



HOUSE COMMITTEE ON APPROPRIATIONS

FISCAL NOTE

HOUSE BILL NO. 2030

PRINTERS NO. 3009

PRIME SPONSOR: Bernstine

COST / (SAVINGS)

| FUND | FY 2017/18 | FY 2018/19 |
|---------------|------------|------------|
| Borough Funds | \$0 | \$0 |

SUMMARY: Amends Title 8 (Boroughs and Incorporated Towns) to standardize the process for billing municipal electric customers in boroughs situate in more than one county. This legislation would take effect in 60 days.

ANALYSIS: This legislation applies only to boroughs situate in more than one county.

Fixing a Rate: This legislation amends Section 24A03 of Title 8 to require providers of municipal electric service to establish “reasonable and uniform” electric rates for the purpose of paying costs associated with the production and distribution of electricity. Costs may include: construction, improvement, repair, maintenance and/or operation of the borough's facilities and properties.

This legislation requires that any rate change for electric service must be discussed at a publicly advertised meeting prior to the adoption of the rate, with such rate changes occurring no more frequently than every three months. If the provider wishes, they may include the purchase power agreement formula in the calculation of rates; if they choose to do so, the agreement must be published with the rate information.

Challenge in Court of Common Pleas: In the event a person questions the assessed rate, the legislation provides that a suit may be filed against the provider in the Court of Common Pleas in the county where:

- The project is located; or,
- In the event the project is located in more than one county, the Court of Common Pleas where the principal office of the project is located.

Security Deposits: This legislation establishes a number of provisions that may be required by a borough electric provider with regards to security deposits; the legislation also prevents the borough electric provider from requiring certain information.

If a borough electric provider requires a security deposit, the legislation requires the deposit to be paid, equal to one-sixth of the applicant's estimated annual bill, during a 90-day period.

The legislation permits an applicant to furnish a third-party guarantor in lieu of a cash payment and permits a deposit hold period to be established by the borough.

The legislation provides for the names of each adult residing at the location and proof of their identity may be requested by the borough electric provider.

An estimated annual bill must be calculated on the basis of the annual bill of the 12 months prior or a similar dwelling in close proximity if the aforementioned information is unavailable.

If a customer fails to pay the full amount of the cash deposit, the borough electric provider is not required to continue service; the customer has 90 days to pay a deposit for reconnection.

Payment Agreements: This legislation permits a borough to enter into a payment agreement with a delinquent customer for a length of time that does not extend beyond the following:

- Five years, if the customer has a gross monthly household income not exceeding 150% of the Federal poverty level;
- Three years, if the customer has a gross monthly household income exceeding 150% but not more than 250% of the Federal poverty level;
- One year, if the customer has a gross monthly household income exceeding 250% but not more than 300% of the Federal poverty level;
- Six months, if the customer has a gross monthly household income exceeding 300% of the Federal poverty level.

This legislation further permits, but does not require, a borough to negotiate a second or subsequent payment arrangement with a customer who has defaulted on a previous payment arrangement. It also permits a borough to reinstate arrangements broken by a customer and extend the remaining term of the arrangement. The legislation also permits a borough to terminate a customer's service if the customer fails to comply.

Restrictions on Termination: This legislation prohibits a borough electric provider from terminating service to consumers after November 30 and before April 1, provided the household income is at or below 250% of the Federal poverty level.

A borough electric provider may terminate service to consumers after November 30 and before April 1 if the household income exceeds 150% but not more than 250% of the Federal poverty level and the consumer has not paid at least 50% of the charges assessed for at least two months.

- Exceptions to this rule in which service may not be terminated include situations in which there are: multiple residents of the household over 65 years of age; multiple

residents under the age of 12; or an amount has been paid to the borough that represents at least 15% of total household income.

The legislation prohibits a borough from terminating service to a premise in which a customer has submitted a medical certificate to the borough verifying a medical condition.

The legislation establishes grounds for immediate termination of service in the following events:

- Unauthorized use of the service;
- Fraud or material misrepresentation of the customer's identity is used for the purpose of obtaining service;
- Tampering with a meter or other equipment;
- Tendering payment for reconnection of service that is dishonored, revoked or cancelled.

Should any of these events occur, this legislation requires the borough electric provider to make a good faith attempt to provide a post-termination notice to the customer or an individual at the affected premise.

FISCAL IMPACT: This legislation would have no adverse fiscal impact on Commonwealth or borough funds.

PREPARED BY: Tim Rodrigo
House Appropriations Committee (R)

DATE: April 13, 2018

Estimates are calculated using the best information available. Actual costs and revenue impact incurred may vary from estimates.