



PENNSYLVANIA STATE ASSOCIATION OF TOWNSHIP SUPERVISORS

May 25, 2012

VIA HAND DELIVERY

Rosemary Chiavetta
Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street
2nd Floor, Room N-201
Harrisburg, PA 17105

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PA PUC
SECRETARY'S BUREAU

Re: Docket No. M-2012-2288561 - Pennsylvania State Association of Township Supervisors' Petition for Reconsideration and Clarification of the Public Utility Commission's March 10, 2012 Implementation Order Regarding Chapter 23

Dear Ms. Chiavetta:

Enclosed are the original and three copies of the following documents: (1) Pennsylvania State Association of Township Supervisors' Petition for Reconsideration and Clarification of the Public Utility Commission's March 10, 2012 Implementation Order Regarding Chapter 23 ("Petition"); and (2) Entry of Appearance.

Please date stamp the extra copy of this transmittal letter, the Petition and Entry of Appearance and kindly return them for our filing purposes. Thank you for your assistance.

Sincerely,

Scott E. Coburn

Enclosures

- cc: Robert F. Powelson, Chairman (via hand delivery)
- John F. Coleman, Jr., Vice Chairman (via hand delivery)
- Wayne E. Gardner, Commissioner (via hand delivery)
- James H. Cawley, Commissioner (via hand delivery)
- Pamela A. Witmer, Commissioner (via hand delivery)
- Bohdan R. Pankiw, Esquire, Chief Counsel (via hand delivery)
- All parties that provided comments at Docket No. M-2012-2288561 (via first-class mail)

COMMONWEALTH OF PENNSYLVANIA
BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Re: Act 13 of 2012 – Implementation of :
Unconventional Gas Well Impact Fee Act : Docket No. M-2012-2288561
:

The Pennsylvania State Association of Township Supervisors'
Petition for Reconsideration and Clarification of the Pennsylvania
Public Utility Commission's May 10, 2012 Implementation Order Regarding Chapter 23

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Pennsylvania State Association of
Township Supervisors
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Counsel for Pennsylvania State
Association of Township Supervisors

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The Pennsylvania State Association of Township Supervisors (“PSATS”), on behalf of its members affected by the implementation of Act 13 of 2012,¹ and pursuant to 66 Pa.C.S. § 703 and 52 Pa. Code § 5.572, hereby files this Petition for Reconsideration and Clarification of the Pennsylvania Public Utility Commission’s May 10, 2012 Implementation Order Regarding Chapter 23 (“Petition”). In support of this Petition, PSATS states as follows:

Introduction

1. Through this Petition, PSATS requests that the Pennsylvania Public Utility Commission (“Commission”) reconsider and clarify two aspects of its Implementation Order Regarding Chapter 23 (“Implementation Order”) relating to Section 2314(e) of Act 13, which provides that distributions to eligible municipalities of impact fee funds collected pursuant to Act 13 will be capped at the “greater of \$500,000 or 50% of the total budget for the prior fiscal year beginning with the 2010 budget year. . . .”

2. First, the Commission determined that the total budget applicable to the Section 2314(e) cap will always be municipalities’ 2010 budgets and that possible increases in inflation are the “sole means by which the originally approved 2010 budget amount can be updated” in future years. As set forth more fully below, that determination conflicts with the language of Act 13, is inconsistent with the General Assembly’s intent in enacting Act 13, and unfairly harms the municipalities that bear the brunt of the impacts associated with natural gas development.

3. Second, the Commission created an inherent conflict in the Implementation Order when it determined that the “total budget,” as that term is used in Section 2314(e), means

¹ PSATS is an unincorporated association that represents the interests of Pennsylvania’s 1,455 townships of the second class. Hundreds of PSATS’s members are due to receive distributions of impact fee funds under Act 13 of 2012 (“Act 13”) on December 1, 2012. In addition, depending on the resolution of a legal action commenced by several municipalities and individuals challenging the constitutionality of Act 13, PSATS’s members with zoning ordinances will be required to satisfy the zoning requirements set forth in Chapter 33 of Act 13.

municipalities' "final approved" budget or "originally approved" budget. The Commission should correct that conflict by clarifying that the appropriate budget to be submitted is the "final approved" budget, regardless of when it was adopted.

