



PMEA e-News

April 2011

Message from the President

Welcome to the inaugural edition of PMEA e-News. On behalf of the Executive Board I am pleased to present this newsletter which we hope you will find useful and informative. Our goal was to provide the membership with timely information and tools you can use in making decisions for your community. Borough-owned electric systems in Pennsylvania represent the value of community and the power of working together. By working together our member communities can protect the asset we call public power.

Vance E. Oakes,
(Borough Manager, Grove City)

About PMEA

PMEA is the trade association representing the Boroughs in Pennsylvania which own and operate electric distribution systems. These Boroughs provide reliable, low-cost electric service to all citizens and businesses within their geographic territories.

Legislative Update

With the start of the new session of the PA General Assembly, most of the activity by the Harrisburg lawmakers is currently being focused on the 2011 budget process. While we monitor this activity, state budget issues do not typically directly impact the interests of the PMEA member systems. Nonetheless, among the approximately 2,000 bills introduced so far this year in the House and Senate, we have already been active on some legislation, which relates to the interest of PMEA members, and which is highlighted in this newsletter.



Most importantly, after the significant legislative threats which we encountered during the last session, we are happy to report that, thus far in these early weeks of the 2011-2012 session, there has not been any legislation introduced which would subject the borough electric distribution systems to regulation or control by the Public Utility Commission, or which would otherwise infringe on a Borough Council's exclusive rights of local control and self-regulation of its municipal electric system.

SAVE THE DATE

May 10-12 – PMEA Underground Electric Training School, Gettysburg, Pa.

June 6-8 – Weatherly Borough "Rubber Glove Training School" Weatherly, Pa.

Oct 12-14 – PMEA Annual Conference @ Toffrees Resort – State College, Pa.



PMEA - The Power of Working Together

- Berlin • Blakely • Catawissa • Chambersburg • Duncannon • East Conemaugh
- Ellwood City • Ephrata • Girard • Goldsboro • Grove City • Hatfield
- Hooversville • Kutztown • Lansdale • Lehighton • Lewisberry • Middletown • Mifflinburg • Mont Alto
- New Wilmington • Olyphant • Perkasie • Pitcairn • Quakertown • Royalton • St. Clair • Schuylkill Haven
- Smethport • Summerhill • Tarentum • Wampum • Watsonstown • Weatherly • Zeligonle

PA House Bill 411 - Municipal Electricity Aggregation Legislation



"We are happy to report that HB 411 contains the same exclusion for the state's 35 boroughs which own and operate electric distribution systems, as was contained in the last session's version of the legislation."- Vance Oakes, PMEA President

Rep. Joe Preston (Pittsburgh) has introduced municipal electricity aggregation legislation, as House Bill 411. This bill, which is similar to legislation introduced in the last session of the PA General Assembly, would allow interested municipalities, or groups of municipalities, to adopt an ordinance to apply for a license from the PA Public Utility Commission to act as an aggregator to sell electric generation supply service to residential and small business consumers located in their municipal boundaries, on either an opt-in or an opt-out basis.

PMEA President, Vance Oakes (Borough Manager, Grove City) commented, "We are happy to report that HB 411 contains the same exclusion for the state's 35 boroughs which own and operate electric distribution systems, as was contained in the last session's version of the legislation." That exclusion is set forth at Section 2806.3(f)(1)(v) of the bill at page 18, lines 11 through 13, which provides that, "The following consumers shall be excluded from enrollment in a municipal aggregation...loads served by a municipality that owns and operates its own electric distribution system." This important protection in the legislation, which was secured by PMEA, recognizes that the borough electric distribution systems already act as aggregators of generation supply for their citizens and businesses, and this exclusion in HB 411 will prevent our loads from being "cherry picked" by other suppliers. Without this important exclusion in the bill, such competition would otherwise result in lost revenues to the 35 borough owned electric systems, and thus higher rates for the remaining borough consumers.

PMEA Counsel, Tony Adonizio explained that, "The exclusion for the 35 borough electric systems contained in HB 411 is vital to their interests, and is similar to the exemption from competition which PMEA obtained for its members in the 1996 Electricity Generation Customer Choice and Competition Act."

