

---

THE GENERAL ASSEMBLY OF PENNSYLVANIA

---

**SENATE BILL**

**No. 977**      Session of  
2007

---

INTRODUCED BY ORIE, COSTA, REGOLA, FERLO, FOLMER, FONTANA,  
GREENLEAF, LAVALLE, LOGAN, PIPPY, RAFFERTY AND WOZNIAK,  
JUNE 19, 2007

---

REFERRED TO CONSUMER PROTECTION AND PROFESSIONAL LICENSURE,  
JUNE 19, 2007

---

AN ACT

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

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  
18 electric distribution companies or commission-approved

1 alternative suppliers, and electric generation suppliers, may  
2 offer and provide competitive generation services without  
3 limitation on the types of generation services that each may  
4 offer.

5 \* \* \*

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

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

16 § 2807. Duties of electric distribution companies.

17 \* \* \*

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

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

30 (2) At the end of the transition period, the commission

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

5 (3) If a customer contracts for electric energy and it  
6 is not delivered or if a customer does not choose an  
7 alternative electric generation supplier, the electric  
8 distribution company or commission-approved alternative  
9 supplier shall acquire electric energy [at prevailing market  
10 prices] to serve that customer and shall recover fully all  
11 reasonable costs.

12 (i) The electric distribution company or commission-  
13 approved alternative supplier may use a portfolio of  
14 resources to acquire electric energy for its customers  
15 through procedures, including, but not limited to:

16 (A) Short-term contracts.

17 (B) Long-term contracts.

18 (C) Spot market purchases.

19 (D) Auctions.

20 (E) Requests for proposals.

21 (F) Bilateral contracts.

22 (G) The generation of the electricity by the  
23 electric distribution company with its assets.

24 (H) The generation of electricity by a  
25 commission-approved alternative supplier with its  
26 assets.

27 (ii) The electric distribution company or  
28 commission-approved alternative supplier may propose, and  
29 the commission shall approve or disapprove, an annual or  
30 multiyear fixed price service option to the customer. The

1 commission shall disapprove the service option only if it  
2 determines that costs related to that service are borne  
3 by other customers or customer classes which results in  
4 an unreasonable preference or advantage to the customer  
5 receiving the annual or multiyear fixed price service  
6 option.

7 (iii) In acquiring electric energy pursuant to this  
8 paragraph, the electric distribution company or  
9 commission-approved alternative supplier should seek to  
10 provide the most stable and lowest cost service for all  
11 of its customers.

12 (4) If a customer that chooses an alternative supplier  
13 and subsequently desires to return to the local distribution  
14 company for generation service, the local distribution  
15 company shall treat that customer exactly as it would any new  
16 applicant for energy service.

17 (5) (i) The electric distribution company or  
18 commission-approved alternative supplier may offer large  
19 customers any rate, including, but not limited to, a  
20 cost-based rate, for any duration agreed upon by the  
21 electric distribution company or commission-approved  
22 alternative supplier and the large customer.

23 (ii) For purposes of providing service pursuant to  
24 this paragraph, the electric distribution company or  
25 commission-approved alternative supplier may build or  
26 acquire a generation facility or acquire an interest in a  
27 generation facility as part of its supply portfolio to  
28 meet customer energy requirements, provided that the cost  
29 of energy from the facility is below the cost of  
30 acquiring energy in the wholesale market.

1           (iii) Contract rates entered into pursuant to this  
2 paragraph shall be subject to review by the commission in  
3 order to ensure that no cost related to the rates are  
4 borne by other customers or customer classes. If no costs  
5 related to the rates are borne by other customers or  
6 customer classes, the commission shall approve the  
7 contract rate within 30 days of its filing, or it shall  
8 be deemed approved by operation of law upon expiration of  
9 the 30 days.

10           (iv) Information submitted under this paragraph  
11 shall be subject to the commission's procedures for the  
12 filing of confidential and proprietary information.

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