
THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 2621 Session of
2008

INTRODUCED BY D. EVANS, PRESTON, McGEEHAN AND KING,
JUNE 10, 2008

REFERRED TO COMMITTEE ON CONSUMER AFFAIRS, JUNE 10, 2008

AN ACT

1 Establishing the Pipeline Replacement and Rehabilitation Program
2 and the Pipeline Replacement and Rehabilitation Fund;
3 providing for powers and duties of the Pennsylvania
4 Infrastructure Investment Authority and the Pennsylvania
5 Public Utility Commission; and authorizing a public
6 referendum.

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

9 Section 1. Short title.

10 This act shall be known and may be cited as the Pipeline
11 Infrastructure Public Safety and Environmental Protection Act.

12 Section 2. Legislative findings.

13 The General Assembly finds and declares as follows:

14 (1) The American Society of Civil Engineers issued its
15 first report card on Pennsylvania's infrastructure in 2006,
16 giving Pennsylvania a D- for the condition of this
17 Commonwealth's wastewater infrastructure and a D+ for its
18 drinking water infrastructure.

19 (2) The American Society of Civil Engineers identified

1 more than \$12,000,000,000 in critical drinking water
2 investments that Pennsylvania will require over the next two
3 decades.

4 (3) The 2003 United States Environmental Protection
5 Agency "Drinking Water Infrastructure Needs Survey and
6 Assessment Third Report to Congress" released in June 2005
7 identified \$7,838,900,000 in investments over the next two
8 decades that Pennsylvania will need to make for the
9 transmission and distribution of water.

10 (4) The United States Environmental Protection Agency
11 "Clean Watersheds Needs Survey 2004 Report to Congress"
12 released in January 2008 identified \$7,178,009,000 in
13 required investments over the next two decades for
14 Pennsylvania's wastewater infrastructure.

15 (5) According to the Public Utility Commission, there
16 are approximately 13,000 miles of cast-iron and unprotected
17 steel natural gas pipelines. The replacement cost of this
18 aging natural gas infrastructure is estimated to be between
19 \$9,000,000,000 and \$16,000,000,000.

20 (6) Accelerating the replacement and rehabilitation of
21 these pipelines and related infrastructure will help conserve
22 water and natural gas resources, and it will also enhance
23 public safety and service reliability.

24 (7) An accelerated pipeline and related infrastructure
25 replacement and rehabilitation program will protect the
26 environment by reducing wastewater and natural gas leakages.
27 Furthermore, natural gas leaked into the atmosphere is
28 believed to be one of the gases contributing to the
29 greenhouse effect, known more widely as global warming.

30 (8) A general obligation bond-financed pipeline and

1 related infrastructure program for municipal utilities would
2 accelerate the removal and replacement and rehabilitation of
3 aging pipes and related infrastructure, thus conserving water
4 and energy, protecting public safety, enhancing service
5 reliability and reducing greenhouse gases.

6 Section 3. Definitions.

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

10 "Authority." The Pennsylvania Infrastructure Investment
11 Authority established by the act of March 1, 1988 (P.L.82,
12 No.16), known as the Pennsylvania Infrastructure Investment
13 Authority Act.

14 "Commission." The Pennsylvania Public Utility Commission.

15 "Department." The Department of Environmental Protection of
16 the Commonwealth.

17 "Fiscal constraint." Bond rating standards of "BBB" or "Baa"
18 or worse from nationally recognized rating services or
19 corporations.

20 "Fund." The Pipeline Replacement and Rehabilitation Fund
21 established under section 12.

22 "Low-interest loan." A loan having an annual interest rate
23 of 2% or less.

24 "Municipal utility." Any municipal authority or municipally
25 owned utility distribution operation or company that utilizes
26 underground pipelines to transport natural gas, water or
27 wastewater.

28 "Recipient." A municipal utility that receives a grant or
29 loan under this act.

30 "Structurally deficient pipes." Pipes carrying natural gas,

1 water or wastewater and having significant corrosion or
2 deterioration that elevates the likelihood of leakage or failure
3 using an objective measure as developed under section 4(d).

