

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 2075 Session of 2018

INTRODUCED BY CHARLTON, DRISCOLL, HEFFLEY, FLYNN, CORBIN, BIZZARRO, QUIGLEY, BARRAR, SANTORA AND SCHWEYER, FEBRUARY 16, 2018

AS REPORTED FROM COMMITTEE ON CONSUMER AFFAIRS, HOUSE OF REPRESENTATIVES, AS AMENDED, JUNE 20, 2018

AN ACT

1 Amending Title 66 (Public Utilities) of the Pennsylvania
2 Consolidated Statutes, in rates and distribution systems,
3 further providing for valuation of and return on the property
4 of a public utility.

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

7 Section 1. Section 1311(b) of Title 66 of the Pennsylvania
8 Consolidated Statutes is amended to read:

9 ~~§ 1311. Valuation of and return on the property of a public~~ <--
10 utility.

11 * * *

12 ~~(b) Method of valuation.~~

13 ~~(1) The value of the property of the public utility~~
14 ~~included in the rate base shall be the original cost of the~~
15 ~~property when first devoted to the public service less the~~
16 ~~applicable accrued depreciation as such depreciation is~~
17 ~~determined by the commission.~~

18 ~~(2) (i) The value of the property of a public utility~~

1 ~~providing water or wastewater service shall include the~~
2 ~~original cost incurred by the public utility for the~~
3 ~~replacement of customer owned lead water service lines~~
4 ~~and the replacement or rehabilitation of damaged~~
5 ~~customer owned sewer laterals, notwithstanding that the~~
6 ~~customer will hold legal title to the replacement water~~
7 ~~service line or replacement or rehabilitated sewer~~
8 ~~lateral.~~

9 ~~(ii) The original cost of the replacement water~~
10 ~~service line or replacement or rehabilitated sewer~~
11 ~~lateral shall be deemed other related capitalized costs~~
12 ~~that are part of the public utility's distribution~~
13 ~~system.~~

14 ~~(iii) The public utility incurring the cost under~~
15 ~~subparagraph (i) may recover a return on, and a return~~
16 ~~of, the cost that the commission determines to have been~~
17 ~~prudently incurred and will help prevent adverse effects~~
18 ~~on public health or public safety or help the public~~
19 ~~utility comply with laws and regulations pertaining to~~
20 ~~drinking water or environmental standards.~~

21 ~~(iv) The commission may allocate the cost associated~~
22 ~~with the replacement of a customer owned lead water~~
23 ~~service line and the replacement or rehabilitation of a~~
24 ~~damaged customer owned sewer lateral among each customer,~~
25 ~~classes of customers and types of service.~~

26 ~~(v) Notwithstanding any other provision of this~~
27 ~~title to the contrary, a public utility providing water~~
28 ~~or wastewater service must obtain prior approval of the~~
29 ~~commission or replacement or rehabilitation of damaged~~
30 ~~customer owned sewer laterals.~~

1 * * *

2 § 1311. VALUATION OF AND RETURN ON THE PROPERTY OF A PUBLIC <--
3 UTILITY.

4 * * *

5 (B) METHOD OF VALUATION.--

6 (1) THE VALUE OF THE PROPERTY OF THE PUBLIC UTILITY
7 INCLUDED IN THE RATE BASE SHALL BE THE ORIGINAL COST OF THE
8 PROPERTY WHEN FIRST DEVOTED TO THE PUBLIC SERVICE LESS THE
9 APPLICABLE ACCRUED DEPRECIATION AS SUCH DEPRECIATION IS
10 DETERMINED BY THE COMMISSION.

11 (2) (I) THE VALUE OF THE PROPERTY OF A PUBLIC UTILITY
12 PROVIDING WATER SERVICE SHALL INCLUDE THE ORIGINAL COST
13 INCURRED BY THE PUBLIC UTILITY FOR THE REPLACEMENT OF A
14 CUSTOMER-OWNED LEAD WATER SERVICE LINE, PERFORMED
15 CONCURRENT WITH A SCHEDULED UTILITY MAIN REPLACEMENT
16 PROJECT, NOTWITHSTANDING THAT THE CUSTOMER WILL HOLD
17 LEGAL TITLE TO THE REPLACEMENT WATER SERVICE LINE.