Factual and Procedural Background

4. On February 14, 2012, Governor Corbett signed Act 13 into law.

5. Among other things, Act 13 imposed an impact fee on every unconventional gas well drilled in Pennsylvania. The revenues generated as a result of those impact fees will be distributed pursuant to a statutorily prescribed formula to state agencies and counties and municipalities located in the Marcellus Shale region.

6. Specifically, Section 2314(d) of Act 13 provides that after "off the top" distributions are made to certain state agencies and county conservation districts, 60% of the remaining impact fee funds will be allocated to impacted municipalities and counties. That allocation is further broken down in the following manner: (1) 36% to counties in which unconventional gas wells have been drilled; (2) 37% to municipalities in which unconventional gas wells have been drilled; and (3) 27% to municipalities in counties in which unconventional gas wells have been drilled. 58 Pa.C.S. § 2314(d).

7. However, Section 2314(e) restricts the amount to be distributed to each municipality each year pursuant to Section 2314(d) to the "greater of \$500,000 or 50% of the total budget for the prior fiscal year beginning with the 2010 budget year. . . ." 58 Pa.C.S. § 2314(e).

8. Act 13 delegates responsibility to the Commission to administer and implement Chapter 23, including, but not limited to, by collecting impact fees from producers and distributing those funds to state agencies, counties and municipalities.²

9. In connection with those responsibilities, on March 16, 2012, the Commission entered a Tentative Implementation Order relating to Act 13.

10. Numerous parties submitted comments on the Tentative Implementation Order, including PSATS, the Pennsylvania State Association of Boroughs (“PSAB”), the County Commissioners Association of Pennsylvania (“CCAP”), and several groups associated with the natural gas industry.

11. In the Tentative Implementation Order, the Commission noted that it needed budget information from municipalities that qualify for impact fee disbursements under Section 2314(d) in order to determine whether the disbursements to those municipalities should be capped pursuant to Section 2314(e).

12. As a result, the Commission created a draft Municipality Approved Budget Form (“Budget Form”), which was attached as an exhibit to the Tentative Implementation Order. The draft Budget Form stated that municipalities need to provide their “2010 Approved Budget Amount” to the Commission, but the Commission did not expand on what it meant by that term. The Commission invited comments on how to approve the draft Budget Form.

13. The Commission did not specifically address in the Tentative Implementation Order the issue of whether the “total budget” would be fixed at 50% of municipalities’ 2010

² The Commission also has certain administrative responsibilities under Chapter 33 of Act 13. However, on April 11, 2012, the Commonwealth Court entered an order enjoining the implementation of Section 3309 for a period of 120 days from the date of the order. As a result of the uncertainty associated with that action, the Commission did not address any portion of its obligations set forth in Chapter 33 in the Implementation Order.

budgets, as adjusted for inflation, or would be based on their prior year's budget, as adjusted for inflation.

14. On May 10, 2012, the Commission issued the Implementation Order.

Legal Standard

15. Section 703(g) of the Public Utility Code provides that the Commission "may, at any time, after notice and after opportunity to be heard as provided in this chapter, rescind or amend any order made by it." 66 Pa.C.S. § 703(g).

16. Such requests must comply with Section 5.572 of the Commission's regulations, which provide, in part, that petitions for "reconsideration, rehearing, reargument, clarification, supersedeas or others shall be filed within 15 days after the Commission order involved is entered or otherwise becomes final." 52 Pa. Code § 5.572(c).

