SENATE DOCKET, NO. 1378 FILED ON: 1/16/2015

SENATE . . . . . No. 1768

The Commonwealth of Massachusetts

PRESENTED BY:

James B. Eldridge

To the Honorable Senate and House of Representatives of the Commonwealth of Massachusetts in General Court assembled:

The undersigned legislators and/or citizens respectfully petition for the adoption of the accompanying bill:

An Act relative to protecting consumers of gas and electricity from paying for leaked and unaccounted for gas.

PETITION OF:

NAME:	DISTRICT/ADDRESS:	
James B. Eldridge	*Middlesex and Worcester*	*3/9/2015*
Peter V. Kocot	*1st Hampshire*	
Lori A. Ehrlich	*8th Essex*	
Barbara A. L'Italien	*Second Essex and Middlesex*	
Denise Provost	*27th Middlesex*	
Cory Atkins	*14th Middlesex*	
Sean Garballey	*23rd Middlesex*	
Kenneth J. Donnelly	*Fourth Middlesex*	
Mary S. Keefe	*15th Worcester*	
Marjorie C. Decker	*25th Middlesex*	
Tricia Farley-Bouvier	*3rd Berkshire*	
Carmine L. Gentile	*13th Middlesex*	
Edward F. Coppinger	*10th Suffolk*	
Patricia D. Jehlen	*Second Middlesex*	
Brian A. Joyce	*Norfolk, Bristol and Plymouth*	
Steven Ultrino	*33rd Middlesex*	
Benjamin Swan	*11th Hampden*	

Linda Dorcena Forry	*First Suffolk*	
Michelle M. DuBois	*10th Plymouth*	
Timothy J. Toomey, Jr.	*26th Middlesex*	
Joan B. Lovely	*Second Essex*	*3/4/2015*
Daniel A. Wolf	*Cape and Islands*	*3/9/2015*
Anthony W. Petruccelli	*First Suffolk and Middlesex*	*3/23/2015*

SENATE DOCKET, NO. 1378 FILED ON: 1/16/2015

SENATE . . . . . No. 1768

By Mr. Eldridge, a petition (accompanied by bill, Senate, No. 1768) of James B. Eldridge, Peter V. Kocot, Lori A. Ehrlich, Barbara L'Italien and other members of the General Court for legislation relative to protecting consumers of gas and electricity from paying for leaked and unaccounted for gas. Telecommunications, Utilities and Energy.

The Commonwealth of Massachusetts

In the One Hundred and Eighty-Ninth General Court
(2015-2016)

An Act relative to protecting consumers of gas and electricity from paying for leaked and unaccounted for gas.

Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:

The General Laws of the Commonwealth of Massachusetts are hereby amended as follows:

SECTION 1. Chapter 164 of the General Laws, as appearing in the 2014 Official Edition, is hereby amended by adding the following section:

Section 147. (a) As used in this Section, the following words shall have the following meanings:

“Gas” - natural gas and any of its products, components or derivatives and methane, whether produced by, or gathered from or collected as a result of exploration and production by well, mining or otherwise, hydraulic fracturing, biomass gasification reactors, biogas reactors,

10 anaerobic digestion, methane emissions from landfills and liquid natural gas and whether mixed
11 with propane air or not or with synthetic natural gas or not.

12 “Hydraulic fracturing” - the process of pumping a fluid into or under the surface of the
13 ground in order to create or develop or enhance the flow through fractures in rock for the
14 purpose of the production or recovery of oil or gas.

15 "Liquefied natural gas " - a natural gas that has been changed into a liquid by cooling the
16 temperature at atmospheric pressure to approximately 260°F.

17 “Local Distribution Company” – includes a municipal distribution company, and is
18 referred to as an LDC.

19 “Local retail outlets” – Distributors of gas at retail to retail customers for individual
20 household use.

21 "Natural gas " - a type of gas which originates in the ground and is predominantly
22 methane.

23 "Propane air" - a type of gas produced by those facilities which add commercial grade
24 propane to air for mixture with natural gas .

