American Gas Association

5/22/2014

State Infrastructure Replacement Activity

State	Activity	Relevant Documents
Alabama	• In 1995, the Alabama PSC approved the Cast Iron Main Replacement Factor as part of Mobile Gas' general rate case. The program recovers the annual revenue requirement level of depreciation, taxes and return associated with cast iron main replacements. The tracking mechanism is applied to all rate classes and is updated annually for incremental investment in cast iron main replacements • Mobile Gas and Alabama Gas presently utilize a Rate Stabilization and Equalization Plan	Docket No. 24794
Arkansas	• In 1988, CenterPoint received approval from the Arkansas PSC for the Gas Main Replacement Program (GMRP) which provided for a tracker to be applied to the replacement of bare steel and cast iron mains and associated service. In 1992, the program was modified to include recovery of capital investment (depreciation) and was expanded to include all cast iron gas main and related services. At that time it was also renamed the Cast Iron Main Replacement Program (CIGMRP). In 2002, the program was modified again to include bare steel and associated services, and was renamed the Main Replacement Program (MRP)	Dockets 06-161-U and 10-108-U (CenterPoint)
Arizona	• In January 2012, the Arizona Corporation Commission granted Southwest Gas approval to implement a Customer Owner Yard Line (COYL) program as part of its general rate case settlement. The program is designed to facilitate leak surveying and, when required, replacement of customer yard lines. The program includes a cost recovery component whereby Southwest Gas defers the actual COYL capital costs and files an annual application requesting authority from the Arizona CC to implement a per therm surcharge rate to recover the revenue requirement on the deferred COYL costs	Docket No. G-01551A-10-0458 (Southwest Gas)

California	- In December 2010, San Diego Gas & Electric filed a request with the California PUC for a gas base rate increase. In its filing, the utility also proposes a post-test-year ratemaking mechanism for the three-year period 2013 through 2015, under which the company's revenue requirement would be adjusted to reflect increases in capital-related and other expenses. The CPUC approved the mechanism in May 2013. - Also in December 2010, Southern California Gas filed a request with the CPUC for a gas base rate increase. As part of that filing, the utility proposes a post-test-year ratemaking mechanism for the three year period 2013-2015, which under the company's revenue requirement would be adjusted to reflect increases in capital-related and other expenses. The company did not request specific rate increases under the mechanism. The CPUC approved the mechanism in May 2013. - As part of its recent GRC in California, Southwest Gas proposed an Infrastructure Reliability and Replacement Adjustment Mechanism (IRRAM) that is designed to facilitate and complement projects involving the enhancement and replacement of gas infrastructure. This proceeding is still active.	A1012005 (San Diego Gas & Electric) A1012006 (Southern California Gas) A1212024 (Southwest Gas)
Colorado	In September 2011, Public Service Company of Colorado received approval from the Colorado PUC to implement a pipeline system integrity adjustment tracker to recover costs associated with reliability improvements and compliance with certain federal safety regulations	Docket No. 10AL-963G
Connecticut	On January 22, 2014 The Public Utilities Regulatory Authority approved a Distribution Integrity Management Program (DIMP) mechanism that allows recovery of the revenue requirement for main replacement activity between rate applications. Additionally, the PURA approved a schedule and budget for system integrity projects that target needed replacement of cast iron mains, bare steel mains and bare steel services.	Docket No13-06-08
District of Columbia	In February 2012, WGL filed a rate case with the DC PSC in which it proposed to expand its existing pipe replacement program (originally approved in 2007). In the filing, WGL proposes a 5-year accelerated pipeline replacement program and a surcharge recovery of $119 million to be invested in replacement infrastructure. The DC PSC ruled, in part, on this case in May 2013. It denied WGL's request to implement the initial 5 year	Case No. 1093

