

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 2538 Session of
2006

INTRODUCED BY DeLUCA, THOMAS, COHEN, LEVDANSKY, McGEEHAN, MUNDY,
PALLONE, SIPTROTH, WOJNAROSKI, YEWIC AND YOUNGBLOOD,
MARCH 17, 2006

REFERRED TO COMMITTEE ON CONSUMER AFFAIRS, MARCH 17, 2006

AN ACT

1 Amending Title 66 (Public Utilities) of the Pennsylvania
2 Consolidated Statutes, further providing for administrative
3 powers and duties and for approval of contracts with
4 affiliated interests; providing for emergency action on base
5 rate filings of natural gas companies; and making editorial
6 changes.

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

9 Section 1. Sections 501 heading and subsection (b), 2102(c)
10 and 2212(t) of Title 66 of the Pennsylvania Consolidated
11 Statutes are amended to read:

12 § 501. General powers and duties.

13 * * *

14 (b) Administrative authority and regulations.--

15 (1) The commission shall have general administrative
16 power and authority to supervise and regulate all public
17 utilities doing business within this Commonwealth. The
18 commission may make such regulations, not inconsistent with
19 law, as may be necessary or proper in the exercise of its

1 powers or for the performance of its duties.

2 (2) The commission shall have the duty to investigate
3 contracts and business arrangements among public utilities
4 and wholesalers in order to determine the compliance with
5 section 1301 (relating to rates to be just and reasonable).

6 * * *

7 § 2102. Approval of contracts with affiliated interests.

8 * * *

9 (c) Disallowance of excessive amounts.--[If]

10 (1) Except as set forth in paragraph (2), if the
11 commission shall determine that the amounts paid or payable
12 under a contract or arrangement filed in accordance with this
13 section are in excess of the reasonable price for furnishing
14 the services provided for in the contract, or that such
15 services are not reasonably necessary and proper, it shall
16 disallow such amounts, insofar as found excessive, in any
17 proceeding involving the rates or practices of the public
18 utility. In any proceeding involving such amounts, the burden
19 of proof to show that such amounts are not in excess of the
20 reasonable price for furnishing such services, and that such
21 services are reasonable and proper, shall be on the public
22 utility.

23 (2) If the commission shall determine that the amounts
24 paid or payable under a contract or arrangement filed in
25 accordance with this section are in excess of 3% of the net
26 profit of the public utility for a taxable year, it shall
27 disallow such amounts, insofar as found in excess of the
28 percentage stated in this paragraph, in any proceeding
29 involving the rates or practices of the public utility.

30 * * *

1 § 2212. City natural gas distribution operations.

2 * * *

3 (t) Proprietary information.--Proprietary information, trade
4 secrets and competitively sensitive information of a city
5 natural gas distribution operation shall not be public records
6 for purposes of the act of June 21, 1957 (P.L.390, No.212),
7 referred to as the Right-to-Know Law, and shall not be subject
8 to mandatory public disclosure. Nothing in this section shall
9 exempt a city natural gas distribution operation from providing
10 information to the commission pursuant to its obligation under
11 sections 501 (relating to general powers and duties), 504
12 (relating to reports by public utilities), 505 (relating to duty
13 to furnish information to commission; cooperation in valuing
14 property) and 506 (relating to inspection of facilities and
15 records).

16 Section 2. Title 66 is amended by adding a section to read:

17 § 2213. Emergency actions.

18 (a) Investigations.--In order to determine compliance with
19 section 1301 (relating to rates to be just and reasonable), the
20 commission shall undertake an investigation of the base rate
21 filings of any public utility which:

22 (1) is a natural gas company; and

23 (2) has not made a base rate filing within three years
24 of the effective date of this section.

25 (b) Rate reduction.--

26 (1) Except as set forth in paragraph (2), the commission
27 shall order a 10% reduction in the base rate, in effect on
28 December 31, 2005, of a natural gas company investigated
29 under subsection (a).

30 (2) Paragraph (1) does not apply to a natural gas

1 company which demonstrates, in a hearing before the
2 commission, that the reduction under paragraph (1) would
3 impair the justness and reasonableness of the rates charged
4 by the natural gas company.

5 Section 3. Section 2806(h) of Title 66 is amended to read:

6 § 2806. Implementation, pilot programs and performance-based
7 rates.

8 * * *

9 (h) Flexible pricing.--In addition to the implicit authority
10 of the commission under section 501 (relating to general powers
11 and duties), the commission has the authority to approve
12 flexible pricing and flexible rates, including negotiated,
13 contract-based tariffs designed to meet the specific needs of a
14 utility customer and to address competitive alternatives.

15 * * *

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