

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 744 Session of
2009

INTRODUCED BY SOLOBAY, TURZAI, CALTAGIRONE, CREIGHTON, GIBBONS,
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YOUNGBLOOD, GERGELEY AND FREEMAN, MARCH 5, 2009

AS REPORTED FROM COMMITTEE ON CONSUMER AFFAIRS, HOUSE OF
REPRESENTATIVES, AS AMENDED, MAY 7, 2009

AN ACT

1 Amending Title 66 (Public Utilities) of the Pennsylvania
2 Consolidated Statutes, further providing for definitions; in
3 rates and ratemaking, further providing for sliding scale of
4 rates and adjustments; and, in service and facilities,
5 further providing for ownership and maintenance of natural
6 gas and artificial gas service lines.

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

9 Section 1. The definitions of "customer's service line" and
10 "service line" in section 102 of Title 66 of the Pennsylvania
11 Consolidated Statutes are amended to read:

12 § 102. Definitions.

13 Subject to additional definitions contained in subsequent
14 provisions of this part which are applicable to specific
15 provisions of this part, the following words and phrases when
16 used in this part shall have, unless the context clearly

1 indicates otherwise, the meanings given to them in this section:

2 * * *

3 ["Customer's service line." The pipe and appurtenances owned
4 by the customer extending from the service connection of the gas
5 utility to the inlet of the meter serving the customer.]

6 * * *

7 "Service line." The pipe and all appurtenances [of the gas
8 utility which connect any main with either the point of
9 connection of a customer's service line or the meter of the
10 public utility if the utility owns all the pipe and
11 appurtenances between its main and meter.] extending from the
12 main line of the natural gas distribution company to the inlet
13 of the meter serving the customer.

14 * * *

15 Section 2. Section 1307 of Title 66 is amended by adding
16 subsections to read:

17 § 1307. Sliding scale of rates; adjustments.

18 * * *

19 (g.2) Recovery of costs for natural gas distribution company
20 related to distribution system improvement projects designed to
21 enhance natural gas distribution reliability and safety.--

22 (1) Natural gas distribution companies may file tariffs
23 establishing a sliding scale of rates or other method for the
24 automatic adjustment of the rates in order to provide for
25 recovery of the fixed costs, including depreciation and
26 pretax return, of certain ~~underground~~ infrastructure
27 distribution projects as approved by the commission, that are
28 designed to enhance distribution system reliability or safety
29 and are completed and placed in service between base rate
30 proceedings.



1 (2) The commission, by regulation or order, shall
2 prescribe the specific procedures to be followed in
3 establishing the sliding scale or other automatic adjustment
4 mechanism.

5 (g.3) Recovery of costs for city natural gas distribution
6 operation related to distribution system improvement projects
7 designed to enhance natural gas distribution reliability and
8 safety.--

9 (1) A city natural gas distribution operation may file
10 tariffs establishing a sliding scale of rates or other
11 methods for the automatic adjustment of its rates as shall
12 provide for recovery of the fixed costs, depreciation, costs
13 of issuance, annual debt service, annual debt service
14 coverage requirements and any other related costs associated
15 with the financing of certain capital projects designed to
16 enhance distribution system reliability or safety that are
17 completed and placed in service between base rate
18 proceedings.

19 (2) The financing may be by the city natural gas
20 distribution operation or any other qualified entity
21 authorized by it to act on its behalf and may be structured
22 in any manner determined by the city natural gas distribution
23 operation to reduce the cost of the financing.

24 (3) Notwithstanding any other provision of law, the
25 revenues recovered pursuant to a tariff authorized by this
26 section shall not constitute project revenues under the act
27 of October 18, 1972 (P.L.955, No.234), known as The First
28 Class City Revenue Bond Act, or utility revenues under the
29 act of December 7, 1982 (P.L.827, No.231), known as The City
30 of Philadelphia Municipal Utility Inventory and Receivables

1 Financing Act, but the city natural gas distribution
2 operation shall be authorized to assign, transfer, pledge,
3 sell or otherwise dispose of such revenues in order to
4 finance capital projects described in this subsection.

