

SENATE BILL 355

C5

7lr2067
CF 7lr2602

By: **Senators Serafini and Astle**

Introduced and read first time: January 25, 2017

Assigned to: Finance

A BILL ENTITLED

1 AN ACT concerning

2 **Gas Companies – Rate Regulation – Environmental Remediation Costs**

3 FOR the purpose of authorizing the Public Service Commission, when determining certain
4 expenses while setting a just and reasonable rate for a gas company, to include
5 certain costs incurred by the gas company for performing certain environmental
6 remediation of certain real property; authorizing that certain environmental
7 remediation costs be included in a gas company's certain expenses regardless of
8 certain circumstances; prohibiting inclusion of certain environmental remediation
9 costs in a gas company's certain expenses if a court of competent jurisdiction makes
10 a certain determination; requiring the Commission to balance certain interests when
11 setting a certain recovery schedule; requiring certain financial benefits accruing to
12 a gas company to be credited to certain customers under a certain circumstance and
13 in a certain manner; defining a certain term; and generally relating to natural gas
14 rate regulations and environmental remediation.

15 BY adding to

16 Article – Public Utilities

17 Section 4–211

18 Annotated Code of Maryland

19 (2010 Replacement Volume and 2016 Supplement)

20 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,
21 That the Laws of Maryland read as follows:

22 **Article – Public Utilities**

23 **4–211.**

24 **(A) (1) EXCEPT AS PROVIDED IN PARAGRAPH (3) OF THIS SUBSECTION,**
25 **WHEN DETERMINING NECESSARY AND PROPER EXPENSES WHILE SETTING A JUST**

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 AND REASONABLE RATE FOR A GAS COMPANY, THE COMMISSION MAY INCLUDE ALL
2 COSTS REASONABLY INCURRED BY THE GAS COMPANY FOR PERFORMING
3 ENVIRONMENTAL REMEDIATION OF REAL PROPERTY IN RESPONSE TO A STATE OR
4 FEDERAL LAW, REGULATION, OR ORDER IF:

5 (I) THE REMEDIATION RELATES TO THE CONTAMINATION OF
6 THE REAL PROPERTY; AND

7 (II) THE REAL PROPERTY IS OR WAS USED TO PROVIDE
8 MANUFACTURED OR NATURAL GAS SERVICE DIRECTLY OR INDIRECTLY TO THE GAS
9 COMPANY'S CUSTOMERS OR THE GAS COMPANY'S PREDECESSORS.

10 (2) ENVIRONMENTAL REMEDIATION COSTS INCURRED BY A GAS
11 COMPANY MAY BE INCLUDED IN THE GAS COMPANY'S NECESSARY AND PROPER
12 EXPENSES REGARDLESS OF WHETHER:

13 (I) THE REAL PROPERTY IS CURRENTLY USED AND USEFUL IN
14 PROVIDING GAS SERVICE; OR

15 (II) THE GAS COMPANY OWNS THE REAL PROPERTY WHEN THE
16 RATE IS SET.

17 (3) ENVIRONMENTAL REMEDIATION COSTS INCURRED BY A GAS
18 COMPANY MAY NOT BE INCLUDED IN THE GAS COMPANY'S NECESSARY AND PROPER
19 EXPENSES IF A COURT OF COMPETENT JURISDICTION DETERMINES THAT THE
20 PROXIMATE CAUSE OF THE ENVIRONMENTAL CONTAMINATION IS A RESULT OF THE
21 GAS COMPANY'S FAILURE TO COMPLY WITH A STATE OR FEDERAL LAW,
22 REGULATION, OR ORDER IN EFFECT WHEN THE CONTAMINATION OCCURRED.

23 (B) THE COMMISSION SHALL BALANCE THE INTERESTS OF A GAS COMPANY
24 WITH THOSE OF THE GAS COMPANY'S CUSTOMERS WHEN SETTING THE RECOVERY
25 SCHEDULE FOR THE ENVIRONMENTAL REMEDIATION COSTS INCURRED BY THE GAS
26 COMPANY.

27 (C) (1) IN THIS SUBSECTION, "FINANCIAL BENEFIT" INCLUDES ANY
28 MONETARY GAIN ON THE CONVEYANCE OF REAL PROPERTY, OR ANY PORTION OF
29 REAL PROPERTY THAT WAS SUBJECT TO ENVIRONMENTAL REMEDIATION, TO A
30 THIRD PARTY AND ANY OTHER FINANCIAL BENEFIT OF THE PROPERTY OR PORTION
31 OF THE PROPERTY THAT SUBSEQUENTLY INURES TO THE GAS COMPANY, INCLUDING
32 INCOME FROM RENTALS AND TAX CREDITS, DEDUCTIONS, OR OTHER FINANCIAL
33 BENEFITS, LESS ANY ENVIRONMENTAL REMEDIATION COSTS RELATING TO THE
34 PROPERTY THAT THE GAS COMPANY WAS NOT ALLOWED TO RECOVER FROM THE GAS
35 COMPANY'S CUSTOMERS.

1 **(2) IF A GAS COMPANY IS ALLOWED TO RECOVER ENVIRONMENTAL**
2 **REMEDATION COSTS UNDER THIS SECTION, ANY FINANCIAL BENEFIT ACCRUING TO**
3 **THE GAS COMPANY AS A RESULT OF THE REMEDIATION OF REAL PROPERTY SHALL**
4 **BE CREDITED TO THE GAS COMPANY'S CUSTOMERS IN A MANNER DETERMINED BY**
5 **THE COMMISSION.**

6 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
7 October 1, 2017.