
THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 681

Session of
1981

INTRODUCED BY HAYES, BOWSER, PETERSON, LEVI, D. R. WRIGHT,
DIETZ, BRANDT, DOMBROWSKI, WILT, PUNT, A. C. FOSTER, JR.,
STUBAN, DeVERTER, COLE, BURD, GEIST, CAPPABIANCA, WENGER,
DeWEESE, CALTAGIRONE, VROON, BITTLE, CIMINI, MERRY, SWIFT,
BOYES, MACKOWSKI, LEHR, GRIECO, ANDERSON, WASS, JOHNSON,
HONAMAN, MILLER, NOYE, ARMSTRONG, LIVENGOD, LETTERMAN,
PETRARCA, STEWART, GRUITZA, ZWIKL, RITTER, STEIGHNER,
VAN HORNE, TIGUE, BLAUM, CAWLEY, SIRIANNI, J. L. WRIGHT,
WOZNIAK, PHILLIPS, TELEK, DORR, SIEMINSKI, GRIECO, CIMINI
AND SIRIANNI, FEBRUARY 18, 1981

REFERRED TO COMMITTEE ON STATE GOVERNMENT, FEBRUARY 18, 1981

AN ACT

1 Establishing the Hydroelectric Authority Act, granting powers
2 and duties and providing for exemption from certain taxation
3 and from State regulation.

4 TABLE OF CONTENTS

5 Chapter 1. General Provisions

6 Section 101. Short title.

7 Section 102. Declaration of policy.

8 Section 103. Definitions.

9 Section 104. Hydroelectric authority.

10 Section 105. Directors.

11 Section 106. Officers and employees.

12 Section 107. General powers and duties of the authority.

13 Section 108. Specific powers and duties of the authority.

14 Section 109. Contracts negotiated by the authority.

1 Section 110. Exemption from State regulation.

2 Section 111. Audit of the authority.

3 Section 112. Funding of the authority.

4 Chapter 2. Projects Operated by the Authority

5 Section 201. Authority authorized to operate projects,
6 transmission facilities.

7 Section 202. Authority authorized to apply for licenses and
8 permits.

9 Section 203. Authority to have exclusive right to develop
10 State-owned projects over five megawatts.

11 Section 204. Sale of power and energy.

12 Section 205. Awarding contracts for the sale of power and
13 energy.

14 Section 206. Authority prohibited from making retail sales
15 of power and energy.

16 Section 207. Acquisition of property by the authority.

17 Section 208. Authority authorized to contract for the
18 operation of projects.

19 Chapter 3. Financing of Projects by the Authority

20 Section 301. Authority authorized to finance the
21 construction of projects.

22 Section 302. Requirements to be met for the financing of the
23 construction of projects.

24 Section 303. Authority authorized to finance only projects
25 operated by public and private electric power
26 supply entities.

27 Chapter 4. Fiscal Provisions

28 Section 401. Expenses of the authority.

29 Section 402. Notes of the authority.

30 Section 403. Bonds of the authority.

1 Section 404. Limitation on the issuance of notes and bonds.

2 Section 405. Investment of moneys of the authority.

3 Section 406. Exemption from taxation.

4 Section 407. Repayment of Commonwealth appropriations.

5 Section 408. Effective date.

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

8 CHAPTER 1

9 GENERAL PROVISIONS

10 Section 1. Short title.

11 This act shall be known and may be cited as the
12 "Hydroelectric Authority Act."

13 Section 102. Declaration of policy.

14 (a) The Creator, by his glorious bounty, has provided the
15 citizens of this Commonwealth with a great potential energy
16 resource in the form of falling and flowing water. It is
17 declared to be the policy of the Commonwealth to support and
18 promote the exploitation of this great indigenous and
19 nonpolluting energy resource. It is further declared to be the
20 policy of the Commonwealth that the benefits derived from this
21 act should flow as directly as possible to the citizens of the
22 Commonwealth.