17. Petitions for reconsideration may "properly raise any matter designed to convince the Commission that it should exercise its discretion" to amend or rescind a prior order, in whole or in part. *See Duick v. Pennsylvania Gas and Water Co.*, 56 Pa. P.U.C. 553, 559 (1982).

18. As set forth more fully below, applying these standards, the Commission should grant PSATS's Petition.

Argument

19. Reconsideration and clarification of the Implementation Order by the Commission is warranted for the following reasons. First, the Commission's determination that Section 2314(e)'s cap on disbursement of impact fee funds to municipalities will always be based on 2010 budgets, adjusted only for inflation, and not on the "total budget for the prior fiscal year," fails to give full meaning to the language of Section 2314(e) and does not reflect the General Assembly's intent, as evidenced by the language of prior versions of Section 2314(e)

passed by the House and Senate. That determination is also contrary to one of the purposes of Act 13, which is to ensure that municipalities have sufficient funds to deal with the local impacts of unconventional gas well drilling. Therefore, the Commission should reconsider its prior interpretation of Section 2314(e) and confirm that the cap on the distribution of impact fees to municipalities will be based on the “total budget for the prior fiscal year,” not simply the 2010 budget year, possibly adjusted for inflation. The Commission should also confirm that the inflation adjustment language serves to index the \$500,000 cap as well.

20. Second, the Commission should clarify the Implementation Order because it referred interchangeably to municipalities’ “final approved” budget and “originally approved” budget, thereby creating an inherent conflict. Municipalities are permitted by statute to amend their budgets after they are originally approved. Therefore, if the Commission intended to accept only a municipality’s “originally approved budget,” those that amended their budgets in 2010 or 2011, or will do so in future years, will be precluded from relying on those amended budgets. Thus, the Commission should clarify the Implementation Order by stating that municipalities must submit their “final approved” budgets, regardless of when they are approved.

**The Commission Should Reconsider Its Determination That
Inflationary Increases are the Sole Means by which
the 2010 Budget Amount can be Updated in Future Years.**

21. In the Implementation Order, the Commission determined that the sole means by which the 2010 budget amounts can be updated when calculating distributions of impact fees in future years is through upward increases in the Consumer Price Index. As a result, the amount of impact fees that municipalities will be able to receive under Section 2314(e) will be fixed at their 2010 budgets.

22. The Commission's determination effectively renders meaningless the phrase "total budget for the prior fiscal year" in Section 2314(e).

23. Section 2314(e) states:

The amount allocated to each municipality under subsection (d) shall not exceed the greater of \$500,000 or 50% of the total budget for the prior fiscal year beginning with the 2010 budget year and continuing every year thereafter, adjusted to reflect any upward changes in the Consumer Price Index for all Urban Consumers for the Pennsylvania, New Jersey, Delaware and Maryland area in the preceding 12 months. Any remaining money shall be retained by the [Commission] and deposited in the Housing Affordability and Rehabilitation Enhancement Fund for the uses specified under subsection (f).

58 Pa.C.S. § 2314(e).

24. Had the General Assembly intended for the "total budget" to be fixed at the 2010 budget year, it could have simply written Section 2314(e) so that impact fee distributions to municipalities would not exceed the greater of \$500,000 or "50% of the total budget for the 2010 budget year, adjusted for inflation in subsequent years. . . ."

25. In fact, that is essentially exactly the language that was in versions of House Bill 1950 and Senate Bill 1100 before the House and Senate voted on the Conference Committee's version of House Bill 1950 and Governor Corbett signed it into law as Act 13.

26. Section 2314(e), as written in those prior versions, stated, in relevant part:

The amount allocated to each designated municipality under subsection (D) shall not exceed 50% of its total budget for fiscal year 2011, adjusted for inflation in subsequent years. . . .

See House Bill 1950, Printer's No. 2837, at Section 2314(d.1), a copy of which is attached as Exhibit A, and Senate Bill 1100, Printer's No. 1777, at Section 2314(d.1), a copy of which is attached as Exhibit B.

