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THE GENERAL ASSEMBLY OF PENNSYLVANIA

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HOUSE BILL

No. 2030 Session of  
2018

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INTRODUCED BY BERNSTINE, SNYDER, TURZAI, METCALFE, DUNBAR,  
J. McNEILL, SIMMONS, EVANKOVICH, RADER, MUSTIO, TOOHL,  
SAYLOR, KEEFER, KLUNK, GROVE, NELSON, A. HARRIS, SOLOMON,  
SACCONE, SIMS, LEWIS, WARD, WALSH, DIGIROLAMO, EVERETT,  
PHILLIPS-HILL, DeLUCA AND ROEBUCK, FEBRUARY 8, 2018

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REFERRED TO COMMITTEE ON STATE GOVERNMENT, FEBRUARY 8, 2018

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AN ACT

1 Amending Title 8 (Boroughs and Incorporated Towns) of the  
2 Pennsylvania Consolidated Statutes, in manufacture and supply  
3 of electricity, further providing for specific powers and  
4 providing for security deposits, for payment agreements and  
5 for restrictions on termination; and making an editorial  
6 change.

7 The General Assembly of the Commonwealth of Pennsylvania  
8 hereby enacts as follows:

9 Section 1. Chapter 24A of Title 8 of the Pennsylvania  
10 Consolidated Statutes is amended by adding a subchapter heading  
11 to read:

12 SUBCHAPTER A

13 GENERAL PROVISIONS

14 Section 2. Section 24A03(a) of Title 8 is amended by adding  
15 a paragraph to read:

16 § 24A03. Specific powers.

17 (a) Specific powers enumerated.--In addition to exercising  
18 its general powers under section 24A02 (relating to general

1 powers), a borough, through its governing body, shall have the  
2 following powers:

3 \* \* \*

4 (2.1) To regulate the use of and the charge for  
5 electricity furnished by the borough, if situate in more than  
6 one county, for use by residents in those counties, subject  
7 to the following:

8 (i) A borough may fix, establish, maintain and  
9 collect or authorize by contract or otherwise the  
10 establishment, levying and collection of the rates, fees,  
11 rental or other charges, including connection charges, in  
12 the area served by borough facilities at reasonable and  
13 uniform rates to be determined exclusively by the borough  
14 for the purpose of providing for the payment of the  
15 expenses of the borough for the production and  
16 distribution of electricity and the construction,  
17 improvement, repair, maintenance and operation of the  
18 borough's facilities and properties.

19 (ii) A person questioning the reasonableness or  
20 uniformity of a rate fixed by a borough or the adequacy,  
21 safety and reasonableness of the borough's services,  
22 including extensions thereof, may bring suit against the  
23 borough in the court of common pleas of the county where  
24 the project is located or, if the project is located in  
25 more than one county, in the court of common pleas of the  
26 county where the principal office of the project is  
27 located. The court of common pleas shall have exclusive  
28 jurisdiction to determine disputes involving rates or  
29 services under this paragraph.

30 (iii) A rate change under this paragraph shall be

1 discussed at a publicly advertised meeting of the borough  
2 council prior to adoption of the rate change. A borough  
3 may not adjust the rates more than once every three  
4 months.

5 (iv) A borough may include a purchase power  
6 agreement formula in the calculation of the rates to  
7 adjust for the changing cost of the production of  
8 electricity. The purchase power agreement shall be  
9 published with the rate information.

10 \* \* \*

11 Section 3. Chapter 24A of Title 8 is amended by adding a  
12 subchapter to read:

13 SUBCHAPTER B

14 ELECTRICITY PROVIDED TO RESIDENTS

15 IN MORE THAN ONE COUNTY

16 Sec.

17 24A11. Scope.

18 24A12. Security deposits.

19 24A13. Payment agreements.

20 24A14. Restrictions on termination.

21 § 24A11. Scope.

22 This subchapter applies to any borough situate in more than  
23 one county that provides electricity to residents of those  
24 counties.

25 § 24A12. Security deposits.

