

Effective 5/12/2015

11-13-204 Powers and duties of interlocal entities -- Additional powers of energy services interlocal entities -- Length of term of agreement and interlocal entity -- Notice to lieutenant governor -- Recording requirements -- Public Service Commission.

- (1)
- (a) An interlocal entity:
 - (i) shall adopt bylaws, policies, and procedures for the regulation of its affairs and the conduct of its business;
 - (ii) may:
 - (A) amend or repeal a bylaw, policy, or procedure;
 - (B) sue and be sued;
 - (C) have an official seal and alter that seal at will;
 - (D) make and execute contracts and other instruments necessary or convenient for the performance of its duties and the exercise of its powers and functions;
 - (E) acquire real or personal property, or an undivided, fractional, or other interest in real or personal property, necessary or convenient for the purposes contemplated in the agreement creating the interlocal entity and sell, lease, or otherwise dispose of that property;
 - (F) directly or by contract with another:
 - (I) own and acquire facilities and improvements or an undivided, fractional, or other interest in facilities and improvements;
 - (II) construct, operate, maintain, and repair facilities and improvements; and
 - (III) provide the services contemplated in the agreement creating the interlocal entity and establish, impose, and collect rates, fees, and charges for the services provided by the interlocal entity;
 - (G) borrow money, incur indebtedness, and issue revenue bonds, notes, or other obligations and secure their payment by an assignment, pledge, or other conveyance of all or any part of the revenues and receipts from the facilities, improvements, or services that the interlocal entity provides;
 - (H) offer, issue, and sell warrants, options, or other rights related to the bonds, notes, or other obligations issued by the interlocal entity;
 - (I) sell or contract for the sale of the services, output, product, or other benefits provided by the interlocal entity to:
 - (I) public agencies inside or outside the state; and
 - (II) with respect to any excess services, output, product, or benefits, any person on terms that the interlocal entity considers to be in the best interest of the public agencies that are parties to the agreement creating the interlocal entity; and
 - (J) create a local disaster recovery fund in the same manner and to the same extent as authorized for a local government in accordance with Section 53-2a-605; and
 - (iii) may not levy, assess, or collect ad valorem property taxes.
 - (b) An assignment, pledge, or other conveyance under Subsection (1)(a)(ii)(G) may, to the extent provided by the documents under which the assignment, pledge, or other conveyance is made, rank prior in right to any other obligation except taxes or payments in lieu of taxes payable to the state or its political subdivisions.
- (2) An energy services interlocal entity:
- (a) except with respect to any ownership interest it has in facilities providing additional project capacity, is not subject to:
 - (i) Part 3, Project Entity Provisions; or

- (ii) Title 59, Chapter 8, Gross Receipts Tax on Certain Corporations Not Required to Pay Corporate Franchise or Income Tax Act; and
- (b) may:
 - (i) own, acquire, and, by itself or by contract with another, construct, operate, and maintain a facility or improvement for the generation, transmission, and transportation of electric energy or related fuel supplies;
 - (ii) enter into a contract to obtain a supply of electric power and energy and ancillary services, transmission, and transportation services, and supplies of natural gas and fuels necessary for the operation of generation facilities;
 - (iii) enter into a contract with public agencies, investor-owned or cooperative utilities, and others, whether located in or out of the state, for the sale of wholesale services provided by the energy services interlocal entity; and
 - (iv) adopt and implement risk management policies and strategies and enter into transactions and agreements to manage the risks associated with the purchase and sale of energy, including forward purchase and sale contracts, hedging, tolling and swap agreements, and other instruments.
- (3) Notwithstanding Section 11-13-216, an agreement creating an interlocal entity or an amendment to that agreement may provide that the agreement may continue and the interlocal entity may remain in existence until the latest to occur of:
 - (a) 50 years after the date of the agreement or amendment;
 - (b) five years after the interlocal entity has fully paid or otherwise discharged all of its indebtedness;
 - (c) five years after the interlocal entity has abandoned, decommissioned, or conveyed or transferred all of its interest in its facilities and improvements; or
 - (d) five years after the facilities and improvements of the interlocal entity are no longer useful in providing the service, output, product, or other benefit of the facilities and improvements, as determined under the agreement governing the sale of the service, output, product, or other benefit.
- (4)
 - (a) Upon execution of an agreement to approve the creation of an interlocal entity, including an electric interlocal entity and an energy services interlocal entity, the governing body of a member of the interlocal entity under Section 11-13-203 shall:
 - (i) within 30 days after the date of the agreement, jointly file with the lieutenant governor:
 - (A) a copy of a notice of an impending boundary action, as defined in Section 67-1a-6.5, that meets the requirements of Subsection 67-1a-6.5(3); and
 - (B) if less than all of the territory of any Utah public agency that is a party to the agreement is included within the interlocal entity, a copy of an approved final local entity plat, as defined in Section 67-1a-6.5; and
 - (ii) upon the lieutenant governor's issuance of a certificate of creation under Section 67-1a-6.5:
 - (A) if the interlocal entity is located within the boundary of a single county, submit to the recorder of that county:
 - (I) the original:
 - (Aa) notice of an impending boundary action;
 - (Bb) certificate of creation; and
 - (Cc) approved final local entity plat, if an approved final local entity plat was required to be filed with the lieutenant governor under Subsection (4)(a)(i)(B); and
 - (II) a certified copy of the agreement approving the creation of the interlocal entity; or
 - (B) if the interlocal entity is located within the boundaries of more than a single county:

