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THE GENERAL ASSEMBLY OF PENNSYLVANIA

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HOUSE BILL

No. 2075 Session of  
2018

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

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SENATOR TOMLINSON, CONSUMER PROTECTION AND PROFESSIONAL  
LICENSURE, IN SENATE, AS AMENDED, SEPTEMBER 25, 2018

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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.

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

14       (iii) The public utility incurring the cost under <--  
15 subparagraph (i) may recover a return on, and a return  
16 of, the cost that the commission determines to have been  
17 prudently incurred and will help prevent adverse effects  
18 on public health or public safety or help the public  
19 utility comply with laws and regulations pertaining to  
20 drinking water or environmental standards. The return on  
21 costs permitted under this subparagraph may be recovered  
22 for a period not to exceed 10 years from the date the  
23 cost is incurred. FOR THE PURPOSE OF CALCULATING THE <--  
24 RETURN OF AND ON A PUBLIC UTILITY'S PRUDENTLY INCURRED  
25 COST FOR THE REPLACEMENT OF A WATER SERVICE LINE AND FOR  
26 THE REPLACEMENT OF A WASTEWATER LATERAL THAT IS RECOVERED  
27 IN A PUBLIC UTILITY'S BASE RATES OR DISTRIBUTION SYSTEM  
28 IMPROVEMENT CHARGE, THE COMMISSION SHALL EMPLOY THE  
29 EQUITY RETURN RATE FOR WATER AND WASTEWATER PUBLIC  
30 UTILITIES CALCULATIONS SET FORTH IN SECTION 1357(B)(2)

1 AND (3) (RELATING TO COMPUTATION OF CHARGE).

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

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

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

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

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

1 term of the warranty.

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

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

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

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

21 \* \* \*

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