PA PUC Seeks Jurisdiction Over Borough-Owned Natural Gas Distribution System

Legislation in both the House and the Senate was recently introduced (Senate Bill 325 and House Bill 344), which would give the PA PUC safety jurisdiction over Marcellus Shale gas well lines, and would place the Chambersburg borough owned and operated natural gas distribution system under PUC jurisdiction for safety regulations. While neither of these bills would directly impact the 35 municipal electric systems, they are notable for PMEA because, for the first time, the PA PUC is actively seeking a change in state law to extend its jurisdiction over a municipally owned and operated utility system (aside from PGW in Philadelphia, Chambersburg's natural gas distribution system is the state's only municipal gas system.) With the help of its local legislators, and active support from PSAB and PLCM, Chambersburg is vigorously opposing its inclusion in these bills, which are moving forward rapidly in the legislative process. The PA PUC staff drafted each of these bills, and included Chambersburg's gas system under the legislation's provisions, without any prior discussions with the Borough, primarily to gain additional federal grant funding for the state agency from the DOT. The Chambersburg municipal gas system, which has an exemplary safety record, is currently subject to DOT safety regulation, and the PA PUC currently performs periodic gas pipeline safety inspections of the Borough system on behalf of the DOT. SB 325 and HB 344 would each subject Chambersburg to duplicative PA PUC regulation, as well as duplicative PA PUC assessments and fees, which the PUC estimates may be as high as \$54,000 per year.

House Bill 344 was introduced by Rep. Matt Baker (Wellsboro), and initially referred to the House Consumer Affairs Committee.

SB 325 was introduced by Senator Lisa Baker (Luzerne County), and was reported out of the Senate Consumer Protection and Professional Licensure Committee without any public hearing. The bill is currently on the senate calendar, and is expected to come to a vote in the Senate in April.

Public Power Issues of Interest on Capitol Hill

By Jolene Thompson, AMP Senior Vice President

With the promise of major changes in direction made during the 2010 congressional campaigns, the 112th Congress appears to be on the path toward fulfilling many of those promises – particularly in the U.S. House of Representatives, which now enjoys a substantial Republican majority for the first time since 2006. While the U.S. Senate remains in control of the Democrats, the 53-47 seat margin is far from the 60 seats needed to truly control debate and move legislation in that body. And, of course, President Obama holds the veto power over both houses. Unless significant coalitions can be put together in order to advance specific legislative proposals, the 112th Congress may see more gridlock than progress in moving legislation.

American Municipal Power (AMP) works closely in the non-partisan fashion with organizations and coalitions such as the American Public Power Association, Climate Policy Group, Transmission Access Policy Study Group, and the Electric Rates to track federal legislative and regulatory developments to ensure that our member's voices are heard by key policymakers. This article provides a snapshot of key congressional activity of interest to public power; additional information is available on these issues and regulatory activity in issue briefs and docket comments that can be found on the AMP Website Member Extranet or by contacting me. I can be reached at 614-540-1111 or jthompson@amppartners.org. We look forward to staying in touch with you on these important matters via the PMEA newsletter and to working with PMEA on issues of mutual interest.

Greenhouse Gas Regulation by EPA

The 112th Congress to date has spent a significant amount of time on budget and appropriations issues relating to the Fiscal Year 2011 Continuing Resolution (CR) and several stop-gap funding bills. This will likely continue, as such bills are viewed as must pass legislative vehicles that could possibly support riders. In the House, the CR has become the vehicle of choice for the addition of various legislative provisions, including an attempt to block EPA regulation of greenhouse gases. The Senate may also move to amend the CR with similar language. In addition, separate legislation has been introduced to accomplish the same goal.

Clean Energy Standard

In his State of the Union on January 25 2011, President Obama announced his support for a clean energy standard, with the goal doubling the U.S. share of clean energy from 40% to 80% by 2035. AMP is working on comments that, among other items, raise concerns about any mandates on public power systems, the need for comparable incentives for public power, and the importance of full credit for run-of-the-river hydroelectric generation.

Congressional Oversight

A number of House committees and subcommittees have announced plans to conduct extensive oversight on various federal regulatory issues during the session of Congress. EPA will be at the top of the list, particularly with regard to regulation of greenhouse gases. In addition, House Energy and Commerce Committee leadership announced that oversight hearing on both the EPA and the FERC will be on the agenda for the 112th Congress.

Underground Electric Training School

The PMEA Technical Committee is sponsoring an underground training session to be held at Adams REC's training facility which is located at 1338 Biglerville Rd. , Gettysburg Pa. The session will include classroom instruction as well as hands-on field training.

