
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,
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APRIL 3, 2013

SENATOR CORMAN, APPROPRIATIONS, RE-REPORTED AS AMENDED,
JUNE 3, 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.--Within nine months after the effective date
16 of this section, or within two years after a franchise territory
17 is awarded, each natural gas distribution utility shall submit a
18 plan to the commission. The plan shall be updated triennially
19 unless sooner requested by the commission. The plan shall
20 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 IF APPROPRIATE, demonstrating a reasonable increase in <--
3 the service area 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~~ EXPANSIONS and <--
7 the numbers of customers affected for each potential
8 project demonstrating a reasonable increase in the
9 service area of customers per year.

10 (iii) Financing that is available to complete the
11 programs, including customer contribution programs.

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

15 (v) A form that will be used to enter into an
16 agreement with a prospective customer in order to obtain
17 access to an expansion ~~and~~ OR extension project. <--

18 (VI) THE STANDARDS THE NATURAL GAS UTILITY WILL USE <--
19 TO DETERMINE IF A CUSTOMER IS UNABLE TO COMPLY WITH THE
20 REPAYMENT SCHEDULE ADOPTED BY THE NATURAL GAS UTILITY.

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~~ AND order the natural <--
26 gas distribution utility to submit a revised plan. Any changes
27 to the plan may require additional commission review.

28 (C) SUPPLEMENTAL.--THE COMMISSION SHALL REQUIRE A <--
29 SUPPLEMENTAL FILING OF INFORMATION TO ENSURE FULL COMPLIANCE
30 WITH THIS ACT BY A NATURAL GAS DISTRIBUTION UTILITY THAT HAS

1 WITHIN THE LAST YEAR FILED A COMMISSION-APPROVED PLAN OR
2 PROGRAM.

3 ~~(c)~~ (D) Periodic review.--The commission shall promulgate <--
4 regulations for the periodic review of distribution system
5 extension and expansion plans submitted under subsection (a),
6 including standards to ensure expansion and accessibility to
7 residential, commercial and industrial users. The regulations
8 may authorize a natural gas distribution utility to revise,
9 update or submit a new plan as appropriate.

10 ~~(d)~~ (E) Confidentiality.--At the request of the natural gas <--
11 distribution utility, the commission shall maintain
12 confidentiality of specific information deemed to be
13 proprietary.

14 Section 4. Customer contributions.

15 (a) Requirement.--A natural gas distribution utility shall
16 provide residential, commercial and industrial customers with
17 customer contribution criteria for extension and expansion
18 projects.

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

21 (1) The actual cost of the extension or expansion of
22 service to the prospective customer and the geographic area
23 for that project.

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

26 (3) A reasonable period of time based on the customer
27 contribution, which shall not be less than ten years or a
28 lesser period of time by mutual agreement between the
29 prospective customer and the natural gas distribution
30 utility, in which customers will reimburse the natural gas

1 distribution utility for the CUSTOMER CONTRIBUTION AND <--
2 COMMISSION-AUTHORIZED COSTS OF extension or expansion of
3 service to the prospective customer.

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

7 (5) ~~Refund~~ REASONABLE REFUND provisions to the original <--
8 customers as other customers receive service from the
9 extension or expansion of service to the original customers.
10 THE REFUND PERIOD SHALL BEGIN UPON DATE OF SERVICE AND SHALL <--
11 BE FOR A PERIOD OF NOT LESS THAN FIVE YEARS UNLESS OTHERWISE
12 APPROVED BY THE COMMISSION.

13 (6) Support for the economic test used to determine the
14 customer contribution for line extensions and comparisons
15 with other economic tests, such as a net revenue screen or
16 net present value method.

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

20 ~~(d)~~ (C) Adjustment.--The natural gas distribution utility <--
21 shall adjust a customer contribution to reflect changes in
22 expansion or extension of service to customers.

23 ~~(e)~~ (D) Bill.--The charge assessed under this section shall <--
24 appear as a separate, itemized line on the customer's bill.

25 Section 5. Notification.

26 The natural gas distribution utility shall provide
27 notification to all its customers of its distribution system
28 extension and expansion plan and customer contribution criteria
29 at least once a year. The initial notification shall be included
30 in the monthly bill of the customer. After initial notification,

1 notice of the distribution system extension and expansion plan
2 and customer contribution criteria shall be posted on the
3 natural gas distribution utility's Internet website.

4 Section 6. Bona fide request program.

5 (a) Provision.--A natural gas distribution utility shall
6 provide, as part of the plan, a bona fide request program in
7 areas where it does not provide service or for expansion of
8 service and the manner in which ~~a customer~~ CUSTOMERS will be <--
9 charged for expansion. The plan shall provide for ~~expedited~~ <--
10 PRIORITY OF extension or expansion projects if there is any of <--
11 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~~ PRIORITIZATION OF <--
24 extension or expansion projects, explanation of how the outreach
25 program could expand its customer class, how geographic issues
26 will be evaluated and the form of any agreement prospective
27 customers will be required to execute in connection with
28 receiving the gas service.

29 (c) Enforcement.--The commission shall monitor, certify and
30 enforce the compliance of participating natural gas distribution

1 utilities with their obligations under this section.

2 Section 7. Commission.

3 (a) Approval.--The commission by regulation or order shall
4 prescribe the specific procedures to be followed to approve a
5 distribution system extension and expansion plan and customer
6 contribution criteria, taking into consideration the saturation
7 and other characteristics of each natural gas distribution
8 utility.

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

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

21 Section 8. Audit.

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

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

26 (2) Reconciliation at intervals as determined by the
27 commission.

28 (b) Interest on excess charges.--If revenue received from
29 charges under this act exceeds actual costs, the excess received
30 shall be refunded with interest to the customer. Interest on

1 excess collections shall be calculated at the residential
2 mortgage lending rate specified by the Secretary of Banking
3 under the act of January 30, 1974 (P.L.13, No.6), referred to as
4 the Loan Interest and Protection Law, and shall be refunded in
5 the same manner as an excess collection to the customer.

6 SECTION 9. APPLICABILITY.

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7 NOTHING IN THIS ACT SHALL BE CONSTRUED TO ALLOW THE NATURAL
8 GAS UTILITY OR THE COMMISSION TO PASS THE COST OF AN EXPANSION
9 OR EXTENSION PROJECT TO EXISTING NATURAL GAS CUSTOMERS.

10 Section 20. Effective date.

11 This act shall take effect in 30 days.