

**BEFORE THE
HOUSE CONSUMER PROTECTION,
TECHNOLOGY AND UTILITIES COMMITTEE**

Testimony of

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Regarding
HB1655

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Good morning Chairman Matzie, Chairman Marshall, and Members of the House Consumer Protection, Technology and Utilities Committee. My name is Patrick Cicero. I have the privilege of serving as Pennsylvania's Consumer Advocate. Thank you for the opportunity to provide the utility consumer perspective concerning House Bill 1655.

My office, the Pennsylvania Office of Consumer Advocate (OCA), serves as the statutory advocate for Pennsylvania consumers before the Public Utility Commission (PUC) on all matters that are properly before the PUC. This, of course, includes the rates charged by public utilities. As a part of rate cases, my office scrutinizes, among other things, the expenses incurred in the historic test period and projected to be incurred in the future and fully projected future test periods for the purpose of determining the appropriate level of rate recovery by a utility. Utility expenses that are not reasonably and prudently incurred or that are unnecessary to the provision of utility service may be removed from the cost of service and from rates. However, when a utility reasonably and prudently incurs an expense, those expenses are recoverable in the rates charged to consumers. The bill at issue – HB 1655 – deals with an area where we have seen a growth in costs (expenses for ratemaking purposes) for street resurfacing and curb repairs. These costs, when prudently incurred, are ultimately passed on to consumers through higher rates.

To be clear at the outset, our office's position is and remains that reasonable and prudent street and curb restoration is a necessary expense by utilities when they are required to maintain, repair, modify, remove, or otherwise disturb the street and public ways to provide utility service. It is legitimate and reasonable for municipalities to impose street permitting and restoration requirements, including in some cases, compliance with all federal requirements for curb cutouts needed to meet federal and state accessibility standards.

However, in recent years, we have heard from utilities that many municipalities have ordinances that have increased the municipal restoration requirements. These changes vary by municipality and are often unique to the requirements of the municipality, but in many cases the restoration requirements have increased significantly over the years and have become key cost drivers for increases in infrastructure repair and replacement projects that are passed through rates or through the utility's Distribution System Improvement Charge. It is very difficult to demonstrate that costs are not prudently incurred where a utility is following a local ordinance requiring more expansive street restoration and resurfacing requirements than would strictly be necessary to restore the streetscape to the status quo. The requirements of local governments can also present challenges for utilities who cover broad geographic areas where they may have to contend with the unique requirements of several hundred different municipalities and boroughs.

The OCA supports a more uniform approach such as that which is outlined in HB 1655 to the restoration requirements imposed on utilities and ultimately paid for by ratepayers. The bill would cap both the permit fees and restoration standards of municipalities to those adopted by PennDOT. Standardization matters not only for predictability of costs, but it would also enable appropriate comparisons over time and between utilities. This would facilitate an appropriate prudency review by the PUC and our office in assessing the reasonableness of costs that should be allowed for ratemaking purposes.

While our office supports HB 1655, vigilance by the PUC and our office will still be required to ensure that utilities are properly coordinating with municipal officials on the municipality's own resurfacing, street paving, and sidewalk, curb cutout replacement schedule so that costs can be shared, and public disruption of streets minimized. In addition, utilities will still need to do inter-utility coordination to ensure that when a streetscape is opened that all

underground utility work is performed during the disruption and that costs are shared and allocated appropriately to each utility impacted.

Thank you for the opportunity to submit testimony on these critical issues. I appreciate and support the intent of HB 1655 and I am available to respond to any questions you have about my testimony.