

THE GENERAL ASSEMBLY OF PENNSYLVANIA

SENATE BILL

No. 1213 Session of
2011

INTRODUCED BY SOLOBAY, COSTA AND BREWSTER, AUGUST 2, 2011

REFERRED TO CONSUMER PROTECTION AND PROFESSIONAL LICENSURE,
AUGUST 2, 2011

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

18 * * *

19 ["Customer's service line." The pipe and appurtenances owned
20 by the customer extending from the service connection of the gas

1 utility to the inlet of the meter serving the customer.]

2 * * *

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

10 * * *

11 Section 2. Section 1307 of Title 66 is amended by adding
12 subsections to read:

13 § 1307. Sliding scale of rates; adjustments.

14 * * *

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

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

27 (2) The commission, by regulation or order, shall
28 prescribe the specific procedures to be followed in
29 establishing the sliding scale or other automatic adjustment
30 mechanism.

1 (g.3) Recovery of costs for city natural gas distribution
2 operation related to distribution system improvement projects
3 designed to enhance natural gas distribution reliability and
4 safety.--

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

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

20 (3) Notwithstanding any other provision of law, the
21 revenues recovered pursuant to a tariff authorized by this
22 section shall not constitute project revenues under the act
23 of October 18, 1972 (P.L.955, No.234), known as The First
24 Class City Revenue Bond Act, or utility revenues under the
25 act of December 7, 1982 (P.L.827, No.231), known as The City
26 of Philadelphia Municipal Utility Inventory and Receivables
27 Financing Act, but the city natural gas distribution
28 operation shall be authorized to assign, transfer, pledge,
29 sell or otherwise dispose of such revenues in order to
30 finance capital projects described in this subsection.

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

13 (5) Any such order shall be:

14 (i) irrevocable; and

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

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

26 (g.4) Industry standards.--

27 (1) For the purposes of recovery provided for in
28 subsections (g.2) and (g.3), in order to ensure safety and
29 reliability, natural gas distribution system improvement
30 projects shall comply with industry standards by operator-

1 qualified workers as required by 49 CFR Pt. 192 (relating to
2 transportation of natural and other gas by pipeline: minimum
3 Federal safety standards).

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

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

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

14 * * *

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

16 § 1510. [Ownership and maintenance of natural and artificial]
17 Natural gas service lines.

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

1 responsibility of the owner of the service line.]

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

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

16 (c) Replacement.--Upon replacement of any service line by a
17 natural gas distribution company, a natural gas distribution
18 company shall own and be responsible for operating and
19 maintaining such facilities.

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