23 (b) The purpose of this act is to promote the improvement or
24 rehabilitation of existing hydroelectric facilities and develop
25 such new hydroelectric projects as the authority deems necessary
26 or desirable to contribute to the adequacy, economy and
27 reliability of the supply of electric power and energy or to
28 conserve fuel.

29 (c) It is declared to be the policy of the Commonwealth to
30 recognize, protect and enhance the balanced and multiple use and

1 conservation of the water resources of the Commonwealth, for
2 navigation, water supply, power and energy, flood control and
3 environmental purposes consistent with comprehensive plans and
4 programs for water management.

5 Section 103. Definitions.

6 The following words and phrases when used in this act shall
7 have, unless the context clearly indicates otherwise, the
8 meanings given to them in this section:

9 "Advertisement." Notice published in six newspapers of
10 general circulation published within the Commonwealth and notice
11 published once in the Pennsylvania Bulletin.

12 "Private electric power supply entity." A public utility, as
13 defined in Title 66 of the Pennsylvania Consolidated Statutes
14 (relating to public utilities), which produces, generates,
15 transmits, distributes or furnishes electricity to or for the
16 public for compensation, and which is regulated by the
17 Pennsylvania Public Utility Commission for the purpose of its
18 retail rates.

19 "Public electric power supply entity." An entity which
20 produces, generates, transmits, distributes or furnishes
21 electricity to or for the public on a not-for-profit basis,
22 including but not limited to a rural electric cooperative,
23 municipality, municipal authority or agency or instrumentality
24 of a state.

25 Section 104. Hydroelectric authority.

26 For the purpose of effectuating the policies declared in
27 section 102, there is hereby created a corporate instrumentality
28 of the Commonwealth to be known as the Hydroelectric Authority,
29 referred to as the authority in this act, which shall be a body
30 corporate and politic, a political subdivision of the

1 Commonwealth exercising governmental and public powers perpetual
2 in duration capable of suing and being sued and having a seal
3 and which shall have the powers and duties hereinafter
4 enumerated together with such others as may hereafter be
5 conferred upon it by law. The authority shall report annually to
6 the Governor and the Legislature upon its operations and
7 transactions.

8 Section 105. Directors.

9 (a) The authority shall consist of five directors who shall
10 serve respectively for terms of one, two, three, four and five
11 years to be appointed by the Governor, by and with the advice
12 and consent of the Senate. One director shall be designated by
13 the Governor to serve as chairman of the authority. Each
14 director shall hold office until his successor has been
15 appointed and qualified. At the expiration of the term of each
16 director and of each succeeding director, the Governor shall, by
17 and with the consent of the Senate, appoint a successor who
18 shall hold office for a term of five years or until his
19 successor has been appointed and qualified. In the event of a
20 vacancy occurring in the office of a director by death,
21 resignation or otherwise, the Governor shall, by and with the
22 advice and consent of the Senate, appoint his successor who
23 shall hold office for the unexpired term. Three directors shall
24 constitute a quorum for the purpose of organizing the authority
25 and conducting the business thereof.

26 (b) The director chosen as chairman, as provided in
27 subsection (a) shall receive a salary of \$17,500 per annum. Each
28 other director shall receive a salary of \$15,000 per annum.

29 Section 106. Officers and employees.

30 The directors shall from time to time select such officers,

1 other than chairman and employees including engineering,
2 marketing and legal skills, as they may require for the
3 performance of their duties and shall prescribe the duties and
4 compensation of each officer and employee. They shall adopt
5 bylaws and rules and regulations suitable to the purposes of
6 this act.

7 Section 107. General powers and duties of the authority.

8 (a) Upon the appointment and organization of the directors
9 and subject to the conditions and limitations in this act, the
10 authority, in cooperation with river basin commissions and
11 appropriate agencies of the State and Federal Governments shall
12 proceed with the improvement and development of the waters of
13 the Commonwealth for the generation of hydroelectric power in
14 order to provide and maintain an adequate and dependable supply
15 of electric power and energy for the present and future needs of
16 the citizens of the Commonwealth.

