

**BEFORE THE
HOUSE APPROPRIATIONS COMMITTEE**

Representative William F. Adolph, Jr., Chairman

**Opening Remarks of
TANYA J. MCCLOSKEY
ACTING CONSUMER ADVOCATE**

Regarding

**FISCAL YEAR 2014-2015 BUDGET
OFFICE OF CONSUMER ADVOCATE**

**Harrisburg, Pennsylvania
February 19, 2014**

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**CHAIRMAN ADOLPH, CHAIRMAN MARKOSEK, AND MEMBERS OF THE
HOUSE APPROPRIATIONS COMMITTEE**

My name is Tanya J. McCloskey. I am serving as the Acting Consumer Advocate of Pennsylvania since the retirement of Sonny Popowsky at the end of October 2012. I have worked at the Office of Consumer Advocate since 1987 with a primary focus on energy issues. Thank you for this opportunity to discuss the Office of Consumer Advocate's proposed budget for Fiscal Year 2014-2015.

The OCA's Legislative Budget Request that was filed in October 2013 for Fiscal Year 2014-2015 is \$5,165,000. Our budget request represents no increase from our current year's budget authorization of \$5,165,000. Our current year's budget authorization represented a decrease of \$8,000 from the budget authorization for the prior Fiscal Year of 2012-13. On February 4, 2014, the Governor announced his proposed budget for all Commonwealth agencies. I am pleased to report that the Governor's proposed budget for the OCA for Fiscal Year 2014-2015 is \$5,165,000, which is the amount that we have requested.

In reviewing the OCA's budget, it is important to recognize that our budget is not derived from the General Fund, but is funded through a separate assessment on the utilities that fall under the jurisdiction of the Pennsylvania Public Utility Commission. While the OCA is administratively located within the Pennsylvania Office of Attorney General, the OCA budget is wholly separate and independent from the budget of the Attorney General. Finally, the OCA's budget is separate from that of the Pennsylvania Public Utility Commission, which is also funded through assessments on the Commonwealth's utilities.

By law, the OCA budget may not exceed five one hundredths of one percent (0.05%) of the prior calendar year's total intrastate gross revenues of the utilities that are subject to the jurisdiction of the PUC. The OCA's proposed budget for Fiscal Year 2014-2015

represents approximately 0.032% of the estimated utility total gross intrastate operating revenues, which is approximately 65% of our budget "cap" under that formula.

As we have set forth in the Budget Hearing materials that were submitted to Chairman Adolph on February 7, 2014, and in our most recent Annual Report to the General Assembly, the OCA provides vigorous professional representation for Pennsylvania utility consumers before both state and federal regulatory agencies and courts.

In the electric industry, since the rate caps that were put in place to protect Pennsylvania consumers during the transition from regulated to competitive generation markets have come to an end, the OCA has sought to ensure that customers continue to be protected through the development of stable, reasonably priced "default" service. Pursuant to Act 129, the OCA has participated in all default service filings of electric distribution companies to ensure that those companies provide reliable default generation service to their customers at the least cost over time. The OCA also continues to be active in Act 129 proceedings to ensure that the energy efficiency, demand response, and advanced metering programs developed by Pennsylvania electric utilities provide the greatest benefit to consumers at the lowest reasonable cost. The OCA also is involved in the DSIC filing made pursuant to Act 11 by an electric distribution company and in distribution base rate proceedings filed by electric distribution companies. At the same time, through our website and consumer outreach, OCA has been a leader in educating residential consumers on how to shop for competitive electric generation services if they choose to do so. Since much of the decision-making that affects Pennsylvania electric consumers occurs at the federal and regional level, the OCA has expanded its participation in key electric proceedings before the FERC and in the activities of the PJM Interconnection.

