

**MINUTES OF THE
PUBLIC UTILITIES AND TECHNOLOGY INTERIM COMMITTEE**
Wednesday, October 18, 2000 – 2:00 p.m. – Room 223 State Capitol

Members Present:

Rep. Sheryl L. Allen, Co-Chair
Sen. Mike Dmitrich
Sen. Joseph L. Hull
Sen. Howard C. Nielson
Rep. Doug Aagard
Rep. Ralph Becker
Rep. Chad E. Bennion
Rep. David N. Cox
Rep. Gary F. Cox
Rep. Kevin S. Garn
Rep. Brent H. Goodfellow
Rep. David M. Jones
Rep. J. Morgan Philpot
Rep. Gordon E. Snow
Rep. John E. Swallow
Rep. David Ure

Members Absent:

Sen. Leonard M. Blackham
Rep. Tom Hatch
Rep. Martin R. Stephens

Members Excused:

Sen. Lorin V. Jones, Co-Chair

Staff Present:

Mr. Richard North,
Research Analyst
Ms. Patricia Owen,
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 Allen called the meeting to order at 2:23 p.m. and welcomed Rep. Doug Aagard who replaced Rep. Blake Chard, Rep. J. Morgan Philpot who replaced Rep. Melvin Brown, and Ms. Patricia Owen, Associate General Counsel, who replaced Ms. Tani Downing.

MOTION: Rep. Gary Cox moved to approve the minutes of the August 16, 2000 meeting. The motion passed unanimously, with Sen Dmitrich, Rep. Philpot, Rep. David Cox, Rep. Garn, and Rep. Swallow absent for the vote.

2. HB 320 Interim Review: Concepts To Details - Draft Legislation - Ms. Owen distributed draft legislation titled “Public Utility Regulation and Related State Government Amendments,” and a handout titled “Overview of 10/17 Draft Legislation - Public Utility Regulation and Relation State Government Amendments.” She discussed the overview of amendments and the draft legislation. She explained that they are work-in-progress and not to be considered as final language.

Chair Allen announced there would be a meeting on October 30, 9:00 a.m., Room 405. It will be a working group meeting on HB 320 to be heard at the November 15 interim meeting. She said the telecommunications providers have not agreed to the “just and reasonable balancing factors” in the draft bill and have asked for additional discussion of that issue.

Mr. Jerry Oldroyd, Ballard Spahr Andrews & Ingersoll, expressed concern about the phrase on page 8, line 245, "if applicable" should a balancing test in a situation between two telecommunication carriers be required. He suggested that the language read: Apply subsection 2(a) to the extent the commission determines it applies.

Mr. Robin Riggs, Qwest, spoke in favor of the language "if applicable" on page 8, line 245, and recommended that it remain as written.

Ms. Owen explained the meaning of subsections 2(a) and 2(b).

Mr. Charles Johnson, Utah Legislative Watch, distributed an article from the *Deseret News* titled "Utah earns A's in economic report." He said making the financial interest of the utility a responsibility of the PSC, and thus of the state, is an unwarranted intrusion of the state into the private arena, even into the regulated arena.

Rep. Swallow recommended that all companies effected by the bill meet and develop recommendations.

Mr. Bill Greer, Office of Legislative Fiscal Analyst, addressed the issue of regulatory fees vs. taxes imposed by HB 320. He recommended that it be kept as a regulatory fee and made a general fund to be collected by the Department of Commerce.

Mr. Edward Tim Hunter, PacifiCorp, said he does not oppose a user fee but there should be some flexibility in the language and Wholesale Electric Cooperatives should also be consulted.

Mr. Mike Peterson, Utah Rural Electric Association, suggested that page 38, line 1160, should read: "for a wholesale or rural electronic cooperative," and that language should be consistent throughout the bill.

Mr. Roger Ball, Committee of Consumer Services (CCS), suggested that page 39, line 1204, be amended to delete ".3" and insert ".4".

Mr. Chuck Greenhawt, US West, was concerned by the suggestion of increasing to .4 percent.

Ms. Claire Geddes, Utah Legislative Watch, expressed concern that if Qwest goes to residential competition, it may change the amount of money that goes into the Commerce Service Fund.

Rep. Bennion distributed a handout titled "Proposal for Structure of Committee of Consumer Services and the Consumer Advocate" and discussed the functions of each entity and who performs the functions. The handout also included an outline of related entities.

Ms. Geddes suggested “hire and fire,” be clearly defined in the code because there is no independence of the CCS if the governor can fire a person for any cause, without the concurrence of the CCS.

Ms. Lisa Manuel, League of Women Voters, commented on the staff attorney being appointed by the Attorney General.

Ms. Geddes expressed concern that page 68, lines 2091-2097 puts the burden on the CCS to look after the financial stability of the public utility and said it is unacceptable because it tilts the balance far too much in favor of the utility company. Ms. Owen said the language in that section is going to be changed.

Mr. Ball distributed a handout titled “Suggestions on Structure” and discussed the contents.

Chair Allen announced that a request for an additional meeting for November 20 will be made to the Legislative Management Committee.

3. What Has Caused The Recent Market Volatility In Power Rates And What Can Be Expected In The Future? - Mr. Ted Rampton, Utah Association of Municipal Power Organization, distributed a chart titled “Palo Verde Average Monthly Prices” and explained the reasons for increase in wholesale power costs.

Mayor Fritz Boyer, Springville, distributed articles from the *Springville City Newsletter* titled “PCA for September Billing Set” and “City Council Gives Citizens Options on August Billing.” He spoke about the power issues in Springville.

Mr. Cal Baxter, Director, Springville Power Department, provided additional comments on the power price increase.

Mr. Leon Pexton, Utah Municipal Power Agency, distributed a handout from the website *California ISO* titled “Weekly Market Watch” and discussed the power problems in the west. He said Utah does not have a developed power market and California drives that market.

Mr. Doug Larsen, PacifiCorp, discussed ways the volatile power market has impacted PacifiCorp.

Mr. Stan Watters, PacifiCorp, said when power prices are swinging, as they are at present, it is difficult to make appropriate decisions for managing the system. He said there is an interdependence amongst all states in the west regarding power prices, and Utah will be effected. He discussed fundamental issues that effect the power market.

Mr. Watters also answered a question regarding coal plants. He said it is difficult to build a coal plant today and explained reasons why there has been no new generation of those plants over the last decade. He said PacifiCorp is studying ways to help customers cut back on the usage of power.

Mr. Mike Peterson, Electrical Coops, agreed that the market is very volatile but noted that, from the perspective of the electric cooperatives, resources have been sufficient to cover its members and will continue to be in the future.

Mr. Alan Allred, Questar, said natural gas prices have increased and gave reasons for the higher cost. He noted that projections are for continued high prices over the next year or two.

4. Adjournment - In the absence of a quorum, Chair Allen closed the meeting at 5:02 p.m.