

PUBLIC UTILITIES (66 PA.C.S.) - VALUATION OF AND RETURN ON THE  
PROPERTY OF PUBLIC UTILITY

Act of Oct. 24, 2018, P.L. 738, No. 120

Cl. 66

Session of 2018

No. 2018-120

HB 2075

AN ACT

Amending Title 66 (Public Utilities) of the Pennsylvania Consolidated Statutes, in rates and distribution systems, further providing for valuation of and return on the property of a public utility.

The General Assembly of the Commonwealth of Pennsylvania hereby enacts as follows:

Section 1. Section 1311(b) of Title 66 of the Pennsylvania Consolidated Statutes is amended to read:

§ 1311. Valuation of and return on the property of a public utility.

\* \* \*

(b) Method of valuation.--

(1) The value of the property of the public utility included in the rate base shall be the original cost of the property when first devoted to the public service less the applicable accrued depreciation as such depreciation is determined by the commission.

(2) (i) The value of the property of a public utility providing water or wastewater service shall include the original cost incurred by the public utility for the replacement of a customer-owned lead water service line or a customer-owned damaged wastewater lateral, performed concurrent with a scheduled utility main replacement project or under a commission-approved program, notwithstanding that the customer shall hold legal title to the replacement water service line or wastewater lateral.

(ii) The original cost of the replacement water service line or wastewater lateral shall be deemed other related capitalized costs that are part of the public utility's distribution system.

(iii) For the purpose of calculating the return of and on a public utility's prudently incurred cost for the replacement of a water service line and for the replacement of a wastewater lateral that is recovered in a public utility's base rates or distribution system improvement charge, the commission shall employ the equity return rate for water and wastewater public utilities calculations set forth in section 1357(b)(2) and (3) (relating to computation of charge).

(iv) 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 service.

(v) Notwithstanding any other provision of law to the contrary, a public utility providing water or wastewater service must obtain prior approval from the

commission for the replacement of a customer-owned lead water service line or customer-owned damaged wastewater lateral by filing a new tariff or supplement to existing tariffs under section 1308 (relating to voluntary changes in rates).

(vi) A new tariff or supplement to an existing tariff approved by the commission under subparagraph (v) shall include a cap on the maximum number of customer-owned lead water service lines or customer-owned damaged wastewater laterals that can be replaced annually.

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

(A) Ensure that work performed by a public utility or the public utility's contractor to replace a customer-owned lead water service line or a customer-owned damaged wastewater lateral is accompanied by a warranty of a term that the commission determines appropriate and the public utility and the public utility's contractor has access to the affected customer's property during the term of the warranty.

(B) Provide for a reimbursement to a customer who has replaced the customer's lead water service line or customer-owned damaged wastewater lateral within one year of commencement of a project in accordance with a commission-approved tariff.

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

(4) Nothing in this section shall be construed to limit any provision or requirement of the act of May 1, 1984 (P.L.206, No.43), known as the Pennsylvania Safe Drinking Water Act, or the regulations promulgated thereunder.

(5) For the purposes of this subsection, the term "lead water service line" means 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.

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

APPROVED--The 24th day of October, A.D. 2018.

TOM WOLF