	phase of its Accelerated Pipeline Replacement Program. A decision on WGL's request to recover the costs of its Accelerated Pipeline Replacement Program in a Plant Recovery Adjustment is deferred until a later date. • The DC PSC conditionally approved WGL's program on March 31, 2014. Before receiving final approval, Washington Gas must submit additional information on the implementation of its plan within 30 days of the order. The PSC will place the remainder of the proceeding on a fast track.	
Florida	• On August 14, 2012, the Florida Public Service Commission approved a Gas Reliability Infrastructure Program (GRIP) for Florida Public Utilities Company (FPU) and its partner company, Central Florida Gas (CFG). Under the program, the two providers plan to replace more than 350 miles of pipeline over the next ten years; At that time the Commission approved the same program for Chesapeake Utilities • Also on August 14, 2012, the Florida PSC approved a GI Cast Iron/Bare Steel Replacement Rider for TECO Peoples Gas Systems. Under that program, TECO is expected to invest approximately $8 million and over the course of ten years will replace 150 miles of cast iron and 400 miles of bare steel pipeline, comprising about 4 percent of the company's system.	Docket No. 120036-GU (GRIP for FPU/CFG and Chesapeake Utilities) Docket No. 110320-GI (GI Replacement Rider for TECO) Florida PSC News Release (8/14/2012)
Georgia	• In 1998, AGL Resources began a 15 year Pipeline Replacement Program (PRP), which, at the time, was reviewed annually by the Georgia PSC—the PSC reviewed the utility's infrastructure replacement expenses from the previous year and then approved a new surcharge amount. Later, the commission agreed to a fixed dollar amount of expense to be recovered in rates over the remaining 7 years of the program • In 2009, the Georgia PSC approved the expanding of the PRP to include investments for infrastructure expansion. PRP is now included as part of the Strategic Infrastructure Development and Enhancement (STRIDE) Program for AGL Resources. STRIDE provides for a rider on customer bills that will allow AGL to recover costs associated with both traditional infrastructure replacement, as well as infrastructure expansion relating to customer growth and economic development • In 2000, Atmos received approval to implement a pipe replacement surcharge for its Georgia customers.	Docket Nos. 8516 & 29950 (Approving Georgia STRIDE Program) Docket No. 12509-U (Atmos)

Illinois	• In May 2013, the Illinois General Assembly passed the Natural Gas Consumer, Safety and Reliability Act (SB 2266). The legislation will allow utilities to make incremental investments in infrastructure upgrades and recover those costs through a rider on customer bills. The rider/surcharge is to be regularly reviewed by the ICC. In addition, the measure requires utilities to file annual plans with the ICC detailing performance improvements and reporting on progress. Performance improvements may include decreases in time to respond to gas emergency calls and/or preventing damage caused by utility or contractor error.	Natural Gas Consumer, Safety and Reliability Act (Passed by legislature 5/28/13, Signed by Governor Quinn 7/5/13, Public Act 98-0057)
Indiana	• In April 2013, the legislature passed a bill that will allow for a tracker for cost recovery of infrastructure upgrades and extensions. If passed, the bill would allow utilities to propose a 7 year infrastructure plan to the IURC, and, if considered reasonable, the utility could recover its investment in a timely manner through a tracker on customer's bills • In 2008, Indiana Gas (Vectren Corp.) received approval to implement a tracking mechanism that allows the utility to defer expenses associated with investments in infrastructure and replacement projects • In 2006, Southern Indiana Gas and Electric Company (Vectren Corp.) received approval of a tracking mechanism for recovery of an accelerated bare steel and cast iron pipeline replacement program • NIPSCO field its 7 year plan with the IURC on October 3, 2013. This plan was approved on April 30, 2014. • Vectren filed its 7 year plan with the IURC on November 26, 2013.	Indiana SB 560 (Became Public Law No. 133-2013 on 5/1/2013) Case No. 43298 (Indiana Gas) Case No. 43112 (Southern Indiana Gas and Electric Company) Cause Number 44403 (NIPSCO) Cause number 44429 (Vectren)
Iowa	• In October 2011, the Iowa Utilities Board adopted a rule that allows the state's natural gas utilities to implement either of two types of automatic adjustment mechanisms for recovery of a limited number of capital infrastructure investments outside of a general rate case, including those that are required by government mandates or are required by state or federal pipeline safety mandates. To date no utility has implemented either of the two types of mechanisms for cost recovery • Effective April 25, 2013, the Iowa Utilities Board has approved tariffs implementing a capital infrastructure investment automatic adjustment mechanism	Docket No. RMU-2011-0002 (October 2011) Docket No. RPU 2002-0004 (April 2013)

