American Gas Association

5/19/2017

State Infrastructure Expansion Activity

<table>
<tr><th>State</th><th>Activity</th><th>Relevant Documents</th></tr>
<tr><td>Alaska</td><td>On February 5, 2015, the board of the Alaska Industrial Development and Export Authority approved a loan to Interior Alaska Natural Gas Utility for $29.7 million which was targeted to advance natural gas distribution system development in Fairbanks and North Pole. The Sustainable Energy Transmission and Supply Development Fund loan, part of the Interior Energy Project, allows the Interior Alaska Natural Gas Utility, or IGU, to move forward with phases 1, 2, 3, of its six-year plan to build out its certificated service area. IGU expects to put approximately 73 miles of pipe in the ground to more than 140 multi-family/commercial structures and more than 2,100 residential services.
Avista, which owns the Alaska Electric Light and Power Company, is seeking approval to move forward with a $130 million project to bring natural gas to Juneau. The company has requested low-interest financing in the form of a $58 million loan from the Alaska Industrial and Export Authority (AIDEA). AIDEA is a state-owned public corporation that provides various means of financing to promote economic growth and diversity. In order for AIDEA to grant a loan, an aspiring loanee must prove that its plan is economically viable and AIDEA must have legislative approval to make the loan. Should the loan be granted, the remaining $72 million in project costs would come from an equity investment from Avista.</td><td></td></tr>
<tr><td>Arkansas</td><td>SourceGas offers extensions at no cost to the customer of 100 feet or less from its existing main. For main extensions exceeding 100 feet, the company offers a Main Extension Surcharge ("MES"). Once a customer elects to receive the MES, a monthly charge is applied to the premises at which the customer will receive gas service in order that the customer at that premises repay the cost of the extension, The amount of the MES available and the corresponding monthly payment are as follows:
Up to $2,066 for Customers selecting a $20 per month MES,
Up to $3,102 for Customers selecting a $30 per month MES,
Up to $4,136 for Customers selecting a $40 per month MES,
Up to $5,169 for Customers selecting a $50 per month MES
In order to qualify for the MES:
The total cost of the extension must exceed the cost of 100 feet of extension per customer;
The homes or structures to receive gas service</td><td>Docket No. 13-079-U

SB 994 (Withdrawn)</td></tr>
</table>

	must have primary gas heat and gas water heating or have gas appliance(s) with comparable annual load; • The customer must pay any costs (including Installation) in excess of those that are economically feasible, less the amount to be paid through the MES, before construction begins; and, • The customer requesting the MES must be the property owner at the address of the premises for which the service is requested. • On March 16, 2015, the Arkansas Senate introduced SB 994, which would allow a gas utility to petition the commission for a certificate of extension project. By its petition, the gas utility requests commission authorization to commence an extension project, to expend funds on the project and to concurrently seek commission approval of changes in rates and surcharges sufficient to recover, at the time the plant goes into service, the excess expenditures arising out of the certificated extension projects. A petition for a certificate shall provide information about the proposed extension project including, without limitation, the following: ○ An estimate of the cost of the extension project broken down into at least labor, materials, and overhead; ○ A schedule of estimated completion dates; ○ A brief description of the physical nature of the facilities, including pipe diameter and length of the extension in feet or miles; ○ Estimated sales volumes, estimated number and types of customers, growth rates, and expected revenues; and ○ A calculation showing the amount of excess expenditures the gas utility expects to incur; and ○ An estimate of surcharge rates for each class of customer consistent with the most recent determination by the commission in its order addressing the gas utility's most recent application for a general change or modification in its rates and charges. • This bill was withdrawn on March 25, 2015.	
Colorado	• The Colorado Public Utilities Commission approved the Extra Construction Allowance in August 2008, with an effective date of September 1, 2008 in SourceGas Distribution's rate case in Docket No. 08S-108G. Since the time of its adoption, the Extra Construction Allowance has helped new customers bear the cost of main extensions and service line installations made on their behalf. Expanded in 2013, the current Extra Construction Allowance works by advancing to participants up to $4,805 of costs over the amount that is provided to eligible customers through the Company's Regular Construction Allowance and Additional Regular Construction Allowance and spreading the repayment obligation associated with that advance for up to 15 years through a $50 per month payment added to their natural gas bill. SourceGas is also able to offer on bill financing of gas appliances.	Docket No. 08S-108G (Source Gas) Docket No. 15AL-0135G

Connecticut	• Governor Malloy's Comprehensive Energy Plan called for regulatory changes to enable potential gas customers to have their connections financed by the state's utilities and repaid through added revenues of new customers. The plan also provided for the establishment of incentives for utilities to ramp up required infrastructure quickly. • The Governor submitted two pieces of enabling legislation which aided in the implementation of these policies which passed the legislature in late May 2013. • In response to that legislation, Connecticut Natural Gas, Southern Connecticut Natural Gas and Yankee Gas filed a joint proposal with the Connecticut PURA outlining a new rate plan to finance the tens of millions of dollars they have proposed to spend to connect 280,000 customers to natural gas pipelines over the course of the next 10 years. Under the proposal, new rates would spread the costs of hookups over 25 years, eliminate a required contribution toward construction for customers connected to gas pipelines that are 150ft or closer to gas mains and make other rate changes to encourage a large-scale switch to natural gas. • In addition, Spectra Energy is pursuing plans to upgrade and expand its system in the state. At this point Spectra's plan includes replacing 33 miles of older transmission lines with newer pipe in various segments along the Algonquin transmission line. That upgrade will allow the pipeline to handle greater volumes of natural gas. In addition, the company plans to add 19 miles of new pipeline to the spurs that go into various parts of eastern Connecticut. • On November 22, 2013, PURA issued final approval of the states' utilities' natural gas expansion plan. The final decision contains several key differences from the November 6 draft including: ○ Simplification of the new rate and cost recovery mechanisms associated with expansion; Effective January 1, 2014, all new customers who live near existing mains, but do not currently use gas, will pay a 10 percent premium over existing distribution rates for a 10-year period. Customers who live in areas without mains will pay a 30 percent premium on distribution rates (the draft had included other, higher premiums); Premiums will cease after 10 years and are to be paid only on the distribution portion of rates which account for 40-60% of a customer's bill ○ Requires utilities to get firm commitments from 60 percent of the customers it needs to make the expansion into any given neighborhood economically viable ○ Requires utilities to develop a conversion cost calculator to help consumers get "ready access to the tools necessary to decide whether gas conversion is the best solution to their individual needs" ○ Standards that would trigger a re-evaluation of its approval of the expansion plan including substantial failure to meet customer conversion forecasts, an increase in residential gas rates of 5 percent in any given year or 15 percent over the 10 year period, as well as spikes in price of gas	2013 Comprehensive Energy Strategy for Connecticut Governor's Bill No. 6360 (Enrolled as Public Act 13-298 on 06/21/2013) Governor's Bill No. 843 (Enrolled as Public Act 13-298 on 06/21/2013) CT Utilities Joint Proposal (Connecticut Natural Gas, Southern Connecticut Gas, Yankee Gas) PURA Decision on LDC Expansion Proposal Docket No13-06-08 January 2015 PURA Order Raised Bill No. 1074 (failed)

compared to delivered heating oil

- In a January 22, 2014 Order, the Public Utilities Regulatory Authority (PURA) directed the Connecticut Natural Gas Corporation to track and report its actual revenue requirement and revenues for the gas pipeline expansion activities through a System Expansion Reconciliation Mechanism.

- In January 2015, Yankee Gas reported that it had surpassed its 2014 goals for expanding natural gas service to more Connecticut customer. The company added more than 5,500 customers via conversions from other types of fuel to natural gas, which is 300 more conversions than it originally had projected for last year. In the process, Yankee Gas added about 20 miles to its distribution network.

- In January 2015, the PURA issued an order approving a settlement which clarified the following issues related to expansion:

    - Clarification on the definition of “portfolio view” projects:
        - An acceptable portfolio view of customers allowed in a single hurdle rate analysis would be those new Off-Main Customers (i) on a continuous new main; (ii) on new main(s) within a radius of up to two miles, the center point of which is defined at the start of construction; or (iii) a project serving a single customer with multiple locations

    - The 20% estimation accuracy threshold applicable to portfolio projects (Accuracy Threshold)
        - For negative variances:
        - To the extent that a negative Project Cost Variances in excess of 20% is identified for a project, the Companies shall earmark Project Non-Firm Margin Credits (NFM) to offset such variance. If Project NFM is unavailable to cover the full variance amount, the Companies shall prioritize subsequent allocations of Project NFM to cover the amount of any such residual variance.

        - For positive variances: Where there is a negative PAV Percentage less than 20%o, such Variance shall be passed through the System Expansion Reconciliation mechanism (SER).

    - The 60% pre-construction commitment threshold applicable to portfolio projects (Commitment Threshold)
        - For small projects, the companies must obtain customer commitments for 60% of the estimated Breakeven Revenues prior to commencement of construction. For large projects, the companies will not be required to obtain customer commitments for 60% of the estimated Breakeven Revenues prior to commencement of

	construction. However, the companies shall obtain contractual commitments from all anchor customers participating in the project prior to the commencement of construction. ○ The allocation of Non-Firm Margin Credits (NFM). ▪ Companies will calculate their respective share of Project NFM by taking the simple average of: ▪ Each company's respective percentage of total firm PGA revenues for the 12 months ending December of the previous year; and ▪ The respective percentage of total capacity cost as listed on the December PGA filing of same year. The percentages derived from this calculation will be used to determine the amount of Project NFM available to each LDC in each year of the Plan • In March 2015, the Connecticut Joint Committee on Energy and Technology took up Raised Bill No. 1074. This measure would authorize municipalities to grant tax abatements to natural gas local distribution companies and pipeline companies to reduce the cost of, and enable natural gas expansion projects to the municipalities' residents and businesses alike. This bill died on March 26, 2015.	
Delaware	• Gas service expansion was included as part of the Governor's recommended state energy strategy in 2009. • In June 2012, Chesapeake Utilities proposed a hybrid cost recovery mechanism for line extensions before the Delaware PSC; the proposal also includes the utility providing services that facilitate customer conversion to natural gas and offers loans and other financial contributions over a number of years. • On November 5, 2013, the DE PSC approved a revised version of Chesapeake's expansion proposal (originally submitted in June 2012). Originally, Chesapeake proposed a hybrid cost-recovery mechanism to finance line extensions. The mechanism contained two components: an infrastructure expansion service (IES) rate, which was to recover costs only from new customers, and a distribution expansion service (DES) rate, which was to recover certain costs from all ratepayers. As part of the settlement agreement that the DE PSC approved on 11/5, Chesapeake agreed to drop its request for the DES and received approval only for the IES—applicable to customers within proposed expansion areas and to remain in place for a period of time to ensure the appropriate level of rate and cost recovery related to distribution infrastructure in those defined expansion areas. The approved settlement agreement also modifies the company's line extension policy to apply the internal rate of return method (IRRM) for evaluating the economics of new line extensions. • Delmarva Gas proposed to change its tariff for residential extensions in existing subdivisions to, among other things, provide a 100 foot main extension per requesting customer at no charge. After the first 100 feet, the contribution from a	Delaware Energy Plan 2009-2014 (To be updated every 5 years) PSC Docket No. 12-292 (November 5, 2013)