27. The fact that the General Assembly changed the language from “50% of its total budget for fiscal year 2011. . .” to “50% of the total budget for the prior fiscal year. . .” is a clear indication that it intended that the total budget would not be fixed at the 2010 budget year, adjusted for inflation, but rather would be based on the “*prior fiscal year* beginning with the 2010 budget year,” adjusted for inflation. (emphasis added). In other words, unconventional gas well producers would pay impact fees on wells that were drilled in or before 2011 and municipalities would be limited to receiving the greater of \$500,000 or 50% of their total budget for 2010. Then, when producers pay impact fees in 2012, the greater of \$500,000 or 50% of the municipalities’ “total budget for the prior fiscal year” – 2011 – would become the ceiling on the amount to be disbursed to municipalities.³

28. The Commission’s interpretation also runs counter to one of the underlying purposes of Act 13, which is to provide municipalities with the resources to adequately address the negative local impacts associated unconventional gas well drilling.

29. Indeed, after Senate President Pro Tempore Joseph Scarnati introduced Senate Bill 1100 in the Senate, he stated, ““My main objective with this bill is to ensure our local municipalities, where drilling takes place, receive a fee to assist with road improvements, water and sewage issues, as well as other community enhancements.” See Press Release dated May 16, 2011, a copy of which is attached as Exhibit C.

30. However, applying the Commission’s determination, millions of dollars that would otherwise be distributed to municipalities to assist them in, among other things, building

³ The inflationary adjustments referred to in Section 2314(e) should apply to both aspects of the municipal cap such that the \$500,000 figure and the municipalities’ total budgets for the prior fiscal year are eligible to be increased for inflation. It is unclear from the Implementation Order whether the Commission intends to adjust the \$500,000 figure upward to take into account inflation. As such, the Commission should clarify the Implementation Order to make clear that the \$500,000 figure will also be subject to adjustments for inflation.

and rebuilding local infrastructure, including roads and water and sewer mechanisms, or providing an increased public safety platform to account for the influx of new workers and residents, will be diverted for other purposes that are not directly related to those local impacts.

31. For example, there are numerous municipalities in Bradford, Tioga and Washington counties, among others, that host dozens and dozens of unconventional gas wells and, as a result, have significant local impacts. Those municipalities will lose a substantial portion of their allocation of impact fee funds in future years if the “total budget” cap in Section 2314(e) remains frozen at their 2010 budgets.

32. The interpretation put forth by PSATS, which is supported by the language of Section 2314(e) and the General Assembly’s intent, will permit those municipalities to receive more, if not all, of their allocated share of impact fees in future years.

33. For these reasons, PSATS requests that the Commission reconsider its Implementation Order and determine that the cap on the impact fees allocated to each municipality will be based on the 2010 budget year for the first year, but in future years will be based on the “total budget for the prior fiscal year.”

The Commission Should Clarify Its Conflicting Statements that Municipalities Must Submit their “Final Approved Budget” and “Originally Approved Budget”

34. In the Implementation Order, the Commission stated that the budget amount that it will rely on in determining whether the cap set forth in Section 2314(e) applies will be the “*final* approved 2010 budget by the governing body” of the municipality. Implementation Order at 17 (emphasis added).

35. However, the Commission also stated that the “*originally* approved total budget for the 2010 fiscal year is the amount to be reported,” thereby creating an inherent conflict in the Implementation Order. *Id.* (emphasis added).

36. Accordingly, it is unclear whether the Commission intended the budget amount to be the “final approved” or “originally approved” budget.

37. Clarification of whether municipalities must submit their “final approved” or “originally approved” budget is necessary because municipalities had a statutory right to reopen their budgets during January 2010 and adopt an amended budget by February 15 of that year. *See* 53 P.S. § 68202(d) (applying to townships of the second class); 53 P.S. § 56701.1 (applying to townships of the first class); 53 P.S. § 46311 (applying to boroughs). They would also have the right to reopen and amend their budgets in future years.

