

House Bill 274

By: Representatives Snow of the 2<sup>nd</sup>, Burkhalter of the 41<sup>st</sup>, Day of the 153<sup>rd</sup>, Barnard of the 154<sup>th</sup>, Johnson of the 35<sup>th</sup> and others

A BILL TO BE ENTITLED  
AN ACT

1 To amend Article 5 of Chapter 4 of Title 46 of the Official Code of Georgia Annotated, the  
2 "Natural Gas Competition and Deregulation Act," so as to repeal the requirement that rates  
3 for distribution service be established based upon a particular method of rate design; to  
4 provide for related matters; to provide for an effective date; to repeal conflicting laws; and  
5 for other purposes.

6 BE IT ENACTED BY THE GENERAL ASSEMBLY OF GEORGIA:

7 **SECTION 1.**

8 Article 5 of Chapter 4 of Title 46 of the Official Code of Georgia Annotated, the "Natural  
9 Gas Competition and Deregulation Act," is amended by striking in its entirety Code Section  
10 46-4-154, relating to notices of election, unbundling, and setting of rates, and inserting in lieu  
11 thereof a new Code Section 46-4-154 to read as follows:

12 "46-4-154.

13 (a) A gas company may elect to become subject to the provisions of this article by filing  
14 a notice of election with the commission and by filing an application to establish just and  
15 reasonable rates, including separate rates for unbundled services. Pursuant to such  
16 application, the commission shall:

17 (1) Maintain rates for interruptible distribution service at the levels set forth in the rate  
18 schedules approved by the commission and in effect on the day the gas company files a  
19 notice of election as provided for in this Code section;

20 (2) Establish rates for firm distribution service using ~~the straight fixed variable method~~  
21 ~~of rate design, subject to the provisions of subsection (b) of this Code section~~ an  
22 appropriate rate design methodology;

23 (3) Establish separate rates and charges, which may be based on market value, for each  
24 type of ancillary service which is classified separately;

25 (4) Provide for the recovery in rates of those costs which the commission determines are  
26 prudently incurred and used and useful in providing utility service; and

1 (5) Provide for recovery of costs found by the commission to be stranded and necessary  
2 to provide a reasonable return, provided that only prudently incurred stranded costs that  
3 cannot be mitigated may be recovered.

4 ~~(b) If the commission determines that inefficiencies in the rate design or other causes in  
5 existence immediately preceding the implementation of the straight fixed variable rate  
6 design will result in a material fluctuation of rates for firm distribution service to a group  
7 of retail customers upon implementation of straight fixed variable rate design, the  
8 commission may make such adjustments to the rates for firm distribution service as it  
9 deems appropriate to phase in the straight fixed variable rate design for firm distribution  
10 service:~~

11 ~~(1) Over a 12 month period from the date the rates filed by the electing distribution  
12 company would otherwise be effective if such material fluctuation will be less than 10  
13 percent of the total gas charges for a group of retail customers; or~~

14 ~~(2) Over a 24 month period from the date the rates filed by the electing distribution  
15 company would otherwise be effective if such material fluctuation will be equal to or  
16 greater than 10 percent of the total gas charges for a group of retail customers.~~

17 ~~However, in no event shall any such adjustment be made if the adjustment results in  
18 cross-subsidization between retail customers receiving firm distribution service and retail  
19 customers receiving interruptible distribution service or if the adjustment reduces the  
20 revenues to the electing distribution company for firm distribution service below those that  
21 would be recovered by the electing distribution company under the straight fixed variable  
22 rate without such adjustment.~~

23 ~~(c)~~(b) In any proceeding before the commission to establish rates as provided in subsection  
24 (a) of this Code section, the commission shall prescribe rates for the services and cost  
25 recovery purposes specified in paragraphs (2), (3), (4), and (5) of subsection (a) of this  
26 Code section at levels which are designed to recover the costs of service of the electing  
27 distribution company as established by the commission in such proceeding. In such  
28 proceeding, the commission shall also prescribe a mechanism by which 90 percent of the  
29 revenues to the electing distribution company from rates for interruptible distribution  
30 service shall be credited to the universal service fund established for that electing  
31 distribution company pursuant to Code Section 46-4-161. Each electing distribution  
32 company is authorized to retain for the benefit of its shareholders or owners 10 percent of  
33 the revenues the electing distribution company received from rates for interruptible service.  
34 Each electing distribution company which retains 10 percent of such revenues shall make  
35 a report to the commission annually describing the benefits resulting to firm retail  
36 customers from interruptible distribution service revenues.

1 ~~(d)~~(c) In addition to any other applicable filing requirements, any such application by a gas  
2 company shall include the following:

3 (1) An identification of each component of natural gas service, including but not limited  
4 to commodity sales service, distribution service, and ancillary services, which are to be  
5 unbundled and offered under separate rates, together with the total costs to provide each  
6 such service by the electing distribution company including a return on investment;

7 (2) Provisions for offering each unbundled service on an equal access, nondiscriminatory  
8 basis;

9 (3) A description of the method by which the electing distribution company proposes to  
10 allocate its intrastate capacity for firm distribution service to a marketer based upon the  
11 peak requirements of the firm retail customers served by the marketer;

12 (4) A description of the method by which the electing distribution company proposes to  
13 allocate its rights to interstate pipeline and underground storage to a marketer based upon  
14 the peak requirements of the firm retail customers served by the marketer; and

15 (5) A plan for establishing and operating an electronic bulletin board by which the  
16 electing distribution company will provide marketers with equal and timely access to  
17 information relevant to the availability of firm distribution service.

18 ~~(e)~~(d) Notwithstanding any other provision of this title, the commission shall hold a  
19 hearing regarding an application filed pursuant to this Code section and may suspend the  
20 operation of the proposed schedules and defer the use of the proposed rates, charges,  
21 classifications, or services for a period of not longer than six months."

## 22 SECTION 2.

23 Said article is further amended in Code Section 46-4-156, relating to customer assignment  
24 and the determination of adequate market conditions, by striking in its entirety paragraph (3)  
25 of subsection (c) and inserting in lieu thereof a new paragraph (3) to read as follows:

26 "(3) Subject to subsection (d) of this Code section and provided that all initial  
27 assignments of rights to intrastate capacity for firm distribution service, interstate  
28 pipeline, and underground storage by an electing distribution company to marketers, as  
29 necessary for marketers to initiate service to all firm retail customers with which they  
30 have contracted or to which they have been assigned as provided for in this Code section,  
31 whether by allocation pursuant to a tariff approved under paragraph (3) or (4) of  
32 subsection ~~(d)~~ (c) of Code Section 46-4-154 or by contract, are effective pursuant to the  
33 terms of such tariff or contract and, provided, further, that all initial assignments of rights  
34 under firm wellhead gas supply contracts by an electing distribution company to  
35 marketers, as necessary for marketers to initiate service to all firm retail customers with  
36 which they have contracted or to which they have been assigned as provided for in this

1 Code section, by allocation pursuant to a tariff approved under Code Section 46-4-154  
2 are effective pursuant to the terms of such tariff, an electing distribution company has no  
3 obligation to provide commodity sales service to retail customers.”

4 **SECTION 3.**

5 This Act shall become effective on July 1, 2001.

6 **SECTION 4.**

7 All laws and parts of laws in conflict with this Act are repealed.