	new customer would be $40.23 per foot. This tariff change would have also applied to non-residential extensions. As part of the settlement, the parties to this docket have agreed to convene a working group in an attempt to reach a consensus on an appropriate tariff modification. Additionally, per the settlement agreement, the parties agreed on or before December 16, 2013 they will submit to the Commission for consideration either: (1) mutually-acceptable service extension language for inclusion in the gas tariff; or (2) any objections or modifications to Delmarva's proposed tariff language. These changes were approved on February 6, 2014.	
Florida	• Florida City Gas offers an Area Expansion Program (AEP) that allows the company to recover costs in excess of allowable investment over a 10 year period from customers served along the new route. Costs are borne by all customers served in the defined area. Rates can be adjusted after two years based on customer count and usage. Customers pay normal tariff charges for gas service in addition to the AEP charge.	
Georgia	• In October of 2009, the Georgia PSC approved the Strategic Infrastructure Development and Enhancement (STRIDE) Program for AGL Resources, Inc. • STRIDE provides for a rider on customer bills that allows AGL to recover costs associated with traditional infrastructure replacement, as well as infrastructure expansion relating to customer growth and economic development. • On December 12, 2013 AGL received unanimous approval from the Georgia PSC for the second phase of its STRIDE program. In its decision, the Georgia PSC noted that the decision was reached as part of its essential role in promoting economic development in the state. Under the terms of the agreement, AGL will install new pipelines and other facilities to improve capacity and pressure in several counties within its Georgia footprint. As well, the company received approval for $46 million for expansion of its load growth program to expand its distribution system into unserved and underserved areas within the state. During the first phase of STRIDE, AGL reported that its extension expenditures reached approximately $45 million. As a result of Phase 2 of the program, customers will see an additional 48 cents per month on their bills beginning in January 2015. That increase will be followed by a 48 cent increase in 2016 and a 47 cent increase in 2017.	Docket Nos. 8516 & 29950 Approving Georgia STRIDE Program
Idaho	• Idaho established the Idaho Energy Plan when it was formally adopted by the state legislature in March 2012. The plan includes the following key principle and recommended action relating to natural gas: ○ *It is Idaho policy to support responsible exploration and production of natural gas supplies and the expansion of the transmission, storage and distribution infrastructure.* • On July 29, 2015, The Northwest Power & Natural Gas Planning Taskforce released a whitepaper entitled Northwest Gas Infrastructure – Looking Forward. • The whitepaper concluded that large new gas users could have more control over future infrastructure expansions than	Idaho Energy Plan (2012) The Northwest Gas Landscape – Looking Forward

	existing users, including utilities. Utilities may have to adapt their preferred gas supply and infrastructure strategies based on the location and timing of infrastructure projects chosen by large new gas users. • The whitepaper also concluded that utilities need reliable pipeline transportation from a robust gas supply. As new users enter the region, and existing users change their gas consumption patterns, what is considered to be a robust supply may change. This could cause utilities to change their preferred gas supply portfolio and/or transportation product (firm or non-firm) needed to ensure reliable delivery of gas to the point of consumption. • The Taskforce is a joint effort of the Northwest Gas Association and PNUCC. The Taskforce's members largely consist of natural gas utilities, pipelines, electric utilities that consume gas to generate power and industrial user representatives.	
Illinois	• In June of 2015, Ameren began a project to convert residents in the Village of Grantfork, Illinois from propane fuel to natural gas. The project takes advantage of a revised main extension tariff developed by the company and approved by the Illinois Commerce Commission in December 2014 that makes it more affordable for propane and other fuel source customers to gain access to natural gas service. • On March 23, 2015, Nicor Gas filed an application with the Illinois Commerce Commission for a Designated Extension Service Area Rider (Rider DESA). The goal of Rider DESA is to provide customers with an alternative mechanism to recover the required payment (defined as Required Contribution) to extend gas facilities for the purpose of initiating natural gas service to areas that are established as a DESA. More specifically, Rider DESA provides two payment options not currently provided for in the Company's Terms and Conditions. First, Rider DESA allows the Company to collect the Required Contribution from all eligible customers that connect to the extension during the ten year Connection Period, rather than upfront (before facilities are constructed) from the early adopters. Second, Rider DESA allows qualifying Rate 1 residential customers to elect to pay the DESA Connection Charge over time as they realize the savings from converting to natural gas. This payment option is referred to as the Customer Payment Option ("CPO") in the rider. This matter is presently pending.	Docket No. 15-0218 (Nicor Gas)
Indiana	• In 2013, the Indiana General Assembly passed a bill that allowed gas utilities to apply for a cost recovery tracker for infrastructure upgrades and extensions; under the legislation, utilities may propose a 7 year infrastructure plan to the IURC, and, if considered reasonable, the utility may recover its investment in a timely manner through a tracker on the customer's bill. • NIPSCO filed a 7 year plan with the IURC on 10/3/2013. A portion of NIPSCO's plan will be dedicated to investments in extending natural gas service to rural areas. Ind. Code § 8-1-39-2 provides that eligible improvements include, among	Indiana SB 560 (Became Public Law No. 133-2013 on 5/1/2013) Cause Number 44403 (NIPSCO) Cause number 44429 (Vectren)

	other things, projects that a public utility undertakes for purposes of economic development, including the extension of gas service to rural areas, and that were either: (1) designated in the public utility's approved 7-year plan, or (2) approved as a targeted economic development project under Ind. Code § 8-1-39-11. NIPSCO did not request approval of any specific targeted economic development project, but instead proposed to include in its plan approximately $99 million for the extension of natural gas lines into currently unserved rural areas. (Any project that includes both rural and non-rural applicants will be considered a targeted economic development project. Rural areas were defined as 1) a territory within the state of Indiana that is outside the corporate limits of a municipality, or 2) any incorporated community of less than 2,000 as of the 2010 census. This plan was approved on April 30, 2014. • Vectren Corporation filed a 7 year plan with the IURC on 11/26/2013. A portion of the planned infrastructure investments include expanding gas delivery infrastructure to rural areas to promote economic and/or rural development and energy affordability. The Commission held that rural extensions shall be limited those areas within Vectren's service territories that are unincorporated. To the extent that Vectren believes a particular extension project to an area that includes an incorporated town should be considered a rural extension project because it could not otherwise receive natural gas service, then Vectren may propose such project for consideration in its annual update to its TDSIC Plans. In addition, consistent with prior decisions, the Commission further found that the approximate $14.2 million allocated for rural extensions is limited to the use of rural extensions identified in the TDSIC Plans and shall not be used to fund project cost increases or other improvement projects. The Plan included expanding gas infrastructure to rural areas served by propane and supporting economic development growth along the new I-69 corridor. The IURC approved this plan on August 27, 2014.	
Iowa	• In December 2016, Iowa unveiled the Iowa Energy Plan, a document outlining the state's priorities and providing strategic guidance for Iowa's energy future. The report provides a total of 45 recommendations to be implemented within the next decade. • One objective of the plan is to encourage the prudent maintenance and development of energy delivery infrastructure. Under that objective, the plan provides for the establishment of a natural gas infrastructure expansion implementation group. The state acknowledges that there are areas, particularly in the northwest and central part, where there is limited access to distribution infrastructure. In areas that are constrained, it is difficult to attract new commercial and industrial businesses or for existing businesses to expand their operations. The plan recommends that the Iowa Energy Development Authority (IEDA), in partnership with utilities and local economic development entities, should establish an implementation group to explore ideas to further build out of natural gas delivery infrastructure in Iowa in rural areas. The plan suggests that, as a first step, the group should facilitate a mapping exercise of areas that have limited natural gas infrastructure and, as a result, have had economic development activities hindered.	

Kansas	• On May 13, 2014, Commission Staff (Staff) filed a Report and Recommendation (R&R) urging the Commission to initiate a General Investigation regarding the development of distribution infrastructure for natural gas in rural Kansas. In the R&R, Staff recommended a general investigation that explores the rights, duties, and obligations that should be expected of a gas provider or consumer regarding the following: (1) Developing or relinquishing certificated territory held by existing public utilities; (2) Allowing open competition/multiple Certificates of Convenience and Necessity to entities wishing to distribute natural gas in rural areas; (3) Providing transparency and objectivity in line extension policies; (4) The appropriate mechanism for recovery of line extension costs that encourages rural development without cross-subsidization of customer classes; (5) The use of customer specific Certificates of Convenience and Necessity and what, if any, obligation to serve exists for the certificated utility to serve future customers; and (6) The ability to access gas supply from interstate pipelines. • The Kansas Corporation Commission acted on Staff's recommendation and opened an investigation on June 12, 2014. This matter is presently pending.	Docket No. 14-GIMG-514-GIG
Kentucky	• In October 2014, Atmos Energy Corporation filed an application with the Kentucky Public Service Commission (PSC) for a System Development Rider. This rider is intended to encourage economic development and job growth by allowing the company to recover operational expenses, capital expenditures or both associated with the expansion and/or improvement of infrastructure to existing and/or new service areas not otherwise feasible. • Under the proposed rider, the company may expend up to $5,000,000 in such projects on an annual basis pursuant to this tariff. In the event the company determines such expenditures may exceed $5,000,000 during any given year for such projects, advance approval for the incremental expenditures shall be subject to approval by the PSC. This proposal was denied on March 27, 2015.	Case Number 2014-00275
Maine	• Maine enacted legislation in 2012 that authorized the Finance Authority of Maine to issue bonds for the development of the state's natural gas infrastructure. • During the 2013 session, legislators considered two bills relating to natural gas infrastructure expansion: ○ *HP 901, the Maine Energy Cost Reduction Act, gives the Finance Authority of Maine the authority to issue revenue obligation securities to finance an energy cost-reduction contract; It gives the Director of the Governor's Energy Office the authority to submit an energy cost-reduction contract to procure natural gas pipeline capacity that is reasonably likely to lead to the development or*	Public Laws, Chapter 586- An Act to Expand The Availability of Natural Gas to Maine Residents HP 1128 (Maine Comprehensive Energy legislation; Vetoed by Governor LePage on 06/20/2013; House Veto Override 121-11 on 06/20/2013; S) Investigation of

		expansion of a natural gas transmission pipeline; It gives the PUC authority to direct an investor-owned transmission and distribution utility, a natural gas utility and a natural gas pipeline utility to assess ratepayers for the cost of an energy cost-reduction contract, the bonds associated with an energy cost-reduction contract and the administration of an energy-cost reduction contract o *HP 831 establishes the Maine Energy Cost Reduction Authority for the purpose of entering into contracts to procure and resell natural gas pipeline capacity and electric energy and capacity, to identify and designate corridors for the construction of natural gas transmission pipelines to enter into long-term contracts for the use of natural gas pipeline corridors through the development of natural gas pipelines* • In May 2013, HP 831 and HP 901 were incorporated into a larger, multifaceted energy bill (incorporating proposals from 13 pending bills, in total) that aims to expand the state's natural gas infrastructure as well as boost energy efficiency funding, directly lower electricity costs for homes and businesses and make fuel switching from oil more affordable for consumers. The bill was voted out of committee 12-1, with enactment votes of 131-7 in the House and 29-6 in the Senate. The bill became law on July 2, 2013, after the Governor's veto was overridden in the House 121-11 and a 35-0 vote to override in the Senate. • In March of 2014, the Maine Public Utilities Commission opened an investigation to determine what parameters should govern an exercise of our authority to reduce energy costs for Maine and New England electric and natural gas utility customers under the authority of 35-A M.R.S. 1901 et seq., i.e. "The Maine Energy Cost Reduction Act." This docket remains open. • In May 2014, Maine passed Legislative Directive 1621, which aims to include natural gas expansion in the State Energy Plan. Beginning in 2015, the State Energy Plan must include a description of the State's activities relating to the expansion of natural gas service, any actions taken by the office to expand access to natural gas in the State and any recommendations for actions by the Legislature to expand access to natural gas in the State. • Summit Natural Gas has begun a new pipeline project that aims to serve 15,000 homes, using the Sappi Fine Paper mill as an anchor customer. They are pursuing other expansion opportunities in the state as well. • On June 5, 2015, Unitil filed an application with the Maine Public Utilities Commission (MPUC) requesting the authority to implement a Targeted Area Build-out program (TAB Tariff). The TAB Tariff is designed to provide the Company a mechanism to build-out its distribution network incrementally in targeted areas to serve new customers who are currently "off the main." • The Company's proposed TAB Tariff is designed to remove the contribution in aid of construction (CIAC) barrier. The TAB Tariff includes a surcharge mechanism that replaces the CIAC in a specifically defined TAB geographic area. The	Parameters for Exercising Authority Pursuant to the Maine Energy Cost Reduction Act, 35-A M.R.S. §1901 Maine PUC Review of Natural Gas Capacity Options Legislative Directive 1621 2015-00146 (Unitil)