Kansas	• In 2006, the Kansas State Legislature passed the Gas Safety and Reliability Policy Act, which approved the implementation of a gas system reliability surcharge between 0.5% and 10% of revenues to recover new infrastructure replacement costs not already included in rates; Atmos, Black Hills, and Kansas Gas Service utilize the surcharge	K.S.A 66-2201 through K.S.A 66-204 (Gas Safety Reliability Policy Act)
Kentucky	• In 2005, pursuant to passage of KY HB 440, Kentucky created a new section in the Kentucky Revised Code titled "Recovery of Costs for Investments in Natural Gas Pipeline Replacement Programs," which allows the commission to approve the recovery of costs for investment in natural gas pipeline replacement programs which are not recovered in the existing rates of a regulated utility; Atmos, Columbia Kentucky, Delta Natural Gas, and Duke Energy Kentucky utilize such programs	KRS 278.509
Louisiana	• CenterPoint utilizes a rate stabilization program (Rider RSP) to change its rates annually to reflect higher capital investment (rate base) and higher O&M costs relating to pipeline safety and other factors. • Under this program, for each twelve month period ended June 30, a determination shall be made pursuant to this Rider RSP as to whether the Company's revenue should be increased, decreased or left unchanged. If it is determined that the revenue should be increased or decreased, the natural gas rate schedules incorporating this Rider RSP will be adjusted accordingly.	CenterPoint Rider RSP
Maine	• In 2011, the Maine Public Utilities Commission authorized Northern Utilities to implement a limited, one year, incremental step adjustment of $0.9 million effective 5/1/2012 to reflect investments made under the company's Cast Iron Replacement Program (CIRP); Initially the utility had sought a targeted infrastructure replacement adjustment (TIRA) tracker to reflect incremental CIRP investments; The commission did not approve a permanent tracker, instead opting for the more limited mechanism for one year • On December 17, 2013, the Maine Public Utilities Commission ("MPUC"), during its public deliberations, voted unanimously to approve a Settlement and Stipulation ("Stipulation") in Docket No. 2013-00133, the base rate proceeding for the Maine division of Northern Utilities, Inc. Unitil Corporation's natural gas distribution utility subsidiary.	Docket No. 2011-92 Docket No. 2013-00133

	• The Stipulation included a Targeted Infrastructure Replacement Adjustment ("TIRA") rate mechanism, which will provide for annual adjustments to distribution base rates in future years to recover costs associated with the Unitil's investments in specified operational and safety-related infrastructure replacement and reliability upgrade projects to its natural gas distribution system. The TIRA will have an initial term of four (4) years, and applies to investments made in eligible facilities in each of the calendar years 2013, 2014, 2015, and 2016.	
Maryland	• On February 22, 2013, the Maryland General Assembly passed SB 8, legislation that will allow a gas company to recover costs associated with infrastructure replacement projects through a gas infrastructure replacement surcharge on customer bills. The bill specifies how the pretax rate of return is calculated and adjusted and what it includes, and states that it is the intent of the General Assembly to accelerate infrastructure improvements by establishing this mechanism for gas companies to recover reasonable and prudent costs of infrastructure replacement • As of November 7, 2013, Washington Gas Light, Baltimore Gas and Electric and Columbia Gas of Maryland had all filed for approval of their STRIDE plans with the Maryland PSC. • On January 29, 2014, The Maryland PSC approved the first phase of Baltimore Gas and Electric's (BGE) $400 million, 30-year gas STRIDE Plan. BGE's plan targets five specific areas for improvement, including bare steel mains, cast iron mains and bare steel services. It calls for the replacement of the company's 42 miles of bare steel mains within 15 years and 1,292 miles of cast iron mains within 30 years. • On January 31, The Maryland PSC the Maryland Public Service Commission (PSC) rejected Columbia Gas of Maryland's (CGM's) proposed STRIDE plan and associated rider mechanism, finding that the plan failed to meet certain statutory requirements. In addition, the PSC found that the STRIDE plan would not improve safety and reliability in the gas distribution system, because the plan "does not keep pace" with the company's current replacement rate of aging mains and services and would thus decelerate its infrastructure replacement activity. The Commission noted that it may approve a gas infrastructure replacement plan in accordance with state law if it finds the proposed investments and estimated costs of eligible projects to	Maryland SB 8 (Enrolled 5/2/2013, MD Chapter No. 161) Case No. 9331 Case No. 9332 Case No. 9335

