
THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 625

Session of

INTRODUCED BY LLOYD, KUKOVICH, MAIALE, MORRIS, DeWEESE, MRKONIC,
HALUSKA, TIGUE, PISTELLA, EVANS, JAROLIN, KOSINSKI, HOFFEL,
D. R. WRIGHT, BELFANTI, DeLUCA, MANDERINO AND ALDERETTE,
MARCH 23, 1983

AS AMENDED ON THIRD CONSIDERATION, HOUSE OF REPRESENTATIVES,
MAY 31, 1983

AN ACT

1 Amending Title 66 (Public Utilities) of the Pennsylvania
2 Consolidated Statutes, regulating construction costs and
3 limiting rate increases.

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

6 Section 1. Title 66 of the Pennsylvania Consolidated
7 Statutes is amended by adding a section to read:

8 § 514. Construction cost of electric generating units.

9 (a) Submission of estimate.--No later than 30 days after
10 construction of an electric generating unit is begun, either in
11 this Commonwealth or in some other state, any public utility
12 operating in this Commonwealth and owning any share in that unit
13 shall submit to the commission an estimate of the cost of
14 constructing that unit. If the public utility acquires ownership
15 of any share in an electric generating unit which is under
16 construction on the date of acquisition, the public utility
17 shall, within 30 days of the date of acquisition, submit the

1 latest estimate of the cost of constructing that unit which was
2 formulated no later than 30 days from the beginning of
3 construction.

4 (b) Alternative submission.--Subsection (a) shall not apply
5 whenever a public utility is required under another provision of
6 this part to submit an estimate of the cost of constructing an
7 electric generating unit on a date prior to 30 days after the
8 beginning of construction. For the purposes of section 1308
9 (relating to voluntary changes in rates), the latest estimate
10 submitted pursuant to a provision of this part other than
11 subsection (a) on a date prior to 30 days after the beginning of
12 construction shall be deemed to have been filed pursuant to
13 subsection (a).

14 (c) ~~Construction audit~~ ACCESS TO EVIDENCE.--From and after <—
15 the beginning of construction of an electric generating unit,
16 the commission, or its designee, and the Consumer Advocate, or
17 his designee, shall have reasonable access to the construction
18 site and to any oral or documentary evidence relevant to
19 determining the necessity and propriety of any construction
20 cost. If a public utility objects to any request by the
21 commission or the Consumer Advocate, or persons designated by
22 the commission or the Consumer Advocate, for access to the
23 construction site or to any oral or documentary evidence, the
24 objection shall be decided in the same manner as an on-the-
25 record proceeding pursuant to Chapter 3 (relating to public
26 utility commission). The affected public utility shall have the
27 burden of proof in sustaining any such objection.

28 (d) Definition.--As used in this section the term
29 "construction" includes any work performed on an electric
30 generating unit which requires the affected public utility to

1 incur an aggregate of at least \$1,000,000 of expenses which, in
2 accordance with generally accepted accounting principles, are
3 capital expenses and not operating or maintenance expenses.

4 Section 2. Section 1308 of Title 66 is amended by adding a
5 subsection to read:

6 § 1308. Voluntary changes in rates.

7 * * *

8 (f) Limitation on rate increases by certain public
9 utilities.--Whenever there is filed with the commission any
10 tariff stating a new rate based in whole or in part on the cost
11 of constructing an electric generating unit, the commission
12 shall compare the estimated construction cost filed in
13 accordance with section 514(a) (relating to construction cost of
14 electric generating units) with the actual construction cost
15 submitted by the utility in support of that tariff. If the
16 actual construction cost exceeds the estimated construction
17 cost, the rate determined by the commission under this section
18 shall not be based on any part of that excess unless the public
19 utility proves that part of the excess to have been necessary
20 and proper. In making its determination under this subsection,
21 the commission shall consider all relevant and material
22 evidence, including evidence obtained pursuant to section
23 514(c). For purposes of this subsection "construction" includes
24 any work performed on an electric generating unit which requires
25 the affected public utility to incur an aggregate of at least
26 \$1,000,000 of expenses which, in accordance with generally
27 accepted accounting principles, are capital expenses and not
28 operating or maintenance expenses.

29 Section 3. This act shall apply to construction begun on or
30 after the effective date of this act, except that 66 Pa.C.S. §

1 514(c) and (d) (relating to construction cost of electric
2 generating units) shall be applicable to construction begun and
3 completed prior to the effective date and to construction begun
4 but not completed prior to the effective date as well as to
5 construction begun on or after the effective date.

6 Section 4. This act shall take effect immediately.