38. Thus, to the extent that the Commission intended the budget amount to be the “originally approved” budget, those municipalities that reopened their budgets and adopted amended budgets in 2010 or 2011 (or do so in future years) would be precluded from relying on the amended budgets for purposes of receiving their share of impact fee funds.

39. Therefore, the Commission should clarify the Implementation Order by striking all references to municipalities’ “originally approved” budgets and should determine that municipalities must provide their “final approved” budget, regardless of when such budget was approved.

WHEREFORE, PSATS respectfully requests that the Commission reconsider its determination in the Implementation Order that the cap in Section 2314(e) will be frozen at municipalities' 2010 budgets, adjusted only for inflation. Instead, the cap on any given year's distribution of impact fee funds to a particular municipality should be based on that municipality's budget for the prior fiscal year, adjusted for inflation. In addition, PSATS respectfully requests that the Commission clarify the inconsistency created in the Implementation Order by the statements that municipalities must provide their "final approved" budget and "originally approved" budget. The Commission should clarify the Implementation Order by striking all references to municipalities' "originally approved" budgets and accept municipalities' "final approved" budgets, regardless of when they are adopted.

Respectfully submitted,

By: 

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(717) 763-9732 – facsimile
scoburn@psats.org

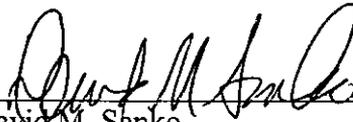
Counsel for Pennsylvania State Association of
Township Supervisors

Dated: May 25, 2012

VERIFICATION

I, David M. Sanko, Executive Director of the Pennsylvania State Association of Township Supervisors, am authorized to sign this Verification on behalf of the Pennsylvania State Association of Township Supervisors and state that the facts set forth in the foregoing Petition for Reconsideration and Clarification of the Public Utility Commission's May 10, 2012 Implementation Order Regarding Chapter 23 are true and correct to the best of my knowledge, information and belief.

I understand that the statements in this Verification are made subject to the penalties of 18 Pa.C.S. § 4904, relating to unsworn falsifications to authorities.



David M. Sanko
Executive Director
Pennsylvania State Association of Township
Supervisors

Dated: May 25, 2012

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EXHIBIT A

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 1950 Session of 2011

INTRODUCED BY ELLIS, S. H. SMITH, TURZAI, SAYLOR, REED, ADOLPH, MAJOR, STEVENSON, VEREB, ROSS, GROVE, MARSHALL, HELM, VULAKOVICH, P. COSTA, GERGELY, MOUL, CHRISTIANA, TALLMAN, EVERETT AND K. SMITH, NOVEMBER 1, 2011

SENATOR M. WHITE, ENVIRONMENTAL RESOURCES AND ENERGY, IN SENATE, AS AMENDED, DECEMBER 7, 2011

AN ACT

1 ~~Amending Titles 27 (Environmental Resources) and 58 (Oil and~~ ←
2 ~~Gas) of the Pennsylvania Consolidated Statutes, requiring~~
3 ~~rents and royalties from oil and gas leases of Commonwealth~~
4 ~~land to be placed in a special fund to be used for~~
5 ~~conservation, recreation, dams, flood control and certain~~
6 ~~interfund transfers; authorizing the Secretary of~~
7 ~~Conservation and Natural Resources to determine the need for~~
8 ~~and location of such projects and to acquire the necessary~~
9 ~~land; providing for interfund transfer; establishing the~~
10 ~~Keystone Transit Program; providing a transfer of funds from~~
11 ~~the Oil and Gas Lease Fund to the Department of Environmental~~
12 ~~Protection for a competitive grant program for the transition~~
13 ~~of small mass transit bus fleets to compressed natural gas;~~
14 ~~establishing the Clean Transit Program; providing a transfer~~
15 ~~of funds from the Oil and Gas Lease Fund to the Department of~~
16 ~~Environmental Protection for a loan program for the~~
17 ~~transition of large mass transit bus fleets to compressed~~
18 ~~natural gas; authorizing counties to impose and collect an~~
19 ~~unconventional gas well impact fee; providing for~~
20 ~~distribution of fees and for the Oil and Gas Lease Fund;~~
21 ~~consolidating the Oil and Gas Act with modifications and~~
22 ~~additions; providing for local ordinances relating to oil and~~
23 ~~gas operations; and repealing an act relating to the~~
24 ~~establishment of the Oil and Gas Lease Fund and the Oil and~~
25 ~~Gas Act.~~

