

By: Representative Powell

To: Public Utilities

HOUSE BILL NO. 1186

1 AN ACT TO REQUIRE TESTING OF NATURAL GAS PIPING SYSTEMS IN
2 SCHOOL FACILITIES; TO BRING FORWARD SECTIONS 53-3-151 AND
3 53-3-157, MISSISSIPPI CODE OF 1972, WHICH RELATE TO UNDERGROUND
4 STORAGE OF NATURAL GAS OR COMPRESSED AIR, FOR PURPOSES OF POSSIBLE
5 AMENDMENT; TO BRING FORWARD SECTIONS 77-11-103 AND 77-11-107,
6 MISSISSIPPI CODE OF 1972, WHICH RELATE TO SAFETY AND INSPECTION
7 STANDARDS OF MUNICIPAL GAS SYSTEMS, FOR PURPOSES OF POSSIBLE
8 AMENDMENT; TO BRING FORWARD SECTIONS 77-33-2 AND 77-1-55,
9 MISSISSIPPI CODE OF 1972, WHICH RELATE TO THE POWERS AND DUTIES OF
10 THE PUBLIC SERVICE COMMISSION, FOR PURPOSES OF POSSIBLE AMENDMENT;
11 AND FOR RELATED PURPOSES.

12 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MISSISSIPPI:

13 **SECTION 1.** Sections 1 through 8 of this act applies to a
14 facility of a public elementary or secondary school, including a
15 charter school, or a private elementary or secondary school, but
16 does not apply to a home school.

17 **SECTION 2.** As used in Sections 1 through 8 of this act,
18 "supplier" means an individual or company that sells and delivers
19 natural gas to a school facility. If more than one individual or
20 company sells and delivers natural gas to a school facility, each
21 individual or company is a supplier for purposes of Sections 1
22 through 8 of this act.



SECTION 3.

(1) A person responsible for a school facility shall perform annual pressure tests on the natural gas piping system in the school facility. The tests must be performed before the beginning of the school year.

(2) If the person responsible for one or more school facilities operates the facilities on a year-round calendar year, the pressure test in each of those facilities must be conducted and reported not later than July 1 of the year in which the pressure test is performed.

(3) A natural gas piping pressure test performed under a municipal code satisfies the pressure testing requirements prescribed by this section.

SECTION 4.

(1) The person responsible for a school facility shall have a pressure test performed by a qualified plumber to determine whether the natural gas piping downstream of the school facility's meter holds at least normal operating pressure over a specified period determined by the Mississippi Public Service Commission.

(2) During the pressure test, each system supply inlet and outlet in the school facility must be closed.

(3) At the request of a person responsible for a school facility, the Mississippi Public Service Commission shall assist the person in developing a procedure for conducting the test.



46 **SECTION 5.** (1) A person responsible for a school facility
47 shall provide written notice to the school's supplier specifying
48 the date and result of each pressure test or other inspection.

49 (2) The supplier shall maintain a copy of the notice until
50 at least the first anniversary of the date on which the supplier
51 received the notice.

52 **SECTION 6.** (1) A supplier shall discontinue service to a
53 school facility if:

54 (a) The supplier receives official notification from
55 the firm or individual conducting the test of a hazardous natural
56 gas leakage in the facility piping system; or

57 (b) A test or other inspection at the facility is not
58 performed as required by Sections 1 through 8 of this act.

59 (2) A supplier is not liable for any damages that result
60 from a failure to discontinue service as required by subsection
61 (1)(b) of this section for a facility other than a school district
62 facility.

63 **SECTION 7.** An identified natural gas leakage in a school
64 district facility must be reported to the board of trustees of the
65 district in which the facility is located. An identified natural
66 gas leakage in another school facility must be reported to the
67 person responsible for the school facility.

68 **SECTION 8.** (1) The Mississippi Public Service Commission,
69 as the state agency charged with enforcement of natural gas
70 pipeline safety standards, shall promulgate rules and regulations



to implement the requirements of this act on or before December 31, 2025, to be applicable for the 2026-2027 school year.

(2) For those suppliers who are natural gas utilities whose rates are regulated by the Mississippi Public Service Commission, each such natural gas utility may include in its energy efficiency plan and/or energy delivery plan a program that provides financial assistance for schools to offset the costs of implementation of the Mississippi Public Service Commission's rules implementing this act.

