

Chapter 388

**(Senate Bill 355)**

AN ACT concerning

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

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

BY adding to

Article – Public Utilities

Section 4–211

Annotated Code of Maryland

(2010 Replacement Volume and 2016 Supplement)

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

**Article – Public Utilities**

**4–211.**

**(A) (1) EXCEPT AS PROVIDED IN PARAGRAPH (3) OF THIS SUBSECTION, WHEN DETERMINING NECESSARY AND PROPER EXPENSES WHILE SETTING A JUST AND REASONABLE RATE FOR A GAS COMPANY, THE COMMISSION MAY INCLUDE ALL COSTS REASONABLY INCURRED BY THE GAS COMPANY FOR PERFORMING ENVIRONMENTAL REMEDIATION OF REAL PROPERTY IN RESPONSE TO A STATE OR FEDERAL LAW, REGULATION, OR ORDER IF:**

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

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

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

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

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

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

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

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

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

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

**Approved by the Governor, May 4, 2017.**