

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 2448 Session of
2008

INTRODUCED BY SOLOBAY, PRESTON, TURZAI, GODSHALL, BIANCUCCI,
CALTAGIRONE, CARROLL, CREIGHTON, DALEY, DENLINGER, DERMODY,
J. EVANS, EVERETT, GIBBONS, GINGRICH, GOODMAN, HARHAI,
HARKINS, KENNEY, KORTZ, KOTIK, KULA, MAHER, MAHONEY, MANN,
MARKOSEK, McCALL, R. MILLER, MUSTIO, D. O'BRIEN, READSHAW,
REICHLEY, SCAVELLO, SIPTROTH, K. SMITH, STABACK, STAIRS,
STERN, R. STEVENSON, SWANGER, WALKO, J. WHITE, WOJNAROSKI,
YOUNGBLOOD, BELFANTI, SAINATO, GRELL, BASTIAN, SHIMKUS,
McGEEHAN, YUDICHAK, JOSEPHS, SABATINA, W. KELLER, J. TAYLOR,
ROEBUCK, TRUE AND BISHOP, APRIL 15, 2008

REFERRED TO COMMITTEE ON CONSUMER AFFAIRS, APRIL 15, 2008

AN ACT

1 Amending Title 66 (Public Utilities) of the Pennsylvania
2 Consolidated Statutes, further providing for sliding scale of
3 rates and adjustments.

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

6 Section 1. Section 1307 of Title 66 of the Pennsylvania
7 Consolidated Statutes is amended by adding subsections to read:

8 § 1307. Sliding scale of rates; adjustments.

9 * * *

10 (g.2) Recovery of costs for natural gas distribution company
11 related to distribution system improvement projects designed to
12 enhance natural gas distribution reliability and safety.--
13 Natural gas distribution companies may file tariffs establishing
14 a sliding scale of rates or other method for the automatic

adjustment of the rates in order to provide for recovery of the fixed costs, including depreciation and pretax return, of certain underground infrastructure distribution projects as approved by the commission, that are designed to enhance distribution system reliability or safety and are completed and placed in service between base rate proceedings. The commission, by regulation or order, shall prescribe the specific procedures to be followed in establishing the sliding scale or other automatic adjustment mechanism.

(g.3) Recovery of costs for city natural gas distribution operation related to distribution system improvement projects designed to enhance natural gas distribution reliability and safety.--A city natural gas distribution operation may file tariffs establishing a sliding scale of rates or other methods for the automatic adjustment of its rates as shall provide for recovery of the fixed costs, depreciation, costs of issuance, annual debt service, annual debt service coverage requirements and any other related costs associated with the financing of certain capital projects designed to enhance distribution system reliability or safety, that are completed and placed in service between base rate proceedings. The financing may be by the city natural gas distribution operation or any other qualified entity authorized by it to act on its behalf and may be structured in any manner determined by the city natural gas distribution operation to reduce the cost of the financing. Notwithstanding any other provision of law, the revenues recovered pursuant to a tariff authorized by this section shall not constitute project revenues under the act of October 18, 1972 (P.L.955, No.234), known as The First Class City Revenue Bond Act, or utility revenues under the act of December 7, 1982 (P.L.827, No.231),

1 known as The City of Philadelphia Municipal Utility Inventory
2 and Receivables Financing Act. At the request of the city
3 natural gas distribution operation, and notwithstanding any
4 other provision of law, the commission may issue an order
5 authorizing the assignment, transfer, pledge, sale or other
6 distribution of the revenues received from a tariff approved
7 under this section to the extent necessary to permit the
8 financing of the capital projects at the lowest cost and on
9 terms and conditions most favorable to the city natural gas
10 distribution operation. Any such order shall be irrevocable, and
11 neither the order nor the charges authorized to be collected
12 under the order by the city natural gas distribution operation
13 on its behalf or on behalf of any financing entity shall be
14 subject to reduction, postponement, impairment or termination by
15 any subsequent action of the commission, either directly or
16 indirectly.

17 * * *

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