
THE GENERAL ASSEMBLY OF PENNSYLVANIA

SENATE BILL

No. 140 Session of
2017

INTRODUCED BY YAW, MCGARRIGLE, BAKER, VOGEL, BREWSTER,
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JANUARY 19, 2017

REFERRED TO ENVIRONMENTAL RESOURCES AND ENERGY, JANUARY 19, 2017

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,
17 commercial or industrial entities not receiving natural gas

1 service within an existing certificated service area.

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

10 "Natural gas distribution utility." As defined in 66 Pa.C.S.
11 § 1403 (relating to definitions). The term shall not include a
12 city natural gas distribution operation.

13 Section 3. Distribution system extension and expansion plan.

14 (a) Submission.--Within nine months after the effective date
15 of this section, or within two years after a franchise territory
16 is awarded, each natural gas distribution utility shall submit a
17 plan to the commission. The plan shall be updated triennially
18 unless sooner requested by the commission. The plan shall
19 include the following:

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

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

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

28 (4) A three-year projection for extension projects, if
29 appropriate, demonstrating a reasonable increase in the
30 service area of customers per year.

1 (5) A three-year projection for expansion projects,
2 along with accompanying data, that is based upon the length
3 and cost of the required expansions and the numbers of
4 customers affected for each potential project demonstrating a
5 reasonable increase in the service area of customers per
6 year.

7 (6) Financing that is available to complete the
8 programs, including customer contribution programs.

9 (7) Known rights-of-way, easement or geographic issues
10 or local charges that present an impediment to expansion or
11 extension projects.

12 (8) A form that will be used to enter into an agreement
13 with a prospective customer in order to obtain access to an
14 expansion or extension project.

15 (9) The standards the natural gas utility will use to
16 determine if a customer is unable to comply with the
17 repayment schedule adopted by the natural gas utility.

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

25 (c) Supplemental information.--The commission shall require
26 a supplemental filing of information to ensure full compliance
27 with this act by a natural gas distribution utility that has
28 within the last year filed a commission-approved plan or
29 program.

30 (d) Periodic review.--The commission shall promulgate

1 regulations for the periodic review of distribution system
2 extension and expansion plans submitted under subsection (a),
3 including standards to ensure expansion and accessibility to
4 residential, commercial and industrial users. The regulations
5 may authorize a natural gas distribution utility to revise,
6 update or submit a new plan as appropriate.

7 (e) Confidentiality.--At the request of the natural gas
8 distribution utility, the commission shall maintain
9 confidentiality of specific information deemed to be
10 proprietary.

11 Section 4. Customer contributions.

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

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

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

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

23 (3) A reasonable period of time based on the customer
24 contribution, which shall not be less than 10 years or a
25 lesser period of time by mutual agreement between the
26 prospective customer and the natural gas distribution
27 utility, in which customers will reimburse the natural gas
28 distribution utility for the customer contribution and
29 commission-authorized costs of extension or expansion of
30 service to the prospective customer.

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

4 (5) Reasonable refund provisions to the original
5 customers as other customers receive service from the
6 extension or expansion of service to the original customers.
7 The refund period shall begin upon date of service and shall
8 be for a period of not less than five years unless otherwise
9 approved by the commission.

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

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

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

19 Section 5. Notification.

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

28 Section 6. Bona fide request program.

29 (a) Provision.--A natural gas distribution utility shall
30 provide, as part of the plan, a bona fide request program in

1 areas where it does not provide service or for expansion of
2 service and the manner in which customers will be charged for
3 expansion. The plan shall provide for priority of extension or
4 expansion projects if there is any of the following:

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

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

14 (b) Description.--The natural gas distribution utility shall
15 provide the commission with a written description of the
16 program, a sample request for prioritization of extension or
17 expansion projects, explanation of how the outreach program
18 could expand its customer class, how geographic issues will be
19 evaluated and the form of any agreement prospective customers
20 will be required to execute in connection with receiving the gas
21 service.

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

25 Section 7. Commission.

26 (a) Approval.--The commission by regulation or order shall
27 prescribe the specific procedures to be followed to approve a
28 distribution system extension and expansion plan and customer
29 contribution criteria, taking into consideration the saturation
30 and other characteristics of each natural gas distribution

1 utility.

2 (b) Eligible costs.--The commission shall establish
3 standards to ensure that work on extension and expansion of
4 service is performed by qualified employees of either the
5 natural gas distribution utility or an independent contractor in
6 a manner that protects system reliability and safety of the
7 public.

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

14 Section 8. Audit.

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

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

19 (2) Reconciliation at intervals as determined by the
20 commission.

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

29 Section 9. Construction.

30 Nothing in this act shall be construed to allow the natural

1 gas utility or the commission to pass the cost of an expansion
2 or extension project to existing natural gas customers.
3 Section 10. Effective date.
4 This act shall take effect in 30 days.