What Is Act 11?

How Outdated Infrastructure Policy Is Costing Ratepayers

BUILDING DECARBONIZATION COALITION

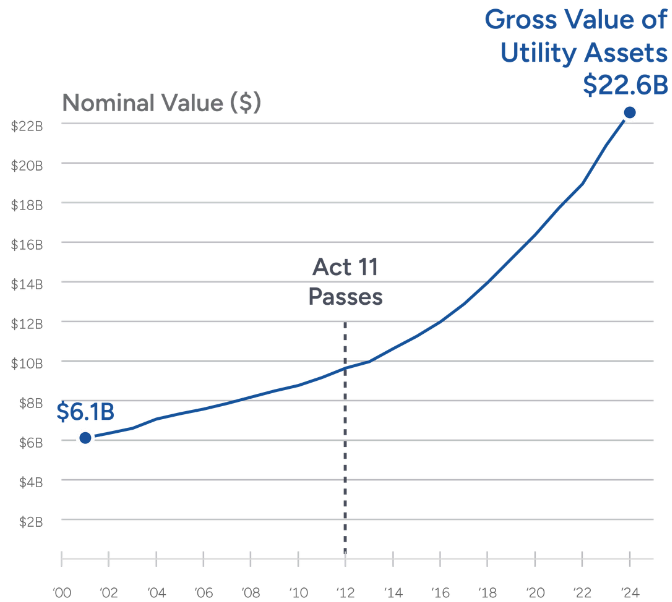
Infrastructure policy is a major driver of rising gas bills in Pennsylvania. At the center of this spending growth is Act 11, a 2012 law that has enabled utilities to accelerate pipeline replacement spending with remarkably little public scrutiny. BDC's report finds that **the six largest gas utilities (the "Big Six") have spent $11 billion on accelerated pipeline replacement since 2013.** This amount far exceeds the combined spending to date for similar programs in Massachusetts, Maryland, and D.C.

Under the law, Act 11 allows "the timely recovery of the reasonable and prudent costs incurred to repair, improve or replace eligible property in order to ensure and maintain adequate, efficient, safe, reliable and reasonable services." 66 Pa.C.S. § 1353 (a).

In practice, however, gas utilities have primarily used Act 11 to accelerate capital investment. A surcharge on customer bills called the Distribution System Improvement Charge (DSIC) allows utilities to begin recovering eligible costs more quickly than their normal rate case intervals. Then, at the utility's next rate case, these investments are incorporated into base rates and the DSIC resets, while customers continue paying for the infrastructure for decades.

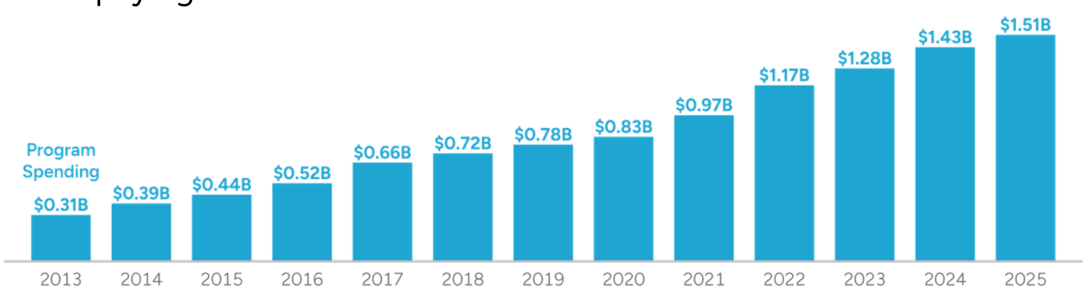
The Cost of Act 11

- **$11B** in direct accelerated spending so far, 2013-2025
- **$18-30B** in projected lifetime customer charges to date (includes investor returns)
- **+67%:** average year-round monthly bill increase in the last decade
- **Two-thirds:** share of typical gas bill that pays for gas infrastructure like pipelines, while only one-third pays for gas itself



