



State Infrastructure Expansion Activity

State	Activity	Relevant Documents
Connecticut	<ul style="list-style-type: none"> • Governor Malloy's Comprehensive Energy Plan calls for regulatory changes to enable potential gas customers to have their connections financed by the state's utilities and repaid through added revenues of new customers • The plan also provides for the establishment of incentives for utilities to ramp up required infrastructure quickly • The Governor has submitted two pieces of enabling legislation to aid in the implementation of these policies which passed the legislature in late May 2013 • In response to that legislation, Connecticut Natural Gas, Southern Connecticut Natural Gas and Yankee Gas have filed a joint proposal with the Connecticut PURA outlining a new rate plan to finance the tens of millions of dollars they have proposed to spend to connect 280,000 customers to natural gas pipelines over the course of the next 10 years. Under the proposal, new rates would spread the costs of hookups over 25 years, eliminate a required contribution toward construction for customers connected to gas pipelines that are 150ft or closer to gas mains and make other rate changes to encourage a large-scale switch to natural gas • In addition, Spectra Energy is already pursuing plans to upgrade and expand its system in the state. At this point Spectra's plan includes replacing 33 miles of older transmission lines with newer pipe in various segments along the Algonquin transmission line. That upgrade will allow the pipeline to handle greater volumes of natural gas. In addition, the company plans to add 19 miles of new pipeline to the spurs that go into various parts of eastern Connecticut 	<ul style="list-style-type: none"> • <u>2013 Comprehensive Energy Strategy for Connecticut</u> • <u>Governor's Bill No. 6360</u> (Enrolled as Public Act 13-298 on 06/21/2013) • <u>Governor's Bill No. 843</u> (Enrolled as Public Act 13-298 on 06/21/2013) • <u>CT Utilities Joint Proposal</u> (Connecticut Natural Gas, Southern Connecticut Gas, Yankee Gas)
Delaware	<ul style="list-style-type: none"> • Gas service expansion is included as part of the Governor's recommended state energy strategy • Chesapeake Utilities has proposed a hybrid cost recovery mechanism for line extensions before the Delaware PSC; The proposal also includes the utility providing services that facilitate customer conversion to natural gas and offers loans and other financial contributions over a number of years 	<ul style="list-style-type: none"> • <u>Delaware Energy Plan 2009-2014</u> (To be updated every 5 years)

Georgia	<ul style="list-style-type: none"> In October 2009, the Georgia PSC approved the Strategic Infrastructure Development and Enhancement (STRIDE) Program for AGL Resources, Inc. STRIDE provides for a rider on customer bills that will allow AGL to recover costs associated with traditional infrastructure replacement, as well as infrastructure expansion relating to customer growth and economic development 	<ul style="list-style-type: none"> Docket Nos. 8516 & 29950 Approving Georgia STRIDE Program
Indiana	<ul style="list-style-type: none"> Earlier this year, the state legislature passed a bill that will allow a tracker for cost recovery of infrastructure upgrades and extensions; under the legislation, utilities may propose a 7 year infrastructure plan to the IURC, and, if considered reasonable, the utility may recover its investment in a timely manner through a tracker on the customer's bill; NIPSCO filed a plan with the IURC on 10/3/2013 that is presently still pending 	<ul style="list-style-type: none"> Indiana SB 560 (Became Public Law No. 133-2013 on 5/1/2013)
Maine	<ul style="list-style-type: none"> Competition among gas companies to serve new areas and high demand for gas in remote and other un-served areas on the state; Summit Natural Gas poised to begin new pipeline project and hopes to serve 15,00 homes, using Sappi Fine Paper mill as an anchor customer New law signed in 2012 authorizes the Finance Authority of Maine to issue bonds for the development of the state's natural gas infrastructure Earlier in the 2013 session, legislators considered two bills relating to natural gas infrastructure expansion: <ul style="list-style-type: none"> <i>HP 901, the Maine Energy Cost Reduction Act, gives the Finance Authority of Maine the authority to issue revenue obligation securities to finance an energy cost-reduction contract; It gives the Director of the Governor's Energy Office the authority to submit an energy cost-reduction contract to procure natural gas pipeline capacity that is reasonably likely to lead to the development or expansion of a natural gas transmission pipeline; It gives the PUC authority to direct an investor-owned transmission and distribution utility, a natural gas utility and a natural gas pipeline utility to assess ratepayers for the cost of an energy cost-reduction contract, the bonds associated with an energy cost-reduction contract and the administration of an energy-cost reduction contract</i> <i>HP 831 establishes the Maine Energy Cost Reduction Authority for the purpose of entering into contracts to procure and resell natural gas pipeline capacity and electric energy and capacity, to identify and designate corridors for the construction of natural gas transmission pipelines to enter into long-term contracts for the use of natural gas pipeline corridors through the development of natural gas pipelines</i> As of May 7, those bills have been incorporated into a larger, multifaceted energy bill (incorporating proposals from 13 pending bills, in total) that aims to expand the state's natural gas infrastructure as well as boost energy efficiency funding, directly lower 	<ul style="list-style-type: none"> Public Laws, Chapter 586- An Act to Expand The Availability of Natural Gas to Maine Residents HP 1128 (Maine Comprehensive Energy legislation; Vetoed by Governor LePage on 06/20/2013; House Veto Override 121-11 on 06/20/2013; S)