17 (b) The exercise of any power by the authority shall be upon
18 the following conditions:

19 (1) Prior to the adoption of any plan or any part or
20 revision thereof, for the acquisition, construction,
21 development of financing or any hydroelectric facility, the
22 authority shall consult with water users, public and private
23 power supply entities and interested public agencies and
24 shall conduct public hearings after due advertisement has
25 been given and upon at least 30 days notice.

26 (2) The planning, acquisition, construction,
27 development, operation and financing of any hydroelectric
28 facility by the authority shall be conducted in a manner
29 consistent with the State water plan and any comprehensive
30 river basin plans adopted by any Federal/State compact or

1 interstate river basin commission.

2 Section 108. Specific powers and duties of the authority.

3 (a) The authority is authorized and directed to:

4 (1) Cooperate with the appropriate agencies and
5 officials of the Commonwealth of Pennsylvania and the United
6 States Government to assure that any hydroelectric project
7 undertaken under this act shall be consistent with any State
8 or Federal plans for the improvement of commerce, navigation,
9 water supply, recreation and flood control relating to such
10 waters and shall be so planned and constructed as to be
11 adaptable to such plans.

12 (2) Construct, acquire, operate, maintain or finance the
13 construction of any hydroelectric project, or any multiple
14 purpose project including hydroelectric facilities, either
15 alone or in cooperation or conjunction with any appropriate
16 Federal, State or interstate agency or any other appropriate
17 entity, either public or private.

18 (3) Accept such Federal or other public or governmental
19 assistance as is now or may thereafter become available to
20 it.

21 (4) Enter into contracts with agencies or officials of
22 the Commonwealth of Pennsylvania or the United States
23 Government or public or private electric power supply
24 entities relating to the construction, operation,
25 maintenance, or financing of any project authorized by this
26 act.

27 (5) Exercise all the powers necessary or convenient to
28 carry out and effectuate the purposes and provisions of this
29 act and as incidental thereto to own, lease, build, operate,
30 maintain and dispose of real and personal property of every

1 kind and character, to acquire real property and any or every
2 interest therein for its lawful purposes by purchase or by
3 condemnation as hereinafter provided, to borrow money and
4 secure the same by bonds or liens upon revenue of any
5 property or contracts held or to be held by it, to sell
6 electric power on a wholesale basis and generally to do any
7 and everything necessary or convenient to carry out the
8 purposes of this act, provided that the authority shall have
9 no power at any time to pledge the credit of the Commonwealth
10 nor shall any of its obligations or securities be deemed to
11 be obligations of the Commonwealth.

12 (6) Delegate to any State government agency management
13 functions given to it under this act.

14 (b) Notwithstanding any limitations herein before expressed,
15 the authority is authorized and directed forthwith or from time
16 to time as it shall deem advisable and within the limitations of
17 the appropriations made available for it to initiate and pursue
18 all inquiries, investigations, surveys and studies which it may
19 deem necessary or desirable as preliminary to the effectuation
20 of the other powers and duties conferred upon it by this act.

21 (c) Neither the authority nor any director, officer or
22 agency thereof shall have any power to waive or surrender for
23 any purpose whatsoever any right of the Commonwealth, whether
24 sovereign or propriety in character in and to the waterways of
25 the Commonwealth, their waters, powers, channels, beds or uses
26 or the right of the Commonwealth to assert such rights at any
27 future time: Provided, however, That nothing contained herein
28 shall be construed as limiting the power of the authority to
29 accept licenses issued by the Federal Energy Regulatory
30 Commission pursuant to the provisions of the Federal Power Act,

1 as amended, and the terms and conditions therein imposed
2 pursuant to law.

