

HOUSE OF REPRESENTATIVES
COMMONWEALTH OF PENNSYLVANIA

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Energy Policy for Pennsylvania

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House Environmental Resources
and Energy Committee

North Office Building
Hearing Room 1
Harrisburg, Pennsylvania

Tuesday, February 14, 2006 - 9:00 a.m.

BEFORE:

Honorable William Adolph, Jr.,
Majority Chairperson
Honorable Gibson Armstrong
Honorable Martin Causer
Honorable Jacqueline Crahalla
Honorable Thomas Creighton
Honorable Kate Harper
Honorable Scott Hutchinson
Honorable Charles McIlhinney, Jr.
Honorable Ronald E. Miller
Honorable Jeffrey P. Pyle
Honorable Kathy L. Rapp
Honorable Dave Reed
Honorable Chris Ross
Honorable Carole Rubley
Honorable Richard Stevenson
Honorable Camille George,
Minority Chairperson
Honorable Michael McGeehan
Honorable Dan Surra
Honorable Jim Wansacz
Honorable John T. Yudichak

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1 ALSO PRESENT:

2 Joseph Deklinski
Majority Executive Director

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4 Mark Brown
Majority Research Analyst

5 Vicki Hoffman
Administrative Assistant

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1 CHAIRPERSON ADOLPH: The hour of 9:00
2 having arrived, I'd like to call to order an
3 Informational Meeting on Energy Policy for the
4 House Environmental Resources and Energy
5 Committee. Good morning, everyone.

6 I'd like the members starting at my far
7 left to identify themselves and the district that
8 they represent.

9 REPRESENTATIVE REED: Representative
10 Dave Reed, Indiana County.

11 REPRESENTATIVE CAUSER: Representative
12 Martin Causer, McKean, Potter, and Cameron
13 Counties.

14 REPRESENTATIVE CRAHALLA: Jackie
15 Crahalla. Montgomery County.

16 REPRESENTATIVE RAPP: Kathy Rapp,
17 Warren, Forest, and McKean County.

18 REPRESENTATIVE ROSS: Chris Ross from
19 Chester County.

20 CHAIRPERSON ADOLPH: Bill Adolph, 165,
21 Delaware County.

22 REPRESENTATIVE GEORGE: Bud George,
23 74th, Clearfield County.

24 REPRESENTATIVE MILLER: Ron Miller,
25 93rd, York County.

1 REPRESENTATIVE ARMSTRONG: Gib
2 Armstrong, Hundredth District, Lancaster County.

3 REPRESENTATIVE STEVENSON: Rich
4 Stevenson, 8th District, Mercer and Butler
5 Counties.

6 CHAIRPERSON ADOLPH: Thank you. I
7 would also like to extend a special welcome and a
8 thank you to all of our presenters. I know that
9 each of you has spent a great deal of time
10 preparing for today, and your efforts are very
11 much appreciated.

12 Today is the 6th session of our Energy
13 Policy for Pennsylvania series. We have assembled
14 today a panel to provide more of a
15 consumer-oriented discussion about energy costs
16 and availability and the potential effect on
17 Pennsylvanians.

18 While this winter has been milder in
19 terms of overall temperature, the recent storm and
20 temperatures of this past weekend not included,
21 Pennsylvania has continued to see higher energy
22 bills.

23 The energy crisis, supply, and demand
24 all continue to be on many people's minds and
25 continually heavy into their pocketbooks.

1 A recent example proves this point. A
2 few weeks ago, the results of the energy auction
3 in Pike County showed the price of a kilowatt hour
4 of electricity going from 6.2 cents to 14.4 cents:
5 A hundred and twenty-nine percent increase.

6 This means the typical residential
7 customer paying roughly \$75 per month in 2005 will
8 see their bill jump up roughly \$32 per month in
9 2006. The other energy markets are complex and
10 solutions not simple.

11 The potential consideration of the many
12 alternatives open to us, we can make the best
13 decisions about the Commonwealth's energy future.
14 I anticipate today's meeting to be helpful for the
15 Committee to continue to gain a better
16 understanding about energy costs, supply and
17 demand issues.

18 I also expect today's session to
19 conclude our first round of meetings on this
20 issue. We have received a large amount of
21 information and many ideas, and now we must take
22 the time to sort through all the recommendations
23 we have been provided.

24 Before we go to our first presenter,
25 I'd like to ask my Democratic colleague, Chairman

1 George, for his comments. Thank you.

2 CHAIRPERSON GEORGE: Thank you very
3 much, Mr. Chairman. The matter before us didn't
4 just happen yesterday. It has been here for
5 years.

6 And those who represent the energy that
7 delivers or manufactures the power, those who are
8 employed within that facility, and those, the rest
9 of the society that pay the bill have been talking
10 on and on and, for some reason, we haven't
11 listened.

12 I dare say that when this type of
13 format is concluded, that what we have listened to
14 and what we believe is our best pursuit we had
15 better take in a hurry. The matter continues to
16 worsen.

17 I don't believe we will ever be able to
18 recognize a pricing structure of what had been
19 automatic (phonetic) and commonly used here some
20 years ago. But it won't only be the Legislature
21 that has to provide the input and the pursuit.
22 It'll be those of you who we listened to, who we
23 believe have the answers.

24 And so let me say thank you as well to
25 our Chairman because we have a very, very heavy

1 obligation. As they say at the Olympics, Let's
2 get on our marks.

3 Thank you.

4 CHAIRPERSON ADOLPH: Thank you,
5 Mr. Chairman.

6 I'd like to acknowledge the presence of
7 Representatives McIlhinney, Hutchinson, Surra, and
8 Yudichak. Today our first presenter will be
9 Mr. Sonny Popowsky. Sonny, as you all know, is
10 our State Consumer Advocate.

11 Good morning, Sonny. Nice to see you
12 again.

13 MR. POPOWSKY: Good morning, Chairman
14 Adolph, Chairman George, members of the Committee.
15 I am the Consumer Advocate in Pennsylvania. I've
16 been Consumer Advocate since 1990 and I've worked
17 with the Office of Consumer Advocate since 1979.

18 And first I'd really like to commend
19 you, Chairman Adolph and Chairman George and the
20 members of this Committee, for this really
21 unprecedented set of hearings that have been held.
22 Highly informative.

23 And I think it's a tribute to this
24 Committee, the attendance and the amount of work
25 which you and your staff have done on this vital

1 issue. And it's an honor to appear here today at
2 this hearing.

