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LB 78

of the Omaha area, this policy has led to development of natural gas utility infrastructure by MUD within the service area of other natural gas providers. This has resulted in dual piping in both Douglas and Sarpy Counties. And make no mistake about it, we're only talking about MUD and Douglas and Sarpy Counties. We're not talking about any other providers. What dual piping is, it's the practice of running duplicative or redundant natural gas mains or services by two different natural gas providers. Dual piping is economically inefficient and may pose a threat to public safety. MUD has also sought the franchise in cities other than Omaha which are currently served by another utility. Additionally, a dispute arose last summer over whether a city has any control over utility infrastructure within its extraterritorial zoning jurisdiction. A court in Sarpy County decided that, because of the way that MUD statutes are drafted, MUD could develop utility infrastructure within a city's zoning jurisdiction, even if that city determined otherwise. LB 78 was introduced in an attempt to resolve those issues. Let me give you a little overview of the bill. As originally drafted, this would have effectively limited MUD to its existing service area. The Urban Affairs Committee heard the testimony and agreed that there was a problem and they advanced the bill, but not with the intent that it pass in its original form but, rather, they advanced the bill in the hopes that a compromise could be arrived at. The parties met, they arrived at a compromise which addresses the issues within a setting of good public policy. The result of that compromise is AM1069. Should be on your machines and I handed it out as well. (AM1069, Legislative Journal page 1261.) AM1069 establishes a framework for determining when extensions of natural gas mains or service lines are appropriate. That framework is based on a public interest test. The public interest test sets forth five factors to be considered: number one, the economic feasibility of the extension; number two, the impact the enlargement will have on ratepayers of both MUD and the investor-owned gas utility; number three, whether the extension contributes to the orderly development of utility infrastructure; number four, whether the extension or enlargement results in duplicative or redundant utility infrastructure; and, number five, whether the customers to be served by the extension are treated in a manner which is not unduly discriminatory and not unreasonably preferential. Recognizing the natural growth of the existing natural gas