3 Section 109. Contracts negotiated by the authority.

4 (a) All construction, reconstruction, repairs or work of any
5 nature made directly by the authority, where the entire cost,
6 value or amount of such construction, reconstruction, repairs,
7 or work, including labor and materials, shall exceed \$5,000,
8 except construction, reconstruction, repairs or work done by
9 employees of the authority, or by labor supplied under agreement
10 with any Federal or State agency, with supplies and materials
11 purchased as hereinafter provided, shall be done only under
12 contract or contracts to be entered into by the authority with
13 the lowest responsible bidder upon proper terms, after due
14 advertisement has been given asking for competitive bids as
15 hereinafter provided. No contract shall be entered into between
16 the authority and any contractor for construction or improvement
17 or repair of any project or portion thereof, unless the
18 contractor shall give an undertaking with a sufficient surety or
19 sureties approved by the authority and in an amount fixed by the
20 authority, for the faithful performance of the contract. All
21 contracts of surety shall provide, among other things, that the
22 contractor entering into a contract with the authority will pay
23 for all materials furnished and services rendered for the
24 performance of the contract and that any person or corporation
25 furnishing such materials or rendering such services may
26 maintain an action to recover for the same against the obligor
27 in the undertaking, as though such person or corporation was
28 named therein, provided the action is brought within one year
29 after the time the cause of the action occurred.

30 (b) All supplies and materials costing \$2,500 or more to be

1 purchased directly by the authority shall be purchased only
2 after due advertisement. The authority shall accept the lowest
3 bid or bids, kind, quality and material being equal, but the
4 authority shall have the right to reject any or all bids or
5 select a single item from any bid. The provisions as to bidding
6 shall not apply to the purchase of patented and manufactured
7 products offered for sale in a noncompetitive market or solely
8 by an authorized dealer of a manufacturer.

9 Section 110. Exemption from State regulation.

10 The authority shall be exempt in any and all respects from
11 the jurisdiction and control of the Public Utility Commission of
12 this Commonwealth or its successor.

13 Section 111. Audit of authority.

14 The accounts and books of the authority including its
15 receipts, disbursements, contracts, notes, bonds, investments
16 and other matters relating to its finances, operation and
17 affairs shall be examined and audited from time to time by the
18 Auditor General.

19 Section 112. Funding of the authority.

20 (a) The sum of \$3,000,000 is hereby specifically
21 appropriated to the authority to be deposited in a special
22 account to be created in the State Treasury to be known as the
23 Hydroelectric Facilities Development Fund.

24 (b) As often as may be necessary, the authority shall
25 requisition from the appropriate funds such amounts as may be
26 necessary to provide for the payment of the administrative costs
27 related to this act.

28 CHAPTER 2

29 PROJECTS OPERATED BY THE AUTHORITY

30 Section 201. Authority authorized to operate projects,

1 transmission facilities.

2 (a) The authority is authorized, subject to the conditions
3 of this act, to construct, acquire, operate, maintain and
4 dispose of, throughout the Commonwealth, such hydroelectric
5 projects, including generation, transmission and related
6 facilities, as it deems necessary or desirable.

7 (b) The authority may acquire or construct facilities for
8 the transmission of hydroelectric power and energy produced by
9 it where such facilities are not otherwise available upon
10 reasonable terms.

11 Section 202. Authority authorized to apply for licenses and
12 permits.

13 The authority is authorized to apply to the appropriate
14 agencies of the Commonwealth of Pennsylvania and the United
15 States Government for such licenses, permits or approval of its
16 plans or projects as necessary and to accept such licenses,
17 permits or approvals as may be tendered to it by such agencies.

18 Section 203. Authority to have exclusive right to develop
19 State-owned projects over five megawatts.

20 The authority shall have the exclusive right among agencies
21 of the Commonwealth to construct, acquire, operate, maintain,
22 and dispose of, throughout the Commonwealth, all State-owned
23 hydroelectric generating projects of five megawatts of installed
24 capacity or greater. Any State agency may develop the
25 hydroelectric potential of a State-owned dam or reservoir, even
26 if the installed capacity of the project is five megawatts or
27 greater, in the event the authority declines to do so.