3 In the first part of my prepared
4 written remarks, I reviewed some of the history
5 concerning Pennsylvania's energy utility structure
6 and how that history has lead us to the situation
7 in which we find ourselves today.

8 For purposes of my oral remarks here
9 today though, I'd like to focus on where we go
10 from here and, most specifically, what can we
11 expect to happen to Pennsylvania consumers when
12 our rate caps expire.

13 What can we do to ensure that all
14 Pennsylvanians have safe, reliable, and affordable
15 electric and natural gas service in the future?
16 Let me first address electricity.

17 As I'm sure you're aware, most
18 Pennsylvanians are still living under the
19 protection of long-term retail electricity rate
20 caps and, as such, they have not had to deal with
21 the consequences of increased wholesale
22 electricity prices that have affected many of our
23 neighboring states.

24 In fact, in the case of Duquesne Light
25 Company, whose rate cap expired in 2002,

1 residential electricity prices are actually lower
2 today than they were prior to restructuring in
3 1996.

4 That's because the cost of wholesale
5 generation contracts that were entered into by
6 Duquesne and passed on to residential customers,
7 those costs are still less than the total cost of
8 generation that had been included in Duquesne's
9 regulated rates prior to restructuring.

10 Under a proposed settlement that was
11 entered by my office and Duquesne, rates for
12 residential customers would have remained capped
13 at levels below the 1996 rates through 2010.

14 Unfortunately, that proposed settlement
15 was rejected by the PUC based on what I believe
16 was the mistaken interpretation that the
17 settlement was inconsistent with the statutory
18 requirement that post-rate cap rates reflect
19 prevailing marketplaces.

20 In the absence of that settlement, I'm
21 concerned that Duquesne customers may face
22 significantly higher generation prices between
23 2008 and 2010.

24 Now, of even greater immediate concern,
25 as mentioned by Chairman Adolph in his

1 introductory remarks, is the experience of
2 customers at the tiny Pike County Light and Power
3 Company in the Milford and Matamoras areas of Pike
4 County, Pennsylvania.

5 After Pike County's initial rate cap
6 expired, they reached a settlement with the
7 company to extend price protections through 2005.
8 When that settlement was due to expire and the
9 company went to market to obtain power for
10 customers starting on January 1, 2006, their 4200
11 Customers were shocked to find out that the
12 generation portion of their rates had increased by
13 a hundred and twenty-nine percent, from 6.3 cents
14 per kilowatt hour to 14.4 cents.

15 And as Chairman Adolph mentioned, a
16 customer using 700 kilowatt hours per month saw
17 their monthly bill increase from 75.50 to a
18 hundred and thirty-two. Now, the impact on Pike
19 County's local economy has been devastating.

20 Now, in response to the Pike County
21 fiasco, the PUC has now opened an investigation
22 into the company's energy procurement process and
23 is looking into a number of potential remedies.

24 Now, Pike is unique in that it is an
25 affiliate of a New York utility that obtains its

1 power through the highly volatile, high-cost, New
2 York wholesale spot market rather than from the
3 PJM market that serves most of the rest of
4 Pennsylvania.

5 The Pike County wholesale market also
6 was conducted at the worst possible time, in late
7 October 2005, when wholesale natural gas prices
8 and electric prices were soaring in response to
9 the hurricanes in the Gulf Coast.

10 My office intends to work with the Pike
11 County commissioners, Senator Lemmond,
12 Representative Birmelin and others who are trying
13 to rectify this situation; but it's important for
14 this Committee to know what happened in Pike
15 County and to consider how we can prevent that
16 from occurring in other parts of the Commonwealth.

17 Now, in this context, I want to know
18 what happened to our neighbors to the south,
19 DelMarva Power and Light Company. They've just
20 announced that the rates for their residential
21 customers in Delaware will increase by 59 percent
22 on May 1st.

23 Now, that's disturbing, because unlike
24 Pike County Light and Power, DelMarva is a
25 longstanding member of the PJM interconnection.

1 Now, the reason for their announced increase is
2 that the bids that the company received in their
3 wholesale supply auction were much higher than
4 expected.

5 Also, just last week it was announced
6 that the wholesale price of power obtained by New
7 Jersey's PJM utilities through their basic
8 generation service auction had increased by 55
9 percent to an average of 10.45 cents per kilowatt
10 hour.

11 Now, the impact on retail
12 customers -- that was the increase in the
13 wholesale prices. The impact on the retail
14 customers will be moderated to an increase of
15 about 12 to 14 percent because New Jersey, and I
16 think wisely, has decided to purchase only
17 one-third of their power each year and spread the
18 cost out over a period of years.

19 Now, as shown on the chart on page 8 of
20 my prepared testimony, wholesale prices within our
21 region of PJM have been increasing significantly
22 due in large part to the radical increases we've
23 seen in the cost of natural gas and other fossil
24 fuels that are used to power many of our
25 generating plants.

1 Now, the recent spike in natural gas
2 prices has been particularly harmful given the
3 fact that most of the new power plants that have
4 been built in our region in the last several years
5 are fueled with natural gas.

6 While the overall percentage of power
7 in PJM that comes from natural gas is still
8 relatively low, the impact of these plants on the
9 PJM prices is magnified because of the single
10 market clearing price methodology used in PJM and
11 in most other competitive markets.

12 What that means -- and I think it's
13 important for you to understand that what that
14 means is the highest cost unit that's operated on
15 the system in any given hour establishes the
16 market price that is paid to every unit that bids
17 into the market at that hour.

18 So what that means is when the price of
19 natural gas goes up, the price -- and natural gas
20 is utilized in PJM, all of the prices in PJM go
21 up. And that's why you see those sharp increases.

22 Now, one recommendation that my office
23 has made to the PUC and which I would make to this
24 Committee on a legislative basis, if necessary, is
25 that the Commission should not establish default

1 generation prices for our electric utilities on
2 the basis of spot or long-term wholesale prices,
3 nor should our utilities bid out their entire load
4 at a single point in time.

5 Rather, we have argued that utilities
6 should acquire a portfolio of resources over a
7 period of time in the competitive wholesale
8 market, and that portfolio should include both
9 short-term and long-term contracts.

10 The use of long-term contracts might be
11 particularly appropriate and necessary to support
12 the construction of renewable and advanced energy
13 resources as embodied in the General Assembly's
14 Alternative Energy Portfolio Standards
15 Legislation.