	be: reasonable and prudent; and, designed to improve public safety or infrastructure reliability. The PSC directed CGM to submit an amended application addressing the issues within 60 days; the Commission indicated that it would consider an amended application on an expedited basis.	
Massachusetts	• The Massachusetts legislature is currently considering legislation that would provide for the recovery of costs associated with infrastructure replacement. Though the bill's main intent is to establish cast iron survey protocols relative to leaks, it also includes a replacement component. Specifically, beginning on line 36, the legislation authorizes natural gas utilities to file an annual leak-prone gas infrastructure replacement project plan with the MA Department of Public Utilities. If approved, the department may authorize a rate factor to collect any revenue requirement of the work plan • Several of the state's utilities already utilize a Targeted Infrastructure Reinvestment Factor (TIRF) for cost recovery of infrastructure replacement: o Columbia Gas of Massachusetts received approval for its TIRF in 2009. The TIRF allows for the recovery of the revenue requirement associated with bare steal capital additions for the previous calendar year o National Grid companies Boston Gas, Essex Gas and Colonial Gas received approval for a TIRF as part of a 2010 general rate case. The TIRFs provide for the recovery of costs associated with the accelerated replacement of gas mains and the companies are allowed to surcharge customers up to 1% of total revenue o New England Gas received authorization to implement a TIRF to provide recovery of incremental expenditures associated with reinforcing the system and meeting public safety goals • On February 28, 2014, the Massachusetts Department of Public Utilities issued an order in Columbia Gas of Massachusetts' (Columbia) rate case (DPU 13-75) which allowed Columbia to increase the annual cap on amounts collected under the TIRF mechanism from 1% to 3.75% of distribution revenues.	Massachusetts H2950 (Introduced 1/22/13 and referred to the Committee on Telecommunication, Utilities and Energy) Docket No. DPU 09-30 (Columbia Gas of Massachusetts) Docket No. DPU 09-30 (National Grid) Docket No. DPU 10-114 (New England Gas) Docket No. DPU 13-75 (Columbia Gas of Massachusetts)

