

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2013

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SENATE BILL 379*
House Committee Substitute Favorable 6/20/13
House Committee Substitute #2 Favorable 7/17/13

Short Title: Exp. of Natural Gas & Propane for Agriculture.

(Public)

Sponsors:

Referred to:

March 21, 2013

1 A BILL TO BE ENTITLED
2 AN ACT AUTHORIZING ECONOMIC DEVELOPMENT INCENTIVE PROGRAMS TO
3 UTILIZE FUNDS TO SUPPORT NEW AND EXPANDED NATURAL GAS SERVICE
4 AND TO SUPPORT PROPANE GAS SERVICE FOR AGRICULTURAL PROJECTS.

5 The General Assembly of North Carolina enacts:

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

8 "§ 143B-437.020. Utilization of economic development incentive programs to support new
9 and expanded natural gas service and to support propane gas service for
10 agricultural projects.

11 (a) Definitions.

12 (1) Agriculture. – Activities defined in G.S. 106-581.1, whether performed on or
13 off the farm.

14 (2) Economic development incentive programs. – All economic development
15 incentives set forth in G.S. 143B-437.07(c).

16 (3) Eligible project. – A discrete and specific economic development project
17 that would expand agricultural production or processing capabilities that
18 requires new or expanded natural gas or propane gas service.

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

26 (5) Project carrying costs. – All costs, including depreciation, taxes, operation
27 and maintenance expenses, and, for a natural gas local distribution company,
28 a return on investment equal to the rate of return approved by the Utilities
29 Commission in the natural gas local distribution company's most recent
30 general rate case under G.S. 62-133.

31 (b) Facilitation of New and Expanded Natural Gas Service to Agricultural Projects.
32 Economic development incentive programs may utilize funds for agricultural projects for the
33 following purposes:

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



1 (2) To allow the owner of an eligible project to pay for cost-effective
2 alternatives that would reduce excess infrastructure costs, including:

3 a. Relocating equipment that uses natural gas to a different location on
4 the property nearer existing natural gas lines to reduce or eliminate
5 the project carrying costs.

6 b. Adding supplemental uses of natural gas to increase annual volume
7 throughput and enhance the feasibility of new natural gas service,
8 including fuel for tractors and equipment, greenhouses, plant or
9 animal production, feed grain drying, and natural gas powered
10 irrigation pumps.

11 (c) Facilitation of New and Expanded Propane Gas Service to Agricultural Production.
12 – Economic development incentive programs may utilize funds for agricultural projects to
13 allow the owner of an eligible project to pay for cost-effective alternatives that would reduce
14 infrastructure costs or that would increase energy efficiency by adding supplemental uses of
15 propane gas to increase annual volume throughput, reduce energy consumption, reduce energy
16 costs, or to enhance the feasibility of the project or the provision of propane gas service,
17 including the conversion or repowering of tractors, trucks, vehicles, and mowers to use propane
18 gas, or to provide propane gas powered tractors, equipment, appliances, irrigation pumps, and
19 dryers to service agricultural production facilities or operations, or to provide a dispensing
20 station for the project owner's use.

21 (d) Use of Incentive Funds. – Incentive funds utilized in accordance with subsections
22 (b) and (c) of this section shall be paid directly to the owner of the eligible project.

23 (e) Termination. – Incentive funds utilized in accordance with subsection (b) of this
24 section shall terminate when there are no longer excess infrastructure costs.

25 (f) Reimbursement. – The owner of an eligible project who receives incentive funds in
26 accordance with subsections (b) or (c) of this section shall be responsible for reimbursing the
27 incentive funds if, for any reason, the eligible project does not maintain business operations for
28 a period of at least five years from the date of the initial utilization of incentive funds.

29 (g) Limits on Eligible Project Incentive Funds. – Total incentive funds for all eligible
30 projects under subsections (b) and (c) of this section shall not cumulatively exceed five million
31 dollars (\$5,000,000) per biennium. The managers of economic development incentive
32 programs shall promptly report payments made in accordance with subsections (b) and (c) of
33 this section to the Department of Commerce, and the Department of Commerce shall promptly
34 notify the managers of economic development incentive programs when the limitation provided
35 by this subsection has been reached for the biennium.

36 (h) Mechanism not Exclusive. – The utilization of incentive funds in accordance with
37 subsections (b) or (c) of this section is intended to supplement other available mechanisms for
38 the extension of service to new or expanding customers and may be used in conjunction with
39 special contract arrangements, minimum margin agreements, and contributions in aid of
40 construction."

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