

SECOND REGULAR SESSION
SENATE COMMITTEE SUBSTITUTE FOR

SENATE BILL NO. 900

91ST GENERAL ASSEMBLY

Reported from the Committee on Commerce and Environment, February 25, 2002, with recommendation that the Senate Committee Substitute do pass.

3470S.07C

TERRY L. SPIELER, Secretary.

AN ACT

To amend chapter 393, RSMo, by adding thereto one new section relating to aggregate purchase of natural gas by school districts, with an emergency clause.

Be it enacted by the General Assembly of the State of Missouri, as follows:

Section A. Chapter 393, RSMo, is amended by adding thereto one new section, to be known as section 393.310, to read as follows:

393.310. 1. This section shall only apply to gas corporations as defined in section 386.020, RSMo. This section shall not affect any existing laws and shall only apply to the program established pursuant to this section.

2. As used in this section, the following terms mean:

(1) "Aggregate", the combination of natural gas requirements of school districts on a Missouri gas corporation's delivery system and by interstate pipelines for the purpose of jointly purchasing natural gas supply and delivery services;

(2) "Commission", the Missouri public service commission;

(3) "Delivery system", the natural gas distribution and transmission lines which are owned by a Missouri gas corporation and charges for use of them are regulated by the commission;

(4) "Earnings neutrality", setting the aggregation charge so that the revenues generated by the aggregation charge equal, as nearly as possible, the incremental costs caused by the experimental aggregation program;

(5) "Energy seller", the entity that uses the delivery system of a gas corporation for delivery of natural gas supply from an interstate pipeline to the gas corporation's meter for use by a school or school district;

(6) "Interstate pipeline", a natural gas pipeline which delivers natural gas supply from outside the state to a Missouri gas corporation's system and which is price regulated by the Federal Energy Regulatory Commission;

(7) "Intrastate pipeline", a natural gas pipeline which delivers natural gas supply from inside the state to a Missouri gas corporation's system and which is price regulated by the commission;

(8) "School district", any school district with a school for elementary or secondary education, open and public, which is supported and maintained from public funds and which is operated by a board of education for that school district, and shall include, one year after the effective date of this section, any school or school district for elementary or secondary education situated in this state, whether a charter, private, or parochial school or school district.

3. Each Missouri gas corporation shall file, by August 1, 2002, a set of experimental small volume transportation schedules or tariffs applicable the first year to public school districts and applicable to all school districts, whether charter, private, public, or parochial the second and third years.

4. The schedules or tariffs required pursuant to subsection 2 of this section shall, at a minimum:

(1) Provide for aggregate purchasing of natural gas requirements for school districts by and through a not-for-profit school association, as the principal contracting party, and require energy sellers to register with the commission pursuant to subsection 8 of this section and to transfer title to the gas corporation of any natural gas for aggregate purchase;

(2) Establish small volume natural gas delivery charges which are equal to commission-approved gas corporation charges for general utility natural gas service, less the gas corporation's cost of purchased natural gas supply and interstate pipeline charges, plus an aggregation charge not to exceed four-tenths of one cent per therm delivered;

(3) Provide school districts with the option of contracting with their gas corporation for seasonal interstate pipeline capacity equal to each school district's aggregate seasonal requirements. School districts shall pay market prices to the distributor for use of contracted interstate pipeline capacity;

(4) Not require telemetry or special metering, except for purposes of daily balancing on the distributor or pipeline system;

(5) Require each gas corporation to provide to each school district or its designated agent, at least five weekdays prior to the beginning of each month, daily usage projections for each school facility and in aggregate by delivery point, based

on weather forecasts and historical monthly usage, and provide intra-month daily projections on a day-ahead basis to reflect significant changes in weather forecasts; and

(6) Impose penalties if and only if the projected daily quantities of natural gas, as forecasted by the gas corporation, are not delivered to the distributor's delivery system. Such penalties shall not exceed the penalties approved by the commission in the gas corporation's large volume transportation tariffs.

5. The commission may suspend the schedules or tariffs as required pursuant to subsection 2 of this section for a period ending no later than November 1, 2002, to examine the assumptions and estimates used and to review and ensure compliance with the requirements of this section.

6. Prior to September 1, 2003, and prior to September first of each succeeding year, the not-for-profit school association which administers experimental aggregate natural gas purchasing shall report to the commission the number of participating schools and districts, usage and gas cost savings of each district, and direct costs incurred by each Missouri gas corporation in implementing the experimental program. Within ninety days after the receipt of such report, the commission shall report to the president pro tempore of the senate and speaker of the house of representatives on the progress and public benefit of the experimental small volume natural gas aggregation provided in this section. The report shall contain such information as the commission determines is necessary to allow the general assembly to determine whether the program shall be extended in duration and applicability.

7. Prior to June 1, 2003, and prior to June first of each succeeding year, each gas corporation shall file with the commission the gas corporation's revenues from the aggregation administrative charge and its costs which are a direct result of implementing experimental small volume transportation for school districts. As needed from time to time, and notwithstanding the general prohibition on single-issue ratemaking, the commission shall determine the aggregation charge to maintain earnings neutrality for the gas corporation.

8. (1) Any energy seller that will be transferring natural gas to a gas corporation pursuant to the tariff described in this section shall first register with the commission by filing a written statement of its intent to provide such natural gas and must maintain such registration in order to continue providing natural gas to the gas corporation pursuant to such tariff.

(2) An energy seller registering with the commission shall provide the following information and update such information when and as requested by the commission:

(a) Corporate name, address, and most recent annual report;

(b) Name and address of any affiliate of the applicant that is engaged in the provision of natural gas;

(c) A bond or other demonstration of financial capability to satisfy potential claims or expenses that can reasonably be anticipated to occur as part of the applicant's operations under its certificate, including a failure to honor contractual commitments. The adequacy of the bond or demonstration shall be determined by the commission from time to time;

(d) A description of the applicant's technical, financial, and managerial resources and abilities to comply with all applicable federal, state, regional, and industry statutes, rules, policies, practices, and procedures for the provision of natural gas; and

(e) Evidence that the applicant has an office in this state and an agent for service of process.

9. The commission may adopt by order such other procedures not inconsistent with this section which the commission determines are reasonable or necessary to administer the experimental program. No rule or portion of a rule promulgated pursuant to the authority of this section shall become effective unless it has been promulgated pursuant to chapter 536, RSMo.

10. This section shall terminate June 30, 2005.

Section B. Because immediate action is necessary to make this program available to schools for the 2002-2003 heating season, section A of this act is deemed necessary for the immediate preservation of the public health, welfare, peace, and safety, and is hereby declared to be an emergency act within the meaning of the constitution, and section A of this act shall be in full force and effect upon its passage and approval.

T

Copy