In the natural gas industry, the OCA has participated in a number of base rate cases as well as application and merger cases involving natural gas utilities. The OCA also is involved in all of the DSIC filings made pursuant to Act 11 by natural gas companies. The OCA continues to represent consumers across Pennsylvania in the annual PUC review of every major natural gas distribution company's purchased gas costs. As in the electric industry, the OCA seeks to ensure that natural gas consumers continue to have access to the least cost "supplier of last resort" service from their regulated natural gas distribution company while also educating residential consumers about how to choose alternative natural gas suppliers. The OCA participated in each of the gas unbundling cases filed under Section 1308(a) to unbundle gas supply costs from distribution rates. The OCA has also been active in cases concerning the extension of natural gas service to unserved areas. The OCA participates in proceedings at the FERC that involve the major interstate pipelines that serve Pennsylvania's retail natural gas distribution companies.

In telecommunications, the OCA has participated in cases involving telephone competition, mergers, broadband deployment, and basic service pricing in Pennsylvania, as well as cases involving implementation of recent federal orders regarding access charges and universal service funding. The OCA continues to focus on the goal of ensuring that Pennsylvania maintains and enhances the provision of reliable and affordable universal telephone service throughout the Commonwealth while also achieving the universal broadband requirements of Chapter 30. This has included efforts to maintain reasonable limits on basic telephone rates, particularly in rural areas, and to expand the Lifeline telephone discount programs to low-income consumers who might otherwise not be able to afford service. The OCA also participated in a number of cases under the Chapter 30 Bona

Fide Retail Request (BFRR) program to accelerate broadband deployment in unserved areas. At the federal level, the OCA works extensively with the National Association of State Utility Consumer Advocates to provide the consumers' perspective in proceedings before the Federal Communications Commission.

In the water and wastewater industries, the OCA continues to represent consumers in base rate increase cases, acquisitions, and other application proceedings, and mandatory takeover proceedings involving both large and small utilities. As water and wastewater infrastructure expand in order to meet the needs of Pennsylvania consumers for safe and adequate service, the OCA has expanded its own efforts to ensure that rates are maintained at reasonable and affordable levels. In addition, the OCA has participated in a number of service quality cases to ensure that consumers are receiving safe and adequate water and wastewater service, and has also worked to extend public water service at a reasonable cost to unserved areas. The OCA has addressed and will continue to address requests from water utilities under Act 11 that want to combine water and wastewater revenue requirements. The OCA also is involved in the DSIC filing made pursuant to Act 11 by a wastewater company.

In the next fiscal year, the OCA expects to continue all of these litigation activities while also anticipating potential filings for energy, water and wastewater rate cases, filings for approval of electric default service plans, ongoing filings related to the implementation of Act 11 of 2012, and applications, including acquisition proceedings. The OCA also anticipates the continuation of its participation in rulemakings and investigations.

In addition to its litigation activities, OCA participates on behalf of utility consumers in state and federal legislative and policy debates. The Acting Consumer Advocate has been called on to present formal testimony in the Pennsylvania General Assembly, and the

Pennsylvania Public Utility Commission regarding critical utility issues that affect Pennsylvania consumers.

The OCA also responds to individual utility consumer complaints and inquiries. The OCA maintains a toll-free calling number (800-684-6560) which is staffed from 8 a.m. to 5 p.m. Monday through Friday.

The OCA devotes substantial resources to educating consumers about changes in the utility industry. The Acting Consumer Advocate, Consumer Liaison, and other members of OCA staff have helped plan and participate in consumer presentations, roundtables, and forums across the Commonwealth to help educate consumers about changes in the utility industry and to advise them about cases that affect them. During the last fiscal year, the OCA participated in more than 85 consumer outreach events across Pennsylvania, many of which were sponsored by members of the General Assembly. In addition, the OCA keeps consumers and members of the General Assembly informed through regular letters and bulletins about upcoming cases and public hearings. The OCA also provides consumer information and education through its website at www.oca.state.pa.us. This includes our popular electric and natural gas shopping guides which provide residential consumers with apples-to-apples price comparisons of their choices for electric generation and natural gas commodity service. These shopping guides are available online and are mailed in hard copy free of charge to all consumers who request them.

The OCA acknowledges and is grateful for the support that this Committee has provided over the years in considering the OCA's annual budget requests. Through our Legislative Budget Request for Fiscal Year 2014-2015, the OCA asks the members of the

General Assembly to permit the OCA to receive the budgetary resources needed to continue our service to Pennsylvania utility consumers.

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