18 (II) THE ORIGINAL COST OF THE REPLACEMENT WATER
19 SERVICE LINE SHALL BE DEEMED OTHER RELATED CAPITALIZED
20 COSTS THAT ARE PART OF THE PUBLIC UTILITY'S DISTRIBUTION
21 SYSTEM.

22 (III) THE PUBLIC UTILITY INCURRING THE COST UNDER
23 SUBPARAGRAPH (I) MAY RECOVER A RETURN ON, AND A RETURN
24 OF, THE COST THAT THE COMMISSION DETERMINES TO HAVE BEEN
25 PRUDENTLY INCURRED AND WILL HELP PREVENT ADVERSE EFFECTS
26 ON PUBLIC HEALTH OR PUBLIC SAFETY OR HELP THE PUBLIC
27 UTILITY COMPLY WITH LAWS AND REGULATIONS PERTAINING TO
28 DRINKING WATER OR ENVIRONMENTAL STANDARDS. THE RETURN ON
29 COSTS PERMITTED UNDER THIS SUBPARAGRAPH MAY BE RECOVERED
30 FOR A PERIOD NOT TO EXCEED 10 YEARS FROM THE DATE THE

1 COST IS INCURRED.

2 (IV) THE COMMISSION MAY ALLOCATE THE COST ASSOCIATED
3 WITH THE REPLACEMENT OF A CUSTOMER-OWNED LEAD WATER
4 SERVICE LINE AMONG EACH CUSTOMER, CLASSES OF CUSTOMERS
5 AND TYPES OF SERVICE.

6 (V) NOTWITHSTANDING ANY OTHER PROVISION OF LAW TO
7 THE CONTRARY, A PUBLIC UTILITY PROVIDING WATER SERVICE
8 MUST OBTAIN PRIOR APPROVAL FROM THE COMMISSION FOR THE
9 REPLACEMENT OF A CUSTOMER-OWNED LEAD WATER SERVICE LINE
10 BY FILING A NEW TARIFF OR SUPPLEMENT TO EXISTING TARIFFS
11 UNDER SECTION 1308 (RELATING TO VOLUNTARY CHANGES IN
12 RATES).

13 (VI) A NEW TARIFF OR SUPPLEMENT TO AN EXISTING
14 TARIFF APPROVED BY THE COMMISSION UNDER SUBPARAGRAPH (V)
15 SHALL INCLUDE A CAP ON THE MAXIMUM NUMBER OF CUSTOMER-
16 OWNED LEAD WATER SERVICE LINES THAT CAN BE REPLACED
17 ANNUALLY.

18 (VII) THE COMMISSION SHALL, BY REGULATION OR ORDER,
19 ESTABLISH STANDARDS, PROCESSES AND PROCEDURES TO:

20 (A) ENSURE THAT WORK PERFORMED BY A PUBLIC
21 UTILITY OR THE PUBLIC UTILITY'S CONTRACTOR TO REPLACE
22 A CUSTOMER-OWNED LEAD WATER SERVICE LINE IS
23 ACCOMPANIED BY A WARRANTY OF NO LESS THAN 12 MONTHS
24 FROM THE DATE THE WORK IS COMPLETED AND THE PUBLIC
25 UTILITY AND THE PUBLIC UTILITY'S CONTRACTOR HAS
26 ACCESS TO THE AFFECTED CUSTOMER'S PROPERTY DURING THE
27 TERM OF THE WARRANTY.

28 (B) PROVIDE FOR A REIMBURSEMENT TO A CUSTOMER
29 WHO HAS REPLACED THE CUSTOMER'S LEAD WATER SERVICE
30 LINE WITHIN FOUR YEARS OF COMMENCEMENT OF A PROJECT

1 IN ACCORDANCE WITH A COMMISSION-APPROVED TARIFF.

2 (3) NOTHING IN THIS SECTION SHALL BE CONSTRUED TO LIMIT
3 THE EXISTING RATEMAKING AUTHORITY OF THE COMMISSION NOR
4 INVALIDATE OR VOID ANY RATES APPROVED BY THE COMMISSION
5 BEFORE THE EFFECTIVE DATE OF THIS PARAGRAPH.

6 * * *

7 Section 2. This act shall take effect in 60 days.