

House Bill 1671

By: Representatives Parrish of the 102nd, Skipper of the 116th, Lucas of the 105th, Burkhalter of the 36th, Keen of the 146th, and others

A BILL TO BE ENTITLED
AN ACT

1 To amend Code Section 46-4-161 of the Official Code of Georgia Annotated, relating to the
2 universal service fund for natural gas, so as to provide that the purposes of the universal
3 service fund include extending gas service to areas where gas service is not available or is
4 not sufficiently available to encourage economic development; to provide that the Public
5 Service Commission shall consider in determining the amount of the fund for each fiscal year
6 the amount required for disbursements related to the costs of economic development
7 extensions of gas service; to provide that the commission shall consider the potential
8 economic development benefit of proposed extensions or expansions of facilities when
9 determining whether to grant an application for a distribution from the fund; to provide for
10 disbursements over a specified number of years in certain circumstances; to authorize the
11 grant of a return on capital and recovery of depreciation expenses in certain circumstances;
12 to provide for acceptance of the terms or withdrawal of a request for funds; to provide that
13 the capital budget limitation shall not apply to economic development projects; to provide
14 for placing prudently incurred unrecovered capital investment into the rate base; to provide
15 for related matters; to provide for an effective date; to repeal conflicting laws; and for other
16 purposes.

17 **BE IT ENACTED BY THE GENERAL ASSEMBLY OF GEORGIA:**

18 **SECTION 1.**

19 Code Section 46-4-161 of the Official Code of Georgia Annotated, relating to the universal
20 service fund for natural gas, is amended by striking subsections (a), (b), and (g) and inserting
21 in lieu thereof the following:

22 "(a) The commission shall create for each electing distribution company a universal service
23 fund for the purpose of:

24 (1) Assuring that gas is available for sale by marketers to firm retail customers within the
25 territory certificated to each such marketer;

1 (2) Enabling the electing distribution company to expand its facilities and service in the
2 public interest; ~~and~~

3 (3) Promoting economic development by enabling the electing distribution company to
4 extend gas service to areas of the state where gas service is not available or is not
5 sufficiently available to encourage economic development; and

6 (4) Assisting low-income residential consumers in times of emergency as determined by
7 the commission, and consumers of the regulated provider of natural gas in accordance
8 with Code Section 46-4-166.

9 (b) The fund shall be administered by the commission under rules to be promulgated by
10 the commission in accordance with the provisions of this Code section. Prior to the
11 beginning of each fiscal year of the electing distribution company, the commission shall
12 determine the amount of the fund appropriate for such fiscal year, which amount shall not
13 exceed \$25 million for that fiscal year. In making such determination, the commission
14 shall consider the following:

15 (1) The amount required to provide sufficient contributions in aid of construction to
16 permit the electing distribution company to extend and expand its facilities from time to
17 time as the commission deems to be in the public interest; ~~and~~

18 (2) The amount required for disbursements related to the costs of economic development
19 extensions of gas service, including but not limited to disbursements for contributions in
20 aid of construction and any authorized or anticipated disbursements for annual
21 depreciation expense and return on capital for investments in such extensions; and

22 (3) The amount required to assist low-income residential consumers in times of
23 emergency as determined by the commission and consumers of the regulated provider of
24 natural gas in accordance with Code Section 46-4-166."

25 "(g)(1) In determining whether to grant the application of an electing distribution
26 company for a distribution from the fund in whole or in part, the commission shall
27 consider:

28 (A) The capital budget of the electing distribution company for the relevant fiscal year;

29 (B) The estimated total overall applicable cost of the proposed extension, including
30 construction costs, financing costs, working capital requirements, and engineering and
31 contracting fees, as well as all other costs that are necessary and reasonable;

32 (C) The projected initial service date of the new facilities, the estimated revenues to the
33 electing distribution company during the first five fiscal years following the initial
34 service date, and the estimated rate of return to the electing distribution company
35 produced by such revenues during each such fiscal year;

1 (D) The amount of the contribution in aid of construction required for the revenues
 2 from the proposed new facility to produce a just and reasonable return to the electing
 3 distribution company; and

4 (E) The potential economic development benefit to the state of proposed extensions or
 5 expansions of facilities to serve areas of the state where gas is not available, or is not
 6 sufficiently available to encourage economic development; and

7 (F) Whether the proposed new facility is in the public interest.

8 (2) In no event shall the distribution to an electing distribution company from the fund
 9 for facilities and service expansion during any fiscal year exceed 5 percent of the capital
 10 budget of such company for such fiscal year. For a proposed economic development
 11 extension or expansion project, the electing distribution company may request that the
 12 commission make disbursements over a specified number of years, not to exceed 15
 13 years. The commission may grant such a request where it is in the public interest. In the
 14 event the commission does grant such a request for disbursements over a specified
 15 number of years, the commission may provide the electing distribution company annually
 16 a return on capital and recovery of appropriate depreciation expenses related to the
 17 extension or expansion project in lieu of, or in addition to, any contributions in aid of
 18 construction. The electing distribution company shall have 30 days from the date of a
 19 commission order granting such a request or application to accept the terms of the order
 20 or to withdraw its request or application for the extension or expansion. The 5 percent
 21 fiscal year capital budget limitation set forth in this Code section shall not apply to the
 22 commission's consideration of economic development projects, and the cost for any such
 23 economic development projects shall not be included by the commission in determining
 24 compliance with the 5 percent fiscal year capital budget limitation. At the end of the
 25 approved disbursement period for an economic development project, any prudently
 26 incurred unrecovered capital investment shall be placed into the rate base of the electing
 27 distribution company.

28 (3) Any investment in new facilities financed from the universal service fund shall be
 29 accounted for as a contribution in aid of construction."

30 SECTION 2.

31 This Act shall become effective upon its approval by the Governor or upon its becoming law
 32 without such approval.

33 SECTION 3.

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