<p>electricity costs for homes and businesses and make fuel switching from oil more affordable for consumers</p>	
<p>Minnesota</p> <ul style="list-style-type: none"> • During the 1990s the MN PUC investigated the problems in funding new extension lines in remote areas • In 2012, the PUC approved a New Area Surcharge (NAS) rider for several of the state's utilities (Xcel, MERC, CenterPoint) which is designed to permit the utility to extend service into a new area that it would be uneconomic to serve at tariffed rates, by permitting that utility to collect the surcharge on top of the tariffed rate 	<ul style="list-style-type: none"> • Minnesota PUC Order Approving New Area Surcharge (Minnesota Energy Resource Corporation) 7/26/2012
<p>Mississippi</p> <ul style="list-style-type: none"> • Atmos Energy Corporation has proposed a Supplemental Growth Rider (SGR) to support economic development and job creation by providing the incentive to extend gas service to projects previously viewed as economically infeasible • Atmos has proposed that it will invest \$5,000,000 annually in such projects in return for being allowed to earn a supplemental return on equity (ROE) of 3% on this investment, in addition to the ROE provided for in Atmos' annual Stable Rate Evaluation 	<ul style="list-style-type: none"> • Atmos Proposal 2-pager (Approved by the Mississippi PSC in July 2013)
<p>Nebraska</p> <ul style="list-style-type: none"> • In 2012, the Nebraska legislature passed legislation to provide for a streamlined process to implement a plan to construct rural natural gas infrastructure in order to provide natural gas to unserved or underserved areas in the state • The law streamlines the regulatory review process and allows utilities to spread costs to all ratepayers • It requires stakeholders (utilities, municipalities, local businesses, investors) to put together a plan for infrastructure expansion to be approved by the Nebraska PSC 	<ul style="list-style-type: none"> • Slip Law Text of LB 1115 (As Approved by the Governor on 4/10/2012)
<p>New Jersey</p> <ul style="list-style-type: none"> • Promoting the expansion of the natural gas pipeline system is included in Governor Chris Christie's 2011 Energy Master Plan; Specifically, the plan encourages New Jersey's gas utilities to evaluate the economic and environmental merit of distribution system expansions to areas where natural gas is not presently available or where there is a relatively high saturation of oil-fired hit; The plan also includes a recommendation to establish a Transportation Infrastructure Bank to explore the potential of establishing a funding source that can assist in financing the development of needed infrastructure to support the increased use of AFVs (including NGVs) 	<ul style="list-style-type: none"> • 2011 Energy Master Plan

New York

- In early 2013, the New York PSC initiated a technical conference on policies pertaining to expansion of natural gas service pursuant to the recommendation for fuel switching to natural gas in Governor Andrew Cuomo's Energy Highway Blueprint
- The New York legislature is currently considering legislation that will enact provisions to provide for and assist in the expansion of natural gas service in the state for environmental and economic benefit; Specifically the legislation attempts to do the following:
 - Streamlines the permitting process for distribution infrastructure by requiring the PSC to facilitate contacts with state agencies and local governments with respect to the review of permit applications
 - Require 25% of the revenue generated by the SEC surcharge (system benefit charge collected by utilities from heating customers) be dedicated to a revolving loan fund for conversions
 - Mandates the Commissioner of General Services undertake a study on conversion to natural gas heating when a public building requires installation or retrofit of a boiler for heating
 - Establishes a natural gas expansion mitigation fund to be comprised of RGGI monies to be used for a revolving loan fund for consumers converting to natural gas
 - Provides taxpayer credit for purchase and installation of a natural gas service system; Credit is 50% of the cost of purchase and installation, capped at \$52,750
- [New York Energy Highway Blueprint](#)
- [New York Public Service Commission Natural Gas Expansion](#)
- New York [SB 5536A](#) (Passed Senate 06/10/2013, Referred to Assembly Committee on Energy)

North Carolina

- In 1998, the NC legislature passed the North Carolina Clean Water and Natural Gas Critical Needs Bond Act of 1998 which authorizes natural gas bonds for uneconomic line extensions
- The General Assembly has also enacted legislation for the creation of expansion funds for uneconomic line extensions; Gas utilities may only apply those funds to economically infeasible expansions or to expansion estimated to produce a negative net present value. These funds can come from a surcharge imposed on existing ratepayers, supplier refunds and other sources approved by the NC PUC
- North Carolina Clean Water and Natural Gas Critical Needs Bond Act of 1998—[SL 1998-132](#)

