
THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 2075 Session of
2018

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

SENATOR BROWNE, APPROPRIATIONS, IN SENATE, RE-REPORTED AS
AMENDED, OCTOBER 15, 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.

1 (2) (i) The value of the property of a public utility
2 providing water OR WASTEWATER service shall include the <--
3 original cost incurred by the public utility for the
4 replacement of a customer-owned lead water service line
5 OR A CUSTOMER-OWNED DAMAGED WASTEWATER LATERAL, performed <--
6 concurrent with a scheduled utility main replacement
7 project OR UNDER A COMMISSION-APPROVED PROGRAM, <--
8 notwithstanding that the customer will hold legal title
9 to the replacement water service line OR WASTEWATER <--
10 LATERAL.

11 (ii) The original cost of the replacement water
12 service line OR WASTEWATER LATERAL shall be deemed other <--
13 related capitalized costs that are part of the public
14 utility's distribution system.

15 (iii) The public utility incurring the cost under <--
16 subparagraph (i) may recover a return on, and a return
17 of, the cost that the commission determines to have been
18 prudently incurred and will help prevent adverse effects
19 on public health or public safety or help the public
20 utility comply with laws and regulations pertaining to
21 drinking water or environmental standards. The return on
22 costs permitted under this subparagraph may be recovered
23 for a period not to exceed 10 years from the date the
24 cost is incurred. FOR THE PURPOSE OF CALCULATING THE <--
25 RETURN OF AND ON A PUBLIC UTILITY'S PRUDENTLY INCURRED
26 COST FOR THE REPLACEMENT OF A WATER SERVICE LINE AND FOR
27 THE REPLACEMENT OF A WASTEWATER LATERAL THAT IS RECOVERED
28 IN A PUBLIC UTILITY'S BASE RATES OR DISTRIBUTION SYSTEM
29 IMPROVEMENT CHARGE, THE COMMISSION SHALL EMPLOY THE
30 EQUITY RETURN RATE FOR WATER AND WASTEWATER PUBLIC

1 UTILITIES CALCULATIONS SET FORTH IN SECTION 1357(B)(2)
2 AND (3) (RELATING TO COMPUTATION OF CHARGE).

3 (iv) The commission may allocate the cost associated
4 with the replacement of a customer-owned lead water
5 service line OR CUSTOMER-OWNED DAMAGED WASTEWATER LATERAL <--
6 among each customer, classes of customers and types of
7 service.

8 (v) Notwithstanding any other provision of law to
9 the contrary, a public utility providing water OR <--
10 WASTEWATER service must obtain prior approval from the
11 commission for the replacement of a customer-owned lead
12 water service line OR CUSTOMER-OWNED DAMAGED WASTEWATER <--
13 LATERAL by filing a new tariff or supplement to existing
14 tariffs under section 1308 (relating to voluntary changes
15 in rates).

16 (vi) A new tariff or supplement to an existing
17 tariff approved by the commission under subparagraph (v)
18 shall include a cap on the maximum number of customer-
19 owned lead water service lines OR CUSTOMER-OWNED DAMAGED <--
20 WASTEWATER LATERALS that can be replaced annually.

21 (vii) The commission shall, by regulation or order,
22 establish standards, processes and procedures to:

23 (A) Ensure that work performed by a public
24 utility or the public utility's contractor to replace
25 a customer-owned lead water service line OR A <--
26 CUSTOMER-OWNED DAMAGED WASTEWATER LATERAL is
27 accompanied by a warranty of no less than 12 months <--
28 from the date the work is completed A TERM THAT THE <--
29 COMMISSION DETERMINES APPROPRIATE and the public
30 utility and the public utility's contractor has

1 access to the affected customer's property during the
2 term of the warranty.

3 (B) Provide for a reimbursement to a customer
4 who has replaced the customer's lead water service
5 line OR CUSTOMER-OWNED DAMAGED WASTEWATER LATERAL <--
6 within ~~four years~~ ONE YEAR of commencement of a <--
7 project in accordance with a commission-approved
8 tariff.

9 (3) Nothing in this section shall be construed to limit
10 the existing ratemaking authority of the commission nor
11 invalidate or void any rates approved by the commission
12 before the effective date of this paragraph.

13 (4) NOTHING IN THIS SECTION SHALL BE CONSTRUED TO LIMIT <--
14 ANY PROVISION OR REQUIREMENT OF THE ACT OF MAY 1, 1984
15 (P.L.206, NO.43), KNOWN AS THE PENNSYLVANIA SAFE DRINKING
16 WATER ACT, OR THE REGULATIONS PROMULGATED THEREUNDER.

17 (5) FOR THE PURPOSES OF THIS SUBSECTION, THE TERM "LEAD
18 WATER SERVICE LINE" MEANS A SERVICE LINE MADE OF LEAD THAT
19 CONNECTS A WATER MAIN TO A BUILDING INLET AND A LEAD PIGTAIL,
20 GOOSENECK OR OTHER FITTING THAT IS CONNECTED TO THE LEAD
21 LINE.

22 * * *

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