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June 22, 2011

The Times-Tribune
149 Penn Avenue
Scranton, PA 18503

Dear Editor:

Representative Phyllis Mundy recognizes the need to do more to improve utility infrastructure (*letter, June 12*), but she criticizes legislation sponsored by Rep. Bob Godshall to achieve that goal without providing a viable solution of her own.

The current process for electric, natural gas, and wastewater utilities to recover the cost of replacing infrastructure discourages those investments. Filing a base rate proceeding at the Public Utility Commission costs up to \$2 million and takes almost a year to complete. Rep. Godshall's legislation, House Bill 1294, addresses this problem by authorizing the PUC to approve alternative rate mechanisms which would allow more timely recovery of these costs.

The General Assembly authorized an alternative rate mechanism for water utilities fifteen years ago, which became a national model. The result has been a substantial increase in the replacement of old water mains, a gradual recovery of the costs as they are incurred subject to PUC oversight, and very few customer complaints. It would be good public policy to extend tools such as this to increase investment in other types of critical utility infrastructure, which would enhance the reliability and safety of utility service. A growing number of other states are doing so – for example, nineteen states allow natural gas utilities to recover the cost of replacing aged gas mains between rate cases.

If we want to stimulate more investment to replace aged infrastructure than we are currently getting, we need new policies. House Bill 1294 would achieve the desired results.

Sincerely,


Terrance J. Fitzpatrick
President & CEO