

SENATE APPROPRIATIONS COMMITTEE FISCAL NOTE

BILL NO. House Bill 2075

PRINTER NO. 4249

AMOUNT

No Fiscal Impact

FUND

General Fund

DATE INTRODUCED

February 16, 2018

PRIME SPONSOR

Representative Charlton

DESCRIPTION

House Bill 2075 amends Title 66 (Public Utilities) by granting public utilities the ability to use rate recovery as a means to recoup the costs incurred when replacing customer-owned lead water service lines or customer-owned damaged wastewater laterals.

The legislation updates a public utility's property valuation method to include the original cost incurred by the replacement of a customer-owned lead water service line or damaged wastewater lateral. Under House Bill 2075, a "lead water service line" is defined as a service line made of lead that connects a water main to a building inlet and a lead pigtail, gooseneck or other fitting that is connected to the lead line.

Replacement of customer-owned lines or laterals must be performed concurrently with a scheduled utility main replacement project or as part of a Public Utility Commission (commission)-approved program. Following replacement by the public utility, the customer will continue to own the water service line or wastewater lateral.

The original cost of the replacement water service line or wastewater lateral will be incorporated as other related capitalized costs that are part of the public utility's distribution system. The commission will utilize an equity return rate when calculating the cost recovery in a public utility's base rates or distribution system improvement charge. The public utility must obtain prior approval from the commission for the replacement of a customer-owned lead water service line or damaged wastewater lateral.

The commission must ensure the work performed by the public utility or its contractor has a warranty, for a term the commission determines appropriate, and provide the customer with a reimbursement if the lead water service line or damaged wastewater lateral had previously been replaced within one year of the project's commencement.

House Bill 2075 does nothing to limit the commission's existing ratemaking authority nor invalidates or voids any rates approved by the commission prior to the effective date.

This act shall take effect in 60 days.

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FISCAL NOTE

FISCAL IMPACT:

The enactment of House Bill 2075 will have no adverse fiscal impact on Commonwealth funds. A public utility providing water or wastewater services can seek approval from the commission to recover costs associated with a replacement program, and the commission may allocate those costs among each customer, class of customer and type of service.

The cost to replace a lead water service line or a damaged wastewater lateral may vary depending upon specific site conditions. The commission estimates that lead water service line replacement costs begin at \$2,500 and damaged wastewater lateral replacement costs begin at \$8,000.