	Company will build-out new distribution mains incrementally within the defined TAB area. New customers served from these TAB mains will pay a monthly TAB surcharge over a period of years instead of paying a traditional up-front CIAC. The amount of the surcharge is determined by a discounted cash flow ("DCF") analysis similar to that which the Company applies pursuant to its Main Extension Tariff. This program was approved on December 22, 2015.	
Maryland	• On February 5, 2016, Senator John Astle (D) introduced SB 778. This bill would authorize gas utilities to defer specified costs for specified projects to extend specified natural gas transmission pipeline, distribution main pipeline, system reinforcement facilities, and associated facilities; specifies the circumstances under which a specified expansion project qualifies for deferral of specified costs; specifies the manner in which a gas company is required to account for specified costs; requires the Commission to take specified action during a specified base rate proceeding. This bill died at the end of the legislative session. • On April 15, 2016, Columbia Gas of Maryland filed a base rate case with the Maryland Public Service Commission. The filing outlines a program outlines incentives which provide a free footage allowance of 100 feet of main line and 150 feet of service line per residential heating applicant. The program would also provide for reimbursement of up to the positive NPV for the installation of house piping to developers of residential buildings with four or more individually-metered units. This matter is presently pending.	SB 778 Case No. 9417 (Columbia Gas)
Massachusetts	• The Massachusetts Department of Energy Resources (DOER) has explored various energy policies and strategies to meet the Commonwealth's key economic, social, and environmental goals. Since consumers and businesses want greater choice of heating and processing fuels, DOER is examining the benefits, costs and challenges for policies, strategies and the appropriate regulatory and ratemaking models regarding natural gas expansion at the gas distribution company level within Massachusetts. In order to assist DOER to investigate these 5 RFR for Gas Expansion Study matters, DOER is issuing this Request for Response ("RFR") to solicit and hire a consultant(s) to: ○ perform energy, economic and environmental analyses, ○ schedule and facilitate stakeholder meetings in order to gather ideas, put forth proposals, and solicit feedback, regarding gas expansion, ○ write a final report that outlines approaches (regulatory and market based options) for state government and gas utilities to proceed with gas expansion, and ○ Discuss regulatory models including appropriate ratemaking mechanisms to advance gas expansion and propose an appropriate regulatory model for Massachusetts that may be used to advance gas expansion. • Governor Deval Patrick signed H. 4164 into law on June 26, 2014. This bill features an expansion component which permits the DPU to authorize gas utilities to design and offer programs to customers which will increase the availability, affordability and feasibility of natural gas service for new customers.	H. 4164 (Enacted 2014)

Michigan	• In May 2014, State Representative Aric Nesbitt (R-MI) introduced an infrastructure expansion bill meant to facilitate natural gas service to underserved and unserved areas in the state of Michigan. At that time, AGA's Kyle Rogers testified before the Michigan House Committee on Energy in support of the legislation.
	
	• HB 5555 would allow natural gas utilities to file an Infrastructure Expansion Investment Plan with the Michigan Public Service Commission to provide the natural gas infrastructure necessary to serve unserved or underserved areas in the state. Proposed expansion plans must include each of the following: (a) a 1-year plan that projects investment related to expansion (b) a proposed recovery mechanism that provides for the recovery of the incremental revenue requirement associated with expansion investments (c) all expected costs and benefits associated with the proposed investments (d) an investment projection up to 5 years in duration proposed to be recovered in future expansion recovery mechanisms. The legislation would have required the PSC to review and approve or amend propose plans within 180 days. This bill died at the close of the legislative session.
	
	• On March 5, 2015, Representative Nesbitt re-filed this expansion legislation as House Bill 4303. This bill died at the close of the legislative session.
	
	• On January 26, 2017, State Representative Roberts introduced HB 4093, legislation that would allow natural gas utilities to recover infrastructure expansion investment costs for certain underserved or unserved areas. Specifically, the bill calls for the following:
	
	    ○ An LDC may file an infrastructure investment plan with the Michigan Public Service Commission not to exceed $5,000,000 or 25% of that LDC's annual spending on replacing cast iron, unprotected steel and vintage plastic pipe;
	    ○ The plan must include the following:
	        ▪ 1 year timeline,
	        ▪ proposed recovery mechanism that provides for the recovery of the incremental revenue requirement associated with the infrastructure expansion investment,
	        ▪ All expected costs and benefits, demonstrating that those investments will support the LDC's ability to reach unserved/underserved areas or to provide adequate capacity for demand growth in those areas—
	            • In demonstrating benefits, the LDC shall identify the following: projected number of new customers, projected growth in demand, economic impacts including customer fuel cost savings, impact to reliability in the state
		House Bill 5555 (died at end of session)
		
		AGA testimony (2014)
		
		House Bill 4303 (died)
		
		HB 4093 (2017)

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<td>Minnesota</td>
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During the 1990s, the Minnesota PUC investigated the problems in funding new extension lines in remote areas.
In 2012, the PUC approved a New Area Surcharge (NAS) rider for MERC which is designed to permit the utility to extend service into a new area that would be uneconomic to serve at tariffed rates, by permitting that utility to collect the surcharge on tip of the tariffed rate. In the late 1990s, the MN PUC approved NAS riders for CenterPoint (CNP) and Xcel. In 2014, the MN PUC extended the maximum time frame from 15 years to 30 years for CNP and MERC.
In March 2015, the Minnesota legislature introduced MN SF 1263. This measure would allow a public utility to petition the commission outside of a general rate case for a rider on all of the utility's customers, including transport customers, to recover the revenue deficiency from a natural gas extension project. The commission shall approve a public utility's petition for a rider to recover the costs of a natural gas extension project if it determines that:

(1) the project is designed to extend natural gas service to an unserved or inadequately served area; and
(2) the project costs are reasonable and prudently incurred.

This bill died at the end of the legislative session.
In March of 2015, the Minnesota Senate took up SF 1431. This bill would allow a public utility to petition the Commission outside of a general rate case for a rider that shall include all of the utility's customers, including transport customers, to recover the revenue deficiency from a natural gas extension project. The petition shall include:

(1) a description of the natural gas extension project, including the number and location of new customers to be served and the distance over which natural gas will be distributed to serve the unserved or inadequately served area;
(2) the project's construction schedule;
(3) the proposed project budget;
(4) the amount of any contributions in aid of construction;
(5) a description of efforts made by the public utility to offset the revenue deficiency through contributions in aid to construction;
(6) the proposed method and amount of recovery by customer class and whether the utility is proposing that the rider be a flat fee, a volumetric charge, or another form of recovery;
(7) how recovery of the revenue deficiency will be allocated between industrial, commercial, residential, and transport customers;
(8) the proposed termination date of the rider to recover the revenue deficiency; and
(9) A description of benefits to the public utility's existing natural gas customers that will accrue from the natural gas extension project.

This bill died at the end of the legislative session.
On June 13, 2015, Governor Mark Dayton (D) signed HF 3 into law. The bill provides that a public utility may petition the commission outside of a general rate case for a rider

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<td>Minnesota PUC Order Approving New Area Surcharge (Minnesota Energy Resource Corporation) 7/26/2012

SF 1263 (Died at session end)

SF 1431 (Died at session end)

HF 3 (2015)</td>
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	that includes all of the utility's customers, including transport customers, to recover the revenue deficiency from a natural gas extension project.
	
	• Each petition must include the following information:
	  ○ (1) a description of the natural gas extension project, including the number and location of new customers to be served and the distance over which natural gas will be distributed to serve the unserved or inadequately served area;
	  ○ (2) the project's construction schedule;
	  ○ (3) the proposed project budget;
	  ○ (4) the amount of any contributions in aid of construction;
	  ○ (5) a description of efforts made by the public utility to offset the revenue deficiency through contributions in aid to construction;
	  ○ (6) the amount of the revenue deficiency, and how recovery of the revenue deficiency will be allocated among industrial, commercial, residential, and transport customers;
	  ○ (7) the proposed method to be used to recover the revenue deficiency from each customer class, such as a flat fee, a volumetric charge, or another form of recovery;
	  ○ (8) the proposed termination date of the rider to recover the revenue deficiency; and
	  ○ (9) a description of benefits to the public utility's existing natural gas customers that will accrue from the natural gas extension project.	

Mississippi	• On February 3, 2013, Atmos Energy Corporation proposed a Supplemental Growth Rider (SGR) to support economic development and job creation by providing the incentive to extend gas service to projects previously viewed as economically infeasible. • Atmos proposed to invest $5,000,000 annually in such projects in return for being allowed to earn a supplemental return on equity (ROE) of 3% on this investment, in addition to the ROE provided for in Atmos' annual Stable Rate Evaluation. This program was approved on July 11, 2013. • On July 26, 2013, CenterPoint filed a Notice of Intent to establish a Supplemental Growth Rider ("Rider SG"). Rider SG is designed to encourage economic development and job creation in Mississippi by providing an incentive for CenterPoint to extend gas service for major commercial, industrial and manufacturing sites that are not otherwise economically feasible for CenterPoint to fund. • CenterPoint is authorized to invest up to $5,000,000.00 annually in Mississippi, without prior Mississippi Public Service Commission ("Commission") approval, to extend gas service for major commercial, industrial and manufacturing projects deemed otherwise economically infeasible. These invested funds will be in addition to CenterPoint's normal capital budget for Mississippi. CenterPoint will select the projects based upon their potential for economic development. CenterPoint will consult with the Mississippi Development Authority ("MDA"), the Commission and the MPUS in selecting the projects for use of the supplemental growth funds, however, prior approval by MDA, the Commission, or the MPUS is not required.	Atmos Order CenterPoint Order HB 883