16 Now, in my view, the Electric
17 Restructuring law does not require that our
18 utility default suppliers purchase all of their
19 power in the short-term market or that they offer
20 volatile, expensive default service as a way of
21 forcing residential customers to enter the
22 competitive retail market.

23 I believe the goal of electric
24 restructuring in Pennsylvania was to make
25 consumers better off, not to make them worse off

1 in order to force them to seek a competitive
2 alternative that may or may not be available to
3 serve them.

4 To the extent that competitive market
5 can put together a more attractive service, either
6 because it's cheaper or greener or more responsive
7 to a particular customer's needs, that is all the
8 better.

9 But I believe that basic default
10 service provided by our utilities, particularly
11 for residential customers, should be reliable,
12 stable, and reasonably priced.

13 Now, as our initial experience in the
14 Duquesne service territory demonstrated, the end
15 of retail generation rate caps does not have to be
16 a disaster for Pennsylvania customers if wholesale
17 markets are producing reasonable competitive
18 prices.

19 There are two critical developments
20 that must occur I believe between now and 2010 in
21 order for our customers to be protected from
22 potentially significant rate increases at the time
23 that most of our rate caps expire.

24 One is that Pennsylvania must have a
25 reasonable retail default service system in place

1 to ensure that consumers have a reliable, stable,
2 and reasonably priced alternative that they can
3 count on, even if they cannot or choose not to
4 shop for retail electric service.

5 Second, we must have a robust,
6 competitive PJM wholesale market that is not
7 overly dependent on natural gas or any single fuel
8 that can drive wholesale market clearing prices to
9 unreasonable levels.

10 Now, with respect to reasonable default
11 service, that matter is currently pending before
12 the PUC. And our office has taken the approach
13 that our utility should be permitted to enter the
14 market on a face basis and purchase power through
15 a portfolio of resources that includes short-term
16 and long-term contracts and includes renewable
17 resources and demand side resources so that they
18 can provide default service at reasonable prices.

19 As to the second component which I
20 mentioned, is a stronger wholesale market.
21 Neither the PUC nor the General Assembly has any
22 direct authority over the PJM or the operation of
23 our wholesale markets.

24 On the other hand, I believe that
25 Pennsylvania already has begun to take appropriate

1 steps to diversify our resources through the
2 passage of the Alternative Energy Portfolio
3 Standards legislation.

4 The PUC also has reopened consideration
5 of its default service regulations in order to
6 facilitate the development of such resources in
7 Pennsylvania. I also think that Governor
8 Rendell's Edge Initiative to promote coal
9 gasification is also consistent with that goal.

10 Now, those steps are also important to
11 address problems in the retail market for natural
12 gas. Because the primary reason, I believe, for
13 our -- or one of the primary reasons other than
14 the hurricanes, of course, for the increases in
15 natural gas that we've seen is our dependence on
16 natural gas not just for home heating and
17 industrial purposes, but our overdependence now
18 for natural gas in order to run our electric
19 utility plants.

20 And even prior to the hurricanes, as
21 shown on the chart on page 12 of my testimony,
22 even prior to the hurricanes, the wholesale price
23 of natural gas had increased from \$3.33 cents in
24 2002 to \$8.61 cents in the summer of 2005.

25 The key again, I think, is to reduce

1 our overreliance on natural gas to fuel electric
2 power plants. If we can do that, it will reduce
3 the demand pressures that have increased the price
4 of natural gas for home heating and electricity
5 and other purposes as well.

6 Finally, in my written remarks I
7 address the importance of energy efficiency and
8 demand side response in order to benefit
9 consumers. There's no question that the cheapest
10 kilowatt hour of electricity, or MCF of natural
11 gas, is the one that isn't used.

12 I would certainly continue to support
13 legislative initiatives by members of this
14 Committee for measures such as sales tax
15 exemptions and rebates for energy saving
16 appliances, tax credits for investments in
17 alternative energy projects, and other incentives
18 that can help reduce the cost to consumers of
19 making a energy decision that benefit not only the
20 individual consumer, but the entire Commonwealth.

21 In conclusion, I'd like to thank the
22 Committee again for holding this informative set
23 of hearings and for permitting me to share my
24 thoughts on behalf of Pennsylvania Utility
25 Consumers.

1 I look forward to continuing to work
2 with you and other members of the General Assembly
3 in developing a reliable, economical, and
4 affordable energy policy for the future of
5 Pennsylvania. Thank you.

6 CHAIRPERSON ADOLPH: Thank you, Sonny.

7 Before we get into questions and
8 answers, we're going to have all three presenters
9 make your presentations because many members have
10 other meetings they need to attend. I'd like to
11 acknowledge the presence of Representative Wansacz
12 and McGeehan, Rubley, and Pyle.

13 Our next presenter I'd like to call at
14 this time is Liz Robinson. Liz is the Executive
15 Director of the Energy Coordinating Agency of
16 Philadelphia.

17 The Energy Coordinating Agency provides
18 a number of energy-related services, especially to
19 low and moderate income residents in and around
20 the City of Philadelphia.

21 Good morning, Liz, and happy
22 Valentine's Day.

23 MS. ROBINSON: Happy Valentine's Day.

24 Good morning.

25 Thank you very much for holding these

1 hearings and for inviting me to speak this
2 morning. Sonny's graciously distributing -- this
3 is our annual report and I'm going to refer to
4 this in my testimony.

5 I'm Liz Robinson. I direct the Energy
6 Coordinating Agency of Philadelphia. ECA is a
7 nonprofit corporation whose mission is to address
8 the energy problems of low and moderate income
9 households.

10 As you might imagine, our mission has
11 become increasingly challenging as home heating
12 prices have more than doubled in the last several
13 years and are still on the rise.

14 When ECA turned 20 last year, we
15 published our anniversary version of our annual
16 report which I've included here because in many
17 ways it summarizes my testimony today.

18 In this report, we look back to 1984
19 when ECA began and we project forward 20 years to
20 2024 in an effort to understand the challenges we
21 face in trying to meet the energy needs of low and
22 moderate income households.

23 As you know, it's very difficult to
24 predict the cost of energy; however, we found one
25 highly credible source, Matthew Simmons, an energy

1 investment banker and founder of the Association
2 for the Study of Peak Oil, whose work is
3 universally held in high regard.

4 Mat Simmons predicts that the price of
5 fossil fuels will rise at the rate of 6 to 10
6 percent per year for the next 20 years. We took
7 the most conservative of these numbers, 6 percent
8 per year, and plotted it out over the next 20
9 years. So in this graph that's essentially what
10 you see, the rate will rise at 6 percent per year.

