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SENATE BILL NO. 1247

Offered January 9, 2013

A BILL to amend the Code of Virginia by adding a section numbered 56-235.10, relating to natural gas utilities; recovery of eligible safety activity costs.

Patron—Colgan

Referred to Committee on Commerce and Labor

Be it enacted by the General Assembly of Virginia:**1. That the Code of Virginia is amended by adding a section numbered 56-235.10 as follows:****§ 56-235.10. Recovery of eligible safety activity costs.****A. As used in this section:**

"Eligible safety activity costs" means a natural gas utility's operation and maintenance expenditures incurred on or after January 1, 2013, that (i) are related to (a) the development, implementation, or execution of a natural gas utility's integrity management program developed in conformance with 49 CFR Part 192, Subpart P, captioned "Gas Distribution Pipeline Integrity Management"; (b) programs or measures implemented to comply with regulations, directives, or advisories issued by federal or state regulatory bodies with jurisdiction over pipeline safety; and (c) other programs or measures implemented by a utility in consultation with the Commission's Division of Utility and Railroad Safety that are designed to promote pipeline safety; and (ii) are incremental to the level of the costs described in clause (i) that are included in the utility's base rates on December 31, 2012.

"Natural gas utility" means any investor-owned public service company engaged in the business of furnishing natural gas service to the public.

B. Notwithstanding any provisions of law to the contrary, when the requirements of this section have been satisfied, a natural gas utility shall be permitted to recover eligible safety activity costs in future rates as provided in this section. The natural gas utility shall maintain the burden of demonstrating that the requirements of this section have been satisfied.

C. A natural gas utility shall account for eligible safety activity costs to be deferred pursuant to this section as deferred costs, including carrying costs at the utility's most recently approved pre-tax return on the accumulated unrecovered balance of eligible safety activity costs, net of the associated deferred tax. Such deferral shall continue until new base rates and charges that incorporate such eligible safety activity costs, including an amortization of the deferred eligible safety activity costs, become effective for the natural gas utility, following a Commission order establishing or confirming customer rates in a rate case using the cost of service methodology set forth in § 56-235.2 or a performance-based regulation plan authorized by § 56-235.6. Such deferred costs shall be accounted for as a regulatory asset and shall not be subject to write-off or write-down by the Commission in an earnings test filing made pursuant to Commission rules governing utility rate increases and annual informational filings.

D. Deferral of eligible safety activity costs pursuant to this section shall have no effect on the recovery of any other cost by the natural gas utility and shall not be included in any computation relative to a performance-based regulation plan revenue-sharing mechanism.

E. This section shall be liberally construed to further the objective of enhancing pipeline safety in the Commonwealth.

INTRODUCED

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