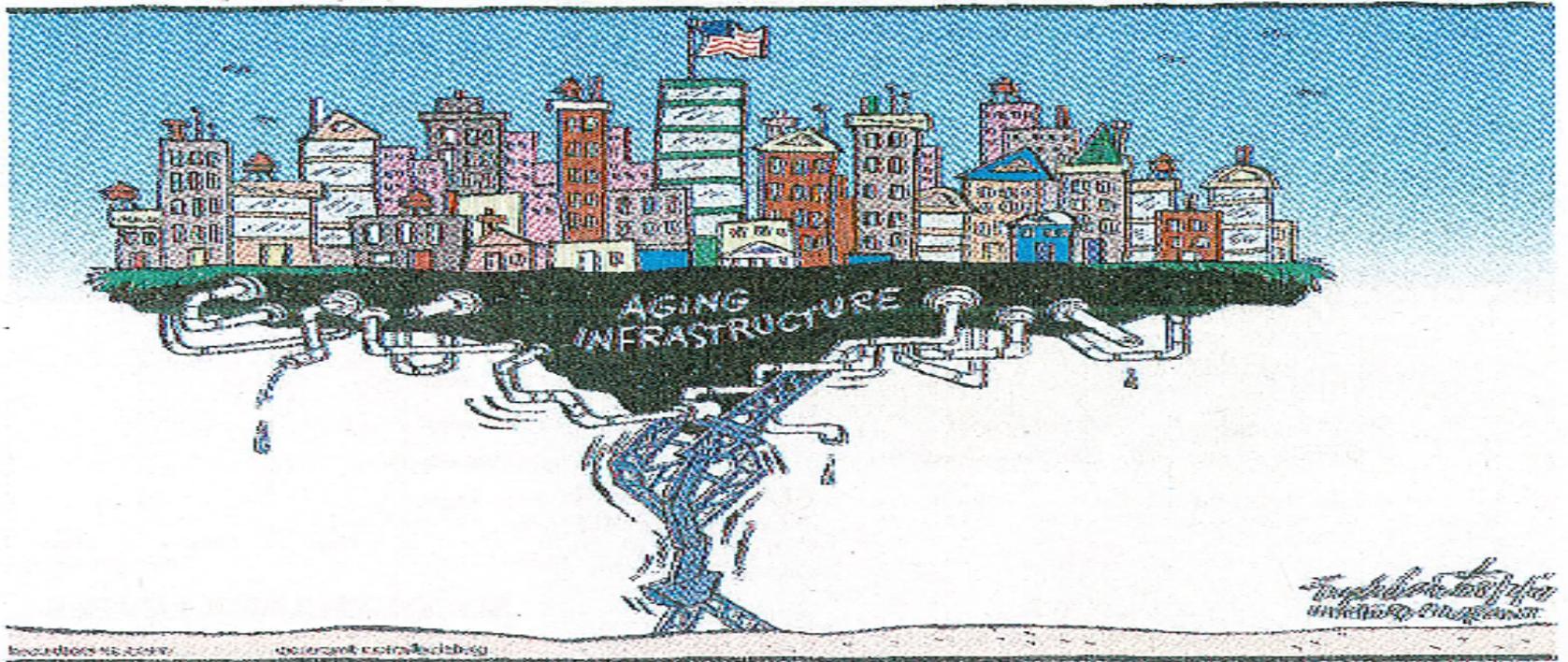




**DSIC**  
**Then, Now, Tomorrow**  
**2010 Staff Water Policy Forum**

**Steve L. Klick – Executive Policy Manager**  
**PA Commissioner Robert Powelson**  
**Advisor to Chairman Butch Howard**  
**[stklick@state.pa.us](mailto:stklick@state.pa.us)**



*Englehart*  
unlabeled signature

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BOB ENGLEHART, The Hartford Courant

