



HOUSE COMMITTEE ON APPROPRIATIONS

FISCAL NOTE

HOUSE BILL NO. 1188

PRINTERS NO. 1484

PRIME SPONSOR: Payne

COST / (SAVINGS)

FUND	FY 2012/13	FY 2013/14
General Fund	\$0	\$0

SUMMARY: House Bill 1188, Printer's Number 1484, amends Title 66 (Public Utility Code) to change the interest rate associated with recovery of purchased gas costs, eliminate the migration rider, and provide for recovery of costs incurred to implement customer choice. This legislation would take effect in 60 days.

ANALYSIS: This bill amends Title 66 (Public Utility Code) to change the interest rate associated with the recovery of purchased gas costs. It states that refunds to customers shall be made with and recoveries from customers shall include interest at the prime rate for commercial borrowing in effect 60 days prior to the tariff filing and as reported in a publicly available source identified by the commission or at an interest rate which may be established by the Public Utility Commission by regulation.

It also eliminates the migration rider charged to customers who switch to a competitive gas supplier. If the natural gas distribution company's actual costs exceed the revenues collected by more than 10% in the previous 12-month period due to customers switching from sales to transportation service, the company shall have the right to fully recover the under-collection through a nonbypassable charge. A request to impose this charge must be submitted to the Commission.

The other change is the addition of new language related to Section 2205 (duties of natural gas distribution companies), which states that a natural gas distribution company shall have the right to recover all prudent and reasonable costs incurred to implement customer choice. Recovery shall be made pursuant to a reconcilable automatic adjustment charge.

FISCAL IMPACT: Enactment of this bill will have no fiscal impact on Commonwealth funds. It is expected that the implementation of such changes will provide some savings to both customers and natural gas providers.

PREPARED BY: Jeffrey Clukey
House Appropriations Committee (R)

DATE: June 3, 2013

Estimates are calculated using the best information available. Actual costs and revenue impact incurred may vary from estimates.