1	UTILITY REGULATION AMENDMENTS
2	2000 GENERAL SESSION
3	STATE OF UTAH
4	Sponsor: David Ure
5	AN ACT RELATING TO PUBLIC UTILITIES; MODIFYING PROCEDURES FOR THE
6	INFORMAL RESOLUTION OF MATTERS BEFORE THE PUBLIC SERVICE COMMISSION
7	AND SPECIFYING THE TEST YEARS THE PUBLIC SERVICE COMMISSION MAY USE
8	IN DETERMINING JUST AND REASONABLE RATES.
9	This act affects sections of Utah Code Annotated 1953 as follows:
10	AMENDS:
11	54-4-4, as last amended by Chapter 166, Laws of Utah 1975
12	54-7-1, as last amended by Chapter 161, Laws of Utah 1987
13	Be it enacted by the Legislature of the state of Utah:
14	Section 1. Section 54-4-4 is amended to read:
15	54-4-4. Classification and fixing of rates after hearing.
16	(1) Whenever the commission shall find after a hearing that the rates, fares, tolls, rentals,
17	charges or classifications, or any of them demanded, observed, charged or collected by any public
18	utility for any service or product or commodity, or in connection therewith, including the rates or
19	fares for excursion or commutation tickets, or that the rules, regulations, practices or contracts, or
20	any of them, affecting such rates, fares, tolls, rentals, charges or classifications, or any of them, are
21	unjust, unreasonable, discriminatory or preferential, or in anywise in violation of any provisions
22	of law, or that such rates, fares, tolls, rentals, charges, or classifications are insufficient, the
23	commission shall determine the just, reasonable, or sufficient rates, fares, tolls, rentals, charges,
24	classifications, rules, regulations, practices, or contracts to be thereafter observed and in force, and
25	shall fix the same by order as hereinafter provided.
26	(2) The commission shall have power to investigate a single rate, fare, toll, rental, charge,
27	classification, rule, regulation, contract or practice, or any number thereof, or the entire schedule

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28	or schedules of rates, fares, tolls, rentals, charges, classifications, rules, regulations, contracts and
29	practices, or any number thereof, of any public utility, and to establish, after hearing, new rates,
30	fares, tolls, rentals, charges, classifications, rules, regulations, contracts or practices, or schedule
31	or schedules in lieu thereof.
32	(3) (a) [The commission, in] In its determination of just and reasonable rates, [may
33	consider recent changes in the utility's financial condition or changes reasonably expected, but not
34	speculative, in the utility's revenues, expenses or investments and may adopt an appropriate future
35	test period, not exceeding twelve] if the commission uses a test period, it shall select a test period
36	that is demonstrated by the evidence to best reflect conditions that the public utility will encounter
37	during the period when the rates will be in effect.
38	(b) In establishing the test period, the commission may use:
39	(i) a future test period based on projected data not exceeding 20 months from the date of
40	filing[, including projections or projections together with a period of actual operations in
41	determining the utility's test year for rate-making purposes.];
42	(ii) a test period based on historic data that are adjusted for known and measