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THE GENERAL ASSEMBLY OF PENNSYLVANIA

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SENATE BILL

No. 738 Session of  
2013

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INTRODUCED BY YAW, PILEGGI, TOMLINSON, VULAKOVICH, YUDICHAK,  
VOGEL, WARD, ERICKSON, MENSCH, GREENLEAF, GORDNER, WHITE,  
ROBBINS, VANCE, WOZNIAK, RAFFERTY, COSTA, BAKER, WAUGH,  
BREWSTER AND BROWNE, APRIL 3, 2013

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REFERRED TO ENVIRONMENTAL RESOURCES AND ENERGY, APRIL 3, 2013

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AN ACT

1 Providing for distribution system extension and expansion plans  
2 to increase natural gas usage in this Commonwealth.

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

5 Section 1. Short title.

6 This act shall be known and may be cited as the Natural Gas  
7 Consumer Access Act.

8 Section 2. Definitions.

9 The following words and phrases when used in this act shall  
10 have the meanings given to them in this section unless the  
11 context clearly indicates otherwise:

12 "Commission." The Pennsylvania Public Utility Commission.

13 "Distribution system." A system owned and operated by a  
14 natural gas distribution utility.

15 "Expansion project." Modification to an existing pipeline,  
16 main extension or service line to one or more residential,  
17 commercial or industrial entities not receiving natural gas

1 service within an existing certificated service area.

2 "Extension project." New construction of a service line,  
3 main extension or pipeline to provide natural gas service to one  
4 or more residential, commercial or industrial entities not  
5 receiving natural gas service and for which a certificate of  
6 public convenience is required under 66 Pa.C.S. § 1102 (relating  
7 to enumeration of acts requiring certificate) which is not  
8 within the current certificate of public convenience territory  
9 issued by the commission to the natural gas distribution  
10 utility.

11 "Natural gas distribution utility." As defined in 66 Pa.C.S.  
12 § 1403 (relating to definitions).

13 Section 3. Distribution system extension and expansion plan.

14 (a) Submission.--By January 1, 2014, or within two years  
15 after a franchise territory is awarded, each natural gas  
16 distribution utility shall submit a plan to the commission. The  
17 plan shall be updated biennially unless sooner requested by the  
18 commission. The plan shall include the following:

19 (1) The number of existing customers by municipality in  
20 the certificated service area.

21 (2) The number of residential, commercial and industrial  
22 entities in the service area by municipality which do not  
23 have gas service available, and the anticipated market  
24 penetration.

25 (3) The adjacent municipalities of a distribution system  
26 that are not serviced by any natural gas distribution  
27 utility.

28 (4) The plan shall contain the following information:

29 (i) A three-year projection for extension projects,  
30 demonstrating a reasonable increase in the service area

1 of customers per year.

2 (ii) A three-year projection for expansion projects,  
3 demonstrating a reasonable increase in the service area  
4 of customers per year.

5 (iii) Financing that will be utilized to complete  
6 the programs, including customer contribution programs.

7 (iv) Known rights-of-way, easement or geographic  
8 issues that present an impediment to expansion or  
9 extension projects.

10 (v) A form of any agreement a prospective customer  
11 will be required to execute in connection with receiving  
12 gas service.

13 (b) Commission review.--The commission shall review the plan  
14 submitted under subsection (a) for adequacy and completeness and  
15 may seek additional information as necessary. If the commission  
16 believes the plan does not meet the requirements of this act,  
17 the commission shall reject the plan or order the natural gas  
18 distribution utility to submit a revised plan. Any changes to  
19 the plan may require additional commission review.

20 (c) Periodic review.--The commission shall promulgate  
21 regulations for the periodic review of distribution system  
22 extension and expansion plans submitted under subsection (a),  
23 including standards to ensure expansion and accessibility to  
24 residential, commercial and industrial users. The regulations  
25 may authorize a natural gas distribution utility to revise,  
26 update or submit a new plan as appropriate.

27 Section 4. Customer contributions.

28 (a) Requirement.--A natural gas distribution utility shall  
29 provide residential, commercial and industrial customers with  
30 customer contribution criteria for extension and expansion

1 projects.

