

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 1862 Session of 2023

INTRODUCED BY MATZIE, BOROWSKI, HANBIDGE, KAZEEM, KRUEGER, O'MARA, SAPPEY, McNEILL, MADDEN, DONAHUE, T. DAVIS, PROBST, HADDOCK, KINSEY, FIEDLER, DELLOSO, KRAJEWSKI, MAYES, DALEY, CIRESI, SHUSTERMAN, GREEN, CEPEDA-FREYTIZ, CERRATO, D. WILLIAMS AND FRIEL, NOVEMBER 30, 2023

AS REPORTED FROM COMMITTEE ON CONSUMER PROTECTION, TECHNOLOGY AND UTILITIES, HOUSE OF REPRESENTATIVES, AS AMENDED, APRIL 9, 2024

AN ACT

1 Amending Title 66 (Public Utilities) of the Pennsylvania
2 Consolidated Statutes, in rates and distribution systems,
3 further providing for acquisition of water and sewer
4 utilities AND FOR VALUATION OF ACQUIRED WATER AND WASTEWATER <--
5 SYSTEMS.

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

8 Section 1. Section 1327(b) and (c) of Title 66 of the
9 Pennsylvania Consolidated Statutes are amended and the section
10 is amended by adding subsections to read:

11 § 1327. Acquisition of water and sewer utilities.

12 * * *

13 (a.1) Duties of selling municipal corporation.--If the
14 seller of property under subsection (a) is a municipal
15 corporation, the following shall apply:

16 (1) A municipal corporation shall issue a request for
17 proposals OR SOLE SOURCE CONTRACT for an acquiring public <--

1 utility. An agreement for the acquisition of the property may
2 not be signed and executed within 180 days of the issuance of
3 the request for proposals under this paragraph.

4 (2) The municipal corporation shall advertise the
5 request for proposals OR SOLE SOURCE CONTRACT under paragraph <--
6 (1) in no less than two newspapers of general circulation
7 within the municipality where the municipal corporation is
8 established AND ON ALL MUNICIPAL CORPORATION SOCIAL MEDIA AND <--
9 PUBLICLY ACCESSIBLE INTERNET WEBSITES no later than 30 days
10 after the issuance of the request for proposals and no later
11 than 60 days after the publication of the first
12 advertisement.

13 (3) At the next regularly scheduled meeting of the
14 municipal corporation and each subsequent regularly scheduled
15 meeting within 180 days of the issuance of the request for
16 proposals OR SOLE SOURCE CONTRACT under paragraph (1), the <--
17 municipal corporation shall issue a report on the status of
18 the request for proposals OR SOLE SOURCE CONTRACT and provide <--
19 for a public comment period on the request for proposals OR <--
20 SOLE SOURCE CONTRACT.

21 (4) No later than 30 days before a scheduled vote on the
22 selected request for proposals OR SOLE SOURCE CONTRACT under <--
23 paragraph (1), the municipal corporation shall provide
24 ~~estimates of the rates charged to the customers~~ DOCUMENTED <--
25 MEDIAN SYSTEM USAGE FOR THE PREVIOUS SIX YEARS CHARGED TO THE
26 PUBLIC UTILITY'S RESIDENTIAL, COMMERCIAL AND INDUSTRIAL
27 CLASSES by each public utility that submits an offer to the
28 request for proposals OR SOLE SOURCE CONTRACT under paragraph <--
29 (1) from an approved actuary. The municipal corporation shall
30 notify each resident of the municipality where the municipal

1 corporation is established of the estimates under this
2 paragraph and post the estimates on the social media account
3 operated by the municipal corporation within 30 days before a
4 scheduled vote on the selected request for proposals under <--
5 paragraph (1). OR SOLE SOURCE CONTRACT UNDER PARAGRAPH (1). <--
6 THE ACQUIRING PUBLIC UTILITY SHALL PROVIDE A LINK TO A RATE
7 CALCULATOR, HOSTED ON THE ACQUIRING PUBLIC UTILITY'S PUBLICLY
8 ACCESSIBLE INTERNET WEBSITE, WHICH ALLOWS A HOUSEHOLD TO
9 ENTER THE SPECIFICS OF ITS HOUSEHOLD USAGE IN ORDER TO
10 ESTIMATE FUTURE RATES AFTER THE ACQUISITION.

