

No. 2007-36

AN ACT

HB 1530

Amending Title 66 (Public Utilities) of the Pennsylvania Consolidated Statutes, in restructuring of electric utility industry, further providing for duties of electric distribution companies.

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

Section 1. Section 2807(e) of Title 66 of the Pennsylvania Consolidated Statutes is amended to read:

§ 2807. Duties of electric distribution companies.

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

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

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

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

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

(5) (i) *Notwithstanding paragraph (3), the electric distribution company or commission-approved alternative supplier may, in its sole discretion, offer large customers with a peak demand of 15 megawatts or greater at one meter at a location in its service territory any negotiated rate for service at all of the customers' locations within the service territory for any duration agreed upon by the electric distribution company or commission-approved alternative supplier and the large customer. The commission shall permit, but*

shall not require, an electric distribution company or commission-approved alternative supplier to provide service to large customers under this paragraph. Contract rates entered into under this paragraph shall be subject to review by the commission in order to ensure that all costs related to the rates are borne by the parties to the contract and that no costs related to the rates are borne by other customers or customer classes. If no costs related to the rates are borne by other customers or customer classes, the commission shall approve the contract within 90 days of its filing, or it shall be deemed approved by operation of law upon expiration of the 90 days. Information submitted under this paragraph shall be subject to the commission's procedures for the filing of confidential and proprietary information.

(ii) For purposes of providing service under this paragraph to customers with a peak demand of 20 megawatts or greater at one meter at a location within that distribution company's service territory, an electric distribution company that has completed its restructuring transition period as of the effective date of this paragraph may, in its sole discretion, acquire an interest in a generation facility or construct a generation facility specifically to meet the energy requirements of the customers, including the electric requirements of the customers' other billing locations within its service territory. The electric distribution company must commence construction of the generation facility or contract to acquire the generation interest within three years after the effective date of this paragraph, except that the electric distribution company may add to the generation facilities it commenced construction or contracted to acquire after this three-year period to serve additional load of customers for whom it commenced construction or contracted to acquire generation within three years. Nothing in this paragraph requires or authorizes the commission to require an electric distribution company to commence construction or acquire an interest in a generation facility. The electric distribution company's interest in the generation facility it built or contracted to acquire shall be no larger than necessary to meet peak demand of customers served under this subparagraph. During times when the customer's demand is less than the electric distribution company's generation interest, the electric distribution company may sell excess power on the wholesale market. At no time shall the costs associated with the generating facility interests be included in rate base or otherwise reflected in rates. The generation facility interests shall not be commission-regulated assets.

Section 2. This act shall take effect immediately.

APPROVED—The 17th day of July, A.D. 2007.

EDWARD G. RENDELL