

**ONE HUNDREDTH LEGISLATURE - SECOND SESSION -  
2008**

**COMMITTEE STATEMENT**

**LB1072**

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**Hearing Date:** February 12, 2008

**Committee On:** Urban Affairs

**Introducer(s):** (Friend)

**Title:** Change rate filing provisions under the State Natural Gas Regulation Act

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**Roll Call Vote - Final Committee Action:**

Placed on General File with Amendments

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**Vote Results:**

4 Yes	Senators Cornett, Friend, Rogert, White
0 No	
3 Absent	Senators Janssen, Lathrop, McGill
0 Present, not voting	

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**Proponents:**

Ann Boyle  
Roger Cox

**Representing:**

NE Public Service Commission  
NE Public Advocate

**Opponents:**

None

**Representing:**

**Neutral:**

Andy Pollock

**Representing:**

Northwester Energy

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**Summary of purpose and/or change:** This act relates to the Public Service Commission, proposing to change certain rate filing provisions pursuant to the State Natural Gas Regulation Act and to apply prohibitions on ex parte communications to contested cases under the State Natural Gas Regulation Act. It is applicable to proceedings under the State Natural Gas Regulation Act involving contested cases before the Public Service Commission.

The provisions of this bill reflect concerns and solutions proposed by formal action of the Public Service Commission and are introduced at their request.

Prior to the enactment of the State Natural Gas Regulation Act (LB 790, 2003) natural gas regulation was a local function: ultimate rates were set by municipalities through a process which involved the creation of rate area coalitions of municipalities that conducted the investigation. At the request of some municipalities, LB 790 included a provision (found in Sec. 66-1838) which provided a mechanism for municipalities to continue to exercise some rate setting authority on a negotiated basis with the agreement of the affected natural gas utility and the cities representing more than fifty percent of the ratepayers in the area. After the initial filing of the utility requesting a general rate review, the cities in the area have sixty days to file evidence of their intent to negotiate the new rates.

Under current law, if the filing is not certified for negotiations, the public service commission has two hundred and ten days from the date of the initial filing to determine the new rates.

The proposed amendment (page 7, lines 4 to 10) would provide that that the two hundred and ten day period would begin to run not from the initial filing but from the end of the sixty day certification period or the date that the commission receives notice or has accumulated documentary evidence of the rejection of negotiation from cities representing over fifty percent of the ratepayers, whichever is earlier.

This change would help insure that the commission (and the public advocate) had sufficient time to pursue proper investigations of rates if negotiations will not be proceeding and would also minimize the impact of interim rates.

The second issue (in section 2 of the bill) amends Sec. 75—130.01 (dealing generally with the authority of the Public Service Commission). The amendment would provide that the general PSC rule (prohibiting ex parte communications between the commission and its staff and employees with parties to a contested case before the commission) would also apply to communications by a party in contested cases under the State Natural Gas Regulation Act (including general rate filing cases).

**Explanation of amendments, if any:** The amendment would revise downward the amount of time the PSC would have to pursue a general rate case after the failure of the parties to certify the issue for negotiations from two hundred and ten days to one hundred and eighty days. The time would still continue to run from the end of the sixty day certification period or the date that the commission receives notice or has accumulated documentary evidence of the rejection of negotiation from cities representing over fifty percent of the ratepayers, whichever is earlier, as proposed in the original bill, but the total amount of time available for commission action would be reduced by thirty days. The amendment was presented at the hearing on the bill and was consented to by the representative for the commission in public testimony on the bill.

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Senator Mike Friend, Chairperson