

7965--A

2015-2016 Regular Sessions

I N A S S E M B L Y

June 2, 2015

Introduced by M. of A. RODRIGUEZ, COOK, LIFTON, MOSLEY, GALEF, CAHILL, JOYNER, COLTON, PEOPLES-STOKES, RICHARDSON, ROBINSON, BICHOTTE, HUNTER -- Multi-Sponsored by -- M. of A. BRAUNSTEIN, BUCHWALD, GLICK, LOPEZ, SKARTADOS, STECK -- read once and referred to the Committee on Corporations, Authorities and Commissions -- recommitted to the Committee on Corporations, Authorities and Commissions in accordance with Assembly Rule 3, sec. 2 -- committee discharged, bill amended, ordered reprinted as amended and recommitted to said committee

AN ACT to amend the public service law, in relation to requiring gas corporations to file a plan addressing aging or leaking pipelines within their service territory

THE PEOPLE OF THE STATE OF NEW YORK, REPRESENTED IN SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

1 Section 1. The public service law is amended by adding a new section
2 68-b to read as follows:
3 S 68-B. AGING OR LEAKING PIPELINES. 1. DEFINITIONS. FOR THE PURPOSES
4 OF THIS SECTION, THE FOLLOWING WORDS, SHALL, UNLESS THE CONTEXT CLEARLY
5 REQUIRES OTHERWISE, HAVE THE FOLLOWING MEANINGS:
6 (A) "CUSTOMER" SHALL MEAN A RETAIL CUSTOMER RECEIVING END USE SERVICE
7 FROM A GAS CORPORATION.
8 (B) "ELIGIBLE INFRASTRUCTURE REPLACEMENT" SHALL MEAN A REPLACEMENT OR
9 AN IMPROVEMENT OF EXISTING PIPELINE OF GAS CORPORATION THAT: (I) IS
10 PERFORMED ON OR AFTER JANUARY FIRST, TWO THOUSAND SEVENTEEN; (II) IS
11 DESIGNED TO IMPROVE PUBLIC SAFETY AND/OR INFRASTRUCTURE RELIABILITY;
12 (III) DOES NOT INCREASE THE REVENUE OF A GAS CORPORATION BY CONNECTING
13 AN IMPROVEMENT OR INSTALLING NEW PIPELINE FOR THE PRINCIPAL PURPOSE OF
14 SERVING NEW CUSTOMERS; (IV) REDUCES, OR HAS THE POTENTIAL TO REDUCE,
15 LOST AND UNACCOUNTED FOR GAS THROUGH A REDUCTION IN GAS LEAKS; AND (V)
16 IS NOT INCLUDED IN THE APPROVED RATE BASE OF THE GAS CORPORATION AS
17 DETERMINED IN THE GAS CORPORATION'S MOST RECENT APPROVED RATE PLAN.

EXPLANATION--Matter in *ITALICS* (underscored) is new; matter in brackets [] is old law to be omitted.

LBD11051-04-6

1 (C) "GAS INFRASTRUCTURE RATE PLAN" SHALL MEAN A PIPELINE REPLACEMENT
2 PROGRAM CONSTRUCTION PLAN THAT A GAS CORPORATION FILES WITH THE COMMIS-
3 SION PURSUANT TO SUBDIVISION TWO OF THIS SECTION.

4 (D) "PROJECT" SHALL MEAN AN ELIGIBLE PIPELINE REPLACEMENT PROJECT
5 PROPOSED BY A GAS CORPORATION IN A PLAN FILED UNDER THIS SECTION.

6 2. A GAS CORPORATION SHALL FILE WITH THE COMMISSION A PLAN TO ADDRESS
7 AGING OR LEAKING PIPELINE WITHIN ITS RESPECTIVE SERVICE TERRITORY IN THE
8 INTEREST OF PUBLIC SAFETY AND REDUCING LOST AND UNACCOUNTED FOR GAS
9 THROUGH A REDUCTION IN GAS LEAKS. THE FILING OF THE PLAN REQUIRED PURSU-
10 ANT TO THIS SUBDIVISION SHALL BE SUBMITTED NO LATER THAN THE
11 THIRTY-FIRST OF OCTOBER, TWO THOUSAND SEVENTEEN.

12 3. (A) ANY PLAN FILED WITH THE COMMISSION SHALL INCLUDE, BUT NOT BE
13 LIMITED TO: (I) ELIGIBLE PIPELINE REPLACEMENT OF MAINS, SERVICE LINES,
14 METERING SETS, AND OTHER ANCILLARY FACILITIES COMPOSED OF NON-CATHODI-
15 CALLY PROTECTED STEEL, CAST IRON, WROUGHT IRON, AND ANY OTHER MATERIAL
16 THE COMMISSION DEEMS LEAK-PRONE, PRIORITIZED TO IMPLEMENT THE FEDERAL
17 GAS DISTRIBUTION PIPELINE INTEGRITY MANAGEMENT PLAN ANNUALLY SUBMITTED
18 TO THE COMMISSION AND CONSISTENT WITH SUBPART P OF 49 C.F.R. PART 192;
19 (II) AN ANTICIPATED TIMELINE FOR THE COMPLETION OF EACH PROJECT; (III)
20 THE ESTIMATED COST OF EACH PROJECT; (IV) RATE CHANGE REQUESTS; (V) A
21 DESCRIPTION OF CUSTOMER COSTS AND BENEFITS UNDER THE PLAN; AND (VI) ANY
22 OTHER INFORMATION THE DEPARTMENT CONSIDERS NECESSARY TO EVALUATE THE
23 PLAN.