26 (a) General rule.--The borough may require a security  
27 deposit. If required, the security deposit shall be payable  
28 during a 90-day period, in an amount that is equal to one-sixth  
29 of the applicant's estimated annual bill, from the following:

30 (1) An applicant who previously received utility

1 distribution services and was a customer of the borough and  
2 whose service was terminated for any of the following  
3 reasons:

4 (i) Nonpayment of an undisputed delinquent account.

5 (ii) Failure to complete payment of a deposit,  
6 provide a guarantee or establish credit.

7 (iii) Failure to permit access to meters, service  
8 connections or other property of the borough for the  
9 purpose of replacement, maintenance, repair or meter  
10 reading.

11 (iv) Unauthorized use of the utility service  
12 delivered on or about the affected dwelling.

13 (v) Failure to comply with the material terms of a  
14 settlement or payment arrangement.

15 (vi) Fraud or material misrepresentation of identity  
16 for the purpose of obtaining utility service.

17 (vii) Tampering with a meter, including, but not  
18 limited to, bypassing a meter or removal of an automatic  
19 meter reading device or other borough equipment.

20 (2) An applicant or customer who is unable to establish  
21 creditworthiness to the satisfaction of the borough through  
22 the use of a generally accepted credit scoring methodology  
23 that employs standards for using the methodology that fall  
24 within the range of general industry practice.

25 (3) A customer who fails to comply with a material term  
26 or condition of a settlement or payment arrangement.

27 (b) Cash deposit prohibition.--Notwithstanding subsection

28 (a), no borough may require a customer or applicant with a gross  
29 monthly household income not exceeding 150% of the Federal  
30 poverty level to provide a cash deposit.

1 (c) Third-party guarantor.--Nothing in this section shall be  
2 construed to preclude an applicant from furnishing a third-party  
3 guarantor in lieu of a cash deposit. The guaranty shall be in  
4 writing and shall state the terms of the guaranty. The guarantor  
5 shall be responsible for all missed payments owed to the  
6 borough.

7 (d) Deposit hold period.--

8 (1) A borough may hold a deposit until a timely payment  
9 history is established.

10 (2) A timely payment history is established when a  
11 customer has paid in full and on time for 12 consecutive  
12 months.

13 (3) At the end of the deposit holding period as  
14 established in paragraph (1), the borough shall deduct the  
15 outstanding balance from the deposit and return or credit any  
16 positive difference to the customer.

17 (4) If service is terminated before the end of the  
18 deposit holding period as established in paragraph (1), the  
19 borough shall deduct the outstanding balance from the deposit  
20 and return any positive difference to the customer within 60  
21 days of the termination.

22 (5) If a customer becomes delinquent before the end of  
23 the deposit holding period as established in paragraph (1),  
24 the borough may deduct the outstanding balance from the  
25 deposit.

26 (6) The borough shall accrue interest on the deposit  
27 until it is returned or credited as follows:

28 (i) Interest shall be computed at the simple annual  
29 interest rate determined by the Secretary of Revenue for  
30 interest on the underpayment of tax under section 806 of

1 the act of April 9, 1929 (P.L.343, No.176), known as The  
2 Fiscal Code.

3 (ii) The interest rate in effect when deposit is  
4 required to be paid shall remain in effect until the  
5 later of:

6 (A) the date the deposit is refunded or  
7 credited; or

8 (B) December 31.

9 (iii) On January 1 of each year, the new interest  
10 rate for that year shall apply to the deposit.

11 (e) Adult occupants.--Prior to providing utility service, a  
12 borough may require the applicant to provide the names of each  
13 adult occupant residing at the location and proof of their  
14 identity.

15 (f) Failure to pay full amount of cash deposit.--A borough  
16 shall not be required to provide service if the applicant or  
17 customer fails to pay the full amount of the cash deposit within  
18 the time period under subsection (a).

19 (g) Estimated annual bill.--For purposes of this section, an  
20 estimated annual bill shall be calculated on the basis of the  
21 annual bill to the dwelling at which service is requested for  
22 the prior 12 months or, if unavailable, a similar dwelling in  
23 close proximity.

24 (h) Time for paying deposits upon reconnection.--Applicants  
25 and customers required to pay a deposit upon reconnection under  
26 subsection (a) (1) shall have up to 90 days to pay the deposit.

27 § 24A13. Payment agreements.

