

## AMENDMENTS TO HOUSE BILL NO. 107

Sponsor: REPRESENTATIVE GODSHALL

Printer's No. 84

1 Amend Bill, page 1, lines 9 through 19; page 2, lines 1  
2 through 30; page 3, lines 1 through 14; by striking out all of  
3 said lines on said pages and inserting

4 § 1330. Recovery of natural gas distribution system extension  
5 costs.

6 (a) Authority.--

7 (1) A natural gas distribution company may petition the  
8 commission to approve the establishment of a distribution  
9 system extension charge to provide for the recovery on a full  
10 and current basis through a reconcilable adjustment clause  
11 under section 1307 (relating to sliding scale of rates;  
12 adjustments) of the fixed reasonable and prudent costs, which  
13 shall consist of depreciation and pretax return, incurred to  
14 extend a facility to serve an unserved or underserved area.  
15 For city natural gas distribution operations, recoverable  
16 costs shall be amounts reasonably expended or incurred to  
17 extend a facility to serve an unserved or underserved area  
18 and associated financing costs, if any, including debt  
19 service, debt service coverage and issuance costs.

20 (2) The distribution system extension charge may recover  
21 only those costs to extend a facility that are uneconomic  
22 under the criteria for main extension in the tariff of the  
23 natural gas distribution company as approved by the  
24 commission.

25 (3) Any capital costs and expenses recovered through the  
26 distribution system extension charge shall be reasonable,  
27 prudent and used and useful in providing service.

28 (4) The distribution system extension charge shall be  
29 reset at zero as of the effective date of new base rates that  
30 provide for prospective recovery of the annual costs  
31 previously recovered under the distribution system extension  
32 charge.

33 (b) Petition.--A petition for commission approval of a  
34 distribution system extension charge shall include all of the  
35 following:

36 (1) An initial tariff that includes a description of the  
37 types of facility to be constructed, which may include

1 service lines, and the manner in which the costs will be  
2 recovered through the distribution system extension charge.

3 (2) Testimony, affidavits, exhibits or other evidence  
4 that demonstrates that a distribution system extension charge  
5 is in the public interest and will facilitate economically  
6 feasible extensions to serve an unserved or underserved area  
7 without unreasonably burdening existing customers of the  
8 natural gas distribution company. A distribution system  
9 expansion charge shall be deemed to facilitate economically  
10 feasible extensions when testimony, affidavits, exhibits or  
11 other evidence demonstrate that a project would not be  
12 constructed without the use of the charge.

13 (3) The establishment of a customer contribution amount  
14 above which some or all of the costs are to be recovered  
15 through the distribution system extension charge. The  
16 following apply:

17 (i) A residential customer with a gross monthly  
18 household income level at or below 250% of the Federal  
19 poverty level shall not be required to pay a customer  
20 contribution amount. The costs otherwise payable by the  
21 residential customer shall be deemed uneconomic costs and  
22 recovered through the distribution system extension  
23 charge.

24 (ii) A customer contribution amount may be paid by a  
25 residential customer, at the customer's option, through a  
26 one-time lump sum payment or in accordance with a  
27 provision in a natural gas company's commission-approved  
28 tariff which provides for incremental payments designed  
29 to spread payment of a customer contribution amount over  
30 a fixed time period.

31 (c) Extensions costs.--As a part of the initial tariff under  
32 subsection (b), a natural gas distribution company may propose  
33 any of the following:

34 (1) The establishment of a standard per-mile extension  
35 cost for all extension projects under this mechanism, with  
36 costs in excess of the standard to be recovered through the  
37 distribution system extension charge.

38 (2) Other mechanisms consistent with the public interest  
39 and the policies specified under this section.

40 (d) Hearing.--After the filing of a petition under  
41 subsection (b), the commission shall, after notice and  
42 opportunity to be heard, approve, modify or reject the  
43 distribution system extension charge and initial tariff. The  
44 commission shall hold evidentiary and public input hearings as  
45 necessary to review the petition or subsequent filings under the  
46 approved tariff.

47 (e) Limitation.--The distribution system extension charge  
48 may not exceed 1.5% of the amount billed to customers under the  
49 applicable distribution rates of the natural gas distribution  
50 company.

51 (f) Expiration.--This section shall expire December 31,

1 2028.

2 (g) Definitions.--As used in this section, the following  
3 words and phrases shall have the meanings given to them in this  
4 subsection:

5 "Underserved area." An area in which natural gas service is  
6 already available in a portion of a community or municipality  
7 and the natural gas distribution company has identified  
8 significant potential for natural gas demand in portions of the  
9 community or municipality where service is not currently  
10 available.

11 "Unserved area." An area in which a group of potential  
12 customers are located in close proximity to an existing natural  
13 gas distribution main.