28 Section 204. Sale of power and energy.

29 (a) Hydroelectric projects developed pursuant to this
30 chapter shall be considered to be exclusively for the benefit of

1 the people of the Commonwealth and especially of the consumers
2 of the preference entities listed in subsection (b) to whom the
3 power can be most economically made available.

4 (b) In the sales and distribution of power generated by
5 projects operated by the authority, preference shall be given to
6 municipalities, municipal authorities, rural electric
7 cooperatives and State agencies.

8 (c) Sales to such entities listed in subsection (b) shall be
9 at prices representing the cost of generation, capital and
10 operating charges, plus a fair cost of transmission as
11 determined by the directors. Sales to municipalities, municipal
12 authorities, political subdivisions and rural electric
13 cooperatives shall be subject to conditions which shall assure
14 the resale of such power to domestic and rural consumers at the
15 lowest possible price.

16 (d) The authority may provide in any contract or contracts
17 which it may make for the sale, transmission and distribution of
18 the power that the purchaser, transmitter or distributor shall
19 construct, maintain and operate on such terms as the authority
20 may deem proper, such connecting lines as may be necessary for
21 transmission of the power from main transmission lines to such
22 entities.

23 (e) Contracts for the sale, transmission and distribution of
24 power generated by such projects shall provide:

25 (1) Payment of all operating and maintenance expenses of
26 the project.

27 (2) Interest on and amortization and reserve charges
28 sufficient within 50 years of the date of issuance to retire
29 the bonds of the power authority issued for the project.

30 (3) Continuous control and operation of the project by

1 the authority or any cooperating Federal, State or interstate
2 agency or any other appropriate public or private entity.

3 (4) The effectuation of the policies declared in this
4 act.

5 (5) Full and complete disclosure to the authority of all
6 factors of cost in the transmission and distribution of power
7 so that rates to consumers may be fixed initially in the
8 contract and may be adjusted from time to time on the basis
9 of true cost data provided that in fixing such cost of
10 transmission and distribution, no account shall be given to
11 any franchise value, going value or goodwill based upon the
12 existence of the contract in the availability of the power
13 for sale by the transmitting or distributing company or any
14 company associated therewith.

15 (6) Periodic revisions of the service and rates to
16 consumers on the basis of accurate cost data obtained by such
17 accounting methods and systems as shall be approved by the
18 directors and in furtherance and effectuation of the policy
19 declared in this act.

20 (7) The rate at which power is sold by the authority
21 shall not be governed by the Public Utility Commission or its
22 successors and that, in the event any power purchased by the
23 authority shall be resold, such sale shall be made at rates
24 no higher than those at which power was purchased from the
25 authority: Provided, however, That the entity reselling the
26 power may recover the costs of transmission and other fair
27 and proper costs associated with the resale of the power.

28 (8) The rate structures agreed upon in such contract may
29 provide different rates for different localities, classes of
30 consumers and amounts of current consumed and for changes in

1 the rates resulting from variation in operating cost and
2 fixed charges.

3 (9) For the cancellation and termination of any such
4 contract upon violation of the terms thereof by the
5 purchasing, transmitting or distributing public body or
6 company or any subsidiary or associate thereof.

7 (10) For such security for performance as the authority
8 may deem practicable and advisable including provisions
9 assuring the continuance of service by the purchasing,
10 transmitting or distributing public agencies or companies or
11 their use of their facilities for such service or the
12 continuance of an outlet and adequate market for the power
13 generated by such projects.

14 (11) Such other terms not inconsistent with the
15 provisions and policy of this act as the authority may deem
16 advisable.

17 Section 205. Awarding contracts for the sale of power and
18 energy.

19 (a) Whenever power and energy from any project operated by
20 the authority shall become available for sale from the portion
21 of said project owned by the authority, the authority shall
22 publish due advertisement of such availability. The
23 advertisement shall indicate that the authority will, for a
24 period of 60 days after the date of the advertisement receive
25 proposals from interested parties for the purchase of the power
26 and that the authority shall hold a public hearing 60 days from
27 the date of the advertisement at which interested parties may
28 present testimony and other facts and data relative to their
29 proposals.