4 Section 4. Pipeline Replacement and Rehabilitation Program.

5 (a) Establishment.--The Pipeline Replacement and
6 Rehabilitation Program is established within the authority for
7 the purpose of replacing and rehabilitating structurally
8 deficient pipes and related infrastructure within this
9 Commonwealth.

10 (b) Eligibility.--

11 (1) A municipal utility is eligible for a low-interest
12 loan under this section.

13 (2) A municipal utility under fiscal constraint is
14 eligible for a grant under this section. The authority may
15 adopt by regulation additional objective eligibility
16 standards for grants under this section, provided that such
17 standards target municipal utilities with populations less
18 able to pay for the necessary replacement and rehabilitation
19 of deficient pipes and related infrastructure.

20 (c) Application.--No grant or loan shall be awarded unless
21 the municipal utility submits an application to the authority
22 pursuant to guidelines adopted by the authority.

23 (d) Criteria.--

24 (1) In consultation with the commission and the
25 department, the authority shall develop an objective measure
26 to rate the deficiency of pipes and related infrastructure.

27 (2) Funding assistance shall be ranked based upon the
28 need to replace and rehabilitate structurally deficient pipes
29 and related infrastructure and shall not be based on funding
30 criteria for other programs implemented by the authority.

1 (3) No recipient shall receive in grants and loans more
2 than 25% of the total indebtedness authorized by this act.

3 (4) No grant or loan shall be awarded unless the
4 municipal utility and the authority sign a contract outlining
5 the conditions of the grant or loan subject to the provisions
6 of this act.

7 (5) The authority shall establish standards for low-
8 interest loans and may offer various rates as long as no
9 interest rate exceeds 2% on an annual basis and the standards
10 are applied uniformly to all applicants. The interest rates
11 and standards shall be adopted separately and shall not be
12 subject to criteria of other programs administered by the
13 authority.

14 (6) The authority may provide a combination of grants
15 and loans to an applicant.

16 (7) The intent of the grants and loans is to supplement
17 and accelerate the replacement and rehabilitation of pipes
18 and related infrastructure and not to substitute for
19 currently obligated programs of the applicants.

20 (8) The authority may establish other criteria for the
21 making of grants and loans under this act.

22 (e) Reports.--

23 (1) Each recipient shall file periodic performance
24 reports no less than annually or more frequently if so
25 determined by the authority. The contents of the report shall
26 be determined by the authority in consultation with the
27 commission and the department and shall include detailed
28 statistics on the status and progress of the utility
29 company's infrastructure. Each recipient shall provide the
30 commission and the department a copy of each report filed

1 with the authority.

2 (2) Failure to file a report shall cause a recipient to
3 lose grant money or loans issued as determined by the
4 authority.

5 Section 5. Duties of authority.

6 (a) General rule.--The authority shall administer and carry
7 out the provisions of this act, which shall include, but not be
8 limited to, the duties specified under this act.

9 (b) Notification and timetable.--The authority shall notify
10 all municipal utilities of the availability of grants and low-
11 interest loans under this act and provide a timetable for
12 submission of applications and announcement of awards.

13 (c) Guidelines.--The authority shall adopt guidelines, rules
14 or regulations as may be necessary by the program established
15 under section 4.

16 (d) Consultation.--The authority shall consult the
17 commission and the department on technical aspects in carrying
18 out this act.

19 (e) Contract and oversight.--The authority shall enter into
20 contracts with each potential recipient and monitor grants and
21 loans to help ensure that they are expended consistent with the
22 contract and the intent of this act.

23 Section 6. Reports to General Assembly.

24 The authority shall submit an annual report to the General
25 Assembly on the implementation of this act. The report shall
26 include program guidelines, criteria used for selection of grant
27 and loan recipients and detailed performance statistics for each
28 grant and loan pursuant to section 4. The report shall also
29 summarize the information on a Statewide basis and provide an
30 overview of the progress of the replacement and rehabilitation

1 of pipes and related infrastructure. Copies of the reports shall
2 be filed with the Local Government Committee, the Consumer
3 Protection and Professional Licensure Committee of the Senate,
4 and the Local Government Committee and the Consumer Affairs
5 Committee of the House of Representatives, the commission and
6 the department.