25 “Provider” – anyone that purchases, acquires, transmits, barters, forfeits, exchanges,
26 transports, stores, processes, compresses or decompresses, distributes, sells or conveys gas for
27 resale or reuse and any Public Utility. A Provider may use one or more system types.

28 “Public Utility” – a gas or electric company as defined in section one of chapter one
29 hundred and sixty four, or any municipal corporation which owns or may acquire municipal
30 lighting plants as referred to in section two of said chapter one hundred and sixty four or any

31 person, firm, association, or private corporation which owns or operates works or a distribution
32 plant for the manufacture and sale or distribution and sale of gas for heating and illuminating
33 purposes, or of electricity, within the Commonwealth as referred to in section two of said chapter
34 one hundred and sixty four or any domestic electric utility or foreign electric utility as defined
35 in section one of chapter one hundred and sixty four A.

36 "Synthetic natural gas " - a type of gas which is made by a facility which produces a
37 gaseous fuel from the manufacture, conversion or reforming of liquid or solid hydrocarbons.

38 “System type” – any one of a gas distribution system, gas transmission or transportation
39 system, gas storage facility whether in liquefied or other state, gas production, gathering or
40 handling system. and a Public Utility.

41 Unaccounted-for-gas (UFG) —The difference between the total gas available from all
42 sources that is acquired by a system type and the total gas accounted for as sales, net interchange
43 and company use. This difference includes leakage or loss by other means, discrepancies due to
44 measuring or monitoring inaccuracies, variations of temperatures or pressures, or both, and other
45 variants .

46 (b) Calculation of UFG.

47 (1) When possible, UFG must be measured, computed and reported by system type.

48 (2) UFG for a system type equals Gas Received less Gas Delivered less Adjustments.

49 (3) Percent of UFG equals UFG divided by Gas Received times 100

50 (4) Gas received, gas delivered, and adjustments must represent actual gas quantities.
51 Measuring and monitoring equipment that meets current industry standards applicable in

52 Massachusetts must be installed. Estimates shall be treated as UFG unless clearly identified,
53 have supporting justification, assumptions and calculations and can be determined to be at least
54 as accurate as measured results. All records of acquisition by purchase or otherwise, sales and
55 internal usage must be made available and have been kept in the usual course of business.

56 (5) All lost and unaccounted for gas shall be presumed to be lost gas unless the portion
57 represented by unaccounted for gas, including but not limited to losses to company used gas,
58 liquids extraction, and meter errors due to inaccurate calibration or temperature and pressure
59 fluctuations, is proven by a preponderance of the evidence in a given ratemaking proceeding.

60 (6) A Provider shall be responsible for the UFG of each other Provider that is a source of
61 gas within the state that is not subject to ratemaking and the gas received for measuring UFG
62 shall be the gas received within the state by that Provider that it not subject to rate making.

63 (c) The cost of UFG in excess of the maximum allowable and all expenses for decreasing
64 UFG down to the maximum allowable shall be disallowed for ratemaking purposes.

65 (1) The maximum allowable loss is as shown in the following table.

66 Maximum Allowable Loss as a Percent of UFG per System Type

67 Year/ Distribution/ Transmission/ Storage/ Public utility/ Other

68 1/ 1.00%/ 0.50%/ 0.25%/ 0.25%/ 0.25%

69 2/ 0.750%/ 0.25%/ 0.10%/ 0.10%/ 0.10%

70 3/ 0.50%/ 0.10%/ 0.05%/ 0.05%/ 0.05%

71 4/ 0.25%/ 0.05%/ to/ to/ to

72 5/ 0.10%/ to

73 6/ 0.00%/ 0.00%/ 0.00%/ 0.00%/ 0.00%

74 (2) The calculation of the percentage of lost and unaccounted for gas shall be based on an
75 annual period. Notwithstanding the choice of test year for other aspects of ratemaking, and
76 unless a more appropriate period can be demonstrated by a preponderance of the evidence in a
77 given ratemaking proceeding, the annual period ends June 30, and is the most recent such period
78 for which data are available.

79 (3) Local retail outlets shall use best available technology and practices for preventing
80 leakage.

81 SECTION 2. Section 1 shall take effect on January 1, 2017.