

THE GENERAL ASSEMBLY OF PENNSYLVANIA

SENATE BILL

No. 1163 Session of  
2024

INTRODUCED BY COMITTA, CAPPELLETTI, FONTANA, KANE, KEARNEY,  
COSTA, SCHWANK, MUTH AND MILLER, MAY 1, 2024

REFERRED TO CONSUMER PROTECTION AND PROFESSIONAL LICENSURE,  
MAY 1, 2024

AN ACT

1 Amending Title 66 (Public Utilities) of the Pennsylvania  
2 Consolidated Statutes, in rates and distribution systems,  
3 further providing for recovery of advertising expenses; and,  
4 in restructuring of electric utility industry, providing for  
5 membership in regional transmission organization.

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

8 Section 1. Section 1316 of Title 66 of the Pennsylvania  
9 Consolidated Statutes is amended to read:

10 § 1316. Recovery of [advertising] lobbying and political  
11 activity expenses.

12 (a) General rule.--For purposes of rate determinations, no  
13 public utility may charge to its consumers as a permissible  
14 operating expense for ratemaking purposes any direct or indirect  
15 expenditure by the utility for [political advertising] lobbying  
16 or political activities or prohibited costs. The commission  
17 shall also disallow as operating expense for ratemaking purposes  
18 expenditures for other advertising, unless and only to the  
19 extent that the commission finds that such advertising is

1 reasonable and meets one or more of the following criteria:

2 (1) Is required by law or regulation.

3 (2) Is in support of the issuance, marketing or  
4 acquisition of securities or other forms of financing.

5 (3) Encourages energy independence by promoting the wise  
6 development and use of domestic sources of coal, oil or  
7 natural gas and does not promote one method of generating  
8 electricity as preferable to other methods of generating  
9 electricity.

10 (4) Provides important information to the public  
11 regarding safety, rate changes, means of reducing usage or  
12 bills, load management or energy conservation.

13 (5) Provides a direct benefit to ratepayers.

14 (6) Is for the promotion of community service or  
15 economic development.

16 (b) Charging expenses to stockholders.--Any direct or  
17 indirect expenditure by a public utility for political  
18 advertising, or any other advertising not meeting the criteria  
19 set forth in subsection (a), shall be charged to its  
20 stockholders and shall not be included as an operating expense  
21 for ratemaking purposes.

22 (c) Filing of information and materials.--

23 (1) Whenever a public utility proposes a change in rates  
24 under section 1308 (relating to voluntary changes in rates),  
25 the public utility shall file with the commission a listing  
26 of each type of advertising prepared, distributed or  
27 presented by the public utility or to be prepared,  
28 distributed or presented by the public utility during the  
29 test year utilized by the public utility in discharging its  
30 burden of proof, and a listing of each type of advertising

1 prepared, distributed or presented by the public utility  
2 during the year immediately preceding the test year, as well  
3 as an accounting of the expenditures by the public utility  
4 for such advertising, to the extent such advertising is  
5 proposed to be included as operating expense for ratemaking  
6 purposes.

7 (2) Not later than December 31 of each year, a public  
8 utility with more than 75,000 customers in this Commonwealth  
9 shall file with the commission a report itemizing the costs  
10 of lobbying or political activities. The report shall  
11 include:

12 (i) costs spent by the parent company or an  
13 affiliate of the public utility that are directly billed  
14 or allocated to the public utility;

15 (ii) a list of the title, job description and salary  
16 of any employee of the public utility who performed work  
17 associated with the lobbying or political activity,  
18 including the hours attributed to the work;

19 (iii) a list of the title, job description and  
20 salary of any employee of the parent company or affiliate  
21 of the public utility who performed work associated with  
22 the lobbying or political activity, including the hours  
23 attributed to the work that were directly billed or  
24 allocated to the public utility;

25 (iv) a list of payments that the public utility made  
26 to all third-party vendors for expenses associated with  
27 the lobbying or political activity, including unredacted  
28 billing amounts, billing dates, payees and an explanation  
29 of each expenditure in detail sufficient to describe the  
30 purpose of the cost; and

1           (v) any other information the commission considers  
2           relevant.

3           (3) The filing requirements imposed by this subsection  
4           shall not be construed to limit the right of any party to  
5           discovery under this or any other provision of law.

6           (d) [Definition.--As used in this section the term  
7           "political advertising" means any advertising] Definitions.--As  
8           used in this section, the following words and phrases shall have  
9           the meanings given to them in this subsection unless the context  
10          clearly indicates otherwise:

11          "Lobbying or political activity." Action taken at the State  
12          or municipal government level in connection with:

13           (1) influencing legislation;

14           (2) participating or intervening in any political  
15           campaign on behalf of or in opposition to a candidate for  
16           public office;

17           (3) an attempt to influence a segment of the general  
18           public with respect to an election, a legislative matter, an  
19           executive decision or referendum;

20           (4) political advertising; or

21           (5) supporting public policy research, analysis,  
22           preparation or planning.

23          "Political advertising." Advertising for the purpose of  
24          influencing public opinion with respect to any legislative,  
25          administrative action or candidate election or with respect to  
26          any controversial issue to be decided by public voting. The term  
27          includes money spent for lobbying but not money spent for  
28          appearances before regulatory or other governmental bodies in  
29          connection with a public utility's existing or proposed  
30          operations.

1 "Prohibited costs." An expense for any of the following:

2 (1) membership, dues, sponsorships or contributions to a  
3 business or industry trade association, group or related  
4 entity exempt from taxation under section 501 of the Internal  
5 Revenue Code (Public Law 99-514, 26 U.S.C. § 501);

6 (2) unless approved or ordered by the commission,  
7 advertising, marketing, communication or other related  
8 expense identified by the commission that seeks to influence  
9 public opinion or create goodwill toward a public utility;

10 (3) travel, lodging or food and beverage expense for the  
11 board of directors and officers of a public utility or the  
12 board of directors and officers of a parent company of a  
13 public utility;

14 (4) entertainment or gifts;

15 (5) any owned, leased or chartered aircraft for the  
16 board of directors and officers of a public utility or the  
17 parent company of a public utility; or

18 (6) investor relations.

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

20 § 2816. Membership in regional transmission organization.

21 (a) General rule.--An electric distribution company shall be  
22 a member of a regional transmission organization.

23 (b) Filing of report.--On or before February 1 each year, an  
24 electric distribution company shall submit to the commission a  
25 report on any recorded vote cast by the electric distribution  
26 company or, subject to subsection (c), an affiliate of the  
27 electric distribution company at a meeting of a regional  
28 transmission organization during the immediately preceding  
29 calendar year.

30 (c) Contents of report.--The report under subsection (b)

1 shall include:

2 (1) all recorded votes cast by the electric distribution  
3 company, regardless of whether the vote is otherwise  
4 disclosed;

5 (2) all votes cast by an affiliate of the electric  
6 distribution company, if the electric distribution company  
7 itself did not vote on the matter; and

8 (3) a brief description explaining how each vote cast by  
9 the electric distribution company or its affiliate is in the  
10 interest of the public.

11 (d) Definitions.--As used in this section, the following  
12 words and phrases shall have the meanings given to them in this  
13 subsection unless the context clearly indicates otherwise:

14 "Affiliate." A corporation or person with an affiliated  
15 interest as defined in section 2101 (relating to definition of  
16 affiliated interest).

17 "Meeting." A committee, user group, task force or other part  
18 of a regional transmission organization in which votes are  
19 taken.

20 "Recorded vote." A vote that is tabulated, either  
21 individually or as part of a sector, for any purpose at a  
22 meeting, regardless of:

23 (1) whether the vote represents a final position of any  
24 person casting the vote; or

25 (2) the decision-making authority of those voting.

26 "Regional transmission organization." An entity that  
27 qualifies as a regional transmission organization under 18 CFR  
28 35.34 (relating to regional transmission organizations).

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