	This filing was approved in October of 2013. • On March 10, 2017, Mississippi Governor Phil Bryant signed into law HB 883, an act to authorize a rate-regulated natural gas public utility with certificated service area in the state to undertake economic development activities. More specifically, the legislation authorizes LDCs with certificated service area to undertake economic development activities, including providing capital or investment in or acquisition and development of business or industrial sites and the necessary infrastructure or services needed to attract new or existing businesses or industry; to create or maintain employment opportunities; or otherwise positively impact or in some manner promote the sale of natural gas within its service area. As well, the legislation provides that any capital investment in natural gas reserves made directly or indirectly by an LDC to foster long term stability in the cost of fuel may be deemed used and useful in the provision of natural gas service regardless of whether or not any end use customers are taking service from said facilities or investment and otherwise recoverable through the utility's rates.	
Missouri	• In its 2014 rate filing, Liberty Utilities requested that a trial program be authorized between now and its next general rate case to extend the amount of free main offered to residential customer from 150 feet to 350 feet. At the time of the next rate case, the company would be required to request from the Commission the ability to continue the program at 350 feet. Commission Staff and OPC would evaluate the company's request and make a recommendation regarding the continuation of the program. If the company fails to make a request to continue to the program, the tariff sheet would default back to 150 feet. The goal of the tariff update is to incent economic growth in the service territory via additional residential development. Increased free footage may spur additional residential homes to include natural gas and thus increase the number of growth. The company agreed to withdraw this proposal pursuant to an August 2014 Stipulation and Agreement.	Docket No. GR-2014-0152 (Liberty Utilities)
Nebraska	• The Nebraska Public Service Commission approved an Extra Construction Allowance for SourceGas in Docket No. NG-0067, which was later expanded in 2011. The current Extra Construction Allowance works by advancing to participants up to $5,000 of costs over the amount and is provided to eligible customers by spreading the repayment obligation associated with that advance for up to 15 years through a $50 per month payment added to their natural gas bill. SourceGas is also able to offer on bill financing of gas appliances. • In 2012, the Nebraska legislature passed a bill to provide for a streamlined process to implement a plan to construct rural natural gas infrastructure in order to provide natural gas to unserved or underserved areas in the state. • The law streamlines the regulatory review process and allows utilities to spread costs to all ratepayers. • The law also requires stakeholders (utilities, municipalities, local businesses, investors) to put together a plan for infrastructure expansion to be approved by the Nebraska PSC.	Slip Law Text of LB 1115 (As Approved by the Governor on 4/10/2012) Docket No. NG-0067 (Source Gas)

New Hampshire	• On December 10, 2014, Rep. Shattuck (D) filed a bill relating to tax incentives for expanding the state's natural gas distribution system. • Under this bill, upon application by a qualifying business organization engaged in the expansion of natural gas distribution systems in the state, the commissioner shall grant a deferral of the payment of all taxes under this chapter for a 5-year period. The deferral shall be for the tax due each year during the 5-year period and for interest accrued at 5 percent annually on the amount due. This bill died by voice vote on March 11, 2015. • On October 9, 2015, Liberty Utilities filed an application with the New Hampshire Public Utilities Commission seeking permission to expand its natural gas franchise to include the towns of Jaffrey, Rindge, Swanzey and Winchester. Under this proposal the Company would install gas mains and service lines to the initial anchor customers and lead residential and commercial customers. Such construction will include installation of plastic gas mains and service lines, which will be designed and sized appropriately to support the initial customer base, as well as expected growth from customers requesting service during or following construction. Costs of expansion would be spread across Liberty's customer base. New and existing customers will be charged the same rates. This matter is presently pending. • Liberty also has plans to introduce natural gas service in several other populated areas of the state, including Keene, Windham, Pelham, Lebanon and Hanover.	HB 679-FN (died) DG 15-442 (Liberty)
New Jersey	• Promoting the expansion of the natural gas pipeline system is included in Governor Chris Christie's 2011 Energy Master Plan; Specifically, the plan encourages New Jersey's gas utilities to evaluate the economic and environmental merit of distribution system expansions to areas where natural gas is not presently available or where there is a relatively high saturation of oil-fired hit; The plan also includes a recommendation to establish a Transportation Infrastructure Bank to explore the potential of establishing a funding source that can assist in financing the development of needed infrastructure to support the increased use of AFVs (including NGVs). • In January of 2015, Elizabethtown Gas filed for approval of a neighborhood expansion program. Under this program, customers would pay a monthly fixed surcharge over a ten-year period in lieu of an up-front contribution. This matter is presently pending.	Docket No. GR15010038 (Elizabethtown Gas) Energy Master Plan (2011)
New Mexico	• On August 17, 2015, New Mexico Gas Company filed to revise its Line Extension Policy. The revised program creates a new Advantage Program which provides an advance to potential customers to apply towards the cost of line extensions and/or new service lines. • The Advantage Program is available in any amount between $100 and $5,000. Customers can repay any advances on their monthly bill over a period not to exceed 120 months. Customers must repay at least $20 per month. Liability for repayment shall remain with the premise. The program became effective by operation of law on September 16,	New Mexico Gas Co. Revised Line Extension Policy

	2015. • On June 22, 2016, the New Mexico Public Regulation Commission (PRC) voted to adopt a settlement approving Emera's proposed acquisition of TECO Energy. TECO is the parent of New Mexico Gas Company (NMGC). Included in the approved settlement was a provision stating that NMGC would pursue several shareholder-funded economic development activities in New Mexico, including a $5 million pipeline enlargement project to export gas to Mexico, a matched $10 million, five-year fund aimed at extending gas infrastructure to unserved and underserved communities, and a $5 million contribution to be made within five years of the close of the deal to be allocated to general projects.	

New York	• In April 2011, the New York Department of Environmental Protection (DEP) issued regulations that require buildings to convert from heavy forms of heating oil (No. 4 and No. 6) to cleaner fuels, including natural gas, beginning in July 2012. The goal of NYC Clean Heat is to encourage and assist buildings in converting to the cleanest fuels possible. The program provides resources to help buildings to convert. Through the Clean Heat Program, Con Edison and National Grid offer the following incentives: Con Edison offers customized plans to assist current and potential customers with capital investments necessary to convert to natural gas. As part of that offering, a single family dwelling may qualify for a conversion rebate of up to $2,000 and an equipment rebate of up to $1,000 while a multifamily building may qualify for a conversion rebate of up to $22,500 and an equipment rebate of up to $15,000. National Grid offers incentives for customers of up to 50% when they convert from oil to gas heat and install a new high efficiency gas heating system. The company offers low interest financing on the conversion cost.
	
	• In 2012, St. Lawrence Gas broke ground on an expansion project that will connect as many as 4,000 new customers. The project consists of 48 miles of high pressure transmission lines that connect Norfolk to Chateaugay. This project is funded with grants from Franklin County, an appropriation from Senator Betty Little, a grant from the Empire State Development Corporation's Regional Blueprint fund, as well as PILOT agreements with both St. Lawrence and Franklin counties.
	
	• In early 2013, the New York PSC initiated a technical conference on policies pertaining to expansion of natural gas service pursuant to the recommendation for fuel switching to natural gas in Governor Andrew Cuomo's Energy Highway Blueprint.
	
	• In 2014, the New York General Assembly considered legislation that would enact provisions to provide for and assist in the expansion of natural gas service in the state for environmental and economic benefit; Specifically the legislation attempts to do the following:
	  ○ Streamline the permitting process for distribution infrastructure by requiring the PSC to facilitate contacts with state agencies and local governments with respect to the review of permit applications.
	  Require 25% of the revenue generated by the SEC surcharge (system benefit charge collected by utilities from heating customers) be dedicated to a revolving
		New York Energy Highway Blueprint
		
		New York Public Service Commission Natural Gas Expansion
		
		New York SB 5536B (Amended and committed to rules on 6/20/2014)
		
		Draft 2014 New York State Energy Plan
		
		SB 4211 (pending)
		
		Docket No. 15-G-0284 (RGE and NYSEG)
		
		Docket No. 14-G-0551 (National Fuel)
		
		Docket No. 14-G-0494 (Orange and Rockland)
		
		16-G-0061 (Con Ed)
		
		Docket No. 16-0059 (National Grid Brooklyn and Long Island)

	loan fund for conversions. ◦ Mandate the Commissioner of General Services undertake a study on conversion to natural gas heating when a public building requires installation or retrofit of a boiler for heating. ◦ Establish a natural gas expansion mitigation fund to be comprised of RGGI monies to be used for a revolving loan fund for consumers converting to natural gas. ◦ Provide taxpayer credit for purchase and installation of a natural gas service system; Credit is 50% of the cost of purchase and installation, capped at $52,750. • In January of 2014, the New York State Energy Planning Board released a draft 2014 New York State Energy Plan. Initiative 9 of this draft plan provides for the following: ◦ The state aims to reduce reliance on petroleum products for heating buildings by supporting the use of clean alternatives to heating oil and expanding access to natural gas in the near term while pursuing strategies to reduce natural gas leakage. ◦ Instructs the DPS to encourage and support oil-to-gas conversions by collaborating with other State agencies and regulated gas utilities to accelerate investments in natural gas distribution. ◦ Instructs DEC to evaluate regulations to limit methane emissions from natural gas compressor stations on intrastate pipelines. ◦ Instructs NYSERDA to support economic and efficient clean heat options as alternatives to fossil fuel consumption, including solar thermal, geothermal, and the use of sustainably harvested biomass and advanced heating systems. ◦ Instructs DEC, DOH, and NYSERDA to support research to enable the quantification of public health benefits to be incorporated into energy planning and policies. • In March 2015, State Senator Griffo (R) introduced SB 4211. This bill would provide a number of incentives for the extension of natural gas, including tax incentives for companies wishing to extend service, expedited permitting and a surcharge to collect no less than $50 million per year collected by gas corporations and combination gas and electric corporations from their gas customers. These funds must be used for the support of construction of infrastructure designed to extend the supply of natural gas from existing large capacity infrastructure to areas presently not served by natural gas infrastructure supply, including but not limited to new industrial (especially manufacturing), commercial, residential or public end-use customers of a gas corporation or combination gas and electric corporation providing service in New York state with such new customer's consent. • On May 15, 2015, the New York PSC approved the Partnership to Revitalize the Industrial Manufacturing Economy of Western New York (Prime-WNY) Program for National Fuel Gas Distribution. The Prime-WNY Program will utilize shareholder funding to incent large commercial and industrial customers in the National Fuel service territory to install incremental gas-fired equipment at their existing facilities.	