11 (b) Procedure.--The commission, upon application by a public
12 utility, person or corporation which has agreed to acquire
13 property from another public utility, municipal corporation or
14 person, may approve an inclusion in rate base in accordance with
15 subsection (a) prior to the acquisition and prior to a
16 proceeding under this subchapter to determine just and
17 reasonable rates if:

18 (1) within 30 days from the date the applicant submits
19 an offer to the request for proposals OR SOLE SOURCE CONTRACT <--
20 under subsection (a.1), if applicable, or the next billing
21 cycle, whichever is earlier, the applicant has provided
22 notice of the proposed acquisition and any proposed increase
23 in rates to the customers served by the property to be
24 acquired, in such form and manner as the commission, by
25 regulation, shall require;

26 (2) within 30 days after providing the notice under
27 paragraph (1), or the next billing cycle, whichever is
28 earlier, the applicant has provided notice to its customers,
29 in such form and manner as the commission, by regulation,
30 shall require, if the proposed acquisition would increase

1 rates to the acquiring public utility's customers by an
2 amount in excess of 1% of the acquiring public utility's base
3 annual revenue and estimates of the rates HAS PROVIDED <--
4 ESTIMATES OF THE PROPOSED RATES TO BE charged by the
5 acquiring public utility to the customers from an approved
6 actuary;

7 (3) the applicant has provided notice of the application
8 to the Director of Trial Staff and the Consumer Advocate; and

9 (4) in addition to any other information required by the
10 commission, the application includes a full description of
11 the proposed acquisition and a plan for reasonable and
12 prudent investments to assure that the customers served by
13 the property to be acquired will receive adequate, efficient,
14 safe and reasonable service.

15 (c) Hearings.--[The commission may hold such hearings on the
16 application as it deems necessary.] Upon receipt of the
17 application, the commission shall schedule and conduct at least
18 two public hearings on the proposed acquisition within the
19 municipal boundaries of the selling public utility, municipal
20 corporation or person or the nearest appropriate venue as the
21 commission deems appropriate. The commission shall schedule the
22 first hearing no later than 45 days after receipt of the
23 application. The commission shall schedule the second hearing no
24 earlier than 30 days, but no later than 60 days, from the date
25 of the first hearing.

26 * * *

27 (g) Definitions.--As used in this section, the term
28 "approved actuary" means an individual, not employed by WHO IS <--
29 NOT EMPLOYED BY, AND HAS NOT PERFORMED WORK FOR, a municipal
30 corporation that is a seller of property under subsection (a) or

1 an acquiring public utility IN THE PREVIOUS FIVE YEARS, who has <--
2 at least five years of actuarial experience and who is enrolled
3 as a member of the American Academy of Actuaries. THE ACTUARY <--
4 SHALL BE REQUIRED TO PUBLICLY DISCLOSE WHETHER THE ACTUARY HAS
5 EVER DONE WORK FOR THE ACQUIRING PUBLIC UTILITY OR MUNICIPAL
6 CORPORATION.

7 SECTION 2. SECTION 1329 OF TITLE 66 IS AMENDED BY ADDING A
8 SUBSECTION TO READ:

9 § 1329. VALUATION OF ACQUIRED WATER AND WASTEWATER SYSTEMS.

10 * * *

11 (F.1) APPLICABILITY.--THE PROCEDURES AND DEFINITIONS UNDER
12 SECTION 1327(A.1), (B), (C) AND (G) (RELATING TO ACQUISITION OF
13 WATER AND SEWER UTILITIES) AS THEY RELATE TO A MUNICIPAL
14 CORPORATION AND ACQUIRING PUBLIC UTILITY UNDER THAT SECTION
15 SHALL APPLY TO A SELLING UTILITY AND ACQUIRING PUBLIC UTILITY
16 UNDER THIS SECTION.

17 * * *

18 Section 2 3. This act shall take effect in 60 days. <--