

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 107 Session of 2017

INTRODUCED BY GODSHALL, BAKER, BARRAR, CUTLER, FARRY, A. HARRIS, HEFFLEY, PICKETT, WHEELAND AND ZIMMERMAN, JANUARY 23, 2017

REFERRED TO COMMITTEE ON CONSUMER AFFAIRS, JANUARY 23, 2017

AN ACT

1 Amending Title 66 (Public Utilities) of the Pennsylvania
 2 Consolidated Statutes, in rates and distribution systems,
 3 providing for recovery of natural gas distribution system
 4 extension costs.

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

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

9 § 1330. Recovery of natural gas distribution system extension
 10 costs.

11 (a) Authority.--

12 (1) A natural gas distribution company may petition the
 13 commission to approve the establishment of a distribution
 14 system extension charge to provide for the recovery on a full
 15 and current basis through a reconcilable adjustment clause
 16 under section 1307 (relating to sliding scale of rates;
 17 adjustments) of the fixed, which shall consist of
 18 depreciation and pretax return, reasonable and prudent cost
 19 incurred to extend a facility to serve an unserved or

1 underserved area.

2 (2) A natural gas distribution company may seek
3 authorization from the commission to recover through the
4 distribution system extension charge the costs of rebates or
5 buy down expenditures made by the company to reduce upfront
6 costs of in-house piping and natural gas equipment owned by
7 the customer.

8 (b) Petition.--A petition for commission approval of a
9 distribution system extension charge shall include:

10 (1) An initial tariff that includes a description of the
11 types of facility to be constructed, which may include
12 service lines, and the manner in which the costs will be
13 recovered through the distribution system extension charge.

14 (2) Testimony, affidavits, exhibits or other evidence
15 that demonstrates that a distribution system extension charge
16 is in the public interest and will facilitate economically
17 feasible extensions to serve an unserved or underserved area
18 without unreasonably burdening existing customers of the
19 natural gas distribution company.

20 (3) As a part of the initial tariff, a natural gas
21 distribution company may propose:

22 (i) The establishment of a customer contribution
23 amount above which some or all of the costs are to be
24 recovered through the distribution system extension
25 charge.

26 (ii) The establishment of a standard per-mile
27 extension cost for all extension projects under this
28 mechanism, with costs in excess of the standard to be
29 recovered through the distribution system extension
30 charge.

1 (iii) Other mechanisms consistent with the public
2 interest and the policy of this section.

3 (4) Following the filing of a petition, the commission
4 shall, after notice and opportunity to be heard, approve,
5 modify or reject the distribution system extension charge and
6 initial tariff. The commission shall hold evidentiary and
7 public input hearings as necessary to review the petition or
8 subsequent filings under the approved tariff.

9 (c) Limitation.--The distribution system extension charge
10 may not exceed 2.5% of the total amount billed to customers
11 under the applicable rates of the natural gas distribution
12 company. Upon petition of the natural gas distribution company,
13 the commission may grant a waiver of the 2.5% limit if the
14 commission finds that the waiver is in the public interest.

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