# DSIC eligible pipe





# DSIC Then, Now, Tomorrow

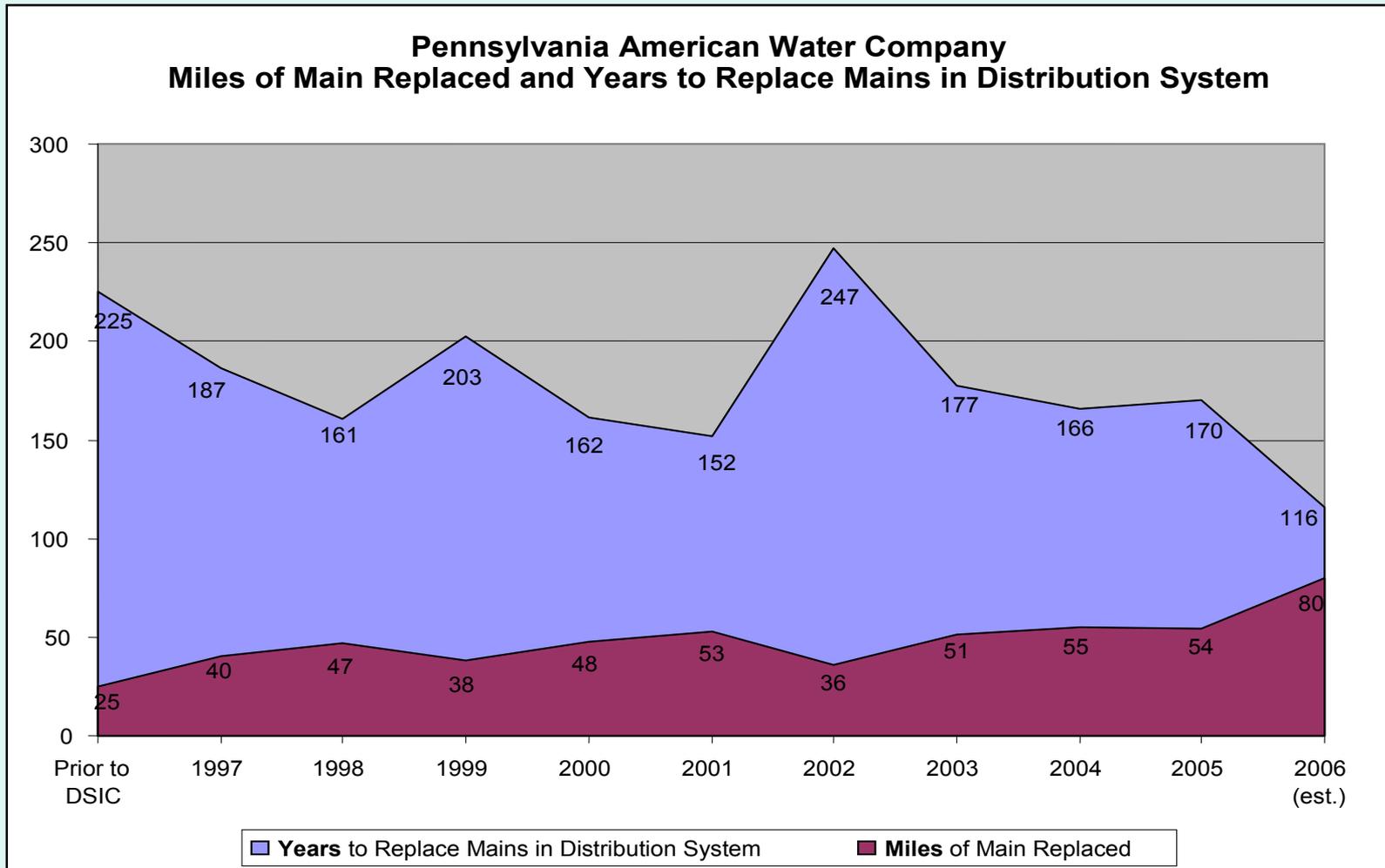
- Then – New, Innovative, Debated
- Now – It Works, More States on Board
- Tomorrow – Waste Water, Gas

