

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

Wednesday, October 24, 2001 – 9:00 a.m. – Room 129 State Capitol

Members Present:

Sen. Leonard M. Blackham, Senate Chair
Rep. John E. Swallow, House Chair
Sen. Mike Dmitrich
Sen. Scott K. Jenkins
Sen. John L. Valentine
Rep. Douglas C. Aagard
Rep. Sheryl L. Allen
Rep. Ralph Becker
Rep. Chad E. Bennion
Rep. Eric Hutchings
Rep. Brent H. Goodfellow
Rep. Ty McCartney
Rep. Gordon E. Snow
Rep. Michael R. Styler
Rep. Stephen H. Urquhart

Members Absent:

Rep. Kevin S. Garn
Speaker Martin R. Stephens
Rep. David Ure

Staff Present:

Mr. Richard North, Research Analyst
Mr. Robert H. Rees, Associate General Counsel
Ms. Junie G. Anderson, Legislative Secretary

Note: A list of others present and a copy of materials can be found at <http://www.image.le.state.ut.us.imaging/history.asp> or contact the Office of Legislative Research and General Counsel.

1. Call to Order

Chair Swallow called the meeting to order at 9:22 a.m.

MOTION: Sen. Valentine moved to approve the minutes of the September 12, 2001 meeting. The motion passed unanimously with Sen. Dmitrich absent for the vote.

2. Natural Gas Issues

Mr. Alan Allred, Questar, gave a slide presentation "National / Inter-Mountain Region" and distributed copies for review. The presentation included graphic charts on typical Utah GS-1 customer bills, Utah GS-1 temperature adjusted usage per customer, and natural gas rig count and spot prices. He discussed the pipeline standards.

Mr. Allred explained changes to the gas supply and said it is now an open system. He also explained that an adjustment needs to be made to gas appliances in order for them to safely burn the new type of gas. He said Questar has chosen to manage the gas supply in a safe operating range for both the old set point and the new set point to give customers an opportunity to change their appliances. He assured the Committee that customers are safe during the transition period. He noted that consumers must change the burners in their gas furnaces and water heaters within the next five to seven years. He pointed out that the fees for this adjustment to customers' equipment will be the responsibility of the customer.

Mr. Ruland Gill, Questar, said Questar is one of the few companies that owns half of its own gas supply.

He described the customers' appliance adjustment that would be required. He said, presently, natural gas technicians and installers are not required to be certified and the need for certified technicians and installers is necessary.

3. Intermountain Power Project - Draft Legislation

Sen. Leonard Blackham opened the discussion on the IPP (Intermountain Power Project). He distributed draft legislation "Commercially Sensitive Energy Information Amendments," "Interlocal Cooperation Act," and "Thermal Power Facilities."

Mr. Reed Searle, IPP, gave a brief history of the IPP and said in order to meet the 2007 construction deadline for the power project, the contract process must begin in 2002. He asked that the Legislature be flexible in changing the laws under which IPP operates.

Mr. David Little, Holme Roberts & Owen, explained the desired changes to the Interlocal Cooperation Act. He mentioned that two major issues under the Interlocal Cooperation Act are to allow out-of-state entities to become members of the Interlocal Act, and to allow Intermountain Power to operate beyond the year 2027 so that a merger of the two power projects can occur.

Mr. Jim Burr, Chapman & Cutler, also explained the proposed amendments to the Interlocal Cooperation Act and Thermal Power Facilities.

Sen. Blackham said that actual draft legislation on the Interlocal Cooperation Act will be discussed at the November 14 meeting.

4. Universal Service Fund Access: Small Community Telephone Providers - Draft Legislation

Chair Swallow asked to be excused from the remainder of the meeting and turned control of the meeting over to Sen. Blackham.

Mr. David Irvine, Eagle Mountain, discussed draft legislation "Municipal Telephone Utilities Amendments," which was distributed to the Committee.

Commissioner Steve Mecham, PCS (Public Service Commission), said that all small municipal telecommunications providers or telecommunications cooperatives would be required to comply just as all other telecommunications providers that get the benefit of the USF (Universal Service Fund).

Rep. David Cox spoke to the proposed legislation and answered questions from Committee members.

Mr. Jerry Fenn, Rural Telecom Communications, said he would not oppose the legislation, nor does he favor it.

Commissioner Mecham said the PSC does not oppose the legislation but expressed concern that the word "small" is used on page 6, line 158. Mr. Rees said that if the requirements of the section that deals with

the USF applied to municipal telecommunications providers that did not willingly submit themselves to those obligations, it may raise a constitutional issue under Article 11, Section 5.

MOTION: Rep. Allen moved to approve draft legislation "Municipal Telephone Utilities Amendments" as a Committee bill.

SUBSTITUTE MOTION: Rep. Bennion moved that voting on draft legislation "Municipal Telephone Utilities Amendments" be postponed until the November meeting. The motion passed with Sen. Dmitrich, Rep. Hutchings, Rep. Styler, and Rep. Urquhart voting in opposition to the motion. Rep. Becker, Rep. Goodfellow, and Rep. Swallow were absent for the vote.

5. Adjournment

MOTION: Sen. Allen moved to adjourn the meeting. The motion passed unanimously with Rep. Becker, Rep. Goodfellow, and Rep. Swallow absent for the vote. Chair Blackham adjourned the meeting 11:56 a.m.

