

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2013

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SENATE BILL 379*
House Committee Substitute Favorable 6/20/13

Short Title: Expansion of Natural Gas in Rural Areas.

(Public)

Sponsors:

Referred to:

March 21, 2013

1 A BILL TO BE ENTITLED
2 AN ACT PROVIDING VARIOUS INCENTIVES TO FACILITATE NEW AND
3 EXPANDED NATURAL GAS SERVICE IN RURAL AREAS OF THE STATE.

4 The General Assembly of North Carolina enacts:

5 **SECTION 1.** Article 1 of Chapter 106 of the General Statutes is amended by
6 adding a new section to read:

7 "**§ 143B-437.020. Utilization of economic development funds to support new and**
8 **expanded natural gas service for agricultural projects in rural areas of the**
9 **state.**

10 (a) Definitions.

11 (1) Eligible project. – A discrete and specific economic development project
12 that would expand agricultural production or processing capabilities that is
13 located in a rural area and that requires new or expanded natural gas service.

14 (2) Excess infrastructure costs. – Any project carrying costs incurred by a
15 natural gas local distribution company to provide new or expanded natural
16 gas service to an eligible project that exceed the income the infrastructure
17 generates for the local natural gas distribution company, including any
18 standard rates, special contract rates, minimum margin agreements, and
19 contributions in aid of construction collected by the natural gas local
20 distribution company.

21 (3) Project carrying costs. – All costs, including depreciation, taxes, operation
22 and maintenance expenses, and a return on investment equal to the rate of
23 return approved by the Utilities Commission in the natural gas local
24 distribution company's most recent general rate case under G.S. 62-133.

25 (b) Facilitation of New and Expanded Natural Gas Service to Agricultural Production in
26 Rural Areas of the State. – State, regional, and local economic development funds may, at the
27 discretion of the managers of the funds, be utilized for the following purposes:

28 (1) To allow the owner of an eligible project to pay for excess infrastructure
29 costs associated with the eligible project.

30 (2) To allow the owner of an eligible project to pay for cost-effective
31 alternatives that would reduce excess infrastructure costs. Examples of
32 cost-effective alternatives include:

33 a. Relocating equipment that uses natural gas to a different location on
34 the property nearer existing natural gas lines to reduce or eliminate
35 the project carrying costs.



1 b. Adding supplemental uses of natural gas to increase annual volume
2 throughput and enhance the feasibility of new natural gas service,
3 including fuel for tractors and equipment, greenhouses, plant or
4 animal production, feed grain drying, and natural gas powered
5 irrigation pumps.

6 (c) Use of Funds. – Funds paid in accordance with subsection (b) of this section shall be
7 paid directly to the owner of the eligible project.

8 (d) Termination. – The payment of funds in accordance with subsection (b) of this
9 section shall terminate when there are no longer excess infrastructure costs.

10 (e) Reimbursement. – The owner of an eligible project who is paid funds in accordance
11 with subsection (b) of this section shall be responsible for reimbursing the funds if, for any
12 reason, the eligible project does not maintain business operations for a period of at least five
13 years from the date of the initial receipt of funds.

14 (f) Limits on Eligible Project Funding. – Payments under subsection (b) of this section
15 shall not exceed five million dollars (\$5,000,000) per biennium.

16 (g) Mechanism Not Exclusive. – The payment of funds in accordance with subsection
17 (b) of this section is intended to supplement other available mechanisms for the extension of
18 service to new or expanding customers in rural areas and may be used in conjunction with
19 special contract arrangements, minimum margin agreements, and contributions in aid of
20 construction."

21 **SECTION 2.** This act is effective when it becomes law.