Pennsylvania

- The state legislature has introduced a resolution directing the Center for Rural Pennsylvania to study the potential for increased residential, commercial and industrial natural gas distribution infrastructure by the state's public utilities to unserved and underserved areas in the state
- The legislature is currently considering two bills which will foster the extension and expansion of natural gas distribution systems to un-served and under-served residential, commercial and industrial sites:
 - SB 738, the Natural Gas Consumer Access Act, will require every natural gas distribution utility operating in PA to submit a 3-year plan to the PUC outlining the utility's plans for extension/expansion projects; The first plan would be due by 01/01/2014, with additional plans required every two years thereafter; The PUC will
- [Senate Resolution No. 29](#) (Adopted 03/11/2013)
- [Memo](#) outlining expansion legislation to be introduced by Senators Gene Yaw and Dominic Pileggi
- [SB 738](#) (Passed Senate 06/12/2013; Referred to House)
- [SB 739](#) (Passed Senate; Referred to House Committee on Environmental Resources and Energy 06/12/2013)
- [UGI GET Gas Proposal](#)

	<p>have the option to reject, revise or order the utility to submit a revised plan for adequacy and completeness; The legislation would also create a system providing for expedited extension or expansion projects if an economic development agency or large number of residential, commercial or industrial entities want to obtain natural gas service.</p> <ul style="list-style-type: none"> ○ SB 739 will amend the Alternative Energy Investment Act to provide for \$15 million in grants to schools, hospitals and small businesses to obtain access to natural gas service; The funding will come from existing under-utilized programs, and grants made under the legislation may provide for up to half of the cost of a project. • UGI has proposed a Growth Extension Tariff (GET Gas) program that would allow it to spread the cost burden of new main extensions to the group of new customers connecting to a new main. The program allows for a payment surcharge over time for new customers, avoiding the significant upfront costs that often deter customers from connecting to a natural gas system. New customers would be able to use a portion of savings generated from converting to natural gas to offset the GET Gas surcharge amount. UGI will fund the program at \$15 million per year for five years 	
<p>Ohio</p>	<ul style="list-style-type: none"> • The Ohio General Assembly is presently considering legislation to make it easier for utilities to expand natural gas infrastructure in the state. Specifically, HB 319 would amend and enact certain sections of the Ohio Revised Code to allow natural gas companies to apply for an infrastructure development rider to cover the costs of certain economic projects. Under the bill, a natural gas company may file an application with the PUCO or approval of an infrastructure development rider to cover prudently incurred costs for economic development projects. The rider is to be a fixed monthly charge for all customers of the natural gas company as determined by the PUCO 	<ul style="list-style-type: none"> • <u>HB 319</u> (Introduced 10/29/13 and referred to House Committee on Public Utilities)
<p>Tennessee</p>	<ul style="list-style-type: none"> • In April 2013, Tennessee enacted legislation which provides for alternative regulatory methods to allow for public utility rate reviews and cost recovery for investments in infrastructure replacement and expansion in lieu of a general rate case. In particular, the bill allows the Tennessee Regulatory Authority (TRA) to authorize the recovery of costs related to infrastructure expansion for the purpose of economic development, if such costs are found to be in the public interest. Expansion of economic development infrastructure may include that associated with alternative motor vehicle transportation fuel, combined heat and power installations in industrial or commercial sites, or that which will provide opportunities for economic development benefits in the area to be directly served by that infrastructure 	<ul style="list-style-type: none"> • <u>Public Chapter No. 245</u> (HB 191)

Texas	<ul style="list-style-type: none"> • In 2003, the Texas Legislature passed SB 1271 which established the Texas Gas Reliability Infrastructure Program (GRIP) • GRIP allows a gas utility that has filed a rate case within the previous two years to file a tariff or rate schedule that provides for an interim adjustment in its monthly customer charge or initial block rate in order to recover the cost of investment changes, which could include the replacement of aging infrastructure or expansion of infrastructure 	<ul style="list-style-type: none"> • Senate Bill 1271, Establishing the Gas Reliability Infrastructure Program
Vermont	<ul style="list-style-type: none"> • In September 2011, the Vermont Public Service Board allowed Vermont Gas Systems to use ratepayer monies to plan for future line extensions, reasoning that it will result in increased economic development and a reduction in greenhouse gas emissions 	<ul style="list-style-type: none"> • Vermont Public Service Board Docket No. 7712—To establish a System Expansion and Reliability Fund with funds provided by reductions in the quarterly Purchase Gas Adjustment rate under the Alternative Regulation Plan
Virginia	<ul style="list-style-type: none"> • In 2012, Virginia's Governor signed legislation that will facilitate the recovery of costs for eligible gas-line extensions that promote economic development; The law creates a deferral that preserves the cost of service associated with the facility for recovery in a future rate proceeding 	<ul style="list-style-type: none"> • Virginia Chapter 51