

THE GENERAL ASSEMBLY OF PENNSYLVANIA

SENATE BILL

No. 738 Session of 2013

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

SENATOR YAW, ENVIRONMENTAL RESOURCES AND ENERGY, AS AMENDED, MAY 1, 2013

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,

1 commercial or industrial entities not receiving natural gas
2 service within an existing certificated service area.

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

12 "Natural gas distribution utility." As defined in 66 Pa.C.S.
13 § 1403 (relating to definitions).

14 Section 3. Distribution system extension and expansion plan.

15 (a) Submission.--~~By January 1, 2014~~ WITHIN NINE MONTHS AFTER <--
16 THE EFFECTIVE DATE OF THIS SECTION, or within two years after a
17 franchise territory is awarded, each natural gas distribution
18 utility shall submit a plan to the commission. The plan shall be
19 updated ~~biennially~~ TRIENNIALLY unless sooner requested by the <--
20 commission. The plan shall include the following:

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

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

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

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

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

4 (ii) A three-year projection for expansion projects,
5 ALONG WITH ACCOMPANYING DATA, THAT IS BASED UPON THE <--
6 LENGTH AND COST OF THE REQUIRED EXTENSIONS AND THE
7 NUMBERS OF CUSTOMERS AFFECTED FOR EACH POTENTIAL PROJECT
8 demonstrating a reasonable increase in the service area
9 of customers per year.

10 (iii) Financing that ~~will be utilized~~ IS AVAILABLE <--
11 to complete the programs, including customer contribution
12 programs.

13 (iv) Known rights-of-way, easement or geographic
14 issues that present an impediment to expansion or
15 extension projects.

16 (v) A form ~~of any agreement a prospective customer~~ <--
17 ~~will be required to execute in connection with receiving~~
18 ~~gas service.~~ THAT WILL BE USED TO ENTER INTO AN AGREEMENT <--
19 WITH A PROSPECTIVE CUSTOMER IN ORDER TO OBTAIN ACCESS TO
20 AN EXPANSION AND EXTENSION PROJECT.

21 (b) Commission review.--The commission shall review the plan
22 submitted under subsection (a) for adequacy and completeness and
23 may seek additional information as necessary. If the commission
24 believes the plan does not meet the requirements of this act,
25 the commission shall reject the plan or order the natural gas
26 distribution utility to submit a revised plan. Any changes to
27 the plan may require additional commission review.

28 (c) Periodic review.--The commission shall promulgate
29 regulations for the periodic review of distribution system
30 extension and expansion plans submitted under subsection (a),

1 including standards to ensure expansion and accessibility to
2 residential, commercial and industrial users. The regulations
3 may authorize a natural gas distribution utility to revise,
4 update or submit a new plan as appropriate.

5 (D) CONFIDENTIALITY.--AT THE REQUEST OF THE NATURAL GAS <--
6 DISTRIBUTION UTILITY, THE COMMISSION SHALL MAINTAIN
7 CONFIDENTIALITY OF SPECIFIC INFORMATION DEEMED TO BE
8 PROPRIETARY.

9 Section 4. Customer contributions.

10 (a) Requirement.--A natural gas distribution utility shall
11 provide residential, commercial and industrial customers with
12 customer contribution criteria for extension and expansion
13 projects.

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

16 (1) The actual cost of the extension or expansion of
17 service to the prospective customer and the geographic area
18 for that project.

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

21 (3) ~~The period of time, which shall not be less than ten~~ <--
22 ~~years~~ A REASONABLE PERIOD OF TIME BASED ON THE CUSTOMER <--
23 CONTRIBUTION, WHICH SHALL NOT BE LESS THAN TEN YEARS OR A
24 LESSER PERIOD OF TIME BY MUTUAL AGREEMENT BETWEEN THE
25 PROSPECTIVE CUSTOMER AND THE NATURAL GAS DISTRIBUTION
26 UTILITY, in which customers will reimburse the natural gas
27 distribution utility for the extension or expansion of
28 service to the prospective customer.

29 (4) The total cost to a customer, including initial
30 deposit and periodic payment or reduction in periodic

1 payments.

2 (5) Refund provisions to the original customers as other
3 customers receive service from the extension or expansion of
4 service to the original customers.

5 (6) SUPPORT FOR THE ECONOMIC TEST USED TO DETERMINE THE <--
6 CUSTOMER CONTRIBUTION FOR LINE EXTENSIONS AND COMPARISONS
7 WITH OTHER ECONOMIC TESTS, SUCH AS A NET REVENUE SCREEN OR
8 NET PRESENT VALUE METHOD.

9 (c) Approval.--Upon commission approval of the criteria the
10 natural gas distribution utility shall modify its tariff within
11 30 days in a manner consistent with the commission's approval.

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

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

17 Section 5. Notification.

18 The natural gas distribution utility shall provide
19 notification to all its customers of its distribution system
20 extension and expansion plan and customer contribution criteria
21 at least once a year. The initial notification shall be included
22 in the monthly bill of the customer. After initial notification,
23 notice of the distribution system extension and expansion plan
24 and customer contribution criteria shall be posted on the
25 natural gas distribution utility's Internet website.

26 Section 6. Bona fide request program.

27 (a) Provision.--A natural gas distribution utility shall
28 provide, as part of the plan, a bona fide request program in
29 areas where it does not provide service or for expansion of
30 service AND THE MANNER IN WHICH A CUSTOMER WILL BE CHARGED FOR <--

1 EXPANSION. The plan shall provide for expedited extension or
2 expansion projects if there is any of the following:

3 (1) A large aggregation of residential, commercial or
4 industrial entities who ask to obtain or expand service.
5 Expedited consideration shall be based on the number of
6 potential customers, the density of the area seeking service,
7 the potential usage and the cost of extending or expanding
8 service.

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

12 (b) Description.--The natural gas distribution utility shall
13 provide the commission with a written description of the
14 program, a sample request for expedited extension or expansion
15 projects, explanation of ~~the outreach program by the utility to~~ <--
16 ~~expand its customer class~~ HOW THE OUTREACH PROGRAM COULD EXPAND <--
17 ITS CUSTOMER CLASS, HOW GEOGRAPHIC ISSUES WILL BE EVALUATED and
18 the form of any agreement prospective customers will be required
19 to execute in connection with receiving the gas service.

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

23 Section 7. Commission.

24 (a) Approval.--The commission by regulation or order shall
25 prescribe the specific procedures to be followed to approve a
26 distribution system extension and expansion plan and customer
27 contribution criteria, TAKING INTO CONSIDERATION THE SATURATION <--
28 AND OTHER CHARACTERISTICS OF EACH NATURAL GAS DISTRIBUTION
29 UTILITY.

30 (b) Eligible costs.--The commission shall establish

1 standards to ensure that work on extension and expansion of
2 service is performed by qualified employees of either the
3 natural gas distribution utility or an independent contractor in
4 a manner that protects system reliability and safety of the
5 public.

6 (c) Order.--If the commission determines that the
7 distribution system extension and expansion plan is inadequate
8 to provide reasonable access to natural gas services by
9 residential, commercial or industrial customers, the commission
10 shall revise the natural gas distribution utility's plan and
11 customer contribution criteria to ensure reasonable access.

12 Section 8. Audit.

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

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

17 (2) Reconciliation at intervals as determined by the
18 commission.

19 (b) Interest on excess charges.--If revenue received from
20 charges under this act exceeds actual costs, the excess received
21 shall be refunded with interest to the customer. Interest on
22 excess collections shall be calculated at the residential
23 mortgage lending rate specified by the Secretary of Banking
24 under the act of January 30, 1974 (P.L.13, No.6), referred to as
25 the Loan Interest and Protection Law, and shall be refunded in
26 the same manner as an excess collection to the customer.

27 Section 20. Effective date.

28 This act shall take effect in 30 days.