	• On May 20, 2015, RGE and NYSEG filed rate cases in which the combined companies proposed to accelerate the removal of leak prone gas main removal and bring natural gas service to unserved communities. NYSEG will be implementing a Neighborhood Expansion Pilot Program and a Community Expansion Pilot Program in 2015 and RG&E is considering implementing similar Neighborhood and Community Expansion Pilots. The Companies also propose a Community Development Fund Pilot Program. The Neighborhood and Community Expansion Pilot Programs involve new processes that are designed to make it easier for customers to understand expansion possibilities and significantly speed up the time involved in developing a project while providing greater price certainty to customers. • On June 15, 2016, the New York State Public Service Commission (PSC) approved two pilot programs for NYSEG and RG&E. Per the PSC order, NYSEG will continue to implement its Community Expansion Pilot Program under which the company will test a community expansion approach that will provide a fixed surcharge quote for a project. During the development period for prospective projects, NYSEG will develop a fixed surcharge quote based on a forecast of customers that it anticipates would connect over the ten-year surcharge period for the project. Therefore, potential customers will know the surcharge amount before committing to take natural gas service and will have the option to pay upfront or monthly. • The Commission also approved a Community Development Fund Pilot Program for NYSEG and RG&E. Under this program, NYSEG and RG&E will implement a Community Development Fund Pilot Program which will establish a community development fund dedicated to the expansion of natural gas to communities where either no approved gas franchise exists or where there is an existing approved franchise, but no gas infrastructure (gas main extension). The Fund would match funding provided by local, regional, and / or state agencies to offset the capital costs to construct natural gas infrastructure in a community. This program has the potential to increase the construction of natural gas infrastructure by lowering surcharges to customers and increasing the likelihood that a project will be economically viable by the end of the development period. This will be a two-year pilot program with a fund of $300,000 for NYSEG and RG&E, both with a maximum matching fund contribution of $100,000 per project. Any unspent funds in a given year will be carried forward to the next year throughout the duration of the program. Any funds not spent when the pilot program ends would be returned to customers through a reconciliation mechanism. • On August 3, 2015 State Senator Griffo (R) introduced SB 6024. This bill aims to extend natural gas service to unserved areas. Under this bill, no later than January 1, 2016 or sixty days after the effective date of this section, whichever is later, each natural gas distribution company shall file a petition with the commission proposing a pilot or permanent program, including any necessary tariffs, to extend natural gas distribution service for end users to unserved or underserved areas within its certificated service territory. • A proposed program shall include:	

	(a) a process for managing and prioritizing customer requests from end-users for extensions of the natural gas distribution system; (b) a cost-benefit analysis to determine if a customer contribution is required; (c) a method for determining the amount of a required customer contribution in aid of construction; (d) a program to enhance the affordability of required contributions in aid of construction to customers, including the following provisions: (i) the program shall provide for on-bill financing for a term of no less than five years; (ii) a customer shall be able to pay a required customer contribution in full at any time, without incurring penalties or fees; and (iii) the form of financing may include a surcharge, third-party financing or any other method of recovery approved by the commission; (e) a provision outlining whether and how refunds or credits will be provided to customers as other customers receive service from a completed distribution system extension project; (f) a provision addressing the treatment and eligibility of customers participating in a customer assistance program who request and receive service from a distribution system extension project; (g) a provision addressing situations where a customer fails to pay a required surcharge or other on-bill financing mechanism; (h) a customer's natural gas distribution service shall not be terminated solely for nonpayment of a surcharge or other on-bill financing mechanism; and (i) any other provisions that will promote economic distribution system extension to end-users in unserved and underserved areas in a manner that is affordable to customers. • On October 15, 2015 the New York Public Service Commission (PSC) adopted a multi-year Joint Proposal (JP) in Orange and Rockland Utilities' (ORU) gas rate proceeding. The approved JP contains provisions for a natural gas network enhancement program. The company will be permitted to increase the residential conversion rebate, from $500 to $1000, for customers converting to natural gas before June 30, 2016, 2017, and 2018, respectively, and continuing each year until the Commission resets the company's base gas rates. The approved JP also includes a 15-year development period for determining the economic feasibility of a proposed expansion of gas service. Under this provision, a project would be considered economically feasible, for purposes of granting a franchise expansion under Section 68 of the Public Service Law, if it is projected to earn the allowed rate of return by the end of a	

	15-year development period. • ORU will also be required to survey potential customers within targeted gas network expansion areas and analyze penetration rates of past line extension projects, with annual updates. The company will also develop a strategic plan, updated annually, that identifies target areas for gas network expansions based on a number of factors. The strategic plan will include a three-year forecast of line extension and franchise expansion projects, and a list of the gas infrastructure projects needed to support such expansions. ORU will track penetration rates for each project completed pursuant to the strategic plan. • The approved JP will also allow the company to implement a Customer Addition Incentive Mechanism (CAIM), which would provide ORU an opportunity to earn a positive incentive, in an amount equivalent to up to 10 basis points, based on the number of net gas customer additions to SC 1, 2 and 6 during each rate year. Staff believes the network expansion measures would help increase the availability of natural gas to new customers, lower gas conversion costs, and provide related cost savings for new gas customers. Staff also believes that existing customers will benefit, from the economic and environmental benefits of the increased availability of natural gas throughout local communities and an increased customer base for the allocation of future shared gas system costs. • On January 29, 2016, Consolidated Edison (ConEd) filed a base rate case with the New York Public Service Commission. In its's proposal, ConEd plans to proactively develop a plan to identify commercial non-gas heating customers and evaluate the system impact of converting such customers based on estimated conversion loads. There are a significant number of commercial and multi–family homes in Westchester that are not using gas for heating purposes. The company is seeking to implement a plan that evaluates geographic areas and focuses on the conversions of these large multi-family and commercial customers. The secondary benefit will be the conversion of 1-4 family homes that express an interest in converting at the time of this coordinated approach. The resulting area reinforcement work performed will also allow the company to accommodate future conversion requests. • The Westchester expansion initiative differs from Clean Heat in that there is no single, readily accessible database of #4 oil #6 oil users in Westchester County. Instead, the company will develop estimates of the potential usage for commercial non-gas heating loads and its impact to its system. The assumption is that these potential customers are using some form of heating source other than gas (e.g., #2, #4, #6 oil, or propane). The company has identified the infrastructure and costs required to support the significant demand associated with adding these commercial customers to its system. A preliminary list of area projects and specific locations has also been identified. The company plans for its marketing team to reach out to the community and municipality to solicit interest. This proposal is presently pending. • In its January 29, 2016 base rate filing, National Grid outlined a proposal to assist low-income customers who wish to convert to natural gas from an alternate fuel,	

	National Grid is proposing a new low-income conversion rebate program. Up to 100 customers participating in its Reduced Residential Rate programs would be entitled to receive a rebate of up to $7,500 if they convert their homes to natural gas and install efficient heating equipment. In addition, to assist low income customers in managing their energy usage, the company's Long Island division proposes to supply them with smart, programmable thermostats at no cost to them. These programs would enable low income customers to realize ongoing fuel savings that are associated with converting to natural gas heat and provide them more control in managing their energy usage. The company also proposed a new program to assist Long Island customers with upfront conversion costs by offering a rebate of $1,000 to each new customer who agrees to take service along the route of a planned main replacement. By coordinating gas connections with main replacements, this program will encourage more efficient growth by reducing the number of road openings, repaving and permitting costs and traffic disruptions compared to typical service installations. The company is also proposing to extend KEDLI's Neighborhood Expansion Program, which allows customers in neighborhoods with promising growth potential to have KEDLI expand its network to serve them without requiring contributions in aid of construction. This program uses advanced data modeling to identify prospective customers. This program will begin in East Hills, Long Island and install more than 11 miles of new main, convert 1,000 residents from oil to gas and bring $1 million in energy savings. A similar expansion is targeted for Mastic Beach in Suffolk County. The Neighborhood Expansion Program was approved by the Commission as a pilot program on July 28, 2014 in Case 12-G-0202. This proposal is presently pending.	
Nevada	• In February 2015, the Nevada Senate took up SB 151. This bill provides that the Commission shall adopt regulations authorizing a public utility which purchases natural gas for resale to expand the infrastructure of the public utility in a manner consistent with a program of economic development, including, without limitation: (a) Procedures for a public utility which purchases natural gas for resale to apply to the Commission for approval of an activity relating to the expansion of the infrastructure of the public utility in a manner consistent with a program of economic development; and (b) Procedures for a public utility which purchases natural gas for resale to apply to the Commission for the recovery of costs associated with an activity approved by the Commission. • This bill was signed by the Governor on May 13, 2015.	SB 151
North Carolina	• In 1998, the North Carolina legislature passed the North Carolina Clean Water and Natural Gas Critical Needs Bond Act of 1998 which authorizes natural gas bonds for uneconomic line extensions. • The General Assembly enacted legislation for the creation of expansion funds for uneconomic line extensions. Gas utilities may only apply those funds to economically infeasible expansions or to expansion estimated to produce a negative net present value. These funds can come from a surcharge imposed on existing ratepayers, supplier refunds	North Carolina Clean Water and Natural Gas Critical Needs Bond Act of 1998—SL 1998-132 HB 332 (Carried Over) S. 673

	and other sources approved by the NC PUC.
	
	• In March of 2015, the North Carolina House took up HB 332, which would allow natural gas utilities to recover costs associated with expanding infrastructure to large manufacturing employers. Eligible businesses are defined as businesses that employ or intend to employ at least 1,500 full-time employees or equivalent full-time contract employees at the project at the time the application is made and the business agrees to maintain at least 1,500 full-time employees or equivalent full-time contract employees at the project. This bill was carried over into the 2016 session.
	
	• On June 30, 2016, the NC General Assembly passed S. 673, which authorizes a natural gas economic development infrastructure rider. The mechanism allows natural gas local distribution companies to recover the infeasible portion of natural gas infrastructure to eligible projects in rates in a rider.
	
	• In order to use this mechanism, the North Carolina Department of Commerce must first determine that the natural gas infrastructure is for an eligible project. To be eligible, a project must meet all of the following conditions:
	
	    • The project will provide opportunities for natural gas usage, jobs and other economic development benefits;
	
	    • The business has invested or intends to invest at least $200 million in private funds for real and personal property;
	
	    • The business will employ or intends to employ at least 1,500 full time employees.
	
	• The North Carolina Utilities Commission (NCUC) will permit costs for natural gas infrastructure to be recovered in a rider by an LDC for infrastructure related to projects approved by the Department of Commerce, if the Commission determines the project meets all of the following conditions:
	
	    • The project is located in an area where the natural gas infrastructure for the project is not economically feasible;
	
	    • The developer of the project, the prospective customer or the occupant of the project provides a binding commitment that the project will use the natural gas service for at least 10 years;
	
	    • The projected margin generated by the eligible project will not cover the cost of the natural gas infrastructure.
	
	• Once approved, the economically infeasible costs of the infrastructure will be recovered in a rider. The costs recovered in the rider will include the costs normally recovered for infrastructure, including the planning and development costs, construction costs, financing costs, depreciation, and property taxes. The rider may be allowed on an annual or semiannual basis, and will be subject to periodic reconciliation. The rider will terminate when the costs are fully recovered, or with the LDC's next general rate case, whichever occurs first.	

	• A LDC may not invest more than $25 million a year in infrastructure development costs, and the amount recovered in the rider may not exceed 5% of the margin revenues approved in the last rate case of the LDC. The total amount of infrastructure costs that can be recovered by all LDC's in the state is limited to $75 million. • This bill was signed by the Governor on July 28, 2016.	

North Dakota	• In January 2015, the North Dakota Legislature considered SB 2276. This bill provides for a property tax exemption for infrastructure used to deliver natural gas to unserved communities, an income tax credit for conversion to a natural gas heating source, and a sales and use tax exemption for construction or expansion of a natural gas transmission or distribution system.
	
	  ○ Under the terms of the legislation, the tax commissioner shall consider any operative property certified by the department of commerce as extending natural gas service to an unserved community, for the purpose of determining the value of the operative property within the state. The qualified cost, not including land, of a project certified as extending natural gas to an unserved community is exempt for a period of ten taxable years. Qualified costs do not include the cost of direct replacement, refurbishment, repair, or maintenance of existing operative property. To receive the exemption, a project must receive certification from the department of commerce prior to the commencement of construction. The company receiving certification must provide a copy of the certification letter to the tax commissioner no later than thirty days after receiving certification from the department of commerce.
	
	  ○ A taxpayer is entitled to a credit against the tax liability determined in the amount of fifty percent of the taxpayer's direct costs incurred to adapt or add equipment to real property owned by the taxpayer in North Dakota for the purpose of converting to natural gas as the primary heating fuel source. Gross receipts from sales of tangible personal property used to construct or expand a natural gas transmission or distribution system would also be exempt. This bill was signed Governor on April 8, 2015.
	
	• In May of 2015, The North Dakota Legislature's management committee approved an interim study of possible natural gas expansion incentives.
	
