

## THE GENERAL ASSEMBLY OF PENNSYLVANIA

## HOUSE BILL

No. 2594 Session of  
2008

INTRODUCED BY SOLOBAY, BENNINGHOFF, BIANCUCCI, GEIST, GRUCELA,  
HERSHEY, KULA, MAHONEY, MARSHALL, MELIO, MOUL, MYERS, PYLE,  
STAIRS, THOMAS, J. WHITE, WOJNAROSKI, YOUNGBLOOD AND  
HORNAMAN, JUNE 10, 2008

AS REPORTED FROM COMMITTEE ON CONSUMER AFFAIRS, HOUSE OF  
REPRESENTATIVES, AS AMENDED, JUNE 23, 2008

## AN ACT

1 Amending Title 66 (Public Utilities) of the Pennsylvania  
2 Consolidated Statutes, further providing for definitions; IN <—  
3 RATES AND RATEMAKING, FURTHER PROVIDING FOR SLIDING SCALE OF  
4 RATES AND ADJUSTMENTS; and, in service and facilities,  
5 further providing for ownership and maintenance of natural  
6 gas and artificial gas service lines.

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

9 Section 1. The definitions of "customer's service line" and  
10 "service line" in section 102 of Title 66 of the Pennsylvania  
11 Consolidated Statutes are amended to read:

12 § 102. Definitions.

13 Subject to additional definitions contained in subsequent  
14 provisions of this part which are applicable to specific  
15 provisions of this part, the following words and phrases when  
16 used in this part shall have, unless the context clearly  
17 indicates otherwise, the meanings given to them in this section:

18 \* \* \*

1 ["Customer's service line." The pipe and appurtenances owned  
2 by the customer extending from the service connection of the gas  
3 utility to the inlet of the meter serving the customer.]

4 \* \* \*

5 "Service line." The pipe and all appurtenances [of the gas  
6 utility which connect any main with either the point of  
7 connection of a customer's service line or the meter of the  
8 public utility if the utility owns all the pipe and  
9 appurtenances between its main and meter.] extending from the  
10 main line of the natural gas distribution company to the inlet  
11 of the meter serving the customer.

12 \* \* \*

13 SECTION 2. SECTION 1307 OF TITLE 66 IS AMENDED BY ADDING  
14 SUBSECTIONS TO READ:

15 § 1307. SLIDING SCALE OF RATES; ADJUSTMENTS.

16 \* \* \*

17 (G.2) RECOVERY OF COSTS FOR NATURAL GAS DISTRIBUTION COMPANY  
18 RELATED TO DISTRIBUTION SYSTEM IMPROVEMENT PROJECTS DESIGNED TO  
19 ENHANCE NATURAL GAS DISTRIBUTION RELIABILITY AND SAFETY.--

20 (1) NATURAL GAS DISTRIBUTION COMPANIES MAY FILE TARIFFS  
21 ESTABLISHING A SLIDING SCALE OF RATES OR OTHER METHOD FOR THE  
22 AUTOMATIC ADJUSTMENT OF THE RATES IN ORDER TO PROVIDE FOR  
23 RECOVERY OF THE FIXED COSTS, INCLUDING DEPRECIATION AND  
24 PRETAX RETURN, OF CERTAIN UNDERGROUND INFRASTRUCTURE  
25 DISTRIBUTION PROJECTS AS APPROVED BY THE COMMISSION, THAT ARE  
26 DESIGNED TO ENHANCE DISTRIBUTION SYSTEM RELIABILITY OR SAFETY  
27 AND ARE COMPLETED AND PLACED IN SERVICE BETWEEN BASE RATE  
28 PROCEEDINGS.

29 (2) THE COMMISSION, BY REGULATION OR ORDER, SHALL  
30 PRESCRIBE THE SPECIFIC PROCEDURES TO BE FOLLOWED IN

1 ESTABLISHING THE SLIDING SCALE OR OTHER AUTOMATIC ADJUSTMENT  
2 MECHANISM.

3 (G.3) RECOVERY OF COSTS FOR CITY NATURAL GAS DISTRIBUTION  
4 OPERATION RELATED TO DISTRIBUTION SYSTEM IMPROVEMENT PROJECTS  
5 DESIGNED TO ENHANCE NATURAL GAS DISTRIBUTION RELIABILITY AND  
6 SAFETY.--

7 (1) A CITY NATURAL GAS DISTRIBUTION OPERATION MAY FILE  
8 TARIFFS ESTABLISHING A SLIDING SCALE OF RATES OR OTHER  
9 METHODS FOR THE AUTOMATIC ADJUSTMENT OF ITS RATES AS SHALL  
10 PROVIDE FOR RECOVERY OF THE FIXED COSTS, DEPRECIATION, COSTS  
11 OF ISSUANCE, ANNUAL DEBT SERVICE, ANNUAL DEBT SERVICE  
12 COVERAGE REQUIREMENTS AND ANY OTHER RELATED COSTS ASSOCIATED  
13 WITH THE FINANCING OF CERTAIN CAPITAL PROJECTS DESIGNED TO  
14 ENHANCE DISTRIBUTION SYSTEM RELIABILITY OR SAFETY, THAT ARE  
15 COMPLETED AND PLACED IN SERVICE BETWEEN BASE RATE  
16 PROCEEDINGS.

17 (2) THE FINANCING MAY BE BY THE CITY NATURAL GAS  
18 DISTRIBUTION OPERATION OR ANY OTHER QUALIFIED ENTITY  
19 AUTHORIZED BY IT TO ACT ON ITS BEHALF AND MAY BE STRUCTURED  
20 IN ANY MANNER DETERMINED BY THE CITY NATURAL GAS DISTRIBUTION  
21 OPERATION TO REDUCE THE COST OF THE FINANCING.

