



One Hundred First Legislature - First Session - 2009
Introducer's Statement of Intent
LB 658

Chairperson: Mike Friend
Committee: Urban Affairs
Date of Hearing: March 3, 2009

The following constitute the reasons for this bill and the purposes which are sought to be accomplished thereby:

The intent of this bill is to create a process to finance the replacement of infrastructure by a natural gas utility without the necessity of pursuing a full-scale rate review. A natural gas public utility providing natural gas service would be allowed to file a petition and a proposed rate schedules with the Public Service Commission to establish or change its infrastructure system replacement mechanism rate schedule and thus allow for the adjustment of the natural gas public utility's rates and charges to provide for the recovery of costs for eligible infrastructure replacements.

Eligible infrastructure system replacements are defined as natural gas utility plant projects that a) do not increase revenues by directly connecting the infrastructure replacements to new customers, b) are in service and are required to be used, and c) were not included in the utility's rate base in the most recent general rate case.

The natural gas utility plant projects eligible for the program would include such items as new mains, valves, service lines, regulator stations, vaults and other pipeline system components installed to comply with state or federal safety requirements; main relining projects, service line insertion projects, joint encapsulation projects and other similar projects extending the useful life or enhancing the integrity of pipeline system components undertaken to comply with state or federal safety requirements; and facility relocations due to the construction or improvement of a highway, road, street, public way, or other public work by or the United States, this state or a political subdivision of the state.

The commission could not approve an infrastructure system replacement mechanism rate schedule if it would produce replacement revenue below the lesser of one million dollars or one half of the utility's base revenue level nor could the revenue exceed ten percent of the base revenue. A utility company requesting such a proposed rate schedule must have pursued a full-scale rate case within the past 60 months and a company could not collect the special revenue for any period exceeding 60 months.

The infrastructure system replacement mechanism rate would be charged as a monthly fixed charge and could not increase more than fifty cents per residential customer over the base rates in effect for the initial filing of the infrastructure system replacement mechanism rate schedule. Subsequent filing shall not increase the monthly charge more than fifty cents per residential customer.

The adoption of this legislation would facilitate costly but necessary infrastructure improvement projects while minimizing regulatory costs by eliminating the need for more frequent (and expensive) general rate reviews.

Principal Introducer:

Senator Mike Friend