28 (a) General rule.--A borough may enter into a payment  
29 agreement with a delinquent customer.

30 (b) Length of payment arrangement.--The length of time for a

1 customer to resolve an unpaid balance on an account that is  
2 subject to a payment arrangement between the borough and the  
3 customer may not extend beyond:

4 (1) Five years, if the customer has a gross monthly  
5 household income level not exceeding 150% of the Federal  
6 poverty level.

7 (2) Three years, if the customer has a gross monthly  
8 household income level exceeding 150% and not more than 250%  
9 of the Federal poverty level.

10 (3) One year, if the customer has a gross monthly  
11 household income level exceeding 250% of the Federal poverty  
12 level and not more than 300% of the Federal poverty level.

13 (4) Six months, if the customer has a gross monthly  
14 household income level exceeding 300% of the Federal poverty  
15 level.

16 (c) Number of payment arrangements.--Absent a change in  
17 income, the borough shall not be required to establish a second  
18 or subsequent payment arrangement if the customer has defaulted  
19 on a previous payment arrangement with the borough. The borough  
20 may, at its discretion, enter into a second or subsequent  
21 payment arrangement with the customer.

22 (d) Extension of payment arrangement.--If the customer  
23 defaults on a payment arrangement established under subsections  
24 (a) and (b) as a result of a significant change in circumstance,  
25 the borough may reinstate the payment arrangement and extend the  
26 remaining term for an initial period of six months. The initial  
27 extension period may be extended for an additional six months  
28 for good cause shown.

29 (e) Failure to comply with payment arrangement.--Failure of  
30 a customer to comply with the terms of a payment arrangement

1 shall be grounds for the borough to terminate the customer's  
2 service. The customer shall pay that portion of the bill that is  
3 not in dispute and subsequent bills that are not in dispute.

4 § 24A14. Restrictions on termination.

5 (a) Winter termination.--

6 (1) (i) After November 30 and before April 1, a borough  
7 electric provider may not terminate service to customers  
8 with household incomes at or below 250% of the Federal  
9 poverty level except for customers whose actions conform  
10 to subsection (c) (1).

11 (ii) The borough may terminate service in accordance  
12 with this section to customers with household incomes  
13 exceeding 250% of the Federal poverty level.

14 (2) In addition to the winter termination authority  
15 specified in paragraph (1), the borough may terminate service  
16 to a customer whose household income exceeds 150% of the  
17 Federal poverty level but does not exceed 250% of the Federal  
18 poverty level and, starting January 1, has not paid at least  
19 50% of the charges for each of the prior two months unless  
20 the customer has done one of the following:

21 (i) proven that the customer's household contains  
22 one or more persons who are 65 years of age or older;

23 (ii) proven that the customer's household contains  
24 one or more persons 12 years of age or younger; or

25 (iii) paid to the borough an amount representing at  
26 least 15% of the customer's monthly household income for  
27 each of the last two months.

28 (b) Medical certification.--A borough may not terminate  
29 service to a premises when a customer has submitted a medical  
30 certificate to the borough. The customer must obtain a medical

1 certificate verifying the condition and promptly forward the  
2 certificate to the borough.

3 (c) Grounds for immediate termination.--

4 (1) The borough may immediately terminate service for  
5 any of the following actions by the customer:

6 (i) Unauthorized use of the service delivered on or  
7 about the affected dwelling.

8 (ii) Fraud or material misrepresentation of the  
9 customer's identity for the purpose of obtaining service.

10 (iii) Tampering with a meter or other equipment of a  
11 public utility.

12 (iv) Tendering payment for reconnection of service  
13 that is subsequently dishonored, revoked or canceled and  
14 has not been cured or otherwise paid in full, within  
15 three business days of the borough's notice to the  
16 customer, in accordance with the notice of the dishonored  
17 payment.

18 (2) Upon termination, the borough shall make a good  
19 faith attempt to provide a post-termination notice to the  
20 customer or a responsible person at the affected premises  
21 and, in the case of a single-meter, multiunit dwelling, the  
22 borough shall conspicuously post the notice at the dwelling,  
23 including in common areas when possible.

24 Section 4. This act shall take effect in 60 days.