
Technology & Economic Development Committee

HB 2177

Brief Description: Concerning the expansion of natural gas infrastructure in rural or underserved areas.

Sponsors: Representatives Morris, Morrell, Blake and Fey.

Brief Summary of Bill

- Directs the Utilities and Transportation Commission (UTC) to grant recovery of operational expenses or capital costs associated with investments in natural gas infrastructure, if the investments promote the security or convenience of the public.
- Allows the UTC to authorize incentive rates of return for investments in natural gas infrastructure that promote the security or convenience of the public in rural or underserved areas of the state.
- Authorizes the Housing Finance Commission to issue bonds for the purpose of financing a project's cost of converting to natural gas in underserved rural and urban areas.

Hearing Date: 1/17/14

Staff: Scott Richards (786-7156).

Background:

The Utilities and Transportation Commission.

The Utilities and Transportation Commission (UTC) regulates the rates, services, and practices of privately-owned utilities and transportation companies. These companies include electricity, natural gas, certain telecommunications service, water, solid waste collection, commercial ferry service, transportation of household goods, certain auto transportation service, and transportation of petroleum through pipelines. The UTC is required to ensure that rates charged are "fair, just and reasonable."

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

Repairs and Improvements.

After conducting a hearing upon its own motion or complaint, the UTC may enter an order directing that reasonable repairs, improvements, changes, additions or extensions of a gas plant, electrical plant, system of sewerage, or water system be made. The UTC must find that these repairs, improvements, or changes ought to be made or that any additions or extensions should reasonably be made in order to promote the security or convenience of the public or employees, or to secure adequate service or facilities for manufacturing, distributing or supplying gas, electricity, wastewater company services, or water.

Incentive Rate of Return for Energy Efficiency Programs.

Under current law, the UTC may approve a 2 percent incentive rate of return for energy efficiency programs that provide a priority for senior citizens or low-income customers. In addition, the UTC may adopt a policy allowing an incentive rate of return on investments in additional programs to improve the efficiency of energy end-use or other incentive policies to encourage utility investment in such programs.

Summary of Bill:

Recovery of Expenses or Costs Relating to Natural Gas Infrastructure Investments in Rural and Underserved Areas.

Upon finding that a requested investment in natural gas infrastructure will promote the security or convenience of the public, the Utilities and Transportation Commission (UTC) must grant recovery and authorize those mechanisms or adjustments as are necessary for a natural gas company to recover operational expenses or capital costs, or both, associated with those investments.

- The term "security or convenience of the public" includes, but is not limited to, natural gas infrastructure in rural or underserved areas of the state that:
 - Promotes economic development;
 - Improves environmental conditions; or
 - Enhances public health.

The term does not apply to a single residential, commercial, or industrial building.

Incentive Rate of Return.

The UTC must authorize incentive rates of return for investments in natural gas infrastructure that promote the security or convenience of the public. The UTC must develop minimum filing requirements and procedural schedules and issue a final determination regarding a natural gas company's request in 90 days.

If the UTC denies a natural gas company's request, the UTC must state the reasons for the denial. A natural gas company may refile, without prejudice, an amended request in 60 days. The UTC must approve or deny the amended request in 60 days.

Housing Finance Commission.

The Housing Finance Commission may issue bonds for the purpose of financing all or part of a project's cost of converting to natural gas in underserved rural and urban areas with newly

extended or expanded natural gas service when the conversions promote the security or convenience of the public.

Eligible projects may include, but are not limited to, conversions of the following to natural gas:

- Wood burning stoves or oil-fired boilers in low-income households in air quality nonattainment areas;
- Industrial boilers to combined heat and power applications that yield energy efficiency gains and emission reductions;
- Commercial and industrial boilers currently burning hog fuel or bunker oil; and
- The locating of industrial facilities in economically depressed areas.

Appropriation: None.

Fiscal Note: Available

Effective Date: The bill takes effect 90 days after adjournment of the session in which the bill is passed.