- (I) submit to the recorder of one of those counties:
 - (Aa) the original of the documents listed in Subsections (4)(a)(ii)(A)(I)(Aa), (Bb), and (Cc); and
 - (Bb) a certified copy of the agreement approving the creation of the interlocal entity; and
- (II) submit to the recorder of each other county:
 - (Aa) a certified copy of the documents listed in Subsections (4)(a)(ii)(A)(I)(Aa), (Bb), and (Cc); and
 - (Bb) a certified copy of the agreement approving the creation of the interlocal entity.
- (b) Upon the lieutenant governor's issuance of a certificate of creation under Section 67-1a-6.5, the interlocal entity is created.
- (c) Until the documents listed in Subsection (4)(a)(ii) are recorded in the office of the recorder of each county in which the property is located, a newly created interlocal entity may not charge or collect a fee for service provided to property within the interlocal entity.
- (5) Nothing in this section may be construed as expanding the rights of any municipality or interlocal entity to sell or provide retail service.
- (6) Except as provided in Subsection (7):
 - (a) nothing in this section may be construed to expand or limit the rights of a municipality to sell or provide retail electric service; and
 - (b) an energy services interlocal entity may not provide retail electric service to customers located outside the municipal boundaries of its members.
- (7)
 - (a) An energy services interlocal entity created before July 1, 2003, that is comprised solely of Utah municipalities and that, for a minimum of 50 years before July 1, 2010, provided retail electric service to customers outside the municipal boundaries of its members, may provide retail electric service outside the municipal boundaries of its members if:
 - (i) the energy services interlocal entity:
 - (A) enters into a written agreement with each public utility holding a certificate of public convenience and necessity issued by the Public Service Commission to provide service within an agreed upon geographic area for the energy services interlocal entity to be responsible to provide electric service in the agreed upon geographic area outside the municipal boundaries of the members of the energy services interlocal entity; and
 - (B) obtains a franchise agreement, with the legislative body of the county or other governmental entity for the geographic area in which the energy services interlocal entity provides service outside the municipal boundaries of its members; and
 - (ii) each public utility described in Subsection (7)(a)(i)(A) applies for and obtains from the Public Service Commission approval of the agreement specified in Subsection (7)(a)(i)(A).
 - (b)
 - (i) The Public Service Commission shall, after a public hearing held in accordance with Title 52, Chapter 4, Open and Public Meetings Act, approve an agreement described in Subsection (7)(a)(ii) if it determines that the agreement is in the public interest in that it incorporates the customer protections described in Subsection (7)(c) and the franchise agreement described in Subsection (7)(a)(i)(B) provides a reasonable mechanism using a neutral arbiter or ombudsman for resolving potential future complaints by customers of the energy services interlocal entity.
 - (ii) In approving an agreement, the Public Service Commission shall also amend the certificate of public convenience and necessity of any public utility described in Subsection (7)(a)(i) to delete from the geographic area specified in the certificate or certificates of the public utility the geographic area that the energy services interlocal entity has agreed to serve.

- (c) In providing retail electric service to customers outside of the municipal boundaries of its members, but not within the municipal boundaries of another municipality that grants a franchise agreement in accordance with Subsection (7)(a)(i)(B), an energy services interlocal entity shall comply with the following:
 - (i) the rates and conditions of service for customers outside the municipal boundaries of the members shall be at least as favorable as the rates and conditions of service for similarly situated customers within the municipal boundaries of the members;
 - (ii) the energy services interlocal entity shall operate as a single entity providing service both inside and outside of the municipal boundaries of its members;
 - (iii) a general rebate, refund, or other payment made to customers located within the municipal boundaries of the members shall also be provided to similarly situated customers located outside the municipal boundaries of the members;
 - (iv) a schedule of rates and conditions of service, or any change to the rates and conditions of service, shall be approved by the governing board of the energy services interlocal entity;
 - (v) before implementation of any rate increase, the governing board of the energy services interlocal entity shall first hold a public meeting to take public comment on the proposed increase, after providing at least 20 days and not more than 60 days' advance written notice to its customers on the ordinary billing and on the Utah Public Notice Website, created by Section 63F-1-701; and
 - (vi) the energy services interlocal entity shall file with the Public Service Commission its current schedule of rates and conditions of service.
- (d) The Public Service Commission shall make the schedule of rates and conditions of service of the energy services interlocal entity available for public inspection.
- (e) Nothing in this section:
 - (i) gives the Public Service Commission jurisdiction over the provision of retail electric service by an energy services interlocal entity within the municipal boundaries of its members; or
 - (ii) makes an energy services interlocal entity a public utility under Title 54, Public Utilities.
- (f) Nothing in this section expands or diminishes the jurisdiction of the Public Service Commission over a municipality or an association of municipalities organized under Title 11, Chapter 13, Interlocal Cooperation Act, except as specifically authorized by this section's language.
- (g)
 - (i) An energy services interlocal entity described in Subsection (7)(a) retains its authority to provide electric service to the extent authorized by Sections 11-13-202 and 11-13-203 and Subsections 11-13-204(1) through (5).
 - (ii) Notwithstanding Subsection (7)(g)(i), if the Public Service Commission approves the agreement described in Subsection (7)(a)(i), the energy services interlocal entity may not provide retail electric service to customers located outside the municipal boundaries of its members, except for customers located within the geographic area described in the agreement.

Amended by Chapter 265, 2015 General Session