

**MINUTES OF THE
ENERGY POLICY TASK FORCE**

Tuesday, November 6, 2001 – 1:00 p.m. – Room 303 State Capitol

Members Present:

Sen. Leonard M. Blackham, Senate Chair
Rep. Thomas Hatch, House Chair
Sen. Mike Dmitrich
Sen. Dan R. Eastman
Sen. Ed P. Mayne
Rep. Sheryl L. Allen
Rep. Ralph Becker
Rep. Judy Ann Buffmire
Rep. Jack A. Seitz
Rep. David Ure

Members Absent:

Sen. David H. Steele
Rep. Kevin S. Garn

Staff Present:

Ms. Chyleen Arbon, Research Analyst
Ms. Patricia Owen, Associate General Counsel
Ms. Jennifer Markham, 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. Task Force Business

Chair Blackham called the meeting to order at 1:15 p.m. Sen. Steele was excused from the meeting.

MOTION: Rep. Ure moved to approve the minutes of the October 22, 2001 meeting with an amendment to show that Sen. Steele rather than Sen. Eastman was excused from the previous meeting. The motion passed unanimously.

2. PacifiCorp's Proposal to Restructure—Legislative Options

Ms. Patricia Owen, Associate General Counsel, Office of Legislative Research and General Counsel, provided a summary of comments she received from key stakeholders on possible legislative action regarding PacifiCorp's corporate reorganization proposal and distributed a copy of the comments.

Mr. Roger Ball, Administrative Secretary, Committee of Consumer Services, indicated that the risk of each state using a different method to allocate PacifiCorp's costs was inherent in the merger between Pacific Power & Light and Utah Power and Light. He raised concerns with PacifiCorp's comments on possible legislative action. He explained how other regulated industries may provide examples of the type of results that may occur if PacifiCorp is reorganized as proposed by PacifiCorp.

Mr. Jeff Fox, Crossroads Urban Center, compared PacifiCorp's proposal to deregulation without choice. He summarized the major issues of cost allocation and additional power plant construction. He summarized the proposal by Crossroads Urban Center that was distributed to Task Force members.

Mr. Doug Larson, Vice President for Regulations, PacifiCorp, stated that the Public Service Commission (PSC) has the authority to evaluate the reorganization proposal. He described the technical conferences that are taking place to evaluate PacifiCorp's proposal and possible alternatives. He discussed potential benefits of the Task Force or the Legislature acknowledging that issues may exist in the current

regulatory environment and establishing broad guidelines of how the PSC and participants should proceed. He explained that the primary focus of the reorganization proposal is to create an environment that facilitates the building of future generation and that instills confidence in the investment community.

Mr. Greg Monson, Attorney, Stoel Rives, discussed problems PacifiCorp faces with its current organization. He stated that the PSC is the proper forum to deal with the reorganization. He stated that under the current system, PacifiCorp must have permission from all states to build a new generation plant; but under the proposed restructuring, each state utility could build its own new generation plants.

Chair Blackham suggested four options available to the Task Force: (1) take no action at this time, but continue to monitor the situation; (2) draft legislation requiring the approval of the Legislature before PacifiCorp's plan could be implemented; (3) draft legislation to provide guidelines or principles that the PSC should consider when evaluating PacifiCorp's proposal; or (4) draft legislation to set up a second commission or committee to review the PSC's decision.

Commissioner Stephen Mecham, Chair, PSC, stated that the PSC has the authority to approve PacifiCorp's reorganization proposal. He emphasized that while guidelines could be helpful, they could also create inflexibility.

MOTION: Rep. Ure moved to recommend that the Task Force take no action at this time and adjourn the meeting.

SUBSTITUTE MOTION: Rep. Allen moved that the Task Force take no action at this time; the co-chairs monitor the budget, and if necessary, see that appropriate action is taken to encourage adequate funding for the specific needs of state entities reviewing PacifiCorp's proposal; and the meeting be adjourned. The substitute motion passed unanimously.

Before taking action on the substitute motion, the Task Force received public comment on the motions from Mr. Ball, Mr. Fox, and Mr. Larson.

3. Other Items/Adjourn

Chair Blackham adjourned the meeting at 3:06 p.m.