

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2019

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SENATE BILL DRS45251-LM-77A

Short Title: Natural Gas Transportation Cost Recovery. (Public)

Sponsors: Senators deViere and Woodard (Primary Sponsors).

Referred to:

1 A BILL TO BE ENTITLED
2 AN ACT PROVIDING THAT THE UTILITIES COMMISSION SHALL NOT AUTHORIZE
3 COST RECOVERY FOR TRANSPORTING NATURAL GAS UNLESS THE NATURAL
4 GAS LOCAL DISTRIBUTION COMPANY PROVES THAT THE TRANSPORTATION
5 COST IS THE LOWEST COST AVAILABLE OPTION TO MEET THE NEEDS OF ITS
6 RETAIL CUSTOMERS.

7 The General Assembly of North Carolina enacts:

8 SECTION 1. G.S. 62-133.4 reads as rewritten:

9 "§ 62-133.4. Gas cost adjustment for natural gas local distribution ~~companies~~companies;
10 cost recovery for transporting natural gas.

11 ...
12 (c1) The Commission shall not authorize a rate change under G.S. 62-133 or this section
13 to allow for the recovery of the cost of transporting natural gas unless the natural gas local
14 distribution company can prove by a preponderance of evidence that, at the time the contract
15 giving rise to the transportation costs for which recovery is sought was executed, the company
16 had (i) identified and determined the date and amount of new fueling resource it needed; (ii)
17 objectively studied all available alternative fueling resource options, including options other than
18 new capacity contracts to meet the identified and determined need; and (iii) concluded on the
19 basis of the identifications, determinations, and studies that the pipeline capacity contracts were
20 the lowest-cost available option, taking into consideration fixed and variable costs and a
21 reasonable projection of utilization. In making its determination under this section, the
22 Commission shall consider the company's information and data for a historical 12-month period
23 concerning the company's actual cost of transporting natural gas and transportation volumes."

24 SECTION 2. This act is effective when it becomes law, and applies to rates fixed on
25 or after that date.