26 AMENDING TITLE 58 (OIL AND GAS) OF THE PENNSYLVANIA CONSOLIDATED ←
27 STATUTES, CONSOLIDATING THE OIL AND GAS ACT WITH
28 MODIFICATIONS RELATING TO DEFINITIONS, WELL PERMITS, WELL
29 LOCATION RESTRICTIONS, PROTECTION OF WATER SUPPLIES, WELL
30 REPORTING REQUIREMENTS, BONDING, ENFORCEMENT ORDERS,

1 (D.1) RESTRICTION.--THE AMOUNT ALLOCATED TO EACH DESIGNATED
2 MUNICIPALITY UNDER SUBSECTION (D) SHALL NOT EXCEED 50% OF ITS
3 TOTAL BUDGET FOR FISCAL YEAR 2011, ADJUSTED FOR INFLATION IN
4 SUBSEQUENT YEARS BY AN AMOUNT NOT TO EXCEED AN ANNUAL COST-OF-
5 LIVING ADJUSTMENT CALCULATED BY APPLYING THE PERCENTAGE
6 INCREASE, IF ANY, IN THE CONSUMER PRICE INDEX IMMEDIATELY PRIOR
7 TO THE DATE THE ADJUSTMENT IS DUE TO TAKE EFFECT. ANY REMAINING
8 MONEY SHALL BE RETAINED BY THE COMMISSION AND DEPOSITED IN THE
9 HOUSING AFFORDABILITY AND REHABILITATION ENHANCEMENT FUND.

10 (D.2) HOUSING AFFORDABILITY AND REHABILITATION ENHANCEMENT
11 FUND.--

12 (1) FROM FEES COLLECTED FOR 2011, \$2,500,000 FROM THE
13 ACCOUNT SHALL BE DISTRIBUTED TO THE HOUSING AFFORDABILITY AND
14 REHABILITATION ENHANCEMENT FUND UNDER THE ACT OF NOVEMBER 23,
15 2010 (P.L.1035, NO.105), ENTITLED "AN ACT AMENDING THE ACT OF
16 DECEMBER 3, 1959 (P.L.1688, NO.621), ENTITLED, AS AMENDED,
17 'AN ACT TO PROMOTE THE HEALTH, SAFETY AND WELFARE OF THE
18 PEOPLE OF THE COMMONWEALTH BY BROADENING THE MARKET FOR
19 HOUSING FOR PERSONS AND FAMILIES OF LOW AND MODERATE INCOME
20 AND ALLEVIATING SHORTAGES THEREOF, AND BY ASSISTING IN THE
21 PROVISION OF HOUSING FOR ELDERLY PERSONS THROUGH THE CREATION
22 OF THE PENNSYLVANIA HOUSING FINANCE AGENCY AS A PUBLIC
23 CORPORATION AND GOVERNMENT INSTRUMENTALITY; PROVIDING FOR THE
24 ORGANIZATION, MEMBERSHIP AND ADMINISTRATION OF THE AGENCY,
25 PRESCRIBING ITS GENERAL POWERS AND DUTIES AND THE MANNER IN
26 WHICH ITS FUNDS ARE KEPT AND AUDITED, EMPOWERING THE AGENCY
27 TO MAKE HOUSING LOANS TO OUALIFIED MORTGAGORS UPON THE
28 SECURITY OF INSURED AND UNINSURED MORTGAGES, DEFINING
29 QUALIFIED MORTGAGORS AND PROVIDING FOR PRIORITIES AMONG
30 TENANTS IN CERTAIN INSTANCES, PRESCRIBING INTEREST RATES AND

