
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

AS AMENDED ON THIRD CONSIDERATION, JUNE 11, 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,
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) which is not
8 within the current certificate of public convenience territory
9 issued by the commission to the natural gas distribution
10 utility.

11 "Natural gas distribution utility." As defined in 66 Pa.C.S.
12 § 1403 (relating to definitions). THE TERM SHALL NOT INCLUDE A <--
13 CITY NATURAL GAS DISTRIBUTION OPERATION.

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 expansions 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 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 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 and 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) 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 (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 (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) 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) Adjustment.--The natural gas distribution utility shall
18 adjust a customer contribution to reflect changes in expansion
19 or extension of service to customers.

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

22 Section 5. Notification.

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

1 Section 6. Bona fide request program.

2 (a) Provision.--A natural gas distribution utility shall
3 provide, as part of the plan, a bona fide request program in
4 areas where it does not provide service or for expansion of
5 service and the manner in which customers will be charged for
6 expansion. The plan shall provide for priority of extension or
7 expansion projects if there is any of the following:

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

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

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

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

28 Section 7. Commission.

29 (a) Approval.--The commission by regulation or order shall
30 prescribe the specific procedures to be followed to approve a

1 distribution system extension and expansion plan and customer
2 contribution criteria, taking into consideration the saturation
3 and other characteristics of each natural gas distribution
4 utility.

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

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

17 Section 8. Audit.

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

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

22 (2) Reconciliation at intervals as determined by the
23 commission.

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

1 the same manner as an excess collection to the customer.

2 Section 9. Applicability.

3 Nothing in this act shall be construed to allow the natural
4 gas utility or the commission to pass the cost of an expansion
5 or extension project to existing natural gas customers.

6 Section 20. Effective date.

7 This act shall take effect in 30 days.