



HOUSE COMMITTEE ON APPROPRIATIONS

FISCAL NOTE

HOUSE BILL NO. 2075

PRINTERS NO. 4249

PRIME SPONSOR: Charlton

COST / (SAVINGS)

FUND	FY 2018/19	FY 2019/20
General Fund	\$0	\$0

SUMMARY: House Bill 2075, Printer's Number 4249, amends Title 66 to authorize rate recovery by a water public utility for costs incurred to replace customer-owned lead water service lines and damaged wastewater laterals.

ANALYSIS: This bill adds a new provision to Section 1311 of Title 66 (Public Utilities) providing that the value of property of a public utility shall include the original cost incurred by the utility to replace customer-owned lead service lines or a customer-owned damaged wastewater lateral. 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 utility seeking approval to recover these costs must file a tariff or a supplement to existing tariffs with the commission. The original cost of the replacement line or lateral shall be deemed other related capitalized costs that are part of the public utility's distribution system. The filing must contain a cap on the number of customer-owned lead water service lines or customer-owned damaged wastewater laterals that will be replaced annually.

The commission may allocate the cost associated with the replacement of a customer-owned lead water service line or customer-owned damaged wastewater lateral among each customer, classes of customers and types of services. For the purpose of calculating the return of and on a utility's prudently incurred cost for the replacement of lines and laterals, the commission shall employ the equity return rate for water and wastewater public utilities calculations.

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 or lateral is accompanied by a warranty of a term the commission determines appropriate. It also shall provide for reimbursement to customers who replaced their own lead water service line or customer-owned damaged wastewater lateral within one 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. It also states that nothing in this section shall limit any provision or requirement related to the Pennsylvania Safe Drinking Water Act.

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 that is recovered in a public utility's base rates or distribution system improvement charge. The commission may allocate the cost associated with the replacement of a customer-owned lead water service line or customer-owned damaged wastewater lateral among each customer, classes of customers and types of services.

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House Appropriations Committee (R)

DATE: October 17, 2018

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