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EXHIBIT B

THE GENERAL ASSEMBLY OF PENNSYLVANIA

SENATE BILL

No. 1100 Session of 2011

INTRODUCED BY SCARNATI, CORMAN, BROWNE, VOGEL, SMUCKER, D. WHITE, BRUBAKER, PIPPY, MENSCH, YAW AND PICCOLA, MAY 16, 2011

SENATOR CORMAN, APPROPRIATIONS, RE-REPORTED AS AMENDED, NOVEMBER 14, 2011

AN ACT

1 Amending Title 58 (Oil and Gas) of the Pennsylvania Consolidated
2 Statutes, consolidating the Oil and Gas Act with
3 modifications relating to definitions, well permits, well
4 location restrictions, protection of water supplies, well
5 reporting requirements, bonding, enforcement orders,
6 penalties, civil penalties and local ordinances; providing
7 for containment, for transportation regulations, for
8 emergency response information, FOR NOTIFICATION TO PUBLIC
9 DRINKING WATER SYSTEMS, FOR CORROSION CONTROL REQUIREMENTS,
10 FOR GATHERING LINES and for model ordinance; providing for a
11 model zoning ordinance; and making a related repeal.



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

14 Section 1. Title 58 of the Pennsylvania Consolidated
15 Statutes is amended by adding parts to read:

PART I

(RESERVED)

PART II

OVERSIGHT AND DEVELOPMENT

Chapter

23. DRILLING IMPACT FEE



1 ELIGIBLE MUNICIPALITIES WITHIN THE COUNTY AND
2 MULTIPLIES THE RESULTING PERCENTAGE BY THE AMOUNT
3 ALLOCATED TO THE COUNTY UNDER THIS SUBPARAGRAPH.

4 (II) FIFTY PERCENT OF THE AMOUNT AVAILABLE UNDER
5 THIS PARAGRAPH SHALL BE DISTRIBUTED TO EACH MUNICIPALITY
6 IN THE COUNTY REGARDLESS OF WHETHER AN UNCONVENTIONAL
7 WELL IS LOCATED IN THE MUNICIPALITY AS FOLLOWS:

8 (A) ONE-HALF SHALL BE DISTRIBUTED TO EACH
9 MUNICIPALITY USING A FORMULA THAT DIVIDES THE
10 POPULATION OF THE MUNICIPALITY WITHIN THE COUNTY BY
11 THE TOTAL POPULATION OF THE COUNTY AND MULTIPLIES THE
12 RESULTING PERCENTAGE BY THE AMOUNT ALLOCATED TO THE
13 COUNTY UNDER THIS SUBPARAGRAPH.

14 (B) ONE-HALF SHALL BE DISTRIBUTED TO EACH
15 MUNICIPALITY USING A FORMULA THAT DIVIDES THE HIGHWAY
16 MILEAGE OF THE MUNICIPALITY WITHIN THE COUNTY BY THE
17 TOTAL HIGHWAY MILEAGE OF THE COUNTY AND MULTIPLIES
18 THE RESULTING PERCENTAGE BY THE AMOUNT ALLOCATED TO
19 THE COUNTY UNDER THIS SUBPARAGRAPH.