24 (B) UPON THE FILING OF THE PLAN REQUIRED UNDER THIS SECTION, A GAS
25 CORPORATION SHALL INCLUDE A TIMELINE FOR REMOVING ALL LEAK-PRONE PIPE-
26 LINE ON AN ACCELERATED BASIS, SPECIFYING AN ANNUAL REPLACEMENT PACE AND
27 PROGRAM END DATE WITH A TARGET END DATE OF EITHER: (I) NOT MORE THAN
28 TWENTY YEARS; OR (II) A REASONABLE TARGET END DATE CONSIDERING THE
29 ALLOWABLE RECOVERY CAP ESTABLISHED PURSUANT TO SUBDIVISION SIX OF THIS
30 SECTION. THE COMMISSION SHALL NOT APPROVE A TIMELINE AS PART OF A PLAN
31 UNLESS THE ALLOWABLE RECOVERY CAP ESTABLISHED PURSUANT TO SUBDIVISION
32 SIX OF THIS SECTION PROVIDES THE GAS CORPORATION WITH A REASONABLE
33 OPPORTUNITY TO RECOVER ITS EXPENDITURES RELATED WITH REMOVING ALL LEAK-
34 PRONE INFRASTRUCTURE AND THE ACCELERATED BASIS SET FORTH UNDER THE TIME-
35 LINE UTILIZING THE COST RECOVERY MECHANISM ESTABLISHED PURSUANT TO THIS
36 SECTION. AFTER FILING THE INITIAL PLAN, A GAS CORPORATION SHALL, NO
37 LATER THAN THE THIRTY-FIRST OF OCTOBER OF EACH SUCCEEDING YEAR, AT ANNU-
38 AL INTERVALS, PROVIDE THE COMMISSION WITH A SUMMARY OF ITS REPLACEMENT
39 PROGRESS TO DATE, A SUMMARY OF WORK TO BE COMPLETED DURING THE SUBSE-
40 QUENT YEAR AND ANY ADDITIONAL INFORMATION THE COMMISSION MAY REQUIRE.
41 THE COMMISSION MAY REQUIRE A GAS CORPORATION TO FILE AN UPDATED
42 LONG-TERM TIMELINE AS PART OF A PLAN IF IT ALTERS THE CAP ESTABLISHED
43 PURSUANT TO SUBDIVISION SIX OF THIS SECTION.

44 4. IF A GAS CORPORATION FILES A PLAN ON OR BEFORE OCTOBER THIRTY-FIRST
45 FOR THE SUBSEQUENT CONSTRUCTION YEAR, THE COMMISSION SHALL REVIEW THE
46 PLAN WITHIN SIX MONTHS. THE PLAN SHALL BE EFFECTIVE AS OF THE DATE OF
47 THE FILING, PENDING COMMISSION REVIEW. THE COMMISSION MAY MODIFY A PLAN
48 PRIOR TO APPROVAL AT THE REQUEST OF A CORPORATION OR MAKE OTHER MODIFI-
49 CATIONS TO A PLAN AS A CONDITION OF APPROVAL. THE COMMISSION SHALL
50 CONSIDER THE COSTS AND BENEFITS OF THE PLAN INCLUDING, BUT NOT LIMITED
51 TO, RATEPAYER IMPACT, WITH SPECIAL CONSIDERATION OF CUSTOMERS RECEIVING
52 ASSISTANCE THROUGH THE HOME ENERGY ASSISTANCE PLAN, REDUCTIONS OF LOST
53 AND UNACCOUNTED FOR GAS THROUGH A REDUCTION IN GAS LEAKS AND IMPROVE-
54 MENTS TO PUBLIC SAFETY. THE COMMISSION SHALL GIVE PRIORITY REVIEW AND
55 GIVE PRELIMINARY ACCEPTANCE TO PLANS SPECIFICALLY DESIGNED TO ADDRESS

1 LEAK-PRONE PIPELINE MOST IMMEDIATELY IN NEED OF REPLACEMENT, BASED ON
2 STANDARDS ESTABLISHED BY THE COMMISSION.

3 5. IF THE COMMISSION DETERMINES A PLAN IS IN COMPLIANCE WITH THE
4 REQUIREMENTS OF THIS SECTION AND WOULD REASONABLY ACCELERATE PIPELINE
5 REPLACEMENTS AND PROVIDE BENEFITS, THE COMMISSION SHALL ISSUE ACCEPTANCE
6 IN WHOLE OR IN PART. A GAS CORPORATION SHALL THEN BE AUTHORIZED TO BEGIN
7 RECOVERY OF THE ESTIMATED COSTS OF PROJECTS INCLUDED IN THE PLAN BEGIN-
8 NING ON MAY FIRST OF THE YEAR FOLLOWING THE INITIAL FILING AND COLLECT
9 ANY REVENUE REQUIREMENT, INCLUDING DEPRECIATION, PROPERTY TAXES AND
10 RETURN ASSOCIATED WITH THE PLAN.