# Innovative Keystone Regulation 1997

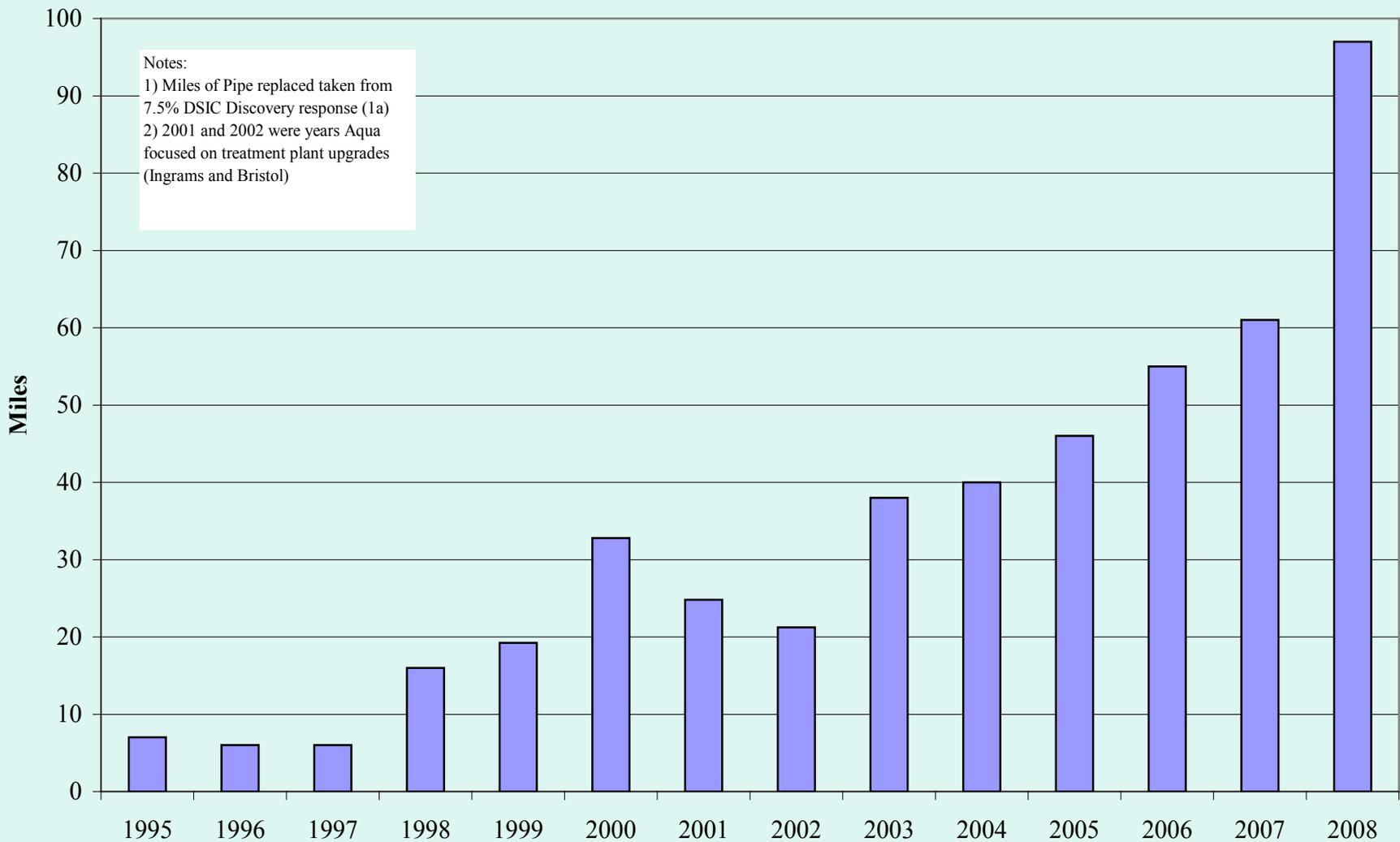
- HB 744: Distribution System Improvement Charge (DSIC)
  - PUC-approved citing:
    - Economic effects
    - Environmental impact
    - Infrastructure needs and goals
    - “Model Legislation”
    - NARUC – “Best Practice”
    - Successful/clear results