Michigan	• In January 2011, the Michigan PSC adopted a settlement that establishes a main replacement program rider. The mechanism will enable SEMCO Energy to recover the incremental capital-related costs associated with the accelerated removal and replacement of cast iron and unprotected steel service lines and mains. The program expires in 5 years unless extended by order or new rate case • On April 16, 2013, the Michigan PSC approved an expanded gas main replacement program (MRP) and a pipeline integrity program, and the recovery of the costs of those programs, as well as the ongoing meter move-out program, through an infrastructure recovery mechanism (IRM) for DTE Gas Company	Docket No. U-16169 (SEMCO) Docket No U-16999 (DTE)
Minnesota	• In May 2013, the Minnesota legislature passed an Omnibus jobs, economic development, housing, commerce and energy bill which included a rider for the recovery of gas utility infrastructure costs. Under the legislation, a gas utility may submit a gas infrastructure project plan report and a petition for cost recover. Upon receiving those items, the Minnesota Public Utilities Commission may approve a rider provided that the costs included for recovery through the rate schedule are prudently incurred and achieve gas facility improvements at the lowest reasonable and prudent cost to ratepayers.	Minnesota H.F. 279 (As enrolled, 5/23/2013)
Mississippi	• CenterPoint utilizes a rate stabilization mechanism (RRA Plan) to change its rates annually to reflect higher capital investment (rate base) and higher O&M costs relating to pipeline safety and other factors. • For each twelve-month period ending December 31, a Commission determination shall be made pursuant to this RRA Plan as to whether the Company's revenue should be increased, decreased or left unchanged.	CenterPoint RRA Plan
Missouri	• Missouri established an Infrastructure Replacement Surcharge (ISRS) mechanism as part of a revision to Missouri Statute 393.1009-105. The ISRS allows rates of a gas utility to be adjusted twice per year to provide for the recovery of costs of eligible infrastructure replacements. Companies that utilize the ISRS must file a rate case at least every 3 years; Ameren, Atmos, Laclede and Missouri Gas Energy use an ISRS mechanism • The Missouri Legislature is currently considering	Missouri Statute 393.1009-1015 Missouri SB 240 (Final Passage on 5/9/13; Governor Nixon vetoed this legislation on 7/9/13)

	legislation that would modify the provisions outlined above. SB 240 requires the PSC to specify the annual amount of net write-off incurred by a gas corporation, after which the company shall be allowed to recover 90% of the increase in net write offs from customers. The legislation would also modify the provisions above by extending the amount of time in which a company must come in for a rate case to be eligible for the ISRS from three years to five years. It also increases the amount a utility may recover through ISRS from 10% of the company's base revenue level to 13% • In January of 2014, Laclede Gas filed for a $7.4 million increase in its ISRS, revenues to recover investments in replacement of distribution pipelines over the previous 13 months. Laclede proposed to spend $7.1 million annually from the new charge to fund roughly 68 miles of gas main replacements. This request was approved on April 3, 2014.	
Nebraska	• In 2009, Nebraska established an Infrastructure System Replacement Surcharge (ISRS) as part of revisions to Nebraska Statutes 66-1865, 66-1866 and 66-1867. The ISRS allows the rates of a gas utility to be adjusted twice per year to provide for the recovery of costs of eligible infrastructure replacements. Companies that utilize the ISRS must file a rate case at least every 5 years.	NRS 66-1865, 66-1866, 66-1867
Nevada	• As part of its most recent GRC in 2011, Southwest Gas proposed a Gas Infrastructure Recovery Mechanism (GIR) that would have allowed the utility to invest in incremental non-revenue producing projects and collect on an annual basis the revenue requirement associated therewith. The GIR was not approved as part of the rate case; however, the Commission opened a rulemaking to develop regulations to facilitate the implementation of a GIR-type of recovery mechanism. Pursuant to the rulemaking, Southwest Gas is proposing a mechanism to allow the capital cost of qualifying investments to be deferred, and the associated revenue requirement recovered on an interim basis until its next general rate case • On January 8, 2014, the Nevada Public Utilities Commission approved regulations establishing an application process for accelerated recovery of eligible costs associated with replacing natural gas pipelines to address safety and reliability concerns that are incurred by operators in between general rate cases.	Docket No. 11-03029 (2011 GRC) Docket Nos. 12-04005 and 12-02019 (Pending rulemaking)