This is a 2 ½ day school. The proposed starting date is Tuesday May 10th continuing until Thursday May 12th ending at noon. Students are welcome to bring their own test equipment if they so desire. However, it is not required. All students will be required to attend all sessions and a follow-up letter will be sent to the participating municipalities informing them of any missed sessions.

The cost for this school is estimated to be for a total of 25 students around \$475.00 per student which includes instructors, facility rental, tent and Port-A-John rental. Instruction will continue inside in case of inclement weather. Students must provide their own work gloves, currently tested rubber gloves, hard hat and safety glasses.

Each municipality must make their own lodging arrangements including hotels/motels.

If your municipality has an interest in sending any of its employees to the Underground Training School please contact:

Bruce Follweiler
Electric Superintendent
Borough of Kutztown
105 Railroad St.
Kutztown, Pa. 19530
Tele (610) 683-3202
Fax (610) 683-9076
Email:
BFollweiler@kutztownboro.org

Capitol Hill (Cont.)

Tax Exempt Bond Authority

With the 2010 mid-term elections identifying deficit reduction as a key topic for the 112th Congress, several Senators have indicated they will introduce legislation based on the recommendations of the President's National Commission on Fiscal Responsibility and Reform. Of particular interest to public power, the deficit commission report included a broad tax reform discussion that suggests changes are needed to the tax code's current tax-exempt financing provisions, which greatly benefit public power and all units of local government.

Energy Tax Provisions

On March 10, 2011, House Ways and Means committee Democrats introduced H.R. 992, the Building American Jobs Act of 2011, which would extend eight bond, tax credit, and loan guarantee programs for states and municipalities. Of particular interest to public power, the bill includes an extension of the Build America Bond program through 2012, with at 32% subsidy rate in 2011 and a 31% subsidy rate in 2012.

Cyber-Security Legislation

US Speaker of the House John Boehner(Ohio) will reportedly make cyber-security legislation a priority for the 112th Congress, with a new legislative panel tasked to work on the legislation. AMP has supported prior legislation that preserved the role of NERC in cyber- security decisions, and it is working now and provides for some utility control over the process.

PA Senate Bill 557- Free Enterprise and Taxpayer Protection Act

Earlier this year, Senator Pat Browne (Allentown) introduced Senate Bill 557, entitled the Free Enterprise and Taxpayer Protection Act. We have seen this type of legislation in past sessions of the PA General Assembly, which would forbid government entities, including boroughs, from competing with private businesses. Electric supply by boroughs is exempted from the bill's prohibited activities, and is also grandfathered in the bill's provisions, so this bill does not represent an immediate threat to PMEA members.

This bill was referred to the Senate State Government Committee, and no action has as yet been scheduled. PMEA will continue to monitor the legislation for any possible amendments which might have an impact on the member systems.

Rubber Glove Training School

Weatherly Borough is hosting a "Rubber Glove Training School" June 6, 7, and 8. The class is open to any municipal electric system employee. For more details or to enroll please contact Harold Pudliner, Borough Manager. Enrollment due by May 20, 2011.

Harold Pudliner
570-427-8640
weatherly1@verizon.net

How Many Americans does it take to change out a light bulb?

By James Havrilla, PE, Utility Engineers, PC

Beginning in 2012, the US will find the answer. The Energy Independence and Security Act is an energy policy law passed in 2007 that contains provisions designed to increase energy efficiency. The law provides for important changes in light bulb efficiency.

Generally, the law required 25% greater efficiency in light bulbs and has a phase in period from 2012 through 2014. Some argue the bill is a ban on incandescent light bulbs. The bill is not a ban but a requirement for increased efficiency for light bulbs, effectively eliminating many incandescent bulbs manufactured today. Most standard incandescent bulbs currently manufactured cannot meet the new standards.

After January 1, 2012, the current 100 watt incandescent bulb cannot be manufactured or imported for sale.

After January 1, 2013, the current 75 watt incandescent bulb cannot be manufactured or imported for sale.

After January 1, 2014, the current 40 and 60 watt incandescent bulbs cannot be manufactured or imported for sale.

Compact fluorescent bulbs are not mandated under the law; higher efficiency bulbs are required. Higher efficiency bulbs include halogen meeting the new standards, compact fluorescent and LED. The law contains 23 exceptions including rough service, three way, 150 watt bulbs, E11 and E12 Candelabra base bulbs.