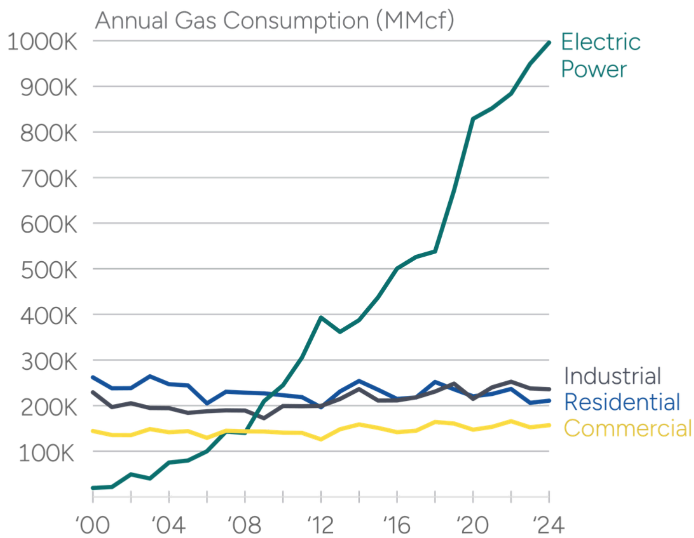
Utilities have taken advantage of Act 11 to grow their asset base, ushering in an era of accelerated spending.

Act 11 spending has grown steadily, totaling $11B in direct spending as of 2025 for the Big Six gas utilities.



The Top-Heavy Gas System

Pennsylvania utilities' capital investments in pipelines are outpacing customer demand. From 2013 to 2024, the gross value of gas assets owned by the Big Six more than doubled, rising from approximately **$10 billion to $22.6 billion**, while household demand for gas has declined.



While gas use for generation is growing, demand in buildings is stagnating or declining. ***Residential gas use per customer has declined 28 percent since 2000****.*

This imbalance creates a "top-heavy" gas system: an increasingly expensive gas system spread over a relatively stagnant customer base and declining demand. As a result, customers are now responsible for paying for more than double the amount of gas infrastructure compared to 2013, the first year Act 11 took effect, all while their utilization of that infrastructure decreases.

Before approving another gas pipeline replacement project, the Pennsylvania PUC should require utilities to compare pipeline replacement with targeted repair, retirement, electrification, and thermal energy networks, and determine which option best protects safety and affordability over the long term.

How to Reform Act 11

Several peer jurisdictions have begun to reform their outdated and underperforming accelerated pipeline programs. Below are recommendations to rein in and eventually phase out Act 11 in Pennsylvania based on these reforms.

1. Narrow accelerated recovery to urgent, risk-prioritized projects that have been weighed against non-pipeline alternatives. Require utilities to show why each project is needed and to compare repair, relining, retirement, electrification, and thermal energy networks before like-for-like gas pipeline replacement is approved.

2. Add cost controls and long-term planning to phase out accelerated replacement. Lower the DSIC cap over time, add a sunset date for Act 11 spending, and require a long-term gas plan that accounts for customer demand, affordability, depreciation, and stranded-asset risk.

3. Make utility spending transparent. Standardize Act 11 reporting (LTIIPs and AAOPs) across utilities. Require the evaluation of non-gas pipeline alternatives, avoided investments, and bill impacts. Limit black box rate-case settlements and require public disclosure of the assumptions behind revenue and return decisions.

4. Protect customers and build out affordable clean heat systems. Direct avoided gas spending toward bill relief, arrearage reduction, and affordable clean heat in high-burden communities. Authorize thermal energy networks, coordinate gas and electric planning, and launch neighborhood-scale pilots where aging pipelines, energy burden, and public-health needs overlap.

Read the full report and download additional resources at: **buildingdecarb.org/cost-of-heat-pa**