

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 2393 Session of
2014INTRODUCED BY KAMPF, MASSER, BARRAR, SANKEY, GINGRICH, COHEN,
REED, MURT AND MOUL, JUNE 27, 2014AS REPORTED FROM COMMITTEE ON CONSUMER AFFAIRS, HOUSE OF
REPRESENTATIVES, AS AMENDED, SEPTEMBER 23, 2014

AN ACT

1 Amending Title 66 (Public Utilities) of the Pennsylvania
2 Consolidated Statutes, providing for a program to extend
3 natural gas delivery to unserved or underserved areas.

4 The General Assembly of the Commonwealth of Pennsylvania
5 hereby enacts as follows:

6 Section 1. Title 66 of the Pennsylvania Consolidated
7 Statutes is amended by adding a chapter to read:

8 CHAPTER 22-A

9 PROGRAM TO EXTEND NATURAL GAS DELIVERY TO UNSERVED OR
10 UNDERSERVED AREAS

11 Sec.

12 2200-A. DEFINITIONS.

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13 2201-A. Petition.

14 2202-A. Program requirements.

15 2203-A. Commission review.

16 § 2200-A. DEFINITIONS.

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17 THE FOLLOWING WORDS AND PHRASES WHEN USED IN THIS CHAPTER

18 SHALL HAVE THE MEANINGS GIVEN TO THEM IN THIS SECTION UNLESS THE

1 CONTEXT CLEARLY INDICATES OTHERWISE:

2 "NATURAL GAS DISTRIBUTION COMPANY." AS DEFINED IN SECTION
3 1307(F) (RELATING TO RECOVERY OF NATURAL GAS COSTS).

4 § 2201-A. Petition.

5 No later than January 1, 2015, or 60 days after the effective
6 date of this chapter, whichever is later, each natural gas
7 distribution company shall file a petition with the commission
8 proposing a pilot or permanent program, including any necessary
9 tariffs, INTENDED TO PROVIDE AN OPPORTUNITY to extend natural <--

10 gas distribution service to unserved or underserved areas within
11 its certificated service territory. WHERE ECONOMICALLY FEASIBLE. <--

12 A NATURAL GAS DISTRIBUTION COMPANY WITH AN EXISTING FILED OR
13 APPROVED PROGRAM ON THE EFFECTIVE DATE OF THIS SECTION WHICH
14 MEETS THE REQUIREMENTS OF SECTION 2202-A (RELATING TO PROGRAM
15 REQUIREMENTS) SHALL BE EXEMPT FROM THE FILING REQUIREMENT UNDER
16 THIS SECTION.

17 § 2202-A. Program requirements.

18 A proposed program shall include:

19 (1) A process for managing and prioritizing customer
20 requests for extensions of the natural gas distribution
21 system.

22 (2) A cost-benefit analysis to determine if a customer
23 contribution is required.

24 (3) A method for determining the amount of a required
25 customer contribution in aid of construction.

26 (4) A program to enhance the affordability of required
27 contributions in aid of construction to RESIDENTIAL <--
28 customers, including the following provisions:

29 (i) The program shall provide for on-bill ~~financing~~ <--
30 PAYMENT for a term of no less than five years. <--

1 (ii) A customer shall be able to pay a required
2 customer contribution in full at any time, without
3 incurring penalties or fees.

4 (iii) The form of ~~financing~~ PAYMENT may include a <--
5 surcharge, ~~third party financing~~ or any other method of <--
6 recovery approved by the commission, INCLUDING THIRD- <--
7 PARTY FINANCING.

8 (5) A provision outlining ~~whether and~~ how refunds or <--
9 credits will be provided to customers as other customers
10 receive service from a completed distribution system
11 extension project.

12 (6) A provision addressing the treatment and eligibility
13 of customers participating in a customer assistance program
14 who request and receive service from a distribution system
15 extension project.

16 ~~(7) A provision addressing situations where a customer~~ <--
17 ~~fails to pay a required surcharge or other on bill financing~~
18 ~~mechanism.~~

19 ~~(8) A customer's natural gas distribution service shall~~
20 ~~not be terminated solely for nonpayment of a surcharge or~~
21 ~~other on bill financing mechanism.~~

22 (7) A CUSTOMER'S NATURAL GAS DISTRIBUTION SERVICE MAY BE <--
23 TERMINATED FOR FAILURE TO PAY A CHARGE RELATED TO A PROGRAM
24 TO EXTEND NATURAL GAS SERVICE TO AN UNSERVED OR UNDERSERVED
25 AREA IN THE SAME MANNER AS PERMITTED FOR BASIC UTILITY
26 SERVICE CHARGES.

27 ~~(9)~~ (8) Any other provisions that will promote economic <--
28 distribution system extension to unserved and underserved
29 areas in a manner that is affordable to customers.

30 § 2203-A. Commission review.

~~The commission:~~

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~~(1) shall review a petition filed pursuant to section 2201 A (relating to petition), after providing notice and an opportunity to be heard and may approve, disapprove or modify the filing pursuant to its procedural rules;~~

~~(2) may establish periodic reporting requirements as authorized by section 504 (relating to reports by public utilities) to review the performance and effectiveness of a program; and~~

~~(3) shall not require a natural gas distribution company to extend its distribution system to any area or customer that does not provide the opportunity to earn a reasonable return on investment.~~

(A) POWERS AND DUTIES.--THE COMMISSION:

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(1) SHALL REVIEW A PETITION FILED UNDER SECTION 2201-A (RELATING TO PETITION) AFTER PROVIDING NOTICE AND AN OPPORTUNITY TO BE HEARD AND MAY APPROVE, APPROVE SUBJECT TO A NATURAL GAS DISTRIBUTION COMPANY'S ACCEPTANCE OF CONDITIONS OR DISAPPROVE THE FILING PURSUANT TO ITS PROCEDURAL RULES.

(2) MAY ESTABLISH PERIODIC REPORTING REQUIREMENTS AS AUTHORIZED UNDER SECTION 504 (RELATING TO REPORTS BY PUBLIC UTILITIES) TO REVIEW THE PERFORMANCE AND EFFECTIVENESS OF A PROGRAM.

(3) MAY NOT REQUIRE A NATURAL GAS DISTRIBUTION COMPANY TO EXTEND ITS DISTRIBUTION SYSTEM TO AN AREA OR CUSTOMER THAT DOES NOT PROVIDE THE OPPORTUNITY TO EARN A REASONABLE RETURN ON INVESTMENT OR DOES NOT ALLOW ADEQUATE CASH FLOWS UNDER THE RATEMAKING METHODOLOGY OF A CITY NATURAL GAS DISTRIBUTION OPERATION.

(4) SHALL PERMIT FULL RECOVERY OF ALL JUST AND

1 REASONABLE COSTS TO IMPLEMENT A PROGRAM TO EXTEND NATURAL GAS
2 SERVICE TO AN UNSERVED OR UNDERSERVED AREA THROUGH BASE RATES
3 OR AN ALTERNATIVE MECHANISM.

4 (B) RECOVERY.--

5 (1) RECOVERY THROUGH AN ALTERNATIVE MECHANISM SHALL BE
6 PERMITTED DURING THE TIME THAT A PILOT PROGRAM IS IN EFFECT.

7 (2) BEGINNING AT THE TIME THAT A PILOT PROGRAM IS
8 IMPLEMENTED ON A PERMANENT BASIS, RECOVERY SHALL BE THROUGH
9 BASE RATES.

10 Section 2. This act shall take effect in 60 days.