7 Section 7. Incurring indebtedness.

8 Pursuant to the provisions of section 7(a)(3) of Article VIII
9 of the Constitution of Pennsylvania, the question of incurring
10 indebtedness of \$1,000,000,000 for grants and low-interest loans
11 to municipal utilities for the replacement and rehabilitation of
12 structurally deficient pipes subject to the provisions of this
13 act shall be submitted to the electors at the next primary,
14 municipal or general election that is at least 60 days after the
15 effective date of this section.

16 Section 8. Certification of question.

17 The Secretary of the Commonwealth shall certify the question
18 of incurring indebtedness pursuant to this act to the county
19 boards of elections.

20 Section 9. Question to electorate.

21 The question of incurring indebtedness of \$1,000,000,000 for
22 grants and low-interest loans to municipal utilities as defined
23 by this act for the replacement and rehabilitation of
24 structurally deficient pipes and related infrastructure shall be
25 in substantially the following form:

26 Do you favor the incurring of indebtedness by the
27 Commonwealth of \$1,000,000,000 for use as grants and low-
28 interest loans of 2% or less based on objective criteria
29 to municipally owned utilities and municipal authorities
30 that provide natural gas, water or wastewater service,

1 for accelerating the replacement and rehabilitation of
2 aged and corroding pipes and related infrastructure that
3 may pose a risk of leakage and other safety hazards?

4 Section 10. Conduct of election.

5 The election shall be conducted in accordance with the act of
6 June 3, 1937 (P.L.1333, No.320), known as the Pennsylvania
7 Election Code.

8 Section 11. Issuance of bonds.

9 As evidence of the indebtedness if authorized under section
10 9, general obligation bonds of the Commonwealth shall be issued
11 for the purposes of this act.

12 Section 12. Pipeline Replacement and Rehabilitation Fund.

13 (a) Establishment.--The Pipeline Replacement and
14 Rehabilitation Fund is hereby established and shall be
15 administered by the authority.

16 (b) Funds.--The proceeds from the sale of any general
17 obligation bonds of the Commonwealth issued under this act shall
18 be deposited into the fund.

19 (c) Continuing appropriation.--The General Assembly hereby
20 appropriates on a continuing basis to the authority the moneys
21 of the fund for the purposes established by this act.

22 Section 13. Funds or accounts.

23 The authority shall deposit any appropriations or funds,
24 including principal and interest loan repayments, received
25 pursuant to this act in separate accounts within the fund. All
26 loan repayments and interest earned shall remain in the fund.
27 Money in the fund shall be used as follows:

28 (1) For grants and low-interest loans as established by
29 this act.

30 (2) To offset administrative costs incurred by the

1 authority in performing its duties pursuant to this act
2 provided that no more than \$250,000 is used for
3 administrative costs in the first fiscal year. This amount
4 may be increased by the rate of inflation as measured by the
5 Consumer Price Index as published by the United States
6 Department of Labor, Bureau of Labor Statistics, for each
7 year thereafter.

8 (3) To dedicate repayment of loans originated with
9 moneys from the fund to pay debt service on revenue bonds
10 that the authority may issue to fulfill the purposes of this
11 act.

12 Section 14. Notice in Pennsylvania Bulletin.

13 If the electorate approves the question of incurring
14 indebtedness as provided under this act, the Secretary of the
15 Commonwealth shall publish a notice thereof in the Pennsylvania
16 Bulletin within 14 days of the date of the election.

17 Section 15. Effective date.

18 This act shall take effect as follows:

19 (1) Sections 4, 5, 6, 12 and 13 shall take effect upon
20 publication of the notice required under section 14.

21 (2) The remainder of this act shall take effect
22 immediately.