	• In January 2017, a bill was introduced in the North Dakota House that would create a natural gas infrastructure loan fund for the purpose of providing interest free loans for the development of natural gas distribution infrastructure. H 1408 would establish a natural gas pipeline infrastructure loan fund, and revenue to the fund must include moneys received pursuant to revenue transfers from the legacy fund spelled out in statute. The fund is to be maintained as a special fund, and moneys must be used and disbursed solely for the purpose of providing interest-free loans for the
		SB 2276
		
		HB 1408

	development of natural gas pipeline infrastructure. The authority of the fund shall award loans on a continuing basis and shall award funding priority to pipeline projects that will deliver gas to areas of the state without existing gas service or to low-income areas of the state. The legislation was reported "Do Not Pass" from Committee on February 3, 2017.	
Ohio	• The Ohio General Assembly has previously considered legislation to make it easier for utilities to expand natural gas infrastructure in the state. Specifically, HB 319 would amend and enact certain sections of the Ohio Revised Code to allow natural gas companies to apply for an infrastructure development rider to cover the costs of certain economic projects. Under the bill, a natural gas company would have been able to file an application with the PUCO or approval of an infrastructure development rider to cover prudently incurred costs for economic development projects. The rider would have been a fixed monthly charge for all customers of the natural gas company as determined by the PUCO. This bill died at the close of the legislative session in 2013. • On November 25, 2014, State Senator Troy Balderson (R) filed, S. B. No. 391, which allows gas utilities to file an application with the public utilities commission for approval of an infrastructure development rider to recover prudently incurred infrastructure development costs of one or more economic development projects approved under section 4929.163 or 4929.164 of the Revised Code. This bill was passed in the Senate. The House concurrently passed H.B. No 319 on December 4th. This legislation was signed into law by Governor John Kasich (R) on December 19, 2014. • On March 31, Governor John Kasich signed into law the 2018-2019 Transportation Budget Bill which contained language relative to the expansion of natural gas service. Specifically, the language gives LDCs the ability to ask the PUCO for up to $1.50 per customer per month in a rider to be used for expansion in situations where it is not otherwise economical for the company. The language reads as follows: Sec. 4929.161. (A) A natural gas company may file an application with the public utilities commission for approval of an infrastructure development rider to recover prudently incurred infrastructure development costs of one or more economic development projects approved under section 4929.163 of the Revised Code. (B) The commission shall approve a maximum of one infrastructure development rider per company. Sec. 4929.162. Under an infrastructure development rider, in each monthly billing period: (A) The natural gas company may not recover more than one dollar and fifty cents from any single customer in this state, for all Sub. H. B. No. 26 132nd G.A. 354 projects that were approved under section 4929.163 of the Revised Code and for which recovery was authorized under that rider. (B) The company shall recover the same amount from every customer. Sec. 4929.163. (A) A natural gas company may file an application with the	HB 319 (died at end of session) SB 391 HB 319 (As Enrolled)

	public utilities commission for approval of an economic development project, including a project for which an application has been made under section 122.9511 of the Revised Code for certification under the SiteOhio certification program. (B) The company shall file the application for project approval prior to beginning the project. (B)(C) The application for project approval shall contain a description of each of the following: (1) The economic development project; (2) The infrastructure development costs to be expended on the project; (3) How the project meets the criteria set forth in rules adopted under division(D) of this section; (4) The support for the project by an economic development entity or chamber of commerce. For purposes of this application requirement, "economic development entity" includes any of the following: (a) JobsOhio or any JobsOhio network or regional partner; (b) Development services agency; (c) Port authority created under Chapter 4582. of the Revised Code; (d) Special improvement district created under Chapter 1710. of the Revised Code; (e) Community urban redevelopment corporation qualified to operate under Chapter 1728. of the Revised Code; (f) Community improvement corporation organized under Chapter 1724. of the Revised Code; (g) New community authority organized under Chapter 349. of the Revised Code; (h) Joint economic development district created under section 715.70 or 715.71 of the Revised Code; (i) Development corporation organized under Chapter 1726. of the Revised Code; (j) Municipal utility district designated under section 715.84 of the Revised Code. Sub. H. B. No. 26 132nd G.A. 355 (C)(D) The commission shall adopt rules setting forth the criteria for project approval under this section. The commission may approve a project under this section if both of the following apply: (1) The infrastructure development costs for the project are projected to generate a return on the company's investment that is less than the most recently authorized rate of return. (2) The amount of infrastructure development costs to be incurred by the company per calendar year, for the project and all other projects previously approved under this section, is not projected to exceed the product of two dollars multiplied by the aggregate number of the company's customers in this state. (E) The commission shall adopt rules to provide for an accelerated review of an application filed under division (A) of this section. The rules shall provide for the automatic approval of the application not later than thirty days after the date of the application filing unless the commission suspends the application for good cause shown. If the application is suspended, the commission shall approve, deny, modify, or hold a hearing on the application not later than forty-five days after the date that the suspension begins. Sec. 4929.166. Any property installed or constructed by a natural gas company to enable the provision of natural gas service to an economic development project approved under section 4929.163 or 4929.164 of the Revised	

	Code shall be considered used and useful in rendering public utility service for purposes of section 4909.15 of the Revised Code.	
Oregon	• In January 2015, the Oregon Senate considered SB 32, which directs the Public Utility Commission to form a working group to study methods by which a public utility that furnishes natural gas may expand service to areas that do not have access to natural gas. The bill requires the Commission to report results of study to the interim committee of the Legislative Assembly related to energy on or before September 15, 2016. • Under the terms of the legislation, the work group shall review the commission's authority to authorize, and the commission's policies on, the expansion of natural gas services. At a minimum, the work group shall study: ○ The Commission's policies regarding the extension of natural gas mains; ○ Mechanisms for funding the expansion of natural gas services, including the use of tariffs, the imposition of charges and fees, the use of unclaimed refunds and the establishment of accounts dedicated to the expansion of natural gas services; ○ The submission of recommendations by public utilities that furnish natural gas; ○ Possible processes for including in a public utility's rates the cost of projects involving the extension of natural gas pipelines and other infrastructure necessary for providing natural gas; ○ Possible selection criteria for projects involving the extension of natural gas pipelines and other infrastructure necessary for providing natural gas; and ○ The potential rate cap for projects involving the extension of natural gas pipelines and other infrastructure necessary for providing natural gas. • This bill was signed by the Governor on July 21, 2015. • On July 29, 2015, The Northwest Power & Natural Gas Planning Taskforce released a whitepaper entitled *Northwest Gas Infrastructure – Looking Forward*. • The whitepaper concluded that large new gas users could have more control over future infrastructure expansions than existing users, including utilities. Utilities may have to adapt their preferred gas supply and infrastructure strategies based on the location and timing of infrastructure projects chosen by large new gas users. • The whitepaper also concluded that utilities need reliable pipeline transportation from a robust gas supply. As new users enter the region, and existing users change their gas consumption patterns, what is considered to be a robust supply may change. This could cause utilities to change their preferred gas supply portfolio and/or transportation product (firm or non-firm) needed to ensure reliable delivery of gas to the point of consumption. • The Taskforce is a joint effort of the Northwest Gas	SB 32 The Northwest Gas Landscape – Looking Forward

	Association and PNUCC. The Taskforce's members largely consist of natural gas utilities, pipelines, electric utilities that consume gas to generate power and industrial user representatives.	
Pennsylvania	• In March 2013, the Pennsylvania General Assembly adopted a resolution directing the Center for Rural Pennsylvania to study the potential for increased residential, commercial and industrial natural gas distribution infrastructure by the state's public utilities to unserved and underserved areas in the state. • In 2013, the legislature considered two bills which would foster the extension and expansion of natural gas distribution systems to un-served and under-served residential, commercial and industrial sites. Both bills died at the end of regular session. ○ SB 738, the Natural Gas Consumer Access Act, would require every natural gas distribution utility operating in PA to submit a 3-year plan to the PUC outlining the utility's plans for extension/expansion projects; The first plan would be due by 01/01/2014, with additional plans required every two years thereafter; The PUC would have the option to reject, revise or order the utility to submit a revised plan for adequacy and completeness; The legislation would also create a system providing for expedited extension or expansion projects if an economic development agency or large number of residential, commercial or industrial entities want to obtain natural gas service. ○ SB 739 would amend the Alternative Energy Investment Act to provide for $15 million in grants to schools, hospitals and small businesses to obtain access to natural gas service; the funding will come from existing under-utilized programs, and grants made under the legislation may provide for up to half of the cost of a project. • In May 2013, under its authority to approve Leatherstocking Gas' (LGC) initial tariff, the Pennsylvania Public Utility Commission authorized the collection of a Construction Build-out Fee (CBF) in accord with the following conditions: ○ LGC shall treat all CBF collections as contributions in aid of construction for accounting, ratemaking, and tax purposes. ○ The CBF rate shall apply on a Municipality-by-Municipality basis in a manner similar to the tariff divisions employed by regulated water utilities. ○ LGC tariff shall define a Municipality as a recognized political subdivision i.e., a township, borough, city, or village. ○ The LGC tariff shall establish the CBF rate as separately applicable to each Municipality such that all customers within the Municipality pay a non-discriminatory identical CBF rate for an identical time. ○ The CBF shall apply for no longer than a 10-year period (120 months) in any Municipality.	Senate Resolution No. 29 (Adopted 03/11/2013) Memo outlining expansion legislation to be introduced by Senators Gene Yaw and Dominic Pileggi SB 738 SB 739 A-2011-2275595 (Leatherstocking Gas) UGI GET Gas Proposal HB 2393 (removed from the table on 9/24/2014) R-2014-2407345 (Columbia Rider NAS) P-2014-2451772 (PECO proposal) SB 214 R-2014-2429606, R-2014-2429610, R-2014-2429613 (Consolidated Docket of Peoples Gas, Peoples TWP and Equitable Gas) SB 953 R-2015-2468056 (Columbia Gas of PA Rate Case R-2015-2518438 (UGI Utilities Rate Case) HB 1946 R-2016-2529660 (Columbia Gas Rate Case)

- The CBF shall commence and terminate upon permanently fixed dates certain (set by tariff) for each Municipality. LGC shall establish the fixed dates certain by filing a tariff supplement with the Commission concurrent with the initiation of gas delivery service within each Municipality served.
- The CBF shall not exceed $3/Mcf for any customer or customer class, and all customers and classes within each Municipality shall be subject to an identical CBF rate.
- The CBF shall appear as a separate rate for each customer class identified in the LGC tariff service classifications, and shall similarly appear as a separate line item on each customer bill.

- In 2013, UGI proposed a Growth Extension Tariff (GET Gas) program that would allow it to spread the cost burden of new main extensions to the group of new customers connecting to a new main. The program allows for a payment surcharge over time for new customers, avoiding the significant upfront costs that often deter customers from connecting to a natural gas system. New customers would be able to use a portion of savings generated from converting to natural gas to offset the GET Gas surcharge amount. UGI will fund the program at $15 million per year for five years. The program was approved on February 20, 2014.

- On April 23, 2014, the Commission voted 5-0 to investigate Columbia Gas' proposal for a Pilot Rider New Area Service (Rider NAS). The rider would allow the costs to consumers for new natural gas service to be paid over 20 years through a monthly surcharge that would not exceed $35. Columbia proposed that Rider NAS continue for a period of four years, and the company will spend no more than $1 million per year on the rider. The Commission unanimously approved this program on October 23, 2014.