11 If the cost of energy increases at 6
12 percent per year, by 2024 it will cost the average
13 low-income household in Philadelphia almost \$8,000
14 to meet their energy needs.

15 Unless Pennsylvanians reduce their
16 consumption this winter, because of recent price
17 increases in the price of natural gas and heating
18 oil, we will see over a hundred million dollars
19 leave the state to pay for those increases.

20 The rising cost of energy is already
21 affecting a much larger percentage of the
22 population than just the low-income sector. The
23 middle class is also feeling the squeeze and
24 businesses of all shapes and sizes are hurting.

25 The failure rate of home mortgages is

1 expected to rise in direct response to rising
2 energy costs. A growing number of economists are
3 now blaming rising energy prices for the recent
4 economic slowdown.

5 Thanks to the efforts of the
6 Legislature and the Administration in Pennsylvania
7 and unusually warm weather, we have averted what
8 could have been a genuine crisis in Pennsylvania
9 this winter by increasing funding for LIHEAP and
10 increasing and easing the utility's reconnections
11 requirements. That's ensuring that most
12 households have utility service through this
13 winter.

14 But, while we've dodged the bullet this
15 winter, we've not yet begun to solve the long-term
16 problem. The current allocation of energy
17 assistance resources in the State of Pennsylvania
18 shows that we're currently spending in this state
19 over \$454 million a year.

20 Fully 90 percent of those resources go
21 to treat the symptoms of this problem: High
22 bills. And only 11 percent are being used in ways
23 that can actually reduce the size of the problem:
24 That's investment in conservation.

25 How should Pennsylvania now respond?

1 It's clear that as a society we cannot afford to
2 subsidize our way out of this situation. There
3 simply is not enough money to span the
4 affordability gap with cash. In fact, the longer
5 we try to do so, the more time and money we will
6 waste.

7 It's essential to develop public policy
8 and programs which can reduce the size of the
9 problem rather than throwing cash at an
10 ever-widening gap.

11 Energy conservation is the best
12 solution. By reducing energy consumption for low
13 and moderate income households, you solve both the
14 immediate and the long-term problem. Conservation
15 is the cheapest and cleanest form of energy.

16 Conservation does a number of other
17 important things: Conservation immediately and
18 permanently reduces the amount of money required
19 to meet energy needs. Conservation reduces the
20 upward pressure on prices by backing off demand.

21 The American Council for an Energy
22 Efficient Economy, ACEEE, estimates that if we
23 reduce energy consumption by just 5 percent we can
24 lower prices by 20 percent.

25 Conservation contributes to the local

1 economy roughly eight times the equivalent
2 investment in the purchase of natural gas or fuel
3 oil. Conservation creates local jobs and
4 businesses rather than exporting local earnings to
5 purchase foreign oil.

6 If all households statewide would
7 reduce their energy consumption by 10 percent this
8 winter, it would produce an investment of over
9 \$572 million in Pennsylvania's economy this year
10 and every year.

11 Conservation cleans our air by reducing
12 emissions of CO2, SOX and NOX and other pollutants
13 that contribute to global warming. It's extremely
14 important that we all understand that this problem
15 is not a short-term crisis.

16 High and rising energy prices are now
17 causing a fundamental change in our economy. New
18 resources must be allocated to conservation and
19 efficiency in order to reduce the size of the
20 problem. We have to stop trying to solve this
21 problem with Band-aids when the patient is
22 beginning to hemorrhage.

23 Our recommendations, some of these are
24 taken and consistent with a recent study
25 commissioned by the U.S. Department of Energy,

1 which finds that the world's experts agree that
2 peak oil will occur within the next ten to fifteen
3 years. Many experts believe it's already
4 occurring as we speak.

5 This paper commissioned by DOE finds
6 that the disruption and damage to the U.S. and
7 world economy that will occur from peak oil can
8 only be mitigated by taking a series of actions
9 well in advance, preferably 20 years prior to the
10 peak.

11 The study points out, and I quote, The
12 world has never confronted a problem like this.
13 And the failure to act on a timely basis could
14 have debilitating impacts on the world economy.

15 The authors looked to the energy crisis
16 of the late '70s for lessons learned by
17 appropriate and inappropriate governmental
18 responses and conclude that appropriate actions
19 taken in the '70s included CAFE standards, the 55
20 mile per hour speed limit, reorganization of the
21 Federal energy bureaucracy, energy efficiency
22 standards, and building codes.

23 This would imply that the following
24 recommendations, if implemented on a timely basis,
25 could help mitigate the energy crisis in

1 Pennsylvania:

2 First, to develop a plan for a
3 sustainable energy future for Pennsylvania, one
4 which can reduce our dependence on foreign oil
5 while simultaneously reducing our contribution to
6 global warming.

7 This plan should lay out a detailed
8 road map to increase efficiency for all sectors
9 and all customer classes: Residential,
10 commercial, and industrial.

11 Second, increase energy efficiency for
12 all new, affordable housing. All affordable
13 housing in Pennsylvania should meet or exceed
14 Energy Star Homes standards.

15 Third, an energy efficient mortgage
16 program. Conditions in the housing market are
17 nearly perfect to increase the energy efficiency
18 of both new and existing homes.

19 The Commonwealth should underwrite an
20 energy efficient mortgage allowing a new or
21 existing home to qualify for a lower interest rate
22 if it meets certain energy efficiency standards.

23 Fourth, require all new construction
24 programs which have public funding to increase
25 their energy efficiency levels to Energy Star or

1 higher. This would include all state buildings,
2 schools, and many hospitals, etc.

3 Fifth, increase funding for
4 conservation for low-income customers. The most
5 cost-effective conservation programs and those
6 with deepest savings need to be funded at higher
7 levels. It's critically important to evaluate
8 programs on an ongoing basis to ensure that
9 they're delivering as much savings as possible.

10 Currently, the federally funded
11 Weatherization Assistance Program is the most
12 valuable low-income energy conservation program in
13 Pennsylvania. Funding for this program should be
14 doubled next year.

15 The utilities should also expand their
16 low income usage reduction programs. Under the
17 State's Advanced Energy Portfolio Standard,
18 utilities can earn renewable energy credits for
19 this program and other conservation initiatives as
20 a Tier 2 resource.