20 (D.1) RESTRICTION.--THE AMOUNT ALLOCATED TO EACH DESIGNATED
21 MUNICIPALITY UNDER SUBSECTION (D) SHALL NOT EXCEED 50% OF ITS
22 TOTAL BUDGET FOR FISCAL YEAR 2011, ADJUSTED FOR INFLATION IN
23 SUBSEQUENT YEARS BY AN AMOUNT NOT TO EXCEED AN ANNUAL COST-OF-
24 LIVING ADJUSTMENT CALCULATED BY APPLYING THE PERCENTAGE
25 INCREASE, IF ANY, IN THE CONSUMER PRICE INDEX IMMEDIATELY PRIOR
26 TO THE DATE THE ADJUSTMENT IS DUE TO TAKE EFFECT. ANY REMAINING
27 MONEY SHALL BE RETAINED BY THE COMMISSION AND DEPOSITED IN THE
28 HOUSING AFFORDABILITY AND REHABILITATION ENHANCEMENT FUND.

29 (D.2) HOUSING AFFORDABILITY AND REHABILITATION ENHANCEMENT
30 FUND.--

EXHIBIT C

For Immediate Release

May 16, 2011

[Back](#)

Scarnati Introduces Local Impact Fee Bill on Marcellus Shale Companies

WARREN - Senate President Pro Tempore Joe Scarnati recently held a conference call with state-wide media to discuss his proposal for a local impact fee on Marcellus Shale companies. The proposal is now Senate Bill 1100.

"While I recognize that even though the language has been put into legislative form, this issue is still a work in progress," Scarnati stated. "My main objective with this bill is to ensure our local municipalities, where drilling takes place, receive a fee to assist with road improvements, water and sewage issues, as well as other community enhancements."

According to Scarnati, there has been significant progress made over the past couple of weeks to improve the proposal.

"We have and will continue to work with the environmental community, the industry, and local and state officials to make sure we get this bill right," Scarnati added. "I am hopeful that we will arrive at a final product that will be in the best interest of the citizens of the Commonwealth by summer recess."

"As I have said before, we have tremendous opportunity with the Marcellus Shale industry, but we must be vigilant in ensuring our communities and our environment are taken care of now and in the future," Scarnati concluded.

A copy of Senate Bill 1100 and explanatory materials can be found on Senator Scarnati's website at www.senatorscarnati.com.

Contact:

Drew Crompton
717-787-7084

CERTIFICATE OF SERVICE

I, Scott E. Coburn, Esquire, hereby certify that on this 25th day of May, 2012, a true and correct copy of the Pennsylvania State Association of Township Supervisors' Petition for Reconsideration and Clarification of the Public Utility Commission's March 10, 2012 Implementation Order was sent to the following persons via hand delivery:

Robert F. Powelson, Chairman
Pennsylvania Public Utility Commission
P.O. Box 3265
Harrisburg, PA 17105

John F. Coleman, Jr., Vice Chairman
Pennsylvania Public Utility Commission
P.O. Box 3265
Harrisburg, PA 17105

Wayne E. Gardner, Commissioner
Pennsylvania Public Utility Commission
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James H. Cawley, Commissioner
Pennsylvania Public Utility Commission
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Pamela A. Witmer, Commissioner
Pennsylvania Public Utility Commission
P.O. Box 3265
Harrisburg, PA 17105

Bohdan F. Pankiw, Chief Counsel
Pennsylvania Public Utility Commission
P.O. Box 3265
Harrisburg, PA 17105

and to the following persons via U.S. first-class mail:

Kevin J. Moody, General Counsel
PIOGA
212 Locust Street, Suite 300
Harrisburg, PA 17101

Kathryn Z. Klaber, President
Marcellus Shale Coalition
4000 Town Center Boulevard
Canonsburg, PA 15317

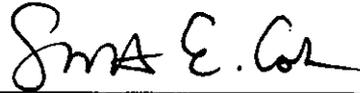
Stephanie Catarino Wissman
Executive Director
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Jacob Cardiff
Carrizo Oil & Gas, Inc.
500 Dallas, Suite 2300
Houston, TX 77002

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