30 (b) After hearing testimony from the parties interested in

1 purchasing the power which is available for sale by the
2 authority and receiving all facts and data relative thereto, the
3 authority shall issue a preliminary order proposing a contract
4 or contracts for the sale of said power and energy.

5 (c) The coparties to all contracts shall have 60 days from
6 the date of the preliminary order of the authority to negotiate
7 details of the contract with the authority.

8 (1) If the authority and its coparty agree on a
9 mutually-acceptable contract, the authority shall issue a
10 final order granting the contract and instructing that it be
11 executed in the name of the authority by its chairman and
12 attested to by its secretary.

13 (2) If the authority and its coparty do not agree on a
14 mutually-acceptable contract within the prescribed period of
15 time, the authority shall reconsider other proposals for the
16 purchase of the power and energy available for sale or may
17 ask for new proposals to be made to it.

18 (d) Parties wishing to challenge proposed contracts or terms
19 thereof shall have 60 days to do so after the execution of the
20 final contract by the authority and its coparty using the
21 remedies available to it under the laws of the Commonwealth.

22 Section 206. Authority prohibited from making retail sales of
23 power and energy.

24 The authority shall be prohibited from making sales of power
25 and energy to retail customers: Provided, however, That the
26 authority is not prohibited from making sales of power and
27 energy to any State or municipal agency in the Commonwealth.

28 Section 207. Acquisition of property.

29 (a) If, for any of the purposes hereunder including but not
30 limited to temporary construction purposes and the making of

1 additions or improvements, the authority shall find it necessary
2 or convenient for it to acquire any real property whether for
3 immediate or future use, then the authority may find and
4 determine that such property is required for a public use and
5 upon such due determination, such property shall be deemed to be
6 required for such public use until otherwise determined by the
7 authority and with the exceptions hereinafter specifically
8 noted. If the authority is unable to agree for the acquisition
9 of any such property or if the owner thereof shall be incapable
10 of disposing of the same or if after diligent search and inquiry
11 the name and residence of any such owner cannot be ascertained
12 or if any such property has been acquired or attempted to be
13 acquired and the title or other rights therein have been found
14 to be invalid or defective, the authority may acquire such
15 property by condemnation under and pursuant to the law relating
16 to condemnation in this Commonwealth.

17 (b) Under no circumstances shall the authority have the
18 power to condemn property already dedicated to a public use.

19 (c) As a condition precedent to the acquisition by the
20 authority through condemnation of agricultural lands in use for
21 productive agricultural purposes, as classified by the
22 Agricultural Soil Conservation Service of the United States
23 Department of Agriculture, the authority shall request the
24 Agricultural Lands Condemnation Approval Board to determine that
25 there is no reasonable and prudent alternative to the
26 utilization of such lands. The power of the authority to condemn
27 such lands shall be subject to the approval or acquiescence of
28 the Agricultural Lands Condemnation Approval Board in the manner
29 provided by section 306, act of April 29, 1929 (P.L.177,
30 No.175), known as "The Administrative Code of 1929," added

1 December 7, 1979 (P.L.478, No.100).

2 Section 208. Authority authorized to contract for the operation
3 of projects.

4 The authority may enter into contracts with public or private
5 electric power supply entities or other parties to operate and
6 maintain the projects which it owns.

7 CHAPTER 3

8 FINANCING OF PROJECTS BY THE AUTHORITY

9 Section 301. Authority authorized to finance the construction
10 of projects.

11 The authority is authorized to finance the construction,
12 either in whole or in part, of any new or rehabilitated
13 hydroelectric project, throughout the Commonwealth, by any
14 qualified developer.

