

June 11, 2018

Dear Senator:

**We are writing to ask for your support of our proposed amendments to HB 1782, which will provide consumer protections to the sweeping changes to public utility law in HB 1782.** This bill, as drafted, provides numerous alternative ratemaking opportunities for utilities benefitting the utilities shareholders, without any consumer protections. There are no changes that were made to this bill since it was introduced in the House to incorporate the consumer protections requested repeatedly by multiple consumer stakeholders, all of which continue to oppose HB 1782 in its current form. HB 1782 as written provides a windfall to all utility shareholders at the expense of taxpayers and all utility consumers, both large and small.

On behalf of our clients and members, the Pennsylvania Energy Consumer Alliance (PECA), the Industrial Energy Consumers of Pennsylvania (IECPA) and the Pennsylvania Manufacturers' Association (PMA) ask for your support for our reasonable minimal amendments that provide consumer protections for all consumers including commercial and residential. PECA, IECPA and PMA members use utility services for manufacturing. Collectively, we employ over 500,000 workers in Pennsylvania, and contribute over \$86 Billion in Gross Domestic Product. Our members will be hurt by the effect of this bill.

The Pennsylvania Office of Consumer Advocate (OCA) and Office of Small Business Advocate (OSBA) also argued for amending HB 1782 to add consumer protections. The OCA and OSBA view the enclosed amendments as positive movements towards a balanced approach.

When the Distribution System Improvement Charge (DSIC) legislation was passed in 1996 and expanded in 2012, the legislation included numerous customer protections, such as a revenue cap, a return on equity requirement, audits, reconciliations and a very narrow definition of “eligible plant”. HB 1782 will wholly overhaul PUC regulation in Pennsylvania without even a microscopic reference to consumer protections. This legislation will permit utilities to increase rates as often as they deem necessary for increases in utility plant, increases in expenses and decreases in revenue, without a governor valve from the regulator or your constituents...without a PUC hearing and without public input hearings. The automatic rate changes may be reviewed by PUC staff to ensure the calculations are correct, but will not be analyzed to ensure each cost is prudent and necessary, as happens in the base rate case. HB 1782 imposes a reduced review burden on the utilities, which is why they support the legislation.

There is nothing in this bill that benefits businesses that are looking for cost stability. Yet, the legislature continues to say it does not want to impose more taxes, fees and costs on Pennsylvanians, that it prioritizes attracting new business and that it wants to help business in Pennsylvania grow. However, this legislation does the exact opposite.

Moreover, HB 1782 includes language that authorizes utilities to disregard all other provisions of the public utility law.

PECA, IECPA and PMA, on behalf of their thousands of employer members, are in agreement that the attached amendments are the minimum changes that can be made to HB 1782 to protect consumers. We also would support a more robust approach similar to the DSIC. Attached for your review are copies of: 1) the proposed amendments, 2) explanation of the proposed amendments, and 3) facts regarding HB 1782 and history of related legislation.

We need your support to amend HB 1782 to help all consumers and provide business with some stability with regard to potential increased utility expenses. When our amendments are added to HB1782, it will be balanced and utilities will have an opportunity to improve the regulatory process without doing so at the expense of employers, jobs and customers who have no opportunity to pass along cost increases that have hit them without an opportunity to be heard.

Sincerely,

Pennsylvania Manufacturers' Association

By: *David N. Taylor*, President & CEO

Industrial Energy Consumers of Pennsylvania

By: *Rod Williamson*, Executive Director

Pennsylvania Energy Consumer Alliance

By: *Kathleen Bruder*, Executive Director

PCP/ajf

Attachments

cc: Pennsylvania Senators' Chiefs of Staff (via email only)