

HOUSE BILL 571

C5

6lr2620

By: **Delegates Barkley and W. Miller**

Introduced and read first time: February 3, 2016

Assigned to: Economic Matters

Committee Report: Favorable with amendments

House action: Adopted

Read second time: March 20, 2016

CHAPTER _____

1 AN ACT concerning

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

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

13 BY adding to

14 Article – Public Utilities

15 Section 4–211

16 Annotated Code of Maryland

17 (2010 Replacement Volume and 2015 Supplement)

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

20 **Article – Public Utilities**

21 **4–211.**

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



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

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

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

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

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

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

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

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

29 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
30 October 1, 2016.