

ONE HUNDRED THIRD LEGISLATURE - SECOND SESSION - 2014

COMMITTEE STATEMENT

LB404

Hearing Date: Tuesday February 12, 2013

Committee On: Urban Affairs

Introducer: McGill

One Liner: Change State Natural Gas Regulation Act provisions relating to infrastructure system replacement cost recovery charges

Roll Call Vote - Final Committee Action:

Advanced to General File with amendment(s)

Vote Results:

Aye: 5 Senators McGill, Krist, Karpisek, Crawford, Ashford

Nay:

Absent: 1 Senator Lautenbaugh

Present Not Voting: 1 Senator Coash

Proponents:

Senator Amanda McGill

Lewis Binswanger

Jill Becker

Representing:

Self

Source Gas LLC

Black Hills Energy

Opponents:

Lynn Rex

Randy Gates

Jack Vavra

Lynne Schuller

Representing:

League Of Nebraska Municipalities

City of Norfolk

LNM

Nebraska Propane Association

Neutral:

Jerry Vap

William F. Austin

Representing:

Public Service Commission

Public Advocate

Summary of purpose and/or changes:

LB 404 would amend the State Natural Gas Act by removing the cap which currently prevents the utility company from charging more than fifty cents per month to residential customers over their base rates for any infrastructure system replacement cost recovery charges. It would also remove language that prevents any subsequent filing (a minimum of 12 months later) for any infrastructure system replacement cost recovery charge rate from increasing more than fifty cents per month per residential customer. Essentially, the law as it currently stands does not allow a natural gas company to charge more than 50 cents per month per residential customer for infrastructure system replacement cost recovery charge rates. This bill would remove this cap from the statute.

There are currently two caps in the statute for infrastructure system replacement cost recovery charges. The first is in Section 66-1865 and is not changed by LB 404. This first cap is a requirement that the public service commission shall not approve any infrastructure system replacement cost recovery charge rate schedules IF such schedules would produce total annualized infrastructure replacement cost revenue BELOW the lesser of one million dollars or one-half percent of the jurisdictional utility's base revenue level approved by the commission in the jurisdictional utility's most recent general rate proceeding. The commission is further prohibited from approving infrastructure system replacement

cost recovery charge rate schedules if those rate schedules would produce total annualized infrastructure replacement cost revenue EXCEEDING ten percent of the jurisdictional utility's base revenue level approved by the commission in the most recent general rate proceeding.

The second cap is the monthly not more than fifty cent over base rate per customer charge discussed above that this bill is seeking to remove from 66-1866 and 66-1867.

Comments/Analysis:

66-1866 applies to applications for an infrastructure system replacement cost recovery charge by a jurisdictional utility whose last general rate filing was NOT the subject of negotiations with affected cities as provided for in 66-1838.

66-1867 applies to applications for an infrastructure system replacement cost recovery charge by a jurisdictional utility whose last general rate filing WAS the subject of negotiations with affected cities as provided for in 66-1838.

66-1838 is the section of the Natural Gas Act that details all the provisions of general rate filings.

Explanation of amendments:

The committee amendment increases the statutory monthly charge a jurisdictional utility may charge their customers to seventy-five cents per residential customer per month over the base rates in effect at the time of the initial filing for their infrastructure replacement cost recovery. The seventy-five cent increase can be increased only once every 12 months, for a maximum of 5 years (sixty months). A jurisdictional utility is required to file a full rate case filing a minimum of once every 5 years.

This applies to jurisdictional utilities whose last general rate filing was not the subject of negotiations with affected cities as provided for in section 66-1838 and also to jurisdictional utilities whose last general rate filing was the subject of negotiations with affected cities as provided for in 66-1838.

Amanda McGill, Chairperson