

HOUSE BILL 571

C5

6lr2620

By: **Delegates Barkley and W. Miller**

Introduced and read first time: February 3, 2016

Assigned to: Economic Matters

A BILL ENTITLED

1 AN ACT concerning

2 **Gas Companies – Rate Regulation – Environmental Remediation Costs**

3 FOR the purpose of requiring the Public Service Commission, when determining certain
4 expenses while setting a just and reasonable rate for a gas company, to include
5 certain costs incurred by the gas company for performing certain environmental
6 remediation of real property; requiring that certain environmental remediation costs
7 be included in a gas company's certain expenses regardless of certain circumstances;
8 prohibiting certain environmental remediation costs from being included in a gas
9 company's certain expenses if a court of competent jurisdiction makes a certain
10 determination; requiring the Commission to balance certain interests when setting
11 a certain recovery schedule; and generally relating to natural gas rate regulations
12 and environmental remediation.

13 BY adding to

14 Article – Public Utilities

15 Section 4–211

16 Annotated Code of Maryland

17 (2010 Replacement Volume and 2015 Supplement)

18 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,
19 That the Laws of Maryland read as follows:

20 **Article – Public Utilities**

21 **4–211.**

22 **(A) (1) EXCEPT AS PROVIDED IN PARAGRAPH (3) OF THIS SUBSECTION,**
23 **WHEN DETERMINING NECESSARY AND PROPER EXPENSES WHILE SETTING A JUST**
24 **AND REASONABLE RATE FOR A GAS COMPANY, THE COMMISSION SHALL INCLUDE**
25 **ALL COSTS REASONABLY INCURRED BY THE GAS COMPANY FOR PERFORMING**

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 ENVIRONMENTAL REMEDIATION OF REAL PROPERTY IN COMPLIANCE WITH A STATE
2 OR FEDERAL LAW, REGULATION, OR ORDER.

3 (2) ENVIRONMENTAL REMEDIATION COSTS INCURRED BY A GAS
4 COMPANY SHALL BE INCLUDED IN THE GAS COMPANY'S NECESSARY AND PROPER
5 EXPENSES REGARDLESS OF WHETHER:

6 (I) THE REAL PROPERTY IS CURRENTLY USED AND USEFUL IN
7 PROVIDING GAS SERVICE; OR

8 (II) THE GAS COMPANY OWNS THE REAL PROPERTY WHEN THE
9 RATE IS SET.

10 (3) ENVIRONMENTAL REMEDIATION COSTS INCURRED BY A GAS
11 COMPANY MAY NOT BE INCLUDED IN THE GAS COMPANY'S NECESSARY AND PROPER
12 EXPENSES IF A COURT OF COMPETENT JURISDICTION DETERMINES THAT THE
13 PROXIMATE CAUSE OF THE ENVIRONMENTAL CONTAMINATION IS A RESULT OF THE
14 GAS COMPANY'S FAILURE TO COMPLY WITH A STATE OR FEDERAL LAW,
15 REGULATION, OR ORDER IN EFFECT WHEN THE CONTAMINATION OCCURRED.

16 (B) THE COMMISSION SHALL BALANCE THE INTERESTS OF A GAS COMPANY
17 WITH THOSE OF THE GAS COMPANY'S CUSTOMERS WHEN SETTING THE RECOVERY
18 SCHEDULE FOR THE ENVIRONMENTAL REMEDIATION COSTS INCURRED BY THE GAS
19 COMPANY.

20 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
21 October 1, 2016.