21 Many of the utility funded LIURP
22 programs are underperforming. The Pennsylvania
23 Public Utility Commission needs to exercise more
24 oversight on the LIURP program to ensure the
25 ratepayers are getting the best possible return on

1 their investment.

2 The State should also consider using
3 bond funds to create a revolving loan to launch a
4 statewide energy conservation program for
5 commercial customers, including small businesses
6 and nonprofits statewide.

7 This concludes my remarks and, again,
8 thank you very much.

9 CHAIRPERSON ADOLPH: Thank you, Liz.
10 Just for your own information, Liz, members come
11 and go all during the hearings because of their
12 scheduled committee meetings. Don't take that
13 personal. The other two have testified before us
14 before and that's -- way people come and go in
15 these meetings.

16 Our next and last testifier this
17 morning is Mr. Mike Love. Mike is the president
18 of the Energy Association of Pennsylvania
19 representing the Commonwealth Electric and Natural
20 Gas Distribution Company. Good morning, Mike.

21 MR. LOVE: Good morning,
22 Representative. Chairman Adolph, Chairman George,
23 first of all, let me thank you so much for the
24 opportunity and all the members for this unique
25 opportunity to address what I think you folks have

1 appropriately indicated is a huge, huge problem.

2 And it's nice to be able to listen to
3 both of you and also listen to my two colleagues
4 that are on this panel and realize how much we
5 have in common and how much we agree on.

6 And, yes, we have some issues. And I'm
7 gonna try to squeeze in a bunch of responses to
8 some of the questions that I think you may have.
9 But I think we need to step back always, because
10 this is going to be a battle.

11 And the state that manages its energy
12 future the best will be the ultimate winner in the
13 marketplace. And I think we all have to recognize
14 that, that we all have a stake in this. And it is
15 a long-term problem, as my colleagues have said
16 and as both of you have said.

17 However, I think that one of the things
18 that I've learned in life is that we sometimes
19 fail to recognize when we do some things right and
20 we don't congratulate ourselves enough when we do
21 those things right.

22 And I would like to congratulate this
23 Committee, the members of this Committee, Chairman
24 George for his leadership on passing and getting
25 into place our first state supplemental LIHEAP.

1 That was an incredible accomplishment and is going
2 to, when disbursed later on this month, mean the
3 difference for a lot of people.

4 I agree with what Liz said, that we're
5 not going to be able to just throw money at this
6 problem, because the problem is more severe; but
7 by the same token, we cannot forget the
8 accomplishments that you all made happen.

9 And I know Sonny and Liz were very
10 instrumental in that, and I just want to say thank
11 you and congratulations on that accomplishment.

12 I'm not going to read my testimony. I
13 offer it for what it's worth. But I do want to
14 talk about five specific issues. The first issue
15 I want to take you to is supply in terms of
16 natural gas and some issues that Steve Rhodes
17 brought up the last time you held one of these
18 meetings.

19 And we can feel good that Pennsylvania
20 right now, of all the 50 states, ranks third in
21 the number of new wells that are being drilled.
22 So that's good news. That means the marketplace
23 is out there, as you would expect. These high
24 prices are driving people to drill.

25 And while we're still missing

1 opportunities on some of our public land to drill
2 and we're missing opportunities as he indicated in
3 Lake Erie and we're missing opportunities with the
4 Trent River Basin, both of those, if used by
5 Pennsylvania, could cause a significant change in
6 the price of natural gas in this state.

7 And as we learned with the hurricanes
8 this past fall, having a reliance on a particular
9 region is not good and the ability to increase our
10 reliance on our own domestic supplies would be
11 better.

12 I mean, Canada's been drilling in Lake
13 Erie for a hundred years -- my knowledge of the
14 Canadians suggests that they are not people that
15 treat the environment lightly -- and the Trent
16 River Basin, which we seem to agonizingly go along
17 trying to put together some sort of contract that
18 protects all interests; meanwhile, the price of
19 natural gas has gone through the roof.

20 These are things that we can change.
21 These are policies that we can change. And I
22 would urge that we hold DCNR and others to a
23 standard that says, Your job is to get gas out as
24 soon as possible and into the market places.

25 Because we could do marvelous things

1 with such gas. The royalties alone for the State
2 would be wonderful. They could be used to help
3 the poor, to help the needy, the gas itself would
4 be marked low and sold only to those with true
5 economic challenges. So there are many things
6 that we can do.

7 Now, they talked about -- when
8 Mr. Rhodes was here, he talked about individual
9 wells and not being able to get it to market. And
10 fortunately or unfortunately, the topography being
11 what it is, there are wells in this state that are
12 not getting to market. And so the question
13 becomes, How do we get it to market?

14 The gathering lines that would be
15 needed to do that is usually not the job of a gas
16 distribution company. Mr. Rhodes seemed to be
17 suggesting that that would be something that he
18 would think we should be doing.

19 And if that's what this Committee and
20 the Legislature thinks, then it strikes me that by
21 having that gas be reduced in price to something
22 below market and having that differential be used
23 to cover the cost of the gathering lines to the
24 distribution companies might be one way that the
25 drillers could get the price -- or a better price

1 than what they're getting now, which is nothing.
2 The State would get royalties and we would be
3 compensated for the risk that was being taken.

4 I'm just trying to be responsive to
5 Mr. Rhode's comments.

6 We are going to have to at some point
7 in time in this country deal with infrastructure
8 issues, which is the second area that I want to go
9 to.

10 And I don't think it would surprise any
11 person on this Committee from what I know of the
12 members here that we know we have infrastructure
13 problem on bridges, we know we have infrastructure
14 problems on roads, we have infrastructure problems
15 with water facilities and sewer facilities, and we
16 will have in the not too distant future have
17 infrastructure issues associated with electric and
18 gas.

19 Sixty-six thousand miles of natural gas
20 pipeline has been in service for decades. Many of
21 it is cast iron, bare steel that we know the
22 Federal Government's going to ask us to replace.

23 Now, I just wanted -- for those of you
24 that visited Philadelphia, I want you to think
25 about this one: There are 1800 miles of cast iron

1 and bare steel pipe in Philadelphia. I cannot
2 imagine Philadelphia going through a disruption of
3 18 miles, let alone 1800 miles.

4 So that's what we're talking about when
5 we start getting into infrastructure issues.

6 Also in the electric side of the aisle,
7 30, 40 years ago with a 30- or 40-year life is
8 when we started putting lines underground and many
9 of the lines were run in this state.