11 6. ON OR BEFORE MAY FIRST OF EACH YEAR, A GAS CORPORATION SHALL FILE
12 FINAL PROJECT DOCUMENTATION FOR PROJECTS COMPLETED IN THE PRIOR YEAR TO
13 DEMONSTRATE SUBSTANTIAL COMPLIANCE WITH THE PLAN APPROVED PURSUANT TO
14 SUBDIVISION FIVE OF THIS SECTION AND THAT ALL PROJECT COSTS WERE REASON-
15 ABLY AND PRUDENTLY INCURRED. THE COMMISSION SHALL INVESTIGATE PROJECT
16 COSTS WITHIN SIX MONTHS OF SUBMISSION AND SHALL APPROVE AND RECONCILE
17 THE AUTHORIZED RATE FACTOR, IF NECESSARY, UPON A DETERMINATION THAT THE
18 COSTS WERE REASONABLE AND PRUDENT. ANNUAL CHANGES IN THE REVENUE
19 REQUIREMENT ELIGIBLE FOR RECOVERY SHALL NOT EXCEED ONE-AND-ONE HALF
20 PERCENT OF THE GAS CORPORATION'S MOST RECENT CALENDAR YEAR OF TOTAL FIRM
21 REVENUES, INCLUDING REVENUES ATTRIBUTABLE TO TRANSMISSION AND DISTRIB-
22 UTION CUSTOMERS. ANY REVENUE REQUIREMENT APPROVED BY THE COMMISSION IN
23 EXCESS OF SUCH CAP MAY BE DEFERRED FOR RECOVERY IN THE FOLLOWING YEAR.

24 7. ALL RATE CHANGE REQUESTS MADE TO THE COMMISSION PURSUANT TO AN
25 APPROVED PLAN SHALL BE FILED ANNUALLY ON A FULLY RECONCILING BASIS,
26 SUBJECT TO ACCEPTANCE BY THE COMMISSION PURSUANT TO SUBDIVISION FIVE OF
27 THIS SECTION. THE RATE CHANGE INCLUDED IN A PLAN PURSUANT TO SUBDIVISION
28 THREE OF THIS SECTION, REVIEWED PURSUANT TO SUBDIVISION FIVE OF THIS
29 SECTION AND TAKING EFFECT ON MAY FIRST PURSUANT TO SUBDIVISION SIX OF
30 THIS SECTION SHALL BE SUBJECT TO REVIEW BY THE COMMISSION, TO DETERMINE
31 WHETHER THE GAS CORPORATION HAS OVER-COLLECTED OR UNDER-COLLECTED ITS
32 REQUESTED RATE ADJUSTMENT WITH ANY SUCH DISCREPANCIES RECONCILED ON AN
33 ANNUAL BASIS. IF THE COMMISSION DETERMINES THAT ANY OF THE COSTS WERE
34 NOT REASONABLY OR PRUDENTLY INCURRED BY A GAS CORPORATION, THE COMMIS-
35 SION SHALL DISALLOW THE COSTS AND DIRECT THE GAS CORPORATION TO REFUND
36 THE FULL VALUE OF THE COSTS CHARGED TO CUSTOMERS WITH THE APPROPRIATE
37 CARRYING CHARGES ON THE OVER-COLLECTED AMOUNTS. IF THE COMMISSION DETER-
38 MINES THAT ANY OF THE COSTS WERE NOT IN COMPLIANCE WITH THE APPROVED
39 PLAN, THE COMMISSION SHALL DISALLOW THE COSTS FROM THE COST RECOVERY
40 MECHANISM ESTABLISHED UNDER THIS SECTION AND SHALL DIRECT THE GAS CORPO-
41 RATION TO REFUND THE FULL VALUE OF THE COSTS CHARGED TO CUSTOMERS WITH
42 THE APPROPRIATE CARRYING CHARGES ON THE OVER-COLLECTED AMOUNTS.

43 8. THE COMMISSION MAY PROMULGATE ANY RULES AND REGULATIONS NECESSARY
44 TO EFFECTUATE THE PIPELINE REPLACEMENT PROGRAM PURSUANT TO THIS SECTION.
45 THE COMMISSION MAY DISCONTINUE THE REPLACEMENT PROGRAM AND REQUIRE A GAS
46 CORPORATION TO REFUND ANY COSTS CHARGED TO CUSTOMERS DUE TO FAILURE TO
47 SUBSTANTIALLY COMPLY WITH A PLAN OR FAILURE TO REASONABLY AND PRUDENTLY
48 MANAGE PROJECT COSTS.

49 S 2. This act shall take effect immediately.