

THE GENERAL ASSEMBLY OF PENNSYLVANIA

SENATE BILL

No. 1352 Session of  
2008

INTRODUCED BY BROWNE, BRUBAKER, RAFFERTY, GORDNER, CORMAN,  
EARLL, PICCOLA, MADIGAN, VANCE, BAKER, D. WHITE, PIPPY,  
ARMSTRONG, MUSTO AND STACK, APRIL 9, 2008

REFERRED TO CONSUMER PROTECTION AND PROFESSIONAL LICENSURE,  
APRIL 9, 2008

AN ACT

1 Amending Title 66 (Public Utilities) of the Pennsylvania  
2 Consolidated Statutes, defining "overall rate" and "rate  
3 phase-in plan"; and providing for rate phase-in plans.

4 The General Assembly of the Commonwealth of Pennsylvania  
5 hereby enacts as follows:

6 Section 1. Section 102 of Title 66 of the Pennsylvania  
7 Consolidated Statutes is amended by adding definitions to read:

8 § 102. Definitions.

9 Subject to additional definitions contained in subsequent  
10 provisions of this part which are applicable to specific  
11 provisions of this part, the following words and phrases when  
12 used in this part shall have, unless the context clearly  
13 indicates otherwise, the meanings given to them in this section:

14 \* \* \*

15 "Overall rate." The sum of all retail rates charged by an  
16 electric distribution company for electric service, including  
17 all applicable riders and surcharges.

1       \* \* \*

2       "Rate phase-in plan" or "plan." A plan filed with the  
3 Pennsylvania Public Utility Commission by an electric  
4 distribution company solely to phase-in any initial increase in  
5 the rate for generation service that may occur upon the  
6 expiration of that electric distribution company's generation  
7 rate cap; such plan shall not address or affect any other rate  
8 changes filed by the electric distribution company.

9       \* \* \*

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

11      § 2813. Rate phase-in plan.

12      (a) General rule.--Within 90 days of the effective date of  
13 this section, each electric distribution company shall file a  
14 rate phase-in plan with the commission to provide residential  
15 and small commercial customers that take service from a default  
16 service provider the option to phase-in any initial increase in  
17 the price for generation service that may occur upon the  
18 expiration of the generation rate cap for such provider  
19 specified in section 2804(4) (relating to standards for  
20 restructuring of electric industry) or a restructuring plan in  
21 section 2806(f) (relating to implementation, pilot programs and  
22 performance-based rates) and ending no later than three years  
23 after such expiration date. Customer participation in any plan  
24 approved under this subsection shall be voluntary.

25      (b) Conditions.--Each rate phase-in plan shall be subject to  
26 commission approval and shall meet the following conditions:

27          (1) The plan shall offer a transition to prices at the  
28 level permitted pursuant to a commission-approved procurement  
29 plan beginning on the expiration date of the generation rate  
30 cap for the provider.

1       (2) The plan shall ensure that the initial increase in  
2       the rate for generation service charged to each customer  
3       class under the plan shall be phased-in in annual percentage  
4       increases, provided that the increase in any one year shall  
5       not exceed 15% of the overall rate in effect for that  
6       customer class on the last day of the prior calendar year  
7       during the three-year period specified in subsection (a). The  
8       commission shall provide for not more than an additional  
9       three-year period, at the option of the electric distribution  
10       company, for the recovery of all amounts recoverable under  
11       section 2807(e)(3) (relating to duties of electric  
12       distribution companies) and deferred amounts with carrying  
13       charges under this section.

14       (3) The plan may offer the customer the option to begin  
15       the phase-in period prior to the expiration of the generation  
16       rate cap, provided that the customer accrues interest on any  
17       prepaid amount at a rate of 6% compounded annually. Customer  
18       participation in any plan approved under this subsection  
19       shall be voluntary.

20       (4) The plan shall specify the means of providing notice  
21       to customers of the option to participate in such plan on a  
22       voluntary basis.

23       (c) Recovery.--The default service provider shall fully  
24       recover the expenses associated with implementing a plan and the  
25       amount of the deferred payments resulting from customers'  
26       participation in the plan and a carrying charge of 6% compounded  
27       annually on the deferred payments from such customers by means  
28       of a nonbypassable charge to each customer class, subject to the  
29       conditions established under subsection (b). Such charge shall  
30       be a reconcilable automatic adjustment charge under section 1307

1 (relating to sliding scale of rates; adjustments), shall be  
2 applied to participating customers on a customer class basis,  
3 shall be included in other charges on the electric distribution  
4 company's bill and shall not appear as a separate line item on a  
5 customer's bill. Any rate phase-in plan approved by the  
6 commission shall be considered a new service offered for the  
7 first time under section 2804(4)(vi).

8 (d) Deferred amounts.--The commission shall permit such  
9 deferred costs and associated carrying charges to be recorded  
10 for accounting purposes on an electric distribution company's  
11 books of account as a regulatory asset where the electric  
12 distribution company is the default service provider.

13 (e) Credit.--In the event a customer enrolled in a plan that  
14 begins prior to the expiration of the electric distribution  
15 company's generation rate cap leaves the default service  
16 provider's system prior to the full distribution of amounts  
17 collected, a credit will be applied to the customer's final bill  
18 and any remainder shall be refunded to the customer.

19 (f) Intangible transition property.--An electric company's  
20 right to recover costs under an approved phase-in plan shall be  
21 deemed intangible transition property for the purposes of  
22 section 2812 (relating to approval of transition bonds), but not  
23 for any other section of Chapter 28 (relating to restructuring  
24 of electric utility industry), and the commission is authorized  
25 to issue a qualified rate order under section 2812 with respect  
26 to such costs and to issue such other orders and take such  
27 actions as may be necessary or proper for the electric  
28 distribution company to issue transition bonds, as provided in  
29 section 2812, secured by the electric distribution company's  
30 right to recover such costs.

1       Section 3.   This act shall take effect in 60 days.