10 Looking around, I realize most of you
11 weren't around then; but I will tell you that it
12 was the idea that they'd be replaced in and around
13 this time period. And that is an infrastructure
14 issue that we're going to have to address.

15 And when I tried to address this
16 before, we maybe have not done a good job. And my
17 colleague, Sonny, rightfully says there are issues
18 that should receive the input of regulators and
19 consumer advocates.

20 But I think we have to come up with
21 some situation where between rate cases with the
22 Consumer Advocate and the regulator's input and
23 only when facilities are actually built and up and
24 running and serving the public that we find some
25 way to adjust the rates.

1 Because when you're talking about this
2 type of infrastructure, this has to be phased in I
3 think over time. The -- another issue I guess
4 that I wanted to address with you is market forces
5 are what market forces are.

6 But we as a state and as a country need
7 to find a way to assist people who are facing
8 economic challenges to be able to pay their energy
9 bills.

10 And while I congratulated and tried to
11 appropriately acknowledge the efforts that you all
12 had done this year, I think even its most ardent
13 sponsors, which I would like to include as myself
14 as well, would say that we've made a step but we
15 have to make a few more.

16 And what we have to do is, as Liz said,
17 I mean, we've been blessed by this winter from
18 that standpoint; but we need to have an ongoing
19 funding program.

20 Now, there are a number of 'em that
21 have been offered and I talk about that. There's
22 House Bill 2216, Senate Bills 12, 5, 67, 970 and
23 1037. All of them seek innovative ways to bring
24 more dollars to address this issue.

25 And on behalf of the electric and gas

1 utilities of the State, I would like to say that I
2 firmly agree that any or all of them would be
3 worthy of passage.

4 In some of the remaining minutes that I
5 have, I want to take you to another area of
6 concern that I have. In my testimony in the back
7 and in this chart that is on the right, I want to
8 bring your attention to an increasing problem
9 that's not only occurring in the U.S., but is
10 actually occurring internationally; and that is
11 the theft of energy.

12 And I'm -- although obviously when you
13 sit here and look at this and see that bank
14 robberies, which often make the news, or robberies
15 of jewelry or other things from homes or auto
16 theft or credit card fraud, it is indeed ironic
17 that we find energy theft right there in the
18 middle in terms of what's going on.

19 And I'll tell you, for people that are
20 in the fire departments, for neighbors, this is a
21 very dangerous situation. As many of you know,
22 many of your voters live in homes that are
23 adjacent to other people's homes.

24 And the situations that we're beginning
25 to discover where people are rerouting things past

1 the meter and rerouting gas to bypass the meter,
2 the amount of electricity that goes into the home
3 if rerouted and touched could kill someone.

4 Natural gas once released has a
5 tendency to crawl, to migrate, to move. And I
6 worry about the magnitude of theft that my members
7 are reporting to me and the cases that are going
8 on.

9 I'm understanding down in Philadelphia
10 that the gas company there may be facing 6 to
11 10,000 thefts of service. And, sure, it's a loss
12 of revenue. Sure it's stealing, it's bad, and
13 there's problems. But there also is a very
14 serious danger that's being foisted on the public
15 maybe unknowingly.

16 Because once you reroute electricity or
17 natural gas, you are attempting to harm other
18 individuals. This is not a victimless crime. It
19 is something that is very serious and is growing
20 more serious as time goes on.

21 In my testimony I talk about some
22 measures that I'd like to see addressed. Because,
23 in this state, we make theft of utility service,
24 theft of energy service a crime.

25 There are some problems in

1 implementation. Certain provisions that were
2 provided only to telephone companies, not to
3 companies like electric and gas providers.

4 But I want to leave you with the fact
5 that you may feel that this may be poor people
6 that are stealing. And I wish that were true,
7 because at least I could give it some sort of
8 altruistic bent. But it's not the case.

9 We have a lot of people that are in
10 wealthy neighborhoods, medium income neighborhoods
11 choosing to believe people that go around and
12 pretend that we can alter the energy crisis by
13 rerouting energy.

14 And when you start to reroute energy,
15 let me just have you think about this situation:
16 When a fireperson comes to a fire, the first thing
17 they want to do is turn off the electricity, which
18 they usually turn off going to the meter.

19 If, however, the electricity has been
20 rerouted beyond the meter, turning off the
21 electricity to the meter doesn't do any good. And
22 that's where there can be a very serious problem
23 with contact by one of our brave fire personnel.
24 And that is a problem, and it's a growing problem.

25 So those are some of the issues that I

1 brought. We could have a separate discussion
2 about Pike County and other things, if you want to
3 get into that. There's just so many issues that
4 are associated with this problem, which is why you
5 all are having these hearings.

6 Thank you for the opportunity.

7 CHAIRPERSON ADOLPH: Thank you,
8 Michael. I want to thank all three presenters for
9 their testimony this morning.

10 We do have some questions; but before
11 we do that, I'd like to acknowledge the presence
12 of Commissioner Bill Shane of the PUC, who has
13 been following our series of meetings. I also
14 acknowledge the presence of Representative Kate
15 Harper.

16 And the Chairman has a meeting that I
17 have to attend over at Labor and Industry, so I
18 voluntarily give the gavel to my colleague,
19 Chairman George, to finish the meeting. We do
20 have some representatives that have questions.

21 And as I mentioned, Bud, I'm
22 voluntarily giving you this gavel. So hopefully
23 one day I cannot involuntarily give you this
24 gavel. So I hope everyone has a nice Valentine's
25 Day, and the Chairman has to leave.

1 REPRESENTATIVE GEORGE: I thank the
2 gentleman for his courtesy. Maybe we'll do better
3 next election.

4 The first presenter or inquiry from the
5 gentleman, Mr. Stevenson.

6 REPRESENTATIVE STEVENSON: Thank you,
7 Mr. Chairman. Good morning all, and thanks very
8 much for your testimony today.

9 My question is for Mr. Love. I
10 certainly agree with Ms. Robinson with regard to
11 the fact that it's conservation. I think we all
12 do. But just from my observation, I think most
13 people are slow to pick up on that. We need to
14 continue encouraging that.

15 But as a country and the state as a
16 whole, we continue to use increasing amounts of
17 energy wherever we go. So I'm very interested in
18 your testimony -- about finding additional sources
19 of energy while at the same time encouraging
20 people to conserve.

21 In that light, you talk about drilling
22 Lake Erie and State lands, and I certainly am a
23 proponent of that myself. I think we have
24 reserves here in our own state that we can take
25 advantage of and help our energy crisis.