New Hampshire	• After having had a Cast Iron Bare Steel (CIBS) Replacement Program for several years, in 2009 Energy North proposed to modify its annual CIBS rate adjustment mechanism to include public works projects and to eliminate the $0.5 million annual threshold required prior to cost recovery. In a March 2011 settlement, the New Hampshire PUC called for the CIBS rate adjustment mechanism, as it was originally structured, to remain in effect	Docket No. DG 10-1017
New Jersey	• In 2009, the New Jersey Board of Public Utilities approved accelerated infrastructure programs for five of the seven major utilities that had filed such plans. In total, the plans provide that the utilities will invest $956 million in incremental infrastructure and energy efficiency programs over the following two years, and the costs of the various programs were to be recovered through various, separate adjustment mechanisms (see below). o New Jersey Natural Gas: In 2009, New Jersey Natural Gas received approval to invest $71 million in new infrastructure and system upgrades, which it completed in 2011. In 2011, the utility was granted approval for an additional $60 million. The recovery mechanism is not a traditional tracker or surcharge—the utility is recovering the costs through adjustments to base rates o Elizabethtown Gas: The utility implemented the Utilities Infrastructure Enhancement Program in 2009, which includes both the costs of replacing cast iron pipes and investments in specified new main extensions. The recovery mechanism was through a surcharge. In 2011, the utility was granted approval for the extension of the program through 2012, and the recovery mechanism continued to be a surcharge until October 2011 when the surcharge rolled into base rates o PSE&G: In 2009, the utility received approval for an infrastructure investment program. The recovery mechanism, the Capital Adjustment Charge (CAC), is a deferral account that is adjusted each January based on forecasted program expenditures. o South Jersey Gas: In 2009, South Jersey Gas received approval for its Capital Investment Recovery Tracker (CIRT) mechanism. The program has gone through several revisions in	Docket No. GO09010052 (New Jersey Natural Gas) Docket No. GO09010053 (Elizabethtown Gas) Docket No. GO09010050 (PSE&G) Docket Nos GR09110907, GR10100765, GO1100632 (South Jersey Gas) PSEG Energy Strong Filing

	the last several years (CIRT-I, CIRT-II, CIRT-III) • In August 2013, AGL Resources received unanimous approval from the New Jersey BPU to implement its Accelerated Infrastructure Replacement (AIR) program. The agreement will enable AGL Resources' Elizabethtown Gas utility to invest up to $115 million over a four-year period to enhance the safety, reliability and integrity of the utility's distribution system. Under the terms, Elizabethtown Gas will file a rate case no later than September 1, 2016 at which time the AIR program costs will be subject to review. During the AIR program, Elizabethtown Gas will accrue Allowance for Funds Used During Construction (AFUDC) related to project expenditures during the construction period, and accrue associated carrying costs from the time the project is placed in service until the time its costs are recovered through base rates • In the aftermath of Hurricane Sandy, Public Service Electric & Gas Co (PSEG) has proposed a multi-billion dollar network hardening plan to improve resiliency and allow its electric delivery system to recover more quickly after damaging events. Had it been approved as PSEG proposed, the program, referred to as Energy Strong, would have allowed PSEG to will invest $1.1 billion into gas service system upgrades over a 10-year period to proactively protect and strengthen its systems against increasingly frequent severe weather. • On May 21, 2014 the New Jersey BPU adopted a settlement approving PSEG's Energy Strong infrastructure improvement program and related surcharge mechanisms. PSEG will improve its natural gas infrastructure over a three-year period. Under the now-approved settlement, over the next three years PSEG is to expend on natural gas investments: $350 million to replace and modernize 250 miles of low-pressure cast iron gas mains in or near flood areas and $50 million to protect five natural gas metering stations and a liquefied natural gas station affected by Hurricane Sandy or located in flood zones.	
New York	• Corning Natural Gas has had a limited pipeline replacement cost recovery mechanism since 2006 • National Grid Long Island has had a limited infrastructure replacement tracker program since 2008. The program allows the utility to track only the costs of new or replacement infrastructure that are necessitated by city and state construction projects; National Grid NYC has a similar infrastructure	Docket No. 08-G-1137 (Corning Natural Gas) Docket No. 06-M-0878 (National Grid Long Island, National Grid NYC, National Grid Niagara Mohawk)