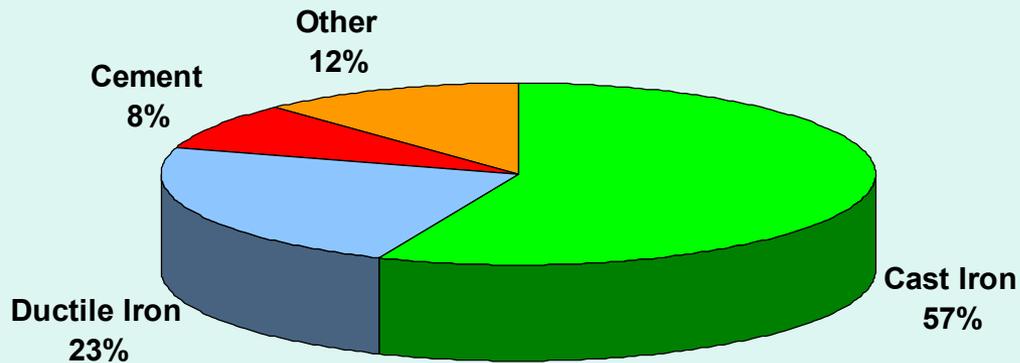


# DSIC: Main Replacement Program

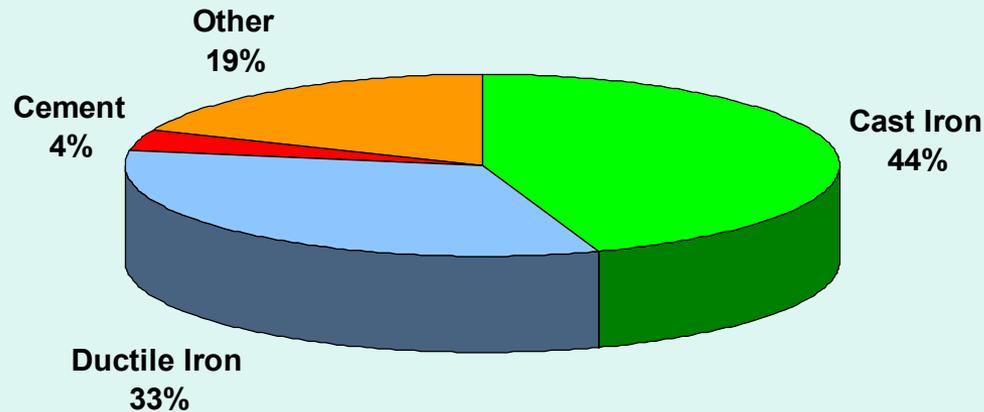


## Aqua PA - Miles of Pipe Replaced

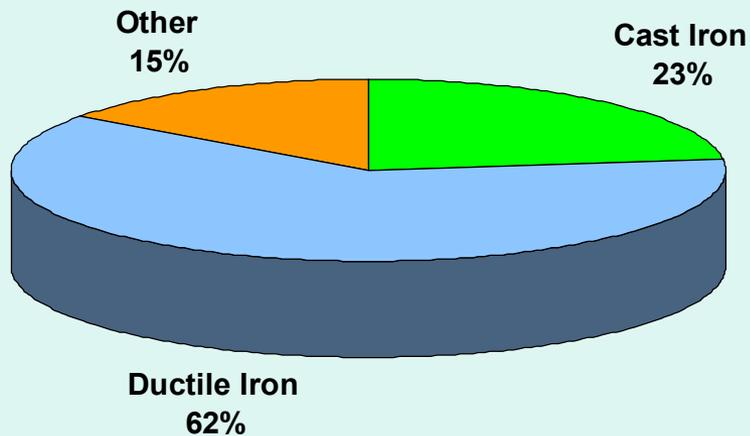




**1997 (pre-DSIC)**



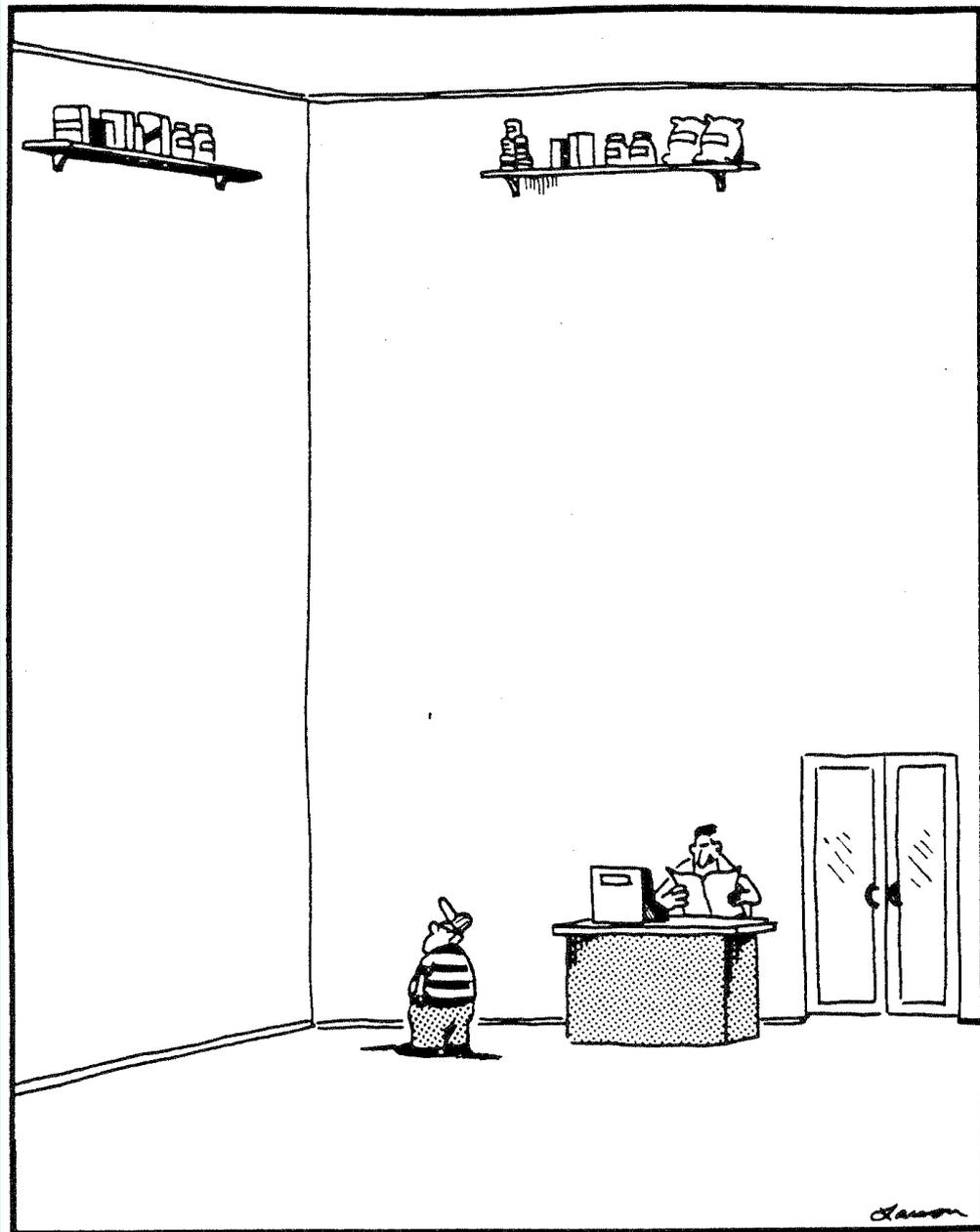
**2008**



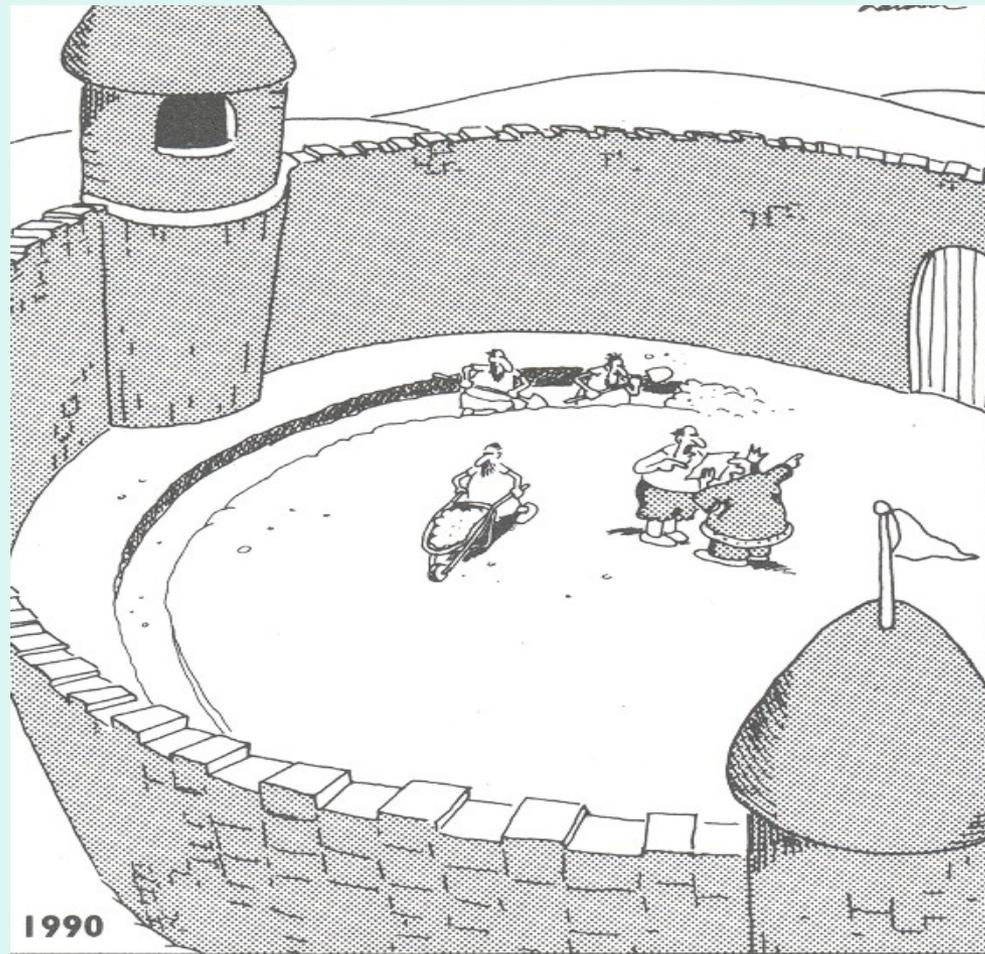
**Projected after Completion  
of Targeted Pool of Pipe**

# Infrastructure Surcharges

- **Connecticut – WICA**
- **Delaware - DSIC**
- **Illinois - QIP**
- **Indiana - DSIC**
- **Missouri – DSIC**
- **New York - SIC**
- **Ohio - SIC**
- **Pennsylvania - DSIC**



Inconvenience stores



Suddenly, a heated exchange took place between the king and the moat contractor.

# Benefits of a DSIC Program

- Address aging infrastructure that presents water quality problems
- Proactively addresses main breaks (boil water notices)
- New mains installation to eliminate dead ends (facilitates looping projects)
- Reduce unaccounted for water
- Replace fire hydrants and larger pipe for fire flows
- Provides economic reliability in the community
- Allows coordination with DOTs and local government

# Benefits of a DSIC Program

- Reduces rate case expense
- Promotes the acquisition of small and non-viable water systems
- Allows for pro-active planning
- Accelerates the replacement of aging infrastructure
- Customer protections (> rate case process)
- POSITIVE IMPACT ON CAPITAL ATTRACTION
- PHASE-IN COST RECOVERY/GRADUALISM

# DISC Rate Gradualism



# DSIC TOMORROW DISCUSSION TOPICS

- ROE Given Black Box Settlements
- Eligible Property – More than Mains
- The Audit Process
- Customer Reactions/Complaints
- Movement of Other States to DSIC
- Effect on Jobs and Local Economy
- DSIC for Wastewater

# Big Picture Conclusions

- Investment in utility infrastructure is critical for economic development and quality of life for customers.
- Governmental and regulatory cooperation is essential.
- Capital flows to jurisdictions that provide Regulatory Certainty.