

Senate Bill 417

By: Senators Thomas of the 2nd, Brown of the 26th, Fort of the 39th, Miles of the 43rd,
Butler of the 55th 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 change certain provisions relating
3 to selection of the regulated provider of natural gas; to revise a definition; to provide that the
4 Public Service Commission shall select at least two but no more than three regulated
5 providers; to revise other provisions to conform to this change; to delete obsolete language;
6 to provide for construction; to provide for an effective date; to repeal conflicting laws; and
7 for other purposes.

8 BE IT ENACTED BY THE GENERAL ASSEMBLY OF GEORGIA:

9 **SECTION 1.**

10 Article 5 of Chapter 4 of the Official Code of Georgia Annotated, the "Natural Gas
11 Competition and Deregulation Act," is amended in Code Section 46-4-152, relating to
12 definitions relative to such Act, by striking subsection (14.2) and inserting in lieu thereof the
13 following:

14 "(14.2) 'Regulated provider of natural gas' means ~~the~~ an entity selected by the
15 commission to provide to consumers natural gas commodity service and ancillary
16 services incident thereto in accordance with Code Section 46-4-166."

17 **SECTION 2.**

18 Said article is further amended in Code Section 46-4-161, relating to the universal service
19 fund, by striking subsections (a), (b), and (f) and inserting in lieu thereof the following:

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

- 22 (1) Assuring that gas is available for sale by marketers to firm retail customers within
23 the territory certificated to each such marketer;
- 24 (2) Enabling the electing distribution company to expand its facilities and service in the
25 public interest; and

1 (3) Assisting low-income residential consumers in times of emergency as determined
 2 by the commission, and consumers of the regulated ~~provider~~ providers of natural gas in
 3 accordance with Code Section 46-4-166.

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

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

13 (2) The amount required to assist low-income residential consumers in times of
 14 emergency as determined by the commission and consumers of the regulated ~~provider~~
 15 providers of natural gas in accordance with Code Section 46-4-166."

16 "(f) Distributions to the regulated ~~provider~~ providers shall be made in accordance with
 17 Code Section 46-4-166."

18 SECTION 3.

19 Said article is further amended by striking Code Section 46-4-166, relating to selection of a
 20 regulated provider to serve low-income residential consumers and certain other firm natural
 21 gas consumers, and inserting in lieu thereof the following:

22 "46-4-166.

23 (a) ~~By July 1, 2002, the~~ The commission shall select a ~~regulated provider~~ at least two but
 24 no more than three regulated providers of natural gas to serve:

25 (1) Group 1, low-income residential consumers; and

26 (2) Group 2, firm natural gas consumers:

27 (A) Who have been unable to obtain or maintain natural gas commodity service; or

28 (B) Whose utility payment history was cited by ~~the~~ a regulated provider as reason for
 29 transfer from Group 1 to Group 2.

30 (b) The selection shall be made through a competitive request for proposal process.
 31 Certificated marketers shall be eligible to submit proposals. Selection criteria for the
 32 regulated ~~provider~~ providers shall include, but not be limited to, the following:

33 (1) Financial viability, as defined in Code Section 46-4-153;

34 (2) Technical expertise, as defined in Code Section 46-4-153;

35 (3) The amount of the proposed deposit requirements, proposed price structure, proposed
 36 customer charge, and cost recovery;

1 (4) The terms and conditions proposed for transfers of consumers from Group 1 to
2 Group 2 and from Group 2 to Group 1; and

3 (5) The terms and conditions proposed for termination of service for Group 1 consumers
4 and Group 2 consumers.

5 (c) If ~~no acceptable proposals~~ fewer than two acceptable proposals are filed with the
6 commission to become ~~the regulated provider~~ providers of natural gas, the commission
7 shall designate the electing distribution company or any other gas or electric utility holding
8 a certificate of public convenience and necessity from the commission if it consents to
9 serve as ~~the~~ a regulated provider of natural gas. A regulated provider who is not a
10 certificated marketer shall not be authorized to provide natural gas commodity service to
11 any consumer not included in subsection (a) of this Code section.

12 (d) ~~The~~ Each regulated provider selected by the commission shall establish two rates for
13 consumers served by ~~the~~ such regulated provider of natural gas, which rates shall be
14 approved by the commission as a part of the selection process for the regulated ~~provider~~
15 providers:

16 (1) The rate for a low-income residential consumer shall be based upon actual
17 commodity cost, a reasonable rate of return, and an equitable share of the cost of the
18 transportation and distribution system over which such consumer receives distribution.
19 Any low-income residential consumer may transfer to ~~the~~ a regulated provider without
20 being required to pay in full any debt to a marketer for previous service and without
21 termination in service due to failure to pay such a debt. ~~The~~ Each regulated provider
22 shall have access to the universal service fund to recover bad debt arising from service
23 to low-income residential consumers in accordance with rules and regulations
24 promulgated by the commission and designed to encourage efficient debt collection
25 practices by ~~the~~ each regulated provider. The electing distribution company shall waive
26 any customer charge for each low-income residential consumer whose age exceeds 65
27 years. A low-income residential consumer served by ~~the~~ a regulated provider at this rate
28 shall be subject to transfer to Group 2 for failure to pay distribution or commodity
29 charges under the terms and conditions specified in ~~the~~ a proposal and accepted by the
30 commission; and

31 (2) The rate for Group 2 consumers shall be set to incorporate risks associated with these
32 customers. ~~The~~ Each regulated provider shall be authorized to terminate service to a
33 Group 2 consumer for failure to pay for commodity or distribution service. ~~The~~ No
34 regulated provider shall ~~not~~ have access to the universal service fund to recover bad debt
35 arising from service to such consumers. A Group 2 consumer shall be eligible to transfer
36 to Group 1 if such a consumer is eligible by income for Group 1 and meets criteria
37 specified in ~~the~~ a proposal and accepted by the commission.

1 (e) The commission is authorized to promulgate rules and regulations to implement this
2 Code section.

3 (f) The commission shall annually review the performance of ~~the~~ each regulated provider.
4 The commission shall utilize the process set forth in subsections (a) and (b) of this Code
5 section to select a regulated ~~provider~~ providers of natural gas every two years. If the
6 commission determines, in its discretion, that such an action is in the public interest, the
7 commission may extend the service of a regulated provider for a third year, or may
8 terminate the service of a regulated provider after one year.

9 (g) The 2006 amendment of this Code section shall not be construed to abrogate or alter
10 the proposal accepted by the commission for a single regulated provider in accordance with
11 prior provisions of this Code section and set out as a consent order in Docket No.
12 20069-U, which proposal is in effect on the effective date of this Act, except to the extent
13 required by selection of one or two additional regulated providers in accordance with the
14 2006 amendment of this Code section."

15 **SECTION 4.**

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

18 **SECTION 5.**

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