	replacement tracker that covers only those costs that are necessitated by city and state construction projects • National Grid Niagara Mohawk has had a limited pipeline replacement cost recovery mechanism since 2008. The limited program is scheduled to run for 5 years	
North Carolina	• In May 2013, the North Carolina General Assembly passed legislation that will authorize the NC PUC to adopt, implement, modify or eliminate a rate adjustment mechanism for natural gas local distribution company rates so that the utility can recover the prudently incurred costs associated with complying with federal gas pipeline safety requirements; Piedmont Natural Gas Company has applied for a tracker in accordance with this legislation as part of its recent rate filing • In December of 2013, the NC PUC authorized Piedmont Natural Gas to implement an integrity management rider (IMR) that allows the company to track and recover future capital expenditures it expects to incur to comply with federal pipeline safety and integrity requirements outside of a general rate case. IMR filings are to occur annually, each November, to reflect costs incurred through the previous October, and the revised rates are to become effective the following February.	NC H 119 (Signed by Governor 5/17/13)
Ohio	• In its 2008 base rate case, Columbia Gas of Ohio received approval for its Infrastructure Replacement Program (IRP) tracker. The IRP was authorized for an initial five year period, and no rate case is required • In its 2008 rate case, Dominion East Ohio received initial approval for its Pipeline Infrastructure Replacement (PIR) tracker program. In 2011, the utility filed a motion to modify the program due to an increase in the identified scope and in response to recent national concern about pipeline safety, which PUCO approved in August 2011 • Duke Energy has had an accelerated main replacement tracker in place since 2000. All customers, except interruptible transportation customers, are assessed a monthly charge in addition to the customer charge component of their applicable rate schedule • In 2009, PUCO approved the establishment of a	Case No. 08-72-GA-AIR (Columbia Gas of Ohio) Case No. 09-458-GA-RDR (Dominion East Ohio) Case No. 01-1228-GA-AIR (Duke Energy) Case No. 07-1080-GA-AIR (Vectren Ohio)

	tracking mechanism for Vectren Energy Delivery of Ohio that allows the recovery of costs associated with an accelerated bare steel and cast iron pipeline replacement program	
Oklahoma	• CenterPoint utilizes a rate stabilization mechanism (Rider PBRC) to change its rates annually to reflect higher capital investment (rate base) and higher O&M costs relating to pipeline safety and other factors. • For each twelve-month period ended December 31, a Commission determination shall be made pursuant to this PBRC Plan as to whether the Company's revenue should be increased, decreased or left unchanged.	CenterPoint Rider PBRC
Oregon	• In the settlement of Avista's 2010 rate case, the Oregon Public Utility Commission provided for deferred accounting treatment for two capital additions: the second phase of the Roseburg Reinforcement Project and the Medford Integrity Management Pipe Replacement Project. A subsequent incremental rate adjustment was made on June 1, 2012 to recover the costs of the projects • NW Natural has a program that provides for a tracker that recovers the cost of the acceleration of bare steel pipe replacement, transmission pipeline integrity costs and distribution pipeline integrity costs	Docket No. UG-201 (Avista) Docket No. UG-177 (NW Natural)
Pennsylvania	• In February 2012, the Pennsylvania General Assembly passed HB 1244, legislation that amended Title 66 (Public Utilities) of the Pennsylvania Consolidated Statutes to provide an additional mechanism for distribution systems (gas, electric, water, wastewater) to recover costs related to the repair, improvement and replacement of eligible property. Under the amended law, the PA PUC may approve the establishment of a distribution system improvement charge (DSIC) to provide for the timely recovery of reasonable and prudent costs incurred by a utility to repair, improve or replace eligible infrastructure • On March 14, 2013, On July 16, 2013, The Pennsylvania Public Utility Commission approved the DSIC plan of Columbia Gas of Pennsylvania • On April 4, 2013, On July 16, 2013, The Pennsylvania Public Utility Commission approved the DSIC plan of Philadelphia Gas Works	Pennsylvania HB 1294 (Original legislation) Pennsylvania Consolidated Statute: Title 66, Chapter 13B, Section 1353 Docket No. P-2012-2338282 Docket No. P-2012-2337737 Docket No. P-2013-2344595 Docket No. P-2013-2344596 Docket No. P-2013-

