

1                                   **EXTENSION OF GAS SERVICE**

2   **TERRITORIES**

3   1998 GENERAL SESSION

4   STATE OF UTAH

5   **Sponsor: Thomas Hatch**

6 AN ACT RELATING TO PUBLIC UTILITIES; ENACTING PROVISIONS REQUIRING THE  
7 PUBLIC SERVICE COMMISSION TO APPROVE APPLICATIONS OF GAS  
8 CORPORATIONS TO EXTEND THEIR SYSTEMS TO PREVIOUSLY UNSERVED  
9 MUNICIPALITIES UNDER CERTAIN PRESCRIBED CIRCUMSTANCES; MAKING  
10 TECHNICAL CORRECTIONS; PROVIDING A SUNSET DATE; AND PROVIDING AN  
11 EFFECTIVE DATE.

12 This act affects sections of Utah Code Annotated 1953 as follows:

13 AMENDS:

14           **54-3-8**, Utah Code Annotated 1953

15           **54-4-8**, Utah Code Annotated 1953

16           **63-55-254**, as enacted by Chapter 1, Laws of Utah 1990

17 ENACTS:

18           **54-3-8.1**, Utah Code Annotated 1953

19 *Be it enacted by the Legislature of the state of Utah:*

20           Section 1. Section **54-3-8** is amended to read:

21           **54-3-8. Preferences forbidden -- Power of commission to determine facts.**

22           (1) No public utility shall, as to rates, charges, service, facilities or in any other respect,  
23 make or grant any preference or advantage to any person, or subject any person to any prejudice  
24 or disadvantage. No public utility shall establish or maintain any unreasonable difference as to  
25 rates, charges, service or facilities, or in any other respect, either as between localities or as  
26 between classes of service.

27           (2) The commission shall have power to determine any question of fact arising under this

1 section.

2 Section 2. Section **54-3-8.1** is enacted to read:

3 **54-3-8.1. Power of commission to approve natural gas applications.**

4 (1) The extension of natural gas service to municipalities without natural gas service is  
5 encouraged as a means to assist in economic development and to promote the safety, health,  
6 comfort, and convenience of citizens residing in these areas. Notwithstanding Sections 54-3-8 and  
7 54-4-8, the commission shall approve an application of a gas corporation to extend its system to  
8 previously unserved municipalities in its service territories if the application satisfies both of the  
9 following requirements:

10 (a) the extension of service cannot be economically provided under existing tariff  
11 provisions for extension of service; and

12 (b) any application, together with any increases that could result from previously approved  
13 applications, does not result in an incremental increase in annual rates and charges to existing  
14 customers of more than 1/5% as measured by rates in effect on July 1, 1998.

15 (2) A gas corporation may not be required to expend funds in any calendar year on  
16 expansions to previously unserved areas through any combination of its tariff provisions in excess  
17 of 1% of the gas corporation's net book value of gas plant in service at the beginning of the  
18 calendar year.

19 Section 3. Section **54-4-8** is amended to read:

20 **54-4-8. Improvements, extensions, repairs -- Regulations -- Apportioning costs.**

21 [~~Whenever~~] (1) Except as provided under Section 54-3-8.1:

22 (a) whenever the commission shall find that additions, extensions, repairs or improvements  
23 to or changes in the existing plant, equipment, apparatus, facilities or other physical property of  
24 any public utility or of any two or more public utilities ought reasonably to be made, or that a new  
25 structure or structures ought to be erected to promote the security or convenience of its employees  
26 or the public or in any way to secure adequate service or facilities, the commission shall make and  
27 serve an order directing that such additions, extensions, repairs, improvements or changes be made  
28 or such structure or structures be erected in the manner and within the time specified in [~~said~~] the  
29 order[~~[- If]~~]; and

30 (b) if any additions, extensions, repairs, improvements or changes, or any new structure  
31 or structures which the commission has ordered to be erected, require joint action by two or more

1 public utilities, the commission shall notify the [said] public utilities that [such] the additions,  
 2 extensions, repairs, improvements or changes, or new structure or structures have been ordered[;]  
 3 and [~~that the same~~] shall be made at their joint cost; whereupon the [said] public utilities shall have  
 4 [such] reasonable time as the commission may grant within which to agree upon the portion or  
 5 division of cost of [such] the additions, extensions, repairs, improvements or changes or any new  
 6 structure or structures which each shall bear.

7 (2) If at the expiration of [such] the time [such] in Subsection (1)(b) the public utilities  
 8 shall fail to file with the commission a statement that an agreement has been made for division or  
 9 apportionment of the cost or expense of [such] the additions, extensions, repairs, improvements  
 10 or changes, or of [such] the new structure or structures, the commission shall have authority, after  
 11 further hearing, to make an order fixing the proportion of [such] the cost or expense to be borne  
 12 by each public utility and the manner in which the [~~same~~] cost or expense shall be paid or secured.

13 Section 4. Section **63-55-254** is amended to read:

14 **63-55-254. Repeal dates, Title 54.**

15 (1) Title 54, Chapter 10, the Committee of Consumer Services, is repealed July 1, 1999.

16 (2) Section 54-3-8.1 is repealed December 31, 1999.

17 Section 5. **Effective date.**

18 If approved by two-thirds of all the members elected to each house, this act takes effect  
 19 upon approval by the governor, or the day following the constitutional time limit of Utah  
 20 Constitution Article VII, Section 8, without the governor's signature, or in the case of a veto, the  
 21 date of veto override.

## Legislative Review Note as of 11-19-97 5:17 PM

A limited legal review of this bill raises no obvious constitutional or statutory concerns.

Office of Legislative Research and General Counsel

## Committee Note

The Public Utilities and Technology Interim Committee recommended this bill.