- In July of 2014, Peoples Natural Gas, Equitable Gas and Peoples TWP submitted applications for a rider to the Pennsylvania Public Utility Commission that would allow it to add an extra charge to customers' bills in exchange for connecting them to a natural gas pipeline. The surcharge, a flat fee that would cost an average of $50 to $100 per month, would replace the current model where Peoples would charge unconnected homes thousands of dollars in upfront costs. This rider was approved on March 26, 2015.

- In June 2014, the Pennsylvania House introduced HB 2393. This bill provides that no later than January 1, 2015, or 60 days after the effective date of this chapter, whichever is later, each natural gas distribution company shall file a petition with the commission proposing a pilot or permanent program, including any necessary tariffs, to extend natural gas distribution service to unserved or underserved areas within its certificated service territory.

- The major difference between this bill and SB 738 is that this bill mandates that these programs shall provide for on-bill financing for a term of no less than five years. A customer shall be able to pay a required customer contribution in full at any time, without incurring penalties or fees. The form of financing may include a surcharge, third-party financing or any other method of recovery approved by the commission. This bill was removed from the table on September 24, 2014.

	• In November 2014, UGI Utilities became the first Pennsylvania utility to connect its distribution route with the Utica Shale Wells. The direct connection runs between a Utica Shale well, two Marcellus Shale wells in northern Tioga County and a UGI pipeline. The interconnection required that the company construct a new meter and regulator station system. The system expanded the supply of natural gas available to customers in Tioga and Potter counties. This connection can run approximately 14,000 dekatherms of natural gas into UGI's pipelines daily. • In November 2014, PECO filed an application with the Pennsylvania PUC for a pilot project to reduce the cost that customers are asked to pay to extend gas mains. PECO proposed to allow customers to finance the costs of extending gas mains over 20 years. The company stated that it can justify recalculating the payback period due to the abundance of supply from the Marcellus Shale. o PECO's application includes 3 separate proposals. The first proposal applies to all PECO firm gas customers and would change the way customer contributions in aid of construction (CIAC) are calculated for main extensions and service lines by applicants for new service. This proposal was approved on October 1, 2015. o The second proposal would implement a Neighborhood Gas Pilot Program, which is designed to study to coordinated strategies to increase access to natural gas service by : (1) allowing a customer to pay its CIAC for a main extension through a fixed monthly surcharge, instead of requiring an upfront, lump-sum payment; and (2) calculating the required CIAC by taking into account the revenue, including the fixed monthly CIAC payment, expected from the applicant or applicants requesting service and from prospective customers located along the proposed main extension that that are expected to connect to the main in the future. This proposal was approved with certain modifications agreed to by settlement on October 1, 2015. o The final proposal would create a Critical Facilities Pilot Program that would dedicate an annual fixed amount of PECO-funded investment to construct main extensions in PECO's natural gas service territory in Bucks, Chester, Delaware and Montgomery Counties to allow owners of critical public facilities to install natural gas-fired emergency generation to ensure continued operation when electric service is disrupted. This proposal was withdrawn by settlement. • In January 2015, Senator Gene Yaw (R) filed SB No. 214, which provides for distribution system extension and expansion plans to increase natural gas usage in the Commonwealth. o SB 214 provides, that within nine months after the effective date of this section, or within two years after a franchise territory is awarded, each natural gas distribution utility shall submit a plan to the	

	commission. The plan shall be updated triennially unless sooner requested by the commission. ○ Each plan shall include the following: (1) The number of existing customers by municipality in the certificated service area; (2) The number of residential, commercial and industrial entities in the service area by municipality that do not have gas service available, and the anticipated market penetration; (3) The adjacent municipalities of a distribution system that are not serviced by a natural gas distribution utility; (4) A three-year projection for extension projects, if appropriate, demonstrating a reasonable increase in the service area of customers per year; (5) A three-year projection for expansion projects, along with accompanying data, that is based upon the length and cost of the required expansions and the numbers of customers affected for each potential project demonstrating a reasonable increase in the service area of customers per year; (6) Financing that is available to complete the programs, including customer contribution programs; (7) Known rights-of-way, easement or geographic issues or local charges that present an impediment to expansion or extension projects; (8) A form that will be used to enter into an agreement with a prospective customer in order to obtain access to an expansion or extension project; (9) (9) The standards the natural gas utility will use to determine if a customer is unable to comply with the repayment schedule adopted by the natural gas utility. • On July 16, 2015, Senator Stewart Greenleaf (R) introduced Senate Bill 953, which is aimed at expanding the reach of natural gas infrastructure so more households and businesses in Pennsylvania can access natural gas as their source of energy. This legislation would direct the Public Utility Commission (PUC) to bid out designated areas throughout the Commonwealth for deployment of natural gas lines. The company that secures the bid would have a "monopoly" in that area and be required to build a natural gas line in that part so that homes, businesses and industries could connect to the line. The PUC would provide for regulation of prices, hookups and laying of pipe. • On December 3, 2015, the Pennsylvania Public Utility Commission (PUC) voted unanimously to approve a settlement in Columbia Gas of Pennsylvania's (CGP) base rate case. The approved settlement includes a host of programs designed to expand the availability of natural gas service in the state. Those programs include the following: a. A footage allowance of 150 feet of main per residential applicant in normal situations; b. Allowance of 150 feet of Company-owned service line in normal situations; and c. Up to $1,000.00 reimbursement per residential conversion customer toward the cost of house piping for projects that generate a net positive present value greater than $1,000.00 per customer.	

	• In its December 2015 rate filing, UGI Utilities proposed a Technology and Economic Development Rider (TED). The TED Rider is a negotiated rider available in the entire territory to Customers served by the Company which the Company determines, in its sole discretion, has prospective additional gas usage applicable to service under Tariff Rate Schedules N, NT, DS or LFD at the time of execution or renewal of a Service Agreement. The Rider TED is established for the purpose of adjusting the customer's overall distribution charge to address project specific or competitive issues to gain access to and expand use of natural gas within the Commonwealth of Pennsylvania. The negotiated Rider TED may be either a surcharge or credit depending on project specific customer and Company economic requirements, such that the overall economics must meet the requirements of Section 5.1 of UGI's tariff. Rider TED will be utilized to support the expansion of new technologies such as combined heat and power and natural gas vehicles, develop brownfields, and support economic development in Pennsylvania by facilitating business retention and attraction as well as other gas distribution system expansion activities. This proposal was approved on September 1, 2016. • On April 4, 2016, Representative Robert Godshall (R) introduced HB 1946. This bill would allow natural gas distribution companies to recover the cost of constructing new facilities used for the expansion of natural gas service to unserved or underserved areas in Pennsylvania through a Distribution System Improvement Charge (DSIC). Under current law, a DSIC can only be used by a utility to recover the cost to repair, improve or replace existing distribution infrastructure. This bill is presently pending. • On March 18, 2016, Columbia Gas of Pennsylvania filed a base rate case with the Pennsylvania Public Utility Commission. The filing outlines a program in which the deposit required to extend a main line to serve customers using more than 64,400 therms per year may be financed through an increase to the customer charge for the individual customer. Terms and payment period will be negotiated on a case by case basis. The customer must either pay 30% of the uneconomic portion of the deposit up front, or agree to a payment period of 10 years or less. This proposal was approved on October 27, 2016.	
Rhode Island	• On May 3, 2013 (pursuant to a March 21, 2013 Bench Order) the Rhode Island Public Utilities Commission issued a Written Order approving National Grid's annual Gas Infrastructure Safety and Reliability Plan, which included an Expansion Pilot Program. Through the pilot program, the company will identify areas in Rhode Island where the distribution system could be expanded efficiently in terms of the number of potential customers and cost considerations. The company offers an incentive to offset the first 75% of the project for customers in a particular area so that the customer only bears the cost of the remaining 25% of the cost to provide service.	Docket No. 4380 Order Approving National Grid Expansion Pilot Program
Tennessee	• In April 2013, Tennessee enacted legislation which provides for alternative regulatory methods to allow for public utility rate reviews and cost recovery for investments in infrastructure replacement and expansion in lieu of a general rate case. In particular, the bill allows the Tennessee Regulatory Authority (TRA) to authorize the	Public Chapter No. 245 (HB 191)

	recovery of costs related to infrastructure expansion for the purpose of economic development, if such costs are found to be in the public interest. Expansion of economic development infrastructure may include that associated with alternative motor vehicle transportation fuel, combined heat and power installations in industrial or commercial sites, or that which will provide opportunities for economic development benefits in the area to be directly served by that infrastructure.	
Texas	• In 2003, the Texas Legislature passed SB 1271 which established the Texas Gas Reliability Infrastructure Program (GRIP). ○ GRIP allows a gas utility that has filed a rate case within the previous two years to file a tariff or rate schedule that provides for an interim adjustment in its monthly customer charge or initial block rate in order to recover the cost of investment changes, which could include the replacement of aging infrastructure or expansion of infrastructure. • On February 4, 2015, Rep. Mary Gonzalez introduced H.B. 1125. This bill would direct the Texas Railroad Commission (RRC) to initiate a study on the availability of natural gas utility service in Texas. The study would aim to identify areas of the state that lack such service; identify reasons for any lack of availability; estimate the cost of expanding availability of natural gas service; and, investigate methods to expand the availability of natural gas service. The RRC would be required to issue a report to the legislature, the lieutenant governor, the speaker of the house, and others by November 30, 2016. ○ In conducting the study, the commission shall: (1) identify each area of this state that lacks natural gas utility service; (2) consider the reasons for the lack of availability of natural gas utility service in each area identified in Subdivision (1) of this section; (3) estimate the cost of expanding availability of natural gas utility service in each area identified in Subdivision (1) of this section; and (4) study methods for making natural gas utility service available throughout this state. ○ Once the study is concluded, The commission shall issue a written report to the legislature, the lieutenant governor, the speaker of the house, and the presiding officers of the standing committees of the senate and house of representatives with jurisdiction over the commission that includes the commission's findings and recommendations relating to changes in policies, rules, and statutes necessary to provide for or expedite the extension of natural gas utility service to areas of this state that lack that service. • This bill died at the end of the legislative session. • On September 27, 2016, the Texas Railroad Commission (RRC) issued an in Texas Gas Service's (TGS) base rate case. The RRC's order permits TGS to, at its option, extend lines to serve a group of new customers outside or inside the incorporated areas or the West Texas Service Area by	Senate Bill 1271, Establishing the Gas Reliability Infrastructure Program HB 1125 (died) GUD-10506 (Texas Gas Service)

