
THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 1530 Session of
2007

INTRODUCED BY DERMODY, TURZAI, PALLONE, SOLOBAY, MAHONEY, WALKO,
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COHEN, HARKINS, MARSHALL, J. WHITE, THOMAS, KULA AND McCALL,
JUNE 8, 2007

REFERRED TO COMMITTEE ON CONSUMER AFFAIRS, JUNE 8, 2007

AN ACT

1 Amending Title 66 (Public Utilities) of the Pennsylvania
2 Consolidated Statutes, in restructuring of electric utility
3 industry, further providing for declaration of policy and for
4 duties of electric distribution companies.

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

7 Section 1. Section 2802(6) of Title 66 of the Pennsylvania
8 Consolidated Statutes is amended and the section is amended by
9 adding a paragraph to read:

10 § 2802. Declaration of policy.

11 The General Assembly finds and declares as follows:

12 * * *

13 (6) The cost of electricity is an important factor in
14 decisions made by businesses concerning locating, expanding
15 and retaining facilities in this Commonwealth. The benefits
16 of a competitive market for the generation of electricity
17 will be received by businesses and all customers when

1 electric distribution companies or commission-approved
2 alternative suppliers and electric generation suppliers may
3 offer and provide competitive generation services without
4 limitation on the type of generation services that each may
5 offer.

6 * * *

7 (22) Following the completion of the transition period
8 in an electric distribution company's service area pursuant
9 to section 2807(e) (relating to duties of electric
10 distribution companies), the electric distribution company or
11 commission-approved alternative supplier and each electric
12 generation supplier operating in that service area may offer
13 and provide at its discretion competitive generation services
14 to all customers without limitation on the types of
15 generation service that may be offered.

16 Section 2. Section 2807(e) of Title 66 is amended to read:

17 § 2807. Duties of electric distribution companies.

18 * * *

19 (e) Obligation to serve.--An electric distribution company's
20 obligation to provide electric service following implementation
21 of restructuring and the choice of alternative generation by a
22 customer is revised as follows:

23 (1) While an electric distribution company collects
24 either a competitive transition charge or an intangible
25 transition charge or until 100% of its customers have choice,
26 whichever is longer, the electric distribution company shall
27 continue to have the full obligation to serve, including the
28 connection of customers, the delivery of electric energy and
29 the production or acquisition of electric energy for
30 customers.

1 (2) At the end of the transition period, the commission
2 shall promulgate regulations to define the electric
3 distribution company's obligation to connect and deliver and
4 acquire electricity under paragraph (3) that will exist at
5 the end of the phase-in period.

6 (3) If a customer contracts for electric energy and it
7 is not delivered or if a customer does not choose an
8 alternative electric generation supplier, the electric
9 distribution company or commission-approved alternative
10 supplier shall acquire electric energy [at prevailing market
11 prices] to serve that customer and shall recover fully all
12 reasonable costs. The electric energy acquired under this
13 paragraph may include long-term contracts or a portfolio of
14 resources to serve that customer and may be procured through
15 auctions, requests for proposals and bilateral contracts as
16 well as through the generation of the electricity by the
17 electric distribution company or commission-approved
18 alternative supplier with its assets. The electric
19 distribution company or commission-approved alternative
20 supplier may propose, and the commission shall approve, an
21 annual or multiyear fixed price service option to the
22 customer. In acquiring electric energy pursuant to this
23 paragraph, the electric distribution company or commission-
24 approved alternative supplier should seek to provide the most
25 stable and lowest cost service for all of its customers.

26 (4) If a customer that chooses an alternative supplier
27 and subsequently desires to return to the local distribution
28 company for generation service, the local distribution
29 company shall treat that customer exactly as it would any new
30 applicant for energy service.

1 (5) The electric distribution company or commission-
2 approved alternative supplier may offer large customers any
3 rate, including, but not limited to, a cost-based rate, for
4 any duration agreed upon by the electric distribution company
5 or commission-approved alternative supplier and the large
6 customer. For purposes of providing service pursuant to this
7 paragraph, the electric distribution company or commission-
8 approved alternative supplier may build or acquire a
9 generation facility or acquire an interest in a generation
10 facility specifically to meet energy requirements, provided
11 that the cost of energy from the facility is below the cost
12 of acquiring energy in the wholesale market. Contract rates
13 entered into under this paragraph shall be subject to review
14 by the commission in order to ensure that no cost related to
15 the rates are borne by other customers or customer classes.
16 If no costs related to the rates are borne by other customers
17 or customer classes, the commission shall approve the
18 contract rate within 30 days of its filing or it shall be
19 deemed approved by operation of law upon expiration of the 30
20 days. Information submitted under this paragraph shall be
21 subject to the commission's procedures for the filing of
22 confidential and proprietary information.

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