



# HOUSE COMMITTEE ON APPROPRIATIONS

## FISCAL NOTE

HOUSE BILL NO. 1294

PRINTERS NO. 3007

PRIME SPONSOR: Godshall

### COST / (SAVINGS)

FUND	FY 2011/12	FY 2012/13
General Fund	\$0	\$0

**SUMMARY:** House Bill 1294, Printer's Number 3007, amends Title 66 (Public Utilities), further providing for law bureau and other bureaus, offices and positions, burden of proof, recovery of the costs of distribution system improvement projects and civil penalties for violations.

**ANALYSIS:** This legislation adds a new Subchapter B providing for a distribution system improvement charge (DSIC) for water, wastewater, natural gas and electric. The purpose of the DSIC is to encourage the maintenance and upgrade of distribution systems by allowing for the recovery of the fixed costs of distribution system improvement projects providing the utility company with the resources to accelerate the replacement of aging distribution infrastructure. No utility would be eligible to seek approval to use a DSIC until after January 1, 2013.

The bill requires the filing of long-term infrastructure improvement plans with the Public Utility Commission (PUC) as a condition of eligibility. These plans shall be reviewed at least once every five years. As a condition of approval the utility must certify that it has filed a base rate case within the last five years. The utility would be required to provide notice of the DSIC to customers in bill inserts or other means prescribed by the PUC. A utility with an approved DSIC must file an asset optimization plan describing all property repaired, improved and replaced in the preceding 12 months.

The DSIC will be capped at 5% of the amount billed to customers under applicable rates for wastewater, natural gas and electric utilities. A DSIC for a water utility is capped at 7.5%.

The PUC shall prescribe procedures to consider and approve a DSIC and establish standards to ensure that work on utility distribution systems is performed by qualified employees in a manner that protects system reliability and public safety

Section 3301 is amended to increase civil penalties for violations of gas pipeline safety.

Finally, the bill makes changes to correct technical errors in Section 308 (Bureaus and Offices) which occurred with the reorganization of the PUC under Act 129-2008.

The act takes effect in 60 days.

**FISCAL IMPACT:** Enactment of this legislation will have no adverse fiscal impact on Commonwealth funds. The PUC has indicated that the increased responsibilities required within this legislation would be carried out within the existing funding levels. Any gas pipeline violations would generate additional revenue to the Commonwealth.

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House Appropriations Committee (R)

**DATE:** February 7, 2012

*Estimates are calculated using the best information available. Actual costs and revenue impact incurred may vary from estimates.*