



## HOUSE COMMITTEE ON APPROPRIATIONS

# FISCAL NOTE

HOUSE BILL NO. 2075

PRINTERS NO. 3776

PRIME SPONSOR: Charlton

### COST / (SAVINGS)

FUND	FY 2017/18	FY 2018/19
General Fund	\$0	\$0

**SUMMARY:** House Bill 2075, Printer's Number 3776, amends Title 66 to authorize rate recovery by a water public utility for costs incurred to replace customer-owned lead water service lines.

**ANALYSIS:** This bill adds a new provision to Section 1311 of Title 66 (Public Utilities) providing that the value of property of a water utility shall include costs incurred by the utility to replace customer-owned lead service lines. Replacement of customer-owned lines must be performed concurrently with a utility main replacement project. The customer will continue to own the service line following replacement by the utility.

A water utility may also earn a return on the costs of replacing customer-owned lead service lines that the PA Public Utility Commission determines were prudently incurred and will help prevent adverse effects on public health and safety or will help a utility comply with safe drinking water and environmental laws and regulations. A return on investment may be recovered for a period not to exceed ten years.

Commission approval is required before a water utility can replace customer-owned lead water service lines. A utility seeking approval to recover these costs must file a tariff or a supplement to existing tariffs with the commission. The filing must contain a cap on the number of customer-owned lines that will be replaced annually.

The commission may allocate the cost associated with the replacement of a customer-owned lead water service line among each customer, classes of customers and types of services.

The commission must establish standards and procedures to ensure that work performed by a water utility, or its contractor, to replace a customer-owned service line is accompanied by a warranty of no less than 12 months from the date the work is completed. It also shall provide for reimbursement to customers who replaced their own lead water service line within four years of commencement of a utility service line replacement project.

The bill states that nothing shall limit the existing ratemaking authority of the commission nor invalidate or void any rates approved by the commission before the bill's effective date.

This legislation would take effect 60 days after enactment.

**FISCAL IMPACT:** Enactment of this legislation will have no impact on Commonwealth funds. A utility may seek approval with the Pennsylvania Utility Commission to recover costs associated with a replacement program, which could be allocated among each customer, classes of customers and types of services for a period not to exceed ten years as outlined in the bill.

**PREPARED BY:** Jeffrey Clukey  
House Appropriations Committee (R)

**DATE:** June 25, 2018

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