15 Section 302. Requirements to be met for the financing of the
16 construction of projects.

17 To be qualified for receiving financing from the authority, a
18 potential developer shall:

19 (1) Possess a valid construction license from the
20 Federal Energy Regulatory Commission or its successor.

21 (2) Certify that it will use the project on a continuous
22 basis during the period of financing by the authority.

23 (3) Certify that it has sufficient consumer demand to
24 use the power and energy produced by the project.

25 Section 303. Authority authorized to finance only projects
26 operated by public and private electric power
27 supply entities.

28 The authority is authorized to finance only those projects or
29 the indivisible portions thereof, which are owned, constructed
30 or operated by public and private electric power supply

1 entities.

2 CHAPTER 4

3 FISCAL PROVISIONS

4 Section 401. Expenses of the authority.

5 So long as and to the extent that the authority is dependent
6 upon appropriations for the payment of its expenses, it shall
7 incur no obligation for salary, office or other expenses prior
8 to the making of appropriations adequate to meet the same.

9 Section 402. Notes of the authority.

10 The authority shall have the power and is hereby authorized
11 from time to time to issue its negotiable notes in conformity of
12 applicable provisions of Title 13 Pa.C.S. § 1101 et seq.
13 (relating to the commercial code) for any corporate purpose and
14 renew from time to time any notes by the issuance of new notes
15 whether the notes to be renewed have or have not matured. The
16 authority may issue notes partly to renew notes or to discharge
17 other obligations then outstanding and partly for any other
18 purpose. The notes may be authorized, sold, executed and
19 delivered in the same manner as bonds. Any resolution or
20 resolutions authorizing notes of the authority or any issue
21 thereof may contain any provisions which the authority is
22 authorized to include in any resolution or resolutions
23 authorizing bonds of the authority or any issue thereof and the
24 authority may include in any notes any terms, covenants or
25 conditions which it is authorized to include in any bonds. All
26 notes shall be general obligations of the authority payable out
27 of any of its moneys or revenues subject only to any contractual
28 rights of the holders of any of its notes or other obligations
29 then outstanding.

30 Section 403. Bonds of the authority.

1 The authority shall have the power and is hereby authorized
2 from time to time to issue its negotiable bonds in conformity
3 with the applicable provisions of the act of July 12, 1972
4 (P.L.781, No.185), known as the "Local Government Unit Debt
5 Act."

6 Section 404. Limitation on the issuance of notes and bonds.

7 (a) The authority shall issue notes and bonds only on a
8 project-by-project basis.

9 (b) For the purposes of this section, the term "project"
10 shall mean facilities constructed or rehabilitated and operated
11 at a single geographical site: Provided, however, That a project
12 may refer to facilities constructed or rehabilitated at
13 different geographical sites so long as they are designed to be
14 operated jointly.

15 Section 405. Investment of moneys of the authority.

16 Power of the authority to invest all moneys from whatever
17 source derived shall be the same as the power of a borough to
18 invest as exercised by its borough council pursuant to the act
19 of February 1, 1966 (1965 P.L.1656, No.581), known as "The
20 Borough Code."

21 Section 406. Exemption from taxation.

22 (a) The authority shall be required to pay no taxes or
23 assessment upon any of the property acquired by it nor upon its
24 activities in the operation and maintenance of its projects.

25 (b) The securities or other obligations issued by the
26 authority, their transfer and the income therefrom, shall at all
27 times be free from taxation by this Commonwealth.

28 Section 407. Repayment of Commonwealth appropriations.

29 All appropriations made by the Commonwealth to the authority
30 shall be treated as advances by the Commonwealth to the

1 authority and shall be repaid to it without interest either out
2 of the proceeds of securities or other obligations issued by the
3 authority for the construction of any project pursuant to the
4 provisions of this act or by the delivery of noninterest bearing
5 obligations of the authority to the Commonwealth for all or any
6 part of such advances or out of excess revenues from such
7 project.

8 Section 408. Effective date.

9 This act shall take effect in 60 days.