AMENDMENTS TO HOUSE BILL NO. 107

Sponsor: REPRESENTATIVE GODSHALL

Printer's No. 84

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

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

(a) Authority.--

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

2028.

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

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

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