

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE RESOLUTION

No. 366 Session of 2009

INTRODUCED BY FAIRCHILD, BARRAR, BELFANTI, BEYER, BOBACK, BOYD, CLYMER, D. COSTA, CUTLER, DALLY, DENLINGER, DONATUCCI, EVERETT, FREEMAN, GEIST, GEORGE, HARKINS, HENNESSEY, HESS, HORNAMAN, M. KELLER, KRIEGER, MARSICO, METZGAR, MICOZZIE, MILNE, MOUL, MURT, O'NEILL, PHILLIPS, PICKETT, PRESTON, RAPP, READSHAW, ROHRER, SCAVELLO, SIPTROTH, STERN, STEVENSON, SWANGER, TALLMAN, J. TAYLOR, VEREB, VULAKOVICH, WATSON AND YOUNGBLOOD, JUNE 23, 2009

REFERRED TO COMMITTEE ON CONSUMER AFFAIRS, JUNE 23, 2009

A RESOLUTION

1 Directing the Legislative Budget and Finance Committee to
2 undertake a study and analysis of electricity deregulation
3 within the service territories of electric utilities where
4 rate caps have previously expired in this Commonwealth.

5 WHEREAS, Desiring to foster competition among utility
6 providers and expand consumer choice, the Commonwealth
7 deregulated the electricity industry with the passage of the act
8 of December 3, 1996 (P.L.802, No.138), entitled "An act amending
9 Titles 15 (Corporations and Unincorporated Associations) and 66
10 (Public Utilities) of the Pennsylvania Consolidated Statutes,
11 providing for generation choice for customers of electric
12 cooperatives and utilities; further providing for definitions;
13 reenacting procedural requirements for taxicab certificates and
14 medallions; providing for restructuring of the electric utility
15 industry; and further providing for taxation"; and

16 WHEREAS, This State law included caps on electric utility

1 rates to control electricity costs; and

2 WHEREAS, These rate caps have expired in some electric
3 utility service territories and are set to expire across this
4 Commonwealth within the next two years; and

5 WHEREAS, In areas where rate caps have expired, consumers
6 have transitioned to wholesale market-based rates resulting in
7 the consumer paying the prevailing market prices for generation;
8 and

9 WHEREAS, Within the service territories where rate caps are
10 set to expire, it has been estimated that electric rates will
11 rise for consumers between 12% and 50%, raising concern over the
12 effect this change may have on family and business budgets; and

13 WHEREAS, This concern has generated interest in designing
14 various rate increase mitigation options including, extending
15 the rate caps, adopting methods to phase in any increase in
16 rates resulting from the transition to market-based prices or
17 adopting consumer prepayment plans; and

18 WHEREAS, These methods may prove beneficial to consumers
19 within utility service territories where rate caps have not
20 expired; however, the effect these options may have on consumers
21 within utility service territories that have previously
22 transitioned to market-based prices is unknown; therefore be it

23 RESOLVED, That the Legislative Budget and Finance Committee
24 be directed to undertake a review and analysis of electricity
25 deregulation within the service territories of electric
26 utilities where rate caps have previously expired in this
27 Commonwealth, including:

28 (1) the general manner in which the transition to
29 market-based electric rates was accomplished within these
30 service territories;

1 (2) a determination of how customer rates have been
2 affected within the electric service territories where rate
3 caps have expired;

4 (3) an analysis of how market competition has developed
5 among electric generation suppliers within service
6 territories where rate caps have expired; and

7 (4) a review of how consumers within these service
8 territories will be affected if one or more rate mitigation
9 options are established in State law and possible strategies
10 to assist these customers in a manner similar to other
11 consumers across this Commonwealth where rate caps have not
12 expired; and be it further

13 RESOLVED, That the Legislative Budget and Finance Committee
14 work in conjunction with the Pennsylvania Public Utility
15 Commission in the conduct of this review and the preparation of
16 a report on its findings; and be it further

17 RESOLVED, That the Legislative Budget and Finance Committee
18 prepare a report of its findings and recommendations to the
19 General Assembly within 12 months of the adoption of this
20 resolution.