	• On May 23, 2013, The Pennsylvania Public Utility Commission approved the DSIC plans of Peoples Natural Gas and Peoples TWP. • On July 16, 2013, The Pennsylvania Public Utility Commission approved the DSIC plan of Equitable Gas Co. • On December 12, 2013, UGI Central Penn Gas filed for approval of a DSIC and DSIC Tariff • On December 12, 2013, UGI Penn Natural Gas filed for approval of a DSIC and DSIC Tariff	2342745 Docket No. P-2013-2398835 Docket No. P-2013-2397056
Rhode Island	• In 2010, the Rhode Island General Assembly passed legislation to amend Chapter 39-1 of the Rhode Island General Laws to allow the Rhode Island PUC to approve revenue decoupling and infrastructure investment tracking mechanisms.	Rhode Island General Laws: Title 39, Chapter 39-1, Section 39-1-27.7.1
South Carolina	• In 2005, South Carolina passed the Natural Gas Rate Stabilization Act (RSA), which was designed to reduce fluctuations in customer rates by allowing for more efficient recovery of the costs regulated utilities incur in expanding, improving and maintaining natural gas service infrastructure. • In lieu of a general rate case, Piedmont Natural gas and SCE&G have filed annual base rate updates since 2005 pursuant to the RSA. The annual rate update enables the Company to earn a return on actual plant investments made thru the prior March 31.	Natural Gas Rate Stabilization Act
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 measure allows the Tennessee Regulatory Authority (TRA) to approve cost recovery mechanisms to recoup operational expenses and/or capital costs associated with infrastructure replacement that is necessary to comply with federal and state safety requirements and/or ensuring reliability	Public Chapter No. 245 (HB 191)
Texas	• In 2003, the Texas Legislature passed SB 1271 which established the Texas Gas Reliability Infrastructure Program (GRIP)	Senate Bill 1271, Establishing the Gas Reliability Infrastructure

	• 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 • In 2011, the Texas Railroad Commission adopted a comprehensive pipeline safety rule that requires all state natural gas distribution companies to survey their pipeline distribution systems for the greatest potential threats for failure and make replacements. The rule allows for the recovery of costs of such programs via a deferral mechanism.	Program 16 TAC Chapter 8-Pipeline Safety Regulations (2011)
Utah	• In 2010, the Utah Public Service Commission authorized Questar Gas to implement a three-year pilot Infrastructure Replacement Adjustment (IRA) mechanism to track and recover the costs associated with the replacement of high pressure natural gas feeder lines between rate cases.	Docket No. 09-057-16
Virginia	• In 2011, Virginia enacted the SAVE (Steps to Advance Virginia's Energy Plan) Act. The law allows utilities to petition the Virginia State Corporation Commission for a separate rider to recover a return on certain investments, including natural gas facility replacement projects that enhance safety and reliability, or have the potential to reduce greenhouse gas emissions by reducing system integrity risks; Columbia Virginia and Washington Gas utilize the rider.	Code of Virginia: 56-603, 56-604 (Implementation of SAVE Act)
Washington	• In December 2012, the Washington UTC issued a policy statement aiming to enhance safety and modernize and update the state's pipeline system. • In November 2013, the UTC approved the the plans of Avista Corporation, Puget Sound Energy Inc., Cascade Natural Gas Corporation and Northwest Natural Gas Company. The plans involve the replacement of hundreds of miles of older "elevated risk" pipes with plastic pipe. • As an incentive, the UTC permitted these utilities to recover costs annually instead of waiting for future formal rate proceedings. The companies are also required to update their modernization plans every two years.	Docket No. PG-120715 (12/31/2012)