXPLANATION:

14. Is the amount requested an increase or decrease from the amount in previous years? Yes ___ No X. If yes, explain below.
15. Are these funds discretionary? Yes ___ No X. If yes, explain below.
16. Are these administrative funds for a restricted receipt? Yes ___ No X. If so, what is the amount of the restricted receipt?
17. What is the Federal lapse date? 9/30/2015
18. Grant description and results (give purpose of grant and describe key program activities and expected results in terms of a major program measure).
- The Motor Carrier Division of the Bureau of Transportation and Safety performs safety inspections on commercial motor vehicles (buses and trucks) and drivers under the Motor Carrier Safety Assistance Program in conjunction with PENNDOT and the Pa. State Police to insure compliance with regulations promulgated by PENNDOT.
19. For Subgrants only, identify the parent Federal appropriation and the agency from which the subgrant will be made:

**COMMONWEALTH OF PENNSYLVANIA
SUPPLEMENTAL REQUEST FOR APPROVAL OF FEDERAL FUNDS**

		Authorization Number DE-OE0000145	Date Prepared 09-Jan-14
1. Federal Appropriation & Symbol ARRA-Electricity Regulators Assistance 7793013790	2. State Agency PA. PUC	3. Action Requested <input type="checkbox"/> Legislative Appropriation	
4. Supplemented Appropriation (Title/Symbol) General Fund-GGO-1620513000	8. Federal CFDA No. 81.122	<input type="checkbox"/> Executive Authorization	
5. Contact Person (Telephone No.)	9. Purpose		
6. Restricted Receipt/Revenue Title/Symbol N/A	<input type="checkbox"/> Amendment to Appropriation		<input type="checkbox"/> Carryover <input type="checkbox"/> Language
7. Federal Grant Program Title ARRA of 2009	<input type="checkbox"/> Renewal <input checked="" type="checkbox"/> Other:		<input type="checkbox"/> Amend Governor's Budget
10. Federal Granting Agency/Division DOE	12. Federal Grant Authorization PL 95-91 DOE Organization Act, PL 111-5 ARRA of 2009		

11. TYPE OF PROGRAM

on-going One time From: 11/01/2009 To: 10/31/2013

13. Funding (Dollar Amounts in Thousands)

	Actual 2012-13	Available 2013-14	Budget 2014-15
Carryover	\$350	\$200	\$0
New Funding Available	\$0	\$0	\$0
Federal Appropriation	\$350	\$200	\$0
Estimated Expenditures	\$350	\$200	\$0
Ending Balance	\$200	\$0	\$0
Required Matching			
State	\$0	\$0	\$0
Other	\$0	0.00%	\$0
Program Total	\$350	\$0	\$0
100% Federal Complement			

MATCH EXPLANATION:

14. Is the amount requested an increase or decrease from the amount in previous years? Yes No If yes, explain below.
Spend down
15. Are these funds discretionary? Yes No If yes, explain below.
16. Are these administrative funds for a restricted receipt? Yes No If so, what is the amount of the restricted receipt?
17. What is the Federal lapse date? 10/31/2013
18. Grant description and results (give purpose of grant and describe key program activities and expected results in terms of a major program measure).

The primary purposes of this initiative are to: 1) increase the capacity of state PUCs to manage a significant increase in dockets and other regulatory actions resulting from ARRA electricity-related topical areas; 2) facilitate timely consideration by PUCs of regulatory actions pertaining to ARRA electricity-related topical areas; and 3) create jobs. Electricity-related ARRA topical areas include, but are not necessarily limited to: energy efficiency, electricity-based renewable energy, energy storage, smart grid, electric and hybrid-electric vehicles, demand response equipment, coal with carbon capture and storage, and transmission.

19. For Subgrants only, identify the parent Federal appropriation and the agency from which the subgrant will be made: