



Senate

General Assembly

File No. 289

February Session, 2018

Substitute Senate Bill No. 346

Senate, April 5, 2018

The Committee on Environment reported through SEN. KENNEDY of the 12th Dist. and SEN. MINER of the 30th Dist., Chairpersons of the Committee on the part of the Senate, that the substitute bill ought to pass.

AN ACT CONCERNING THE THRESHOLD FOR INVESTIGATING THE LOST AND UNACCOUNTED FOR GAS OF A GAS COMPANY.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 16-34a of the general statutes is repealed and the
2 following is substituted in lieu thereof (*Effective October 1, 2018*):

3 (a) Not later than July 1, 2015, and annually thereafter, the Public
4 Utilities Regulatory Authority shall submit a report, in accordance
5 with the provisions of section 11-4a, to the joint standing committee of
6 the General Assembly having cognizance of matters relating to energy.
7 Such report shall include (1) a description of the reasons for each gas
8 company's percentage of lost and unaccounted for gas, (2)
9 recommendations for each gas company's gas leak reduction strategy,
10 (3) a description of each gas company's current gas leak monitoring
11 system program, and (4) the number of leaks and causes of such leaks
12 throughout the entire gas distribution system in the state and any
13 other information the authority determines to be relevant.

14 (b) The authority shall initiate a docket to investigate the lost and
 15 unaccounted for gas of a gas company if the percentage of lost and
 16 unaccounted for gas of such gas company in any calendar year exceeds
 17 a total of [three] one per cent. In such docket, a gas company shall
 18 report (1) leak detection and monitoring procedures, (2) emissions
 19 reduction strategies in addition to leak repair, and (3) any additional
 20 requirements the authority determines to be relevant. In such docket,
 21 the authority shall establish a cost mechanism to comply with long-
 22 term emissions reductions required by section 22a-200a and to
 23 incentivize a gas company to (A) reduce lost and unaccounted for gas,
 24 including the number of leaks throughout the entire gas distribution
 25 system in the state, (B) replace aging infrastructure, and (C) comply
 26 with any additional requirements the authority determines to be
 27 relevant. Such cost mechanism may be incorporated in the purchased
 28 gas adjustment clause pursuant to section 16-19b.

This act shall take effect as follows and shall amend the following sections:		
Section 1	October 1, 2018	16-34a

ENV Joint Favorable Subst.

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 19 \$	FY 20 \$
Various State Agencies	Various - Cost	Potential	Potential

Note: Various=Various

Municipal Impact:

Municipalities	Effect	FY 19 \$	FY 20 \$
Various Municipalities	Cost	Potential	Potential

Explanation

The bill reduces, from 3% to 1%, the threshold amount of lost and unaccounted gas (LUAf) over which the Public Utilities Regulatory Authority (PURA) must begin a natural gas docket.¹ It also requires that a docket establish a gas rate reconciling cost mechanism.

Since the bill allows altered cost mechanisms to be used for changes in the cost of purchased gas, rates for natural gas are anticipated to increase.² This, in turn, is expected to result in an increase in natural gas rates paid by the state and municipalities as ratepayers.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to natural gas rates.

¹ LUAf gas is the difference between the amount of gas that enters a gas company's distribution system and the amount actually delivered to the company's customers or used for other purposes that the company knows about.

² Cost mechanisms adjust rates, between general rate cases, to account for changes of purchased gas.

OLR Bill Analysis**sSB 346*****AN ACT CONCERNING THE THRESHOLD FOR INVESTIGATING THE LOST AND UNACCOUNTED FOR GAS OF A GAS COMPANY.*****SUMMARY**

This bill reduces, from 3% to 1% during a calendar year, the threshold amount of lost and unaccounted for (LUAF) gas over which the Public Utilities Regulatory Authority (PURA) must investigate a gas company (i.e., a docket).

During the PURA investigation, existing law requires the gas company to report its (1) leak detection and monitoring procedures, (2) emissions reduction strategies in addition to leak repair, and (3) any other requirements PURA deems relevant. Additionally, PURA must establish a cost mechanism to comply with required greenhouse gas reductions and encourage the company to reduce its LUAF gas.

EFFECTIVE DATE: October 1, 2018

BACKGROUND***Greenhouse Gas Reductions***

By law, the state must reduce the level of greenhouse gas emissions to at least 10% below their 1990 levels by 2020, and 80% below their 2001 levels by 2050, as determined by the Department of Energy and Environmental Protection (CGS § 22a-200a).

LUAF Gas

In general, LUAF gas is the difference between the amount of gas that enters a gas company's distribution system and the amount actually delivered to the company's customers or used for other purposes that the company knows about.

COMMITTEE ACTION

Environment Committee

Joint Favorable Substitute

Yea 28 Nay 2 (03/22/2018)