5 (4) At the request of the city natural gas distribution
6 operation, and notwithstanding any other provision of law,
7 the commission ~~shall~~ MAY issue an order authorizing a sliding ←
8 scale of rates or other automatic rate adjustment method
9 permitted by this section and acknowledging the assignment,
10 transfer, pledge, sale or other disposition of the revenues
11 received from a tariff approved under this section and shall
12 include terms and conditions requested by the city natural
13 gas distribution operation to the extent necessary to permit
14 the financing of the capital projects at the lowest cost and
15 on terms and conditions most favorable to the city natural
16 gas distribution operation.

17 (5) Any such order shall be:

18 (i) irrevocable; and

19 (ii) in accordance with section 1307(e), include a
20 reconciliation mechanism which shall permit the city
21 natural gas distribution operation to recover in rates
22 any prior period undercollection of costs authorized to
23 be collected by this subsection.

24 (6) Neither the order nor the charges authorized to be
25 collected under the order by the city natural gas
26 distribution operation on its behalf or on behalf of any
27 financing entity shall be subject to reduction, postponement,
28 impairment or termination by any subsequent action of the
29 commission, either directly or indirectly.

30 (g.4) Industry standards.--

1 (1) For the purposes of recovery provided for in
2 subsections (g.2) and (g.3), in order to ensure safety and
3 reliability, natural gas distribution system improvement
4 projects shall comply with industry standards by operator-
5 qualified workers as required by 49 CFR Pt. 192 (relating to
6 transportation of natural and other gas by pipeline: minimum
7 Federal safety standards).

8 (2) Natural gas distribution companies shall work with
9 applicable private and public sector entities to employ and
10 maintain an adequate trained and qualified work force.

11 (3) All contractor work shall be done by a qualified
12 contractor who is authorized to do business in this
13 Commonwealth to complete said projects. All contractor work
14 shall be inspected by an appropriate operator-qualified
15 individual.

16 (4) This subsection is not intended to limit or modify
17 current or future collective bargaining agreements.

18 * * *

19 Section 3. Section 1510 of Title 66 is amended to read:

20 § 1510. [Ownership and maintenance of natural and artificial]

21 Natural gas service lines.

22 [When connecting the premises of the customer with the gas
23 utility distribution mains, the public utility shall furnish,
24 install and maintain the service line or connection according to
25 the rules and regulations of the filed tariff. A public utility
26 shall not be authorized or required to acquire or assume
27 ownership of any customer's service line. A public utility shall
28 not be authorized or required to acquire or assume ownership of
29 any pipe or appurtenances installed after the effective date of
30 this section between its main and the meter unless the utility

1 would have been authorized or required to do so according to the
2 rules and regulations of its filed tariff if the pipe or
3 appurtenances had been installed on or before the effective date
4 of this section. Maintenance of service lines shall be the
5 responsibility of the owner of the service line.]

6 (a) Duty to furnish, install, operate and maintain.--When
7 initially connecting the premises of the customer with the main
8 line of the natural gas distribution company as defined by
9 section 2202 (relating to definitions) the natural gas
10 distribution company shall furnish and install the service line.
11 After the initial installation, the natural gas distribution
12 company shall own and be responsible for operating and
13 maintaining the service line.

14 (b) Assumption of financial responsibility.--For a service
15 line in use on the effective date of this subsection, a natural
16 gas distribution company shall be required to assume financial
17 responsibility and the operating and maintenance obligations for
18 all such service lines, without regard to the date of
19 installation of the service line.

20 (c) Replacement.--Upon replacement of any service line by a
21 natural gas distribution company, a natural gas distribution
22 company shall own and be responsible for operating and
23 maintaining such facilities.

24 Section 4. This act shall take effect in 60 days.