

Senate Study Bill 2076

Bill Text

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1 1 Section 1. Section [476.6](#), subsections 15 and 16, Code
1 2 1997, are amended to read as follows:
1 3 15. NATURAL GAS SUPPLY AND COST REVIEW. The board shall
1 4 periodically

~~, but not less than annually,~~
- conduct a proceeding
1 5 for the purpose of evaluating the reasonableness and prudence
1 6 of a rate-regulated public utility's natural gas procurement
1 7 and contracting practices. The natural gas supply and cost
1 8 review shall be conducted as a contested case pursuant to
1 9 chapter 17A.
1 10 Under procedures established by the board, each rate-
1 11 regulated public utility furnishing gas shall periodically
1 12 file a complete natural gas procurement plan describing the
1 13 expected sources and volumes of its gas supply and changes in
1 14 the cost of gas anticipated over a future twelve-month period
1 15 specified by the board.

~~The plan shall describe all major~~
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~~contracts and gas supply arrangements entered into by the~~
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~~utility for obtaining gas during the specified twelve month~~
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~~period. The description of the major contracts and~~
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~~arrangements shall include the price of gas, the duration of~~
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~~the contract or arrangement, and an explanation or description~~
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~~of any other term or provision as required by the board. The~~
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~~plan shall also include the utility's evaluation of the~~
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~~reasonableness and prudence of its decisions to obtain gas in~~
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~~the manner described in the plan, an explanation of the legal~~

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~~and regulatory actions taken by the utility to minimize the~~

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~~cost of gas purchased by the utility, and such other~~

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~~information as the board may require.~~

~~The utilities shall~~

1 28 file information as the board deems appropriate.

1 29 During the natural gas supply and cost review, the board

1 30 shall evaluate the reasonableness and prudence of the gas

1 31 procurement plan.

~~In evaluating the gas procurement plan, the~~

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~~board shall consider the volume, cost, and reliability of the~~

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~~major alternative gas supplies available to the utility; the~~

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~~cost of alternative fuels available to the utility's~~

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~~customers; the availability of gas in storage; the appropriate~~

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~~legal and regulatory actions which the utility could take to~~

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~~minimize the cost of purchased gas; the gas procurement~~

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~~practices of the utility; and other relevant factors.~~

~~If a~~

2 4 utility is not taking all reasonable actions to minimize its
2 5 purchase gas costs, consistent with assuring an adequate long-
2 6 term supply of natural gas, the board shall not allow the
2 7 utility to recover from its customers purchase gas costs in
2 8 excess of those costs that would be incurred under reasonable
2 9 and prudent policies and practices.
2 10 16.

~~ANNUAL ELECTRIC~~

~~ELECTRIC ENERGY SUPPLY AND COST~~

2 11 REVIEW. The board shall periodically conduct

~~an annual~~

~~a~~

2 12 proceeding for the purpose of evaluating the reasonableness
2 13 and prudence of a rate-regulated public utility's procurement
2 14 and contracting practices related to the acquisition of fuel
2 15 for use in generating electricity. The evaluation may review
2 16 the reasonableness and prudence of actions taken by a rate-

2 17 regulated public utility to comply with the federal Clean Air
2 18 Act Amendments of 1990, Pub. L. No. 101-549. The proceeding
2 19 shall be conducted as a contested case pursuant to chapter
2 20 17A. Under procedures established by the board, the utility
2 21 shall file information as the board deems appropriate. If a
2 22 utility is not taking all reasonable actions to minimize its
2 23 fuel and allowance transaction costs, the board shall not
2 24 allow the utility to recover from its customers fuel and
2 25 allowance transaction costs in excess of those costs that
2 26 would be or would have been incurred under reasonable and
2 27 prudent policies and practices.

2 28 EXPLANATION

2 29 This bill amends provisions relating to the natural gas
2 30 supply and cost review, and the electric energy supply and
2 31 cost review of rate-regulated public utilities. The bill
2 32 strikes the requirement that a natural gas supply and cost
2 33 review be conducted at least annually. The bill also strikes
2 34 language requiring a gas public utility to include a
2 35 description of all major contracts and gas supply arrangements
3 1 entered into by the utility for obtaining gas during a 12-
3 2 month period as specified by the board in its natural gas
3 3 procurement plan. The bill strikes certain specific items the
3 4 board is to consider in evaluating the gas procurement plan
3 5 including the volume, cost, and reliability of the major
3 6 alternative gas supplies available to the utility; the cost of
3 7 alternative fuels available to the utility's customers; the
3 8 availability of gas in storage; the appropriate legal and
3 9 regulatory actions which the utility could take to minimize
3 10 the cost of purchased gas; the gas procurement practices of
3 11 the utility; and other relevant factors. The bill provides
3 12 that utilities shall file information as the board deems
3 13 appropriate regarding the evaluation of the gas procurement
3 14 plan.

3 15 The bill also provides that the utilities board is to
3 16 periodically, rather than annually, conduct a proceeding for
3 17 the purpose of evaluating the reasonableness and prudence of a
3 18 rate-regulated public utility's procurement and contracting
3 19 practices related to the acquisition of fuel for use in
3 20 generating electricity.

3 21 LSB 3265DP 77

3 22 mj/sc/14.1