SECTION 9. Section 53-3-151, Mississippi Code of 1972, is brought forward as follows:

53-3-151. As used in Sections 53-3-151 through 53-3-165:

(a) "underground storage" shall mean storage in an underground reservoir, stratum or formation of the earth; (b) "natural gas" shall mean gas of sufficient purity to be capable of use for residential purposes; (c) "native gas" shall mean gas which previously has not been withdrawn from the earth, or which, having been withdrawn, is injected into a reservoir for purposes other than underground storage; (d) "compressed air" shall mean any nonhydrocarbon gas; and (e) "State Oil and Gas Board" or "board" shall mean the State Oil and Gas Board of Mississippi.

SECTION 10. Section 53-3-157, Mississippi Code of 1972, is brought forward as follows:

53-3-157. The State Oil and Gas Board shall issue such orders, rules and regulations as may be necessary for the purpose



96 of protecting any such underground storage reservoir, stratum or
97 formation against pollution or against the escape of natural gas
98 or compressed air therefrom, including such necessary rules and
99 regulations as may pertain to the drilling into or through such
100 underground storage reservoir, stratum or formation.

101 All natural gas or compressed air which has previously been
102 reduced to possession and which is subsequently injected into an
103 underground storage reservoir, stratum or formation shall at all
104 times be deemed the property of the injector, his successors and
105 assigns, and in no event shall such natural gas or compressed air
106 be subject to the right of the owner of the surface of the lands
107 or of any mineral interest therein under which such underground
108 storage reservoir, stratum or formation shall lie or be adjacent
109 to or of any person other than the injector, his successors and
110 assigns, to produce, take, reduce to possession, waste or
111 otherwise interfere with or exercise any control thereover;
112 provided, that the State Oil and Gas Board shall have entered an
113 order, either before or after the enactment hereof, approving such
114 underground storage reservoir, stratum or formation.

115 **SECTION 11.** Section 77-11-103, Mississippi Code of 1972, is
116 brought forward as follows:

117 77-11-103. To carry out the provisions of this article, the
118 public service commission shall prescribe the safety standards and
119 inspection procedures for said gas districts or municipally owned
120 and/or operated gas systems and for said private pipelines,



private pipeline carriers and private pipeline carriers by contract.

SECTION 12. Section 77-11-107, Mississippi Code of 1972, is brought forward as follows:

77-11-107. In order to determine whether or not each gas district or municipally owned and/or operated gas system or pipeline or privately owned or operated gas pipeline is operating in compliance with the required safety standards and to enforce such compliance, the Mississippi Public Service Commission shall have the right, power and authority to promulgate reasonable rules and regulations to facilitate such purpose. Authorized personnel of the commission shall be authorized to inspect all such gas districts, municipally or privately owned and/or operated gas systems, pipelines, facilities and equipment and shall have the right of access and entry to all buildings and property owned, leased and operated by such systems. Other information shall be made available to the commission upon request.

SECTION 13. Section 77-3-2, Mississippi Code of 1972, is brought forward as follows:

77-3-2. (1) The Legislature finds and determines that the rates, services and operations of public utilities as defined in this title are affected with the public interest and that the availability of an adequate and reliable service by such public utilities to the people, economy and government of the State of



Mississippi is a matter of public policy. The Legislature hereby declares to be the policy of the State of Mississippi:

(a) To provide fair regulation of public utilities in the interest of the public;

(b) To promote the inherent advantage of regulated public utilities;

(c) To promote adequate, reliable and economical service to all citizens and residents of the state;

(d) To provide just and reasonable rates and charges for public utility services without unjust discrimination, undue preferences or advantages, or unfair or destructive competitive practices and consistent with long-term management and conservation of energy resources by avoiding wasteful, uneconomic and inefficient uses of energy;

(e) To encourage and promote harmony between public utilities, their users and the environment;

(f) To foster the continued service of public utilities on a well-planned and coordinated basis that is consistent with the level of service needed for the protection of public health and safety and for the promotion of the general welfare;

(g) To cooperate with other states and the federal government in promoting and coordinating interstate and intrastate public utility service and reliability;

(h) To encourage the continued study and research for new and innovative rate-making procedures which will protect the



state, the public, the ratepayers and the utilities, and where possible reduce the costs of the rate-making process; and

(i) With respect to rate-regulated public utilities, to foster, encourage, enable and facilitate economic development in the State of Mississippi, to support and augment economic development activities, to expand deployment of existing and emerging technologies, including fiber-optic infrastructure which will foster a more reliable and resilient utility delivery system and provide customer access to enhanced services, to authorize and empower the Public Service Commission in carrying out its statutory responsibilities, and to take every opportunity to advance the economic development of the state.

(2) To these ends, therefore, authority shall be vested in the Mississippi Public Service Commission to regulate public utilities in accordance with the provisions of this title.