22 (3) NOTWITHSTANDING ANY OTHER PROVISION OF LAW, THE  
23 REVENUES RECOVERED PURSUANT TO A TARIFF AUTHORIZED BY THIS  
24 SECTION SHALL NOT CONSTITUTE PROJECT REVENUES UNDER THE ACT  
25 OF OCTOBER 18, 1972 (P.L.955, NO.234), KNOWN AS THE FIRST  
26 CLASS CITY REVENUE BOND ACT, OR UTILITY REVENUES UNDER THE  
27 ACT OF DECEMBER 7, 1982 (P.L.827, NO.231), KNOWN AS THE CITY  
28 OF PHILADELPHIA MUNICIPAL UTILITY INVENTORY AND RECEIVABLES  
29 FINANCING ACT, BUT THE CITY NATURAL GAS DISTRIBUTION  
30 OPERATION SHALL BE AUTHORIZED TO ASSIGN, TRANSFER, PLEDGE,

1 SELL OR OTHERWISE DISPOSE OF SUCH REVENUES IN ORDER TO  
2 FINANCE CAPITAL PROJECTS DESCRIBED IN THIS SUBSECTION.

3 (4) AT THE REQUEST OF THE CITY NATURAL GAS DISTRIBUTION  
4 OPERATION, AND NOTWITHSTANDING ANY OTHER PROVISION OF LAW,  
5 THE COMMISSION SHALL ISSUE AN ORDER AUTHORIZING A SLIDING  
6 SCALE OF RATES OR OTHER AUTOMATIC RATE ADJUSTMENT METHOD  
7 PERMITTED BY THIS SECTION AND ACKNOWLEDGING THE ASSIGNMENT,  
8 TRANSFER, PLEDGE, SALE OR OTHER DISPOSITION OF THE REVENUES  
9 RECEIVED FROM A TARIFF APPROVED UNDER THIS SECTION AND SHALL  
10 INCLUDE TERMS AND CONDITIONS REQUESTED BY THE CITY NATURAL  
11 GAS DISTRIBUTION OPERATION TO THE EXTENT NECESSARY TO PERMIT  
12 THE FINANCING OF THE CAPITAL PROJECTS AT THE LOWEST COST AND  
13 ON TERMS AND CONDITIONS MOST FAVORABLE TO THE CITY NATURAL  
14 GAS DISTRIBUTION OPERATION.

15 (5) ANY SUCH ORDER SHALL BE:

16 (I) IRREVOCABLE; AND

17 (II) IN ACCORDANCE WITH SECTION 1307(E), INCLUDE A  
18 RECONCILIATION MECHANISM WHICH SHALL PERMIT THE CITY  
19 NATURAL GAS DISTRIBUTION OPERATION TO RECOVER IN RATES  
20 ANY PRIOR PERIOD UNDERCOLLECTION OF COSTS AUTHORIZED TO  
21 BE COLLECTED BY THIS SUBSECTION.

22 (6) NEITHER THE ORDER NOR THE CHARGES AUTHORIZED TO BE  
23 COLLECTED UNDER THE ORDER BY THE CITY NATURAL GAS  
24 DISTRIBUTION OPERATION ON ITS BEHALF OR ON BEHALF OF ANY  
25 FINANCING ENTITY SHALL BE SUBJECT TO REDUCTION, POSTPONEMENT,  
26 IMPAIRMENT OR TERMINATION BY ANY SUBSEQUENT ACTION OF THE  
27 COMMISSION, EITHER DIRECTLY OR INDIRECTLY.

28 \* \* \*

29 Section 2 3. Section 1510 of Title 66 is amended to read:

30 § 1510. [Ownership and maintenance of natural and artificial]

1           Natural gas service lines.

2           [When connecting the premises of the customer with the gas  
3 utility distribution mains, the public utility shall furnish,  
4 install and maintain the service line or connection according to  
5 the rules and regulations of the filed tariff. A public utility  
6 shall not be authorized or required to acquire or assume  
7 ownership of any customer's service line. A public utility shall  
8 not be authorized or required to acquire or assume ownership of  
9 any pipe or appurtenances installed after the effective date of  
10 this section between its main and the meter unless the utility  
11 would have been authorized or required to do so according to the  
12 rules and regulations of its filed tariff if the pipe or  
13 appurtenances had been installed on or before the effective date  
14 of this section. Maintenance of service lines shall be the  
15 responsibility of the owner of the service line.]

16       (a) Duty to furnish, install, operate and maintain.--When  
17 initially connecting the premises of the customer with the main  
18 line of the natural gas distribution company as defined by  
19 section 2202 (relating to definitions) the natural gas  
20 distribution company shall furnish and install the service line.  
21 After the initial installation, the natural gas distribution  
22 company shall own and be responsible for operating and  
23 maintaining the service line.

24       (b) Assumption of financial responsibility.--For a service  
25 line in use on the effective date of this subsection, a natural  
26 gas distribution company shall be required to assume financial  
27 responsibility and the operating and maintenance obligations for  
28 all such service lines, without regard to the date of  
29 installation of the service line.

30       (c) Replacement.--Upon replacement of any service line by a

1 natural gas distribution company, a natural gas distribution  
2 company shall own and be responsible for operating and  
3 maintaining such facilities.

4 Section 3 4. This act shall take effect in 60 days.

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