

**BEFORE THE
HOUSE APPROPRIATIONS COMMITTEE**

Representative William F. Adolph, Jr., Chairman

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

Regarding

**FISCAL YEAR 2015-2016 BUDGET
OFFICE OF CONSUMER ADVOCATE**

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

My name is Tanya J. McCloskey and I am serving as the Acting Consumer Advocate of Pennsylvania. Thank you for this opportunity to discuss the Office of Consumer Advocate's proposed budget for Fiscal Year 2015-2016.

The OCA's Legislative Budget Request that was filed in October 2014 for Fiscal Year 2015-2016 is \$5,268,000. Our budget request represents an increase of \$103,000, or approximately 2% above our current year's budget authorization of \$5,165,000. Our current year's budget authorization represented no increase over the budget authorization for the prior Fiscal Year of 2013-14. On March 3, 2015, 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 2015-2016 is \$5,268,000, 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 2015-2016

represents approximately 0.033% of the estimated utility total gross intrastate operating revenues, which is approximately 67% 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 27, 2015, 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, the OCA filed complaints against a number of electric generation suppliers regarding the variable rates charged to customers during early 2014. The OCA also actively participated in a number of rulemakings before the PUC to address proposed changes in disclosure requirements, and switching time frames. In addition, 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 continues to participate 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 is involved in the initial DSIC filing and ongoing quarterly DSIC filings made pursuant to Act 11 by an electric distribution company and in distribution base rate proceedings filed by electric distribution companies, which included the use of the fully forecasted future test year. Since much of the decision-making that affects Pennsylvania electric consumers occurs at the federal and regional level, the OCA has continued its expanded participation in key electric proceedings before the Federal Energy Regulatory Commission and in the activities of the PJM Interconnection.

In the natural gas industry, the OCA has participated in a number of base rate cases, which included the use of the fully forecasted future test year, as well as application and merger cases involving natural gas utilities. The OCA also is involved in all of the initial DSIC filings and ongoing quarterly 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 has been actively participating in the Commission's Investigation Regarding Retail Natural Gas Choice. The OCA has also been active in cases concerning the extension of natural gas service to unserved areas and in several cases concerning the potential abandonment of service to natural gas customers. 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 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 actively

participated in a petition filed by two telephone companies seeking competitive classification of certain non-competitive protected services pursuant to Section 3016 of the Pennsylvania Public Utility Code. 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 involving large, medium and small companies, 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. During the last two fiscal years, the OCA has addressed requests from water utilities under Act 11 that want to combine water and wastewater revenue requirements as part of rate increase requests, as well as water and wastewater utilities of all sizes that choose to use the fully projected future test year. The OCA also is involved in the DSIC filings made pursuant to Act 11 by two wastewater companies.

During the last fiscal year, in addition to its litigation activities, OCA participated on behalf of utility consumers in state and federal legislative and policy debates. The Office has been called on to present formal testimony in the Pennsylvania General Assembly 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 also 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 84 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. Among the most popular items on the OCA website are the OCA's monthly shopping guides that provide "apples-to-apples" price comparisons for residential electric and natural gas customers who are looking for alternatives to their utility default service suppliers.

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 2015-2016, 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.