(3) (a) The commission shall, in addition to its other powers and duties, be authorized and empowered, in its discretion, to consider and adopt a formula type rate of return evaluation rate which may include provision for the commission to:

(i) Periodically review and adjust, if required, the utility's level of revenues based upon the actual books and records of the utility which are periodically the subject of independent audits and regulatory audits;

(ii) Review the utility's performance in certain areas or categories which may be used by the commission in the



manner selected by it which may include rate incentives or penalties so long as such are found to be fair and reasonable and result in a level of revenue which is fair and reasonable; and

(iii) Use such other provisions which may be permitted by this chapter.

(b) When a formula type rate of return evaluation rate with periodic revenue adjustments is adopted by the commission, each periodic revenue adjustment will be separately considered for the purpose of determining whether a hearing is required pursuant to Section 77-3-39(1), and no such hearing shall be required if the amount of any separate periodic adjustment to the level of revenues of the utility is not a "major change" as defined in Section 77-3-37(8).

(c) In administering any such formula type rate of return evaluation rate, the following procedures shall be observed by the commission:

(i) Each periodic evaluation shall be supported with a sworn filing by the utility incorporating the data specified in the formula rate adopted by the commission, and such data shall be verified by the commission; and

(ii) A hearing shall be required, as provided by law, to determine compliance with the formula rate plan and the accuracy of the data prior to any change in the level of revenues if the cumulative change in any calendar year exceeds the greater



of Two Hundred Thousand Dollars (\$200,000.00) or four percent (4%) of the annual revenues of the utility.

(d) The requirements of paragraphs (a), (b) and (c) of this subsection and other applicable provisions of Title 77, Chapter 3, Article 1, Mississippi Code of 1972, which are observed by the commission in administering such rate, are hereby declared to be procedural but are not required to be included in the rate itself.

(4) It is the intention of the Legislature to validate, retroactively to its initial adoption by the commission, any formula type rate, including any revenue adjustments effected pursuant thereto, which has heretofore been adopted by the commission. For the purposes of the retroactive validation and the administration of any formula type rate heretofore adopted by the commission, should the provisions of Title 77, Chapter 3, Article 1, Mississippi Code of 1972, conflict with any provisions of such formula type rate, Title 77, Chapter 3, Article 1, Mississippi Code of 1972, shall be interpreted to prevail and the formula type rate shall hereafter be administered or revised to conform to Title 77, Chapter 3, Article 1, Mississippi Code of 1972; provided, however, such conflict, if any, shall not be held to invalidate the retroactive effect of this section upon such rate.

SECTION 14. Section 77-1-55, Mississippi Code of 1972, is brought forward as follows:



244 77-1-55. (1) The Public Service Commission, with the aid
245 and the assistance of the Public Utilities Staff, shall have the
246 power to monitor, investigate, and seek relief in any appropriate
247 federal forum from all existing or proposed interstate rates,
248 charges, allocations and classifications, and all rules and
249 practices in relation thereto promulgated and prescribed by or for
250 any public utility as defined in Section 77-3-3(d) (i).

251 (2) The Public Service Commission, with the aid and the
252 assistance of the Public Utilities Staff, may seek relief from any
253 proposed or final decision, order, regulation, rule or law that
254 has an impact on any existing or proposed interstate rate, charge,
255 allocation or classification.

256 (3) For the purpose of this section, the Public Service
257 Commission and the Executive Director of the Public Utilities
258 Staff may each enter into professional services contracts with one
259 or more attorneys or consultants from a competent, qualified and
260 independent firm as may be required by the commission or the
261 executive director. Costs associated with the professional
262 service contracts shall not exceed One Million Five Hundred
263 Thousand Dollars (\$1,500,000.00) for each agency with respect to
264 each rate regulated affected utility in any twelve-month period.
265 The consultants or counsel shall submit periodically, but no less
266 frequently than once each calendar quarter, to the executive
267 director or the commission, as applicable, for approval of
268 payment, itemized bills detailing the work performed. The



269 executive director or the chairman of the commission, as
270 applicable, shall requisition the applicable public utility to
271 make the requisite payments to such consultants. The commission
272 shall allow the utility to recover both the total costs the
273 utility incurred under this section and the carrying charges for
274 those costs through a rate rider established to recover the costs
275 incurred and carrying charges incurred. Such rider shall include
276 a true-up provision to ensure actual recovery of costs paid or
277 otherwise incurred by the utility.

278 **SECTION 15.** This act shall take effect and be in force from
279 and after July 1, 2025.

