
THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE RESOLUTION

No. 654 Session of
2010

INTRODUCED BY GEORGE, BELFANTI, CALTAGIRONE, COHEN, CONKLIN,
DONATUCCI, GOODMAN, GRUCELA, HARKINS, HENNESSEY, JOSEPHS,
LEVDANSKY, MANDERINO, McILVAINE SMITH, MELIO, MUNDY,
READSHAW, SIPTROTH AND K. SMITH, MARCH 9, 2010

REFERRED TO COMMITTEE ON CONSUMER AFFAIRS, MARCH 9, 2010

A RESOLUTION

1 Directing the Environmental Resources and Energy Committee of
2 the House of Representatives to formally investigate whether
3 some utility companies were unjustly enriched by
4 overcollecting and charging billions of dollars in
5 unjustified stranded cost payments under the Electricity
6 Generation Customer Choice and Competition Act of 1996 to
7 Pennsylvania ratepayers, and whether those electric
8 utilities' generation affiliates, which received formerly
9 regulated generation assets of the utility companies at
10 little to no cost, were unjustly enriched in those
11 transactions.

12 WHEREAS, The General Assembly, by enacting the Electricity
13 Generation Customer Choice and Competition Act, 66 Pa.C.S. Ch.
14 28, on December 3, 1996, to facilitate moving toward greater
15 competition in the electricity generation market, sought to
16 resolve certain transitional issues in a manner that is fair to
17 customers, electric utilities, investors, the employees of
18 electric utilities, local communities, nonutility generators of
19 electricity and other affected parties; and

20 WHEREAS, The Electricity Generation Customer Choice and
21 Competition Act defines "competitive transition charge" as "[a

1 nonbypassable charge applied to the bill of every customer
2 accessing the transmission or distribution network which
3 (charge) is designed to recover an electric utility's transition
4 or stranded costs as determined by the public utility
5 commission"; and

6 WHEREAS, The act defines "transition or stranded costs" as,
7 in part, "[an] electric utility's known and measurable net
8 electric generation-related costs, determined on a net present
9 value basis over the life of the asset or liability as part of
10 its restructuring plan, which traditionally would be recoverable
11 under a regulated environment but which may not be recoverable
12 in a competitive electric generation market and which the
13 commission determines will remain following mitigation by the
14 electric utility"; and

15 WHEREAS, Since the implementation of the Electricity
16 Generation Customer Choice and Competition Act, there has not
17 been a close scrutiny by the Pennsylvania Public Utility
18 Commission, or any other governmental entity, of stranded costs
19 by electric utilities, nor has there been any analysis of the
20 commission-approved stranded costs that have been made publicly
21 available to ratepayers; and

22 WHEREAS, Electric utilities have been collecting stranded
23 cost payments from all classes of ratepayers during the period
24 in which electric rates have been capped; and

25 WHEREAS, With the expirations of electric rate caps, an
26 analysis is necessary to determine whether electric utilities
27 either overcollected or undercollected in stranded cost payments
28 from their ratepayers by comparing the projected cost of
29 electricity as outlined in the stranded cost agreements with the
30 actual cost of electricity charged to ratepayers; and

1 WHEREAS, The Environmental Resources and Energy Committee
2 desires to investigate whether electric utilities overcollected
3 millions or billions of dollars in stranded cost payments from
4 Pennsylvania ratepayers and were unjustly enriched in doing so,
5 and whether their unregulated generation affiliates (UGAs),
6 which received formerly regulated generation assets at little to
7 no cost from electric utilities that grossly undervalued those
8 assets, were unjustly enriched in those transactions; and

9 WHEREAS, In order to effectively investigate and to find the
10 answers to the questions listed above, it is imperative that the
11 Environmental Resources and Energy Committee has the power to
12 issue subpoenas to obtain testimony and documents; therefore be
13 it

14 RESOLVED, That the House of Representatives direct the
15 Environmental Resources and Energy Committee to conduct an
16 investigation on whether more than \$18 billion of stranded costs
17 paid by Pennsylvania ratepayers were justified and whether some
18 electric utilities and their UGAs, which received formerly
19 regulated generation assets of the electric utilities at little
20 to no cost, were unjustly enriched in those transactions and
21 whether there should be any refunds to ratepayers in cases of
22 overcollection or unjust enrichment; and be it further

23 RESOLVED, That the committee may hold hearings, take
24 testimony and conduct investigations at such places as necessary
25 in this Commonwealth; and be it further

26 RESOLVED, That it may issue subpoenas under the hand and seal
27 of its chairman commanding any person to appear before the
28 committee and to testify on matters relevant to the committee's
29 inquiries and to produce such books, papers, records and
30 documents as the committee deems necessary; and be it further

1 RESOLVED, That the subpoenas may be served upon any person
2 and shall have the same effect as subpoenas issued out of the
3 courts of this Commonwealth; and be it further

4 RESOLVED, That any person who neglects or refuses to testify
5 or to produce any books, papers, records or documents shall be
6 subject to the penalties provided by the laws of this
7 Commonwealth in such case, and each member of the committee
8 shall have power to administer oaths and affirmations to
9 witnesses appearing before the committee; and be it further

10 RESOLVED, That the committee make a report of its
11 investigation and recommendations to the House of
12 Representatives by September 1, 2010.