

**MINUTES OF THE
PUBLIC UTILITIES AND TECHNOLOGY INTERIM COMMITTEE**

Thursday, June 15, 2000 – 9:00 a.m. – Room 223 State Capitol

Members Present:

Sen. Lorin V. Jones, Co-Chair
Rep. Sheryl L. Allen, Co-Chair
Sen. Leonard M. Blackham
Sen. Howard C. Nielson
Rep. Ralph Becker
Rep. Chad E. Bennion
Rep. David N. Cox
Rep. Gary F. Cox
Rep. Brent H. Goodfellow
Rep. Gordon E. Snow
Rep. Martin R. Stephens
Rep. David Ure

Members Absent:

Rep. Melvin R. Brown
Rep. Kevin S. Garn
Rep. David M. Jones

Members Excused:

Sen. Mike Dmitrich
Sen. Joseph L. Hull
Rep. Blake D. Chard
Rep. Tom Hatch
Rep. John E. Swallow

Staff Present:

Mr. Richard North,
Research Analyst
Ms. Tani Pack Downing,
Associate General Counsel
Ms. Junie G. Anderson,
Legislative Secretary

Note: A list of others present and a copy of materials distributed in the meeting are on file in the Office of Legislative Research and General Counsel.

- 1. Call to Order** - Chair Jones called the meeting to order at 9:07 a.m.
- 2. HB 320 Interim Review - Regulatory & Consumer Advocate Organizational Structure/Location** - Chair Jones discussed several options to be considered regarding HB 320 "Public Utilities Amendments."

Mr. North distributed a handout titled "Organizational Structure." He explained the current statutes for the Committee of Consumer Services (CCS) and the Division of Public Utilities (DPU). He also clarified the organizational chart under existing practices and the organizational chart under HB 320 which were both included in the handout. He also briefed the committee on other documents included in the handout.

Mr. North discussed characteristics of the consumer advocate and the regulatory staff of the interested parties. The characteristics were included in the "Organizational Structure" handout. He also provided background

information on the 50 State Survey of consumer advocate structures included in the handout that was mailed to committee members.

Mr. Roger Ball, CCS, distributed an organizational chart titled "Utah Department of Commerce." Mr. North said Mr. Ball's chart represents the current practice of the CCS but does not reflect the organizational structure as outlined in the current code (pre-HB 320) where the CCS is actually located within the DPU.

Mr. Ball said if the CCS must be restructured, it is important that the customer advocacy agency represents all customers and not just residential and small commercial customers as is the current statutory requirement.

Ms. Betsy Wolf, Salt Lake Community Action Program, indicated there are problems in the premises upon which the structure of HB 320 was predicated. Additionally, she said the separation of the DPU from the Public Service Commission (PSC) makes the structure unique, and the proposal to combine the DPU and the CCS is fundamentally flawed.

Ms. Wolf also noted that the trend is toward settling disputes in policy matters, but not in rate cases.

She agreed that a strong, independent consumer advocate is essential. She said her agency would advocate that the focus of representation be on the residential and the smaller business customers who cannot represent themselves. She specified the need for flexible funding for employment of staff and expert and technical witnesses. She also stressed the necessity of a policy board appointed by the governor. She agreed with the Colorado model for placement of the policy board.

Ms. Liesa Manuel, Women's League of Voters, said it is important to increase the independence of the CCS and proposed the possible development of an independent agency model based on the School Trust Lands.

She stressed the importance of funding for additional staff and additional members of the committee. She also said credibility of the CCS could be built up by increasing the size of the policy board. She noted that the current process is too adversarial.

Mr. Jeff Fox, Crossroads Urban Center, said his goal is to have healthy, viable utility service while having consumer's interests adequately represented by an independent consumer advocate. He also noted the budget of the CCS needs to be increased.

Ms. Claire Geddes suggested the complete repeal of HB 320 because it does not give independence to the CCS. She also expressed the need for adequate funding for the consumer advocate. She expressed concern that industrial customers would have a larger voice than the residential and small commercial consumers if the role of the consumer advocate was expanded to include all consumers.

Mr. Jerry Crouch, AARP, said his office has considered the consumer advocate's position in all 50 states and feels the structure in HB 320 is awkward and that it would be best to combine the PSC with the DPU. He said, however, it is imperative to keep an independent consumer advocate and even enhance its role. He also said costs are compounded and passed on to utilities and, consequently, to ratepayers.

Mr. Scott Gutting, Utah Industrial Energy Users, said it is important to have an independent consumer advocate.

Mr. Ball distributed and discussed several handouts: (1) an organizational chart titled "Committee of Consumer Services, (2) "Structural Options," and (3) "Structure." He discussed the contents of each handout. He also referred to a document he prepared that was included in the "Organizational Structure" packet mailed to committee members.

Regarding combining the PSC and the DPU functions, he said an advocacy function is particularly undesirable because communication is more of a problem in states where advocacy and advisory staff are combined in the PSC agency. Mr. Ball surmised that in balancing the utilities and consumer interests, the DPU gives more weight to the utilities' interest. He expressed the importance of independence for the consumer advocate and recommended the model of the School and Institutional Trust Lands Administration. He also expressed a liking for the New Jersey organizational model.

Mr. Douglas Borba, Department of Commerce, said his administration was in favor of hiring additional technical personnel to increase the capabilities of the CCS and decrease its reliance on outside experts. He

addressed concerns over his ability to oversee the CCS's budget because of the CCS's indication that the department has no oversight authority.

Mr. Alan Allred, Questar, spoke in favor of the organizational structure of merging the consumer advocate into the DPS to form the new office of the Public Advocate as is currently in HB 320 and said it would bring more balance to the regulatory process. He said the state has serious regulatory problems and that the current balance favors getting the lowest price today and gives not enough weight to what is sustainable in the long run.

Mr. Doug Larsen, Utah Power & Light, spoke in favor of the regulatory and consumer advocate structure outlined in HB 320.

Mr. Ric Campbell, DPU, explained that the DPU balances the interests of all parties and does not favor utilities. He said the CCS has been a party to stipulations between the DPU and utilities or has not opposed them in most cases. He addressed the policymaking process. He also said the primary function of the division is to regulate and gave some examples of how the division regulates.

Ms. Downing distributed a handout titled "Settlement Conferences" and asked committee members to study the contents and be prepared to discuss it at the July 12 meeting.

In response to Rep. Goodfellow's question regarding the definition of "small commercial consumer" that the CCS is supposed to represent, and what \$1 million in 1997, when the statute was last amended, would be in current dollars, Ms. Downing distributed a chart from the Office of the Fiscal Analyst titled "Table 46 - U.S. Consumer Price Index for All Urban Consumers (1982-1984+ 100): (Not Seasonally Adjusted)," and an email from Fiscal Analyst, Jon Ball, showing that the 1999 dollar value would be \$2,749,175.

3. Adjourn - Chair Jones adjourned the meeting at 12:15 p.m.