	use of Contribution in Aid of Construction (CIAC). Unless not economical or reasonable, the company can allow payment of the CIAC in the payment of the CIAC amount in the form of a monthly Tapping Fee to be charged to the all customers connecting to the extension of facilities each month until the company recovers the amount of CIAC required to serve the area. At least 50% of the existing homes in the area must be under contract for service for this time of extension of facilities to be available to the area.	
Vermont	• In September 2011, the Vermont Public Service Board allowed Vermont Gas Systems to use ratepayer monies to plan for future line extensions, reasoning that it will result in increased economic development and a reduction in greenhouse gas emissions.	Vermont Public Service Board Docket No. 7712—To establish a System Expansion and Reliability Fund with funds provided by reductions in the quarterly Purchase Gas Adjustment rate under the Alternative Regulation Plan
Virginia	• In 2012, Virginia's then governor signed legislation that will facilitate the recovery of costs for eligible gas-line extensions that promote economic development. The law creates a deferral that preserves the cost of service associated with the facility for recovery in a future rate proceeding. • In October 2014, Governor Terry McAuliffe released an "all of the above" quadrennial energy plan at the direction of the Virginia Genera Assembly. The plan provides the following recommendation relating to the expansion of natural gas infrastructure: ○ *Expand, Improve and Increase the Reliability of Virginia's Energy Infrastructure* ○ *Support legislative and regulatory policy, such as special utility rates, to allow Virginia's natural gas utilities to more proactively approach expansion of intrastate infrastructure into unserved and underserved areas; and support improvements and expansion of interstate natural gas pipeline infrastructure to increase capacity in currently restricted market areas, such as Central and Tidewater Virginia to improve the ability to attract new businesses and stimulate economic development in these regions* • On January 2, 2015, Delegate Lee Ware (R) filed House Bill No. 1475, which establishes a procedure under which a natural gas utility may seek State Corporation Commission (SCC) approval of a system expansion plan that includes, among other things, a schedule for recovery of eligible system expansion infrastructure costs through a system expansion rider and a methodology for deferral of unrecovered eligible system expansion costs; provides for a system expansion plan and system. This bill was signed into law on March 17, 2015 and will take effect on July 1, 2015. • The bill, referred to as Making Access to gas Infrastructure Now or "MAIN", increases the opportunity for consumers in unserved areas of Virginia to receive natural gas service by providing an alternative method for collecting the	Virginia Chapter 51 2014 Virginia Energy Plan House Bill No 1475 PUE-2016-00001 (WGL Rate Case) SB 748

	uneconomic portion of the costs associated with an expansion project, without affecting existing customers. Rather than requiring a burdensome upfront payment by the builder or developer, the uneconomic cost of the project may be recovered over time from the benefiting customers. The MAIN legislation offers several advantages including: (1) it allows Virginia gas utilities to grow their systems to the benefit of all customers, and make natural gas service available to new customers who would not have such an option otherwise; (2) it allows builders and developers the opportunity to meet the demand for natural gas from home buyers and businesses, without incurring prohibitive costs; (3) it assists gas utilities in meeting Virginia's clean energy policy objectives by increasing the availability and delivery of reliable and adequate supplies of energy to customers at reasonable costs, and promoting the environmental benefits of increased use of clean burning natural gas; and (4) it ensures the continued growth and availability of affordable natural gas throughout Virginia. Columbia Gas estimates that the Program will add up to 3,000 new customers over the first three years of implementation within its service territory. • On April 20, 2016, Governor Terry McAuliffe signed SB 748 into law. This bill provides that the State Corporation Commission (SCC) is authorized to approve proposals that satisfy certain conditions, including a finding that implementation of the program will provide significant economic development benefits that might not otherwise be attained absent its approval. A utility's capital investment is capped at $10 million in the aggregate of all of the utility's Programs and at $5 million for any specific qualified economic development site. The bill states that the SCC shall approve, or approve with appropriate modifications, a proposed Program if the proposed program authorizes (i) a natural gas utility to recover costs incurred in implementing the program through a supplemental surcharge paid only by its retail customers at the qualified economic development site that connect to natural gas line extensions installed in utility right-of-way or other interests in real property acquired through the program. • On June 30, 2016, Washington Gas Light (WGL) filed for a rate increase with the Virginia State Corporation Commission. In this filing, WGL proposes three initiatives to address existing limitations on residential and commercial customer access to natural gas in Virginia. The initiatives are: a contribution payment plan, as an alternative to a lump-sum up-front payment option, for any required customer contribution under WGL's general service tariff; a program that facilitates conversion to natural gas for neighborhoods and other target markets; and, a program to facilitate access to natural gas for existing, high-growth communities in Virginia by helping to fund the extension of pipelines. This matter is presently pending.	
Washington	• In January 2014, two pieces of legislation were introduced with the goal of expanding access to natural gas to more Washington homes and businesses. • HB 2177 would direct the Washington Utilities and Transportation Commission (UTC) to grant recovery and authorize mechanisms or adjustments as are necessary for a natural gas utility to recover capital costs associated with	HB 2177 (died at end of session) HB 2101 (died at end of session) Docket UG-143616 (Expansion

	investments in natural gas infrastructure, if those investments will promote the security or convenience of the public. Under the terms of the bill, security or convenience of the public includes but is not limited to infrastructure in rural or underserved areas of the state that: promote economic development, improve environmental conditions or enhance public health. • HB 2101 would create a rural Washington natural gas access and investment account to provide a funding source for eligible infrastructure projects. • These bills died at the end of the legislative session. • On October 6, 2014, The UTC opened an Investigation into natural gas distribution infrastructure expansion. The UTC held a workshop as a recessed open meeting on Monday, November 3, 2014 to discuss the need for natural gas distribution infrastructure expansion, and investigate the options available to implement such expansion. • On July 29, 2015, The Northwest Power & Natural Gas Planning Taskforce released a whitepaper entitled Northwest Gas Infrastructure – Looking Forward. • The whitepaper concluded that large new gas users could have more control over future infrastructure expansions than existing users, including utilities. Utilities may have to adapt their preferred gas supply and infrastructure strategies based on the location and timing of infrastructure projects chosen by large new gas users. • The whitepaper also concluded that utilities need reliable pipeline transportation from a robust gas supply. As new users enter the region, and existing users change their gas consumption patterns, what is considered to be a robust supply may change? This could cause utilities to change their preferred gas supply portfolio and/or transportation product (firm or non-firm) needed to ensure reliable delivery of gas to the point of consumption. • The Taskforce is a joint effort of the Northwest Gas Association and PNUCC. The Taskforce's members largely consist of natural gas utilities, pipelines, electric utilities that consume gas to generate power and industrial user representatives. • On February 23, 2016, the Washington Utilities and Transpiration Commission issued an order approving Avista's petition to modify its line extension policy. Staff reviewed the Petition and found that the company's revised methodology produces the maximum line extension allowance that is economically-viable for the Company. Staff also found that the proposed accounting ratemaking treatment is appropriate. Avista proposed adopting a new methodology for the calculation of line extension allowances, known as the Perpetual Net Present Value method, which uses figures that are established by the Commission during a rate case. Staff supported using this methodology because it produces the maximum line extension allowance that is economically viable for the Company. • Avista also proposed a rebate program for existing single-family, Residential Schedule 101 customers that receive a	Investigation) The Northwest Gas Landscape – Looking Forward Docket UG-152394 (Avista)

	natural gas line extension as part of conversion to natural gas from another fuel source. In cases where the customer's line extension allowance exceeds the cost of providing the line extension, an "excess allowance" remains. Customers in these circumstances can, within 90 days, apply for a rebate to cover the costs of purchasing and installing high-efficiency natural gas appliances for space-heating and water-heating. • Avista additionally sought to defer the excess allowance rebates paid to Washington residential customers upon conversion to natural gas from another fuel source. Staff found that deferring these expenses for later recovery is appropriate and that the three-year period requested for this treatment provides a reasonable timeframe in which to expect the Company to file a general rate case, which will serve as an opportunity to review the program. • After reviewing the company's Petition and giving due consideration to all relevant matters and for good cause shown, the Commission found that it was consistent with the public interest to grant Avista's Petition on a temporary basis for a three-year period and authorize both the changes to the Company's natural gas line extension tariff and accounting ratemaking treatment.	
West Virginia	• On February 3, 2015, the West Virginia Senator Charles Trump (R) filed SB 390. This bill provides that natural gas utilities may file with the commission, an application for a multi-year comprehensive plan for infrastructure replacements, upgrades and extensions. Subject to commission review and approval, a plan may be amended and updated by the natural gas utility as circumstances warrant. • Following commission approval of its infrastructure program, a natural gas utility shall place into effect rates that include an increment that recovers the allowance for return, related income taxes, depreciation and property tax expenses associated with the natural gas utility's estimated infrastructure program investments for the upcoming year, net of contributions to recovery of those incremental costs provided by new customers served by the infrastructure program investments, if any, ("incremental cost recovery increment"). In each year subsequent to the order approving the infrastructure program and an incremental cost recovery increment, the natural gas utility shall file a petition with the commission setting forth a new proposed incremental cost recovery increment based on investments to be made in the subsequent year, plus any under-recovery or minus any over-recovery of actual incremental costs attributable to the infrastructure program investments, for the preceding year. This bill was signed into law on March 24, 2015 and will take effect on June 11, 2015. • On September 30, 2015, Dominion Hope Gas filed for approval of its Pipeline Replacement and Expansion Program (PREP). PREP is consistent with SB 390's objectives of replacing, upgrading, extending and expanding the Company's natural gas pipeline infrastructure to provide continued and enhanced, efficient, safe and reliable gas service to its current base, including to new customer bases in unserved or underserved areas of West Virginia. • In this proposal, the company proposes to extend its	SB 390 Docket No. 15-1600-G-390P (Dominion Hope) 15-1256-G-390P (Mountaineer Gas)

	distribution mains as well as construction and installation of any related main to curb piping and customer service piping to provide gas sales service to unserved customers without cost to the applicant prospective new customer or customers for up to 300 feet of main extension per applicant. • Costs associated with PREP would be eligible for recovery through an annual rate surcharge. This proposal was removed by settlement. • On March 31, 2016, Mountaineer Gas filed with the West Virginia Public Service Commission for approval of a 57-mile expansion project that would set up a core natural gas distribution system to unserved and underserved areas in Morgan, Jefferson and Berkeley counties. This matter is presently pending.	
Wisconsin	• In December 2014, the Public Service Commission of Wisconsin (PSC) issued a Final Decision which granted WE Energies utility Wisconsin Gas, LLC the authority to construct a natural gas transmission lateral from the Viking Gas Transmission Company interstate pipeline to the city of Tomah, through Eau Claire, Jackson, Clark, and Monroe Counties, Wisconsin. The PSC expects that the project will add approximately $24 a year to residential natural gas rates. WG proposed the project in response to the growth of the sand mining industry, which mines, processes and ships sand used in hydraulic fracturing. In addition, the Company received approval to provide natural gas service in several municipalities in the project area. Wisconsin Gas will be required to file annual reports that detail how much additional growth in customer use of natural gas occurs as a result of the project. • On October 5, 2016, the Public Service Commission of Wisconsin opened an investigation into aspects of natural gas utility extension practices, including, but not limited to: natural gas extension practices, natural gas extension project costs, economic and cost models, customer contributions and allowances, natural gas tariffs, and any other directly related matters, as identified by Commission staff. This matter is presently pending.	6650-CG-233 5-GI-116 (Extension Investigation)
Wyoming	• In March 2008, SourceGas submitted an application to the Wyoming PSC for approval of an Extra Incentive Allowance in Docket No. 30022-106-GT-07. SourceGas stated that the Regular Incentive Allowance, standing alone, was frequently inadequate to enable rural customers to connect to the system, because the cost of the attachment substantially exceeded the Regular Incentive Allowance. In response to this circumstance, SourceGas proposed an Extra Incentive Allowance, which is available to customers over and above the Regular Incentive Allowance. Under SourceGas' program, a customer is free to accept or reject the Extra Incentive Allowance. SourceGas is also able to offer on bill financing of gas appliances. • The Extra Incentive Allowance is available in instances where the overall service connection cost exceeds the Regular Incentive Allowance. Under the Company's program, the Extra Incentive Allowance is paid back over time via an additional charge on the customer's monthly bill until it is recouped. This program was approved originally on May 21, 2008 and has since been expanded to allow for a	Docket No. 30022-106-GT-07

	maximum incentive of up to $5000.	