1 But my question is -- I think you said
2 that, by doing that, we could keep that energy or
3 the benefits of that energy within Pennsylvania.
4 And how do we do that precisely? These energy
5 companies are often multistate companies and the
6 energy itself is very hard to track where it goes
7 and so forth.

8 How do we keep the benefits here at
9 home --

10 MR. LOVE: Certainly, as you say,
11 Representative, the gas is an international
12 commodity and trades in the marketplace. However,
13 what I was suggesting is, is that we've been
14 belaboring the drilling for the Trent River Basin
15 now for the better part of four or five years and
16 we still have no contract out there.

17 Now, why I think that's a problem and
18 how I think we can keep it within the state is
19 there'll be royalties to the State that come from
20 that contract. There will be conditions that are
21 on that contract because of environmental
22 considerations or whatever.

23 Certainly one of the conditions that
24 could be placed there is that this gas be offered
25 at a certain fixed amount or at a certain

1 percentage or at a certain part of market price to
2 residents of Pennsylvania.

3 And, again, we all have to put our
4 heads together and try to come up with creative
5 solutions. But what I become concerned at is that
6 we have been looking at that particular issue now
7 for four or five years. States to the north and
8 south of us, notably New York and West Virginia,
9 are already moving forward.

10 So, yes, you're right when you say gas
11 gets in the national or sometimes international
12 markets. That's true. I'm just simply saying
13 that I think we could be a little bit more
14 innovative in the conditions we put on that
15 contract for the state and giving it first chance
16 to local gas distribution companies and the like.

17 REPRESENTATIVE STEVENSON: I think
18 that's a very interesting concept and I'd be
19 interested in pursuing that further.

20 Thank you very much and thank you,
21 Mr. Chairman.

22 CHAIRPERSON GEORGE: Representative
23 Rubley.

24 REPRESENTATIVE RUBLEY: Thank you,
25 Mr. Chairman, and thank you all for appearing this

1 morning. And Liz, it's nice to see you again. We
2 have appeared together on panels on this very
3 topic in the past.

4 I have a question for Mr. Love. I
5 found it pretty astounding to hear about the
6 situation with energy theft. I didn't realize it
7 was as significant as it is. And what can a
8 community like Philadelphia do to stop this from
9 occurring?

10 I mean, from what I'm hearing, they
11 almost have to go out to each house to investigate
12 whether they're bypassing the meter. Or is it
13 being done on a larger level that it would be
14 easier to clamp down on this?

15 MR. LOVE: First of all, the electric
16 and gas providers in Philadelphia as well as
17 elsewhere are making it an increasing priority,
18 because their people do go to the houses every
19 month to read the meters and many times they find
20 these situations themselves.

21 Are there things that communities could
22 do? Yes. Many times we find people that
23 won't -- in older homes, for example, in
24 Philadelphia and Pittsburgh, people will not allow
25 the utility companies into the houses because the

1 meters then are -- old meters are inside the
2 houses.

3 Usually that indicates that something
4 suspicious may well be going on. And that should
5 be a red flag and we may need to pass certain
6 provisions from a fire safety and other standpoint
7 to stop people from unduly not permitting us to go
8 into the home to check the meter.

9 We find it mostly in older homes in
10 those cities that meters are inside. Most other
11 municipalities in other cities have their meters
12 outside, but in some of our older communities, as
13 I suggested.

14 I think the other thing we have to do
15 is increase the penalties. As I put in my
16 testimony, I think it is essential that
17 restitution be ordered for those that do theft of
18 service. Because right now it's being sold as any
19 come-on would be sold.

20 And many times people are just simply
21 putting a dimmer switch so that they reduce the
22 amount of energy coming into a meter. And they
23 think they're saving money; but in reality,
24 they're threatening not only themselves, but the
25 people that live adjacent to them and any fire

1 people that come.

2 So, again, I think it has to be
3 increased penalties in terms of restitution and
4 other vehicles. And that's how I think you could
5 do it.

6 REPRESENTATIVE RUBLEY: Thank you. And
7 I think this is something that as a committee we
8 should explore further.

9 Thank you, Mr. Chairman.

10 CHAIRPERSON GEORGE: The lady has
11 concluded. I thank the lady.

12 The gentleman, Mr. Ross.

13 REPRESENTATIVE ROSS: Thank you,
14 Mr. Chairman. I'm astounded at the testimony
15 today. Particularly sobering and worthy of some
16 serious consideration by this Committee and the
17 Legislature as a whole.

18 Clearly, when we were working on the
19 Alternative Energy Portfolio Standard we were
20 thinking long-term, you know, with how can we over
21 a long period of time phase in alternative power
22 sources in a way that's not going to drive
23 electric bills up for the retail customers.

24 And we have, due to outside
25 circumstances in some cases now, a situation which

1 we've seen in Pike County and now in DelMarva
2 where we have the possibility of some serious
3 short-term dislocation which is going to do some
4 damage to the business climate here in
5 Pennsylvania if it's not ameliorated or softened
6 somewhat.

7 And I appreciate Mr. Popowsky and
8 Ms. Robinson in particular, your comments about
9 how we might be able to mitigate that. Mr. Love,
10 obviously you're talking about somewhat more in
11 sort of the longer term rates and ways that we
12 might go at this.

13 But I was wondering if the three of you
14 might be able to comment based on some of the
15 suggestions that have been made here today about
16 kinds of time frames that we might need to be
17 looking at to consider some means of intervention
18 or temporary steps to soften this transition as
19 rate caps come along?

20 Ms. Robinson, you were talking about
21 some conservation methods. And, obviously, some
22 of them can be implemented fairly quickly; but
23 some of them will take time.

24 And again, Mr. Popowsky, you were
25 talking about the idea of averaging out some of

1 the prices instead of perhaps allowing the market
2 clearing price to rule with the highest price
3 that's the last bid, essentially, for the last
4 piece of power being the driving factor, which
5 tends to exaggerate these problems rather than
6 really perhaps being completely fair and
7 recognizing that the underlying majority of power
8 is being delivered.

9 And perhaps -- will wind up sorting
10 this out for us. I don't know. But we may well
11 need to provide some additional assistance to them
12 in terms of some additional tools to help us
13 through this period of time as the price caps are
14 coming along.

15 And I was wondering -- and it may be
16 too complicated a question to respond to here in
17 this hearing; but I think we at least -- we can
18 begin to discuss that whole question of the kinds
19 of steps and how they're going to fit together and
20 how long we're going to need in order to soften
21 this transitional period.

