

ROBERT W. GODSHALL, MEMBER
150 MAIN CAPITOL BUILDING
PO BOX 202053
HARRISBURG, PENNSYLVANIA 17120-2053
PHONE: (717) 783-6428
FAX: (717) 787-7424

DISTRICT OFFICE:
1702 COWPATH ROAD
HATFIELD, PENNSYLVANIA 19440
PHONE: (215) 368-3500
FAX: (215) 361-4220

E-mail: rgodshal@pahousegop.com



House of Representatives
COMMONWEALTH OF PENNSYLVANIA
HARRISBURG

COMMITTEES


CONSUMER AFFAIRS, CHAIRMAN

INSURANCE
LEGISLATIVE BUDGET AND FINANCE

MEMORANDUM

DATE: March 11, 2011

TO: All House Members

FROM: Representative Robert W. Godshall, Chairman
House Consumer Affairs Committee 

SUBJECT: Co-sponsorship - Alternative Ratemaking Legislation

In the near future, I will be introducing legislation to amend the Title 66 (Public Utilities) of the Pennsylvania Consolidated Statutes to permit the Public Utility Commission to approve, upon request, alternative regulatory mechanisms providing for more timely cost recovery than currently permitted by traditional ratemaking.

Much of the Commonwealth's utility infrastructure – the wires and pipelines used to bring utility service into our homes – was built in the 1940's and these systems are reaching the end of their useful lives. Utilities must provide safe and reliable service at reasonable rates however, this becomes challenging when faced with aging delivery systems and the capital expenditures necessary to replace those facilities.

Under traditional ratemaking principles, there is a significant delay between the time costs are incurred by utilities and the time these costs are recovered, through base rates, from ratepayers. This legislation provides an opportunity for more timely recovery of capital expenditures and debt servicing. More timely recovery of these costs from consumers will incent utilities to accelerate investment in infrastructure replacement, give utilities access to lower cost debt services. Additionally, the enhanced regulatory certainty created by this legislation will create jobs throughout Pennsylvania as utilities will be able to more efficiently and effectively plan and manage the construction related to these projects.

If you would like to co-sponsor this legislation, please contact Jane Hugendubler via email jhugendu@pahousegop.com or call at 783-6428. Thank you for your interest and support.

RWG:AR:jh
RWG:cospon Alt Ratemaking 2011