2 (b) Contents.--The criteria under subsection (a) shall  
3 contain all of the following:

4 (1) The actual cost of the extension or expansion of  
5 service to the prospective customer and the geographic area  
6 for that project.

7 (2) A cost-benefit test to determine whether a customer  
8 contribution is required.

9 (3) The period of time, which shall not be less than ten  
10 years, in which customers will reimburse the natural gas  
11 distribution utility for the extension or expansion of  
12 service to the prospective customer.

13 (4) The total cost to a customer, including initial  
14 deposit and periodic payment or reduction in periodic  
15 payments.

16 (5) Refund provisions to the original customers as other  
17 customers receive service from the extension or expansion of  
18 service to the original customers.

19 (c) Approval.--Upon commission approval of the criteria the  
20 natural gas distribution utility shall modify its tariff within  
21 30 days in a manner consistent with the commission's approval.

22 (d) Adjustment.--The natural gas distribution utility shall  
23 adjust a customer contribution to reflect changes in expansion  
24 or extension of service to customers.

25 (e) Bill.--The charge assessed under this section shall  
26 appear as a separate, itemized line on the customer's bill.

27 Section 5. Notification.

28 The natural gas distribution utility shall provide  
29 notification to all its customers of its distribution system  
30 extension and expansion plan and customer contribution criteria

1 at least once a year. The initial notification shall be included  
2 in the monthly bill of the customer. After initial notification,  
3 notice of the distribution system extension and expansion plan  
4 and customer contribution criteria shall be posted on the  
5 natural gas distribution utility's Internet website.

6 Section 6. Bona fide request program.

7 (a) Provision.--A natural gas distribution utility shall  
8 provide, as part of the plan, a bona fide request program in  
9 areas where it does not provide service or for expansion of  
10 service. The plan shall provide for expedited extension or  
11 expansion projects if there is any of the following:

12 (1) A large aggregation of residential, commercial or  
13 industrial entities who ask to obtain or expand service.  
14 Expedited consideration shall be based on the number of  
15 potential customers, the density of the area seeking service,  
16 the potential usage and the cost of extending or expanding  
17 service.

18 (2) An economic development corporation, which as part  
19 of a development project which will create 30 or more jobs,  
20 requires expanded or extended service.

21 (b) Description.--The natural gas distribution utility shall  
22 provide the commission with a written description of the  
23 program, a sample request for expedited extension or expansion  
24 projects, explanation of the outreach program by the utility to  
25 expand its customer class and the form of any agreement  
26 prospective customers will be required to execute in connection  
27 with receiving the gas service.

28 (c) Enforcement.--The commission shall monitor, certify and  
29 enforce the compliance of participating natural gas distribution  
30 utilities with their obligations under this section.

1 Section 7. Commission.

2 (a) Approval.--The commission by regulation or order shall  
3 prescribe the specific procedures to be followed to approve a  
4 distribution system extension and expansion plan and customer  
5 contribution criteria.

6 (b) Eligible costs.--The commission shall establish  
7 standards to ensure that work on extension and expansion of  
8 service is performed by qualified employees of either the  
9 natural gas distribution utility or an independent contractor in  
10 a manner that protects system reliability and safety of the  
11 public.

12 (c) Order.--If the commission determines that the  
13 distribution system extension and expansion plan is inadequate  
14 to provide reasonable access to natural gas services by  
15 residential, commercial or industrial customers, the commission  
16 shall revise the natural gas distribution utility's plan and  
17 customer contribution criteria to ensure reasonable access.

18 Section 8. Audit.

19 (a) Charges.--A charge by a natural gas distribution utility  
20 to undertake a distribution system extension and expansion plan  
21 shall be subject to the following:

22 (1) Audit at intervals as determined by the commission.

23 (2) Reconciliation at intervals as determined by the  
24 commission.

25 (b) Interest on excess charges.--If revenue received from  
26 charges under this act exceeds actual costs, the excess received  
27 shall be refunded with interest to the customer. Interest on  
28 excess collections shall be calculated at the residential  
29 mortgage lending rate specified by the Secretary of Banking  
30 under the act of January 30, 1974 (P.L.13, No.6), referred to as

1 the Loan Interest and Protection Law, and shall be refunded in  
2 the same manner as an excess collection to the customer.  
3 Section 20. Effective date.  
4 This act shall take effect in 30 days.