22 Does anyone want to play with that or
23 give me any reactions that you'd like to do?

24 MR. POPOWSKY: I'll start, if it's
25 okay.

1 Yeah, that is the \$64,000 question I
2 guess as we approach, particularly as we approach
3 2010, which sort of arbitrarily is the date for
4 most of our utilities, most of our large electric
5 companies.

6 PP&L, MetEd, Penelec, PECO, and
7 Allegheny Power all have their rate caps going up
8 to about 2010. Duquesne, as I said, theirs ends
9 now in 2008. And some of the smaller companies
10 are already in.

11 I think actually what we've heard here
12 today is a whole menu of options, probably all of
13 which are good ideas, frankly. I think, as both
14 Ms. Robinson and I said, you know, the cheapest
15 and best bang for the buck occurs when the people
16 conserve energy and use energy wisely.

17 And a lot of the programs I think that
18 Ms. Robinson mentioned are not things that require
19 so much the consumer necessarily, you know, to do
20 the right thing; but they require us as a society
21 and as a Commonwealth to do the right things: To
22 have building codes, to have appliance standards,
23 to have tax codes that produce, you know, provide
24 those incentives.

25 And, actually, if you build a building

1 that's an Energy Star building, it's going to use
2 less energy. So do that now rather than have to
3 ask somebody ten years from now to take steps to
4 reduce their energy.

5 I think Mr. Love is correct that, to
6 the extent that we can do it in an environmentally
7 sound manner, there would be a benefit, certainly
8 a benefit to increasing our supply of natural gas
9 and other resources.

10 I think generally we're fortunate that
11 we have a couple years for most of our utilities
12 to work with the Alternative Energy Portfolio
13 Standard, to work with appliance efficiency
14 standards to try to get that marginal price down.

15 And I think that would -- you know, I
16 think, like I said, all these ideas will work
17 toward that same goal.

18 MS. ROBINSON: I would just respond by
19 saying the study that I quoted that was
20 commissioned by the Department of Energy finds
21 that if the steps are taken -- the earlier the
22 steps are taken, the greater the benefit they
23 provide and failing to take action until the
24 crisis is upon you is -- is just certain to result
25 in the greatest amount of damage to the economy.

1 So -- and I think that you have to
2 also, the really important thing for all of us to
3 accept is that with the Federal government facing
4 a serious deficit, there is less money available
5 to take some of these steps. So that will only
6 continue.

7 So we're kind of racing against time to
8 put in place a different set of signals and
9 incentives so that market for conservation and
10 clean alternatives can develop to the point where
11 people really do have equal choices in the
12 marketplace and they know what they're choosing.

13 I think one of the -- you know, one of
14 the things we have to face in this country is that
15 the American consumer knows almost nothing about
16 energy. And that's not a good thing. That's
17 really not a good thing when we are depending upon
18 the market to help move people in the right
19 direction.

20 So the earlier we start and the clearer
21 the signals that we send, the better.

22 REPRESENTATIVE ROSS: Can I just insert
23 one question -- if that's all right,
24 Mr. Chairman?

25 Intelligent action that you can

1 perceive right now that we might be able to take
2 over the next 12 months -- you do that, does that
3 leave you optimistic or still nervous condition?

4 MR. LOVE: I think let's talk about the
5 issues that we have in front of us. Many of the
6 dollars that Liz has in her testimony are programs
7 that electric and gas utilities contribute to in
8 the state.

9 And while those programs were well over
10 a quarter of a billion going into this year,
11 thanks to the encouragement of the PUC and Sonny
12 and others, the utilities stepped up and probably
13 put another 20, \$25 million into programs.

14 As Liz said, many of the program are
15 designed to assist people in paying their bills.
16 There are some programs that we do offer that deal
17 with trying to use (sic) people to use energy more
18 efficiently and to conserve.

19 And certainly the bill that you helped
20 to author, Representative, encourages all of us.
21 And I can report to you that Sonny and I and the
22 PUC have been trying to work as hard as we can to
23 implement that bill as quickly as we can.

24 And I truly believe that the
25 encouragement that's in there for all of us to

1 focus on energy conservation and energy efficiency
2 may be the Star, even though that wasn't the one
3 that got the most attention while the bill was
4 going through.

5 As to the situation in Pike County and
6 DelMarva, as I understand it -- and I have not
7 spent the time that I would feel comfortable in
8 responding. But I understand that in both
9 communities there was the factor of congestion.

10 Congestion occurs when the power cannot
11 move conveniently into the area and there's
12 limited power options and limited corridors. And
13 that's because, again, NIMBY comes into play that
14 we haven't been willing to build transmission
15 lines and other such things to relieve some of
16 that congestion.

17 However, I agree with Sonny that it is
18 something that we have to look at and get some
19 understanding of. And I commend the PUC for
20 immediately launching an investigation.

21 And so we'll find out all the true
22 causes of this. But one of them my guess is gonna
23 be congestion. And that is a problem that we
24 have.

25 And as we diversify, in all honesty,

1 our generation mix and we start having more units
2 around the state, it'll be not too dissimilar from
3 what Mr. Rhodes was talking here about gas lines,
4 that you're going to have a situation where you
5 may have a wonderful coal gasification plant here
6 or an excellent windmill there; but the important
7 thing is going to be getting that energy to the
8 marketplace. And if there's congestion, that's a
9 problem.

10 REPRESENTATIVE ROSS: Thank you.

11 CHAIRPERSON GEORGE: I don't have any
12 questions. I just want to thank you. I believe
13 each and every one of you were on target. I
14 believe what you said, Mr. Popowsky, and we've
15 talked about this for a long time.

16 And we believe that if we hope to get
17 into alternate energies and substitution, then
18 we've got to be involved with the -- of the
19 utilities.

20 And there's this young lady -- I've
21 been here 32 years. And we talked about
22 conservation all over those years, but we just
23 haven't got there. Maybe we will.

24 To you, sir, my colleague, and the
25 Mayor, you were right on the target. I agree with

1 you that the utilities, they don't meet the
2 standards and efficiency because of -- we're lucky
3 to be able to operate, they cost the consumer more
4 money -- and quite possibly becomes an emergency
5 or pandemic. I'm hoping that we can work
6 together.

7 (At which time, the proceedings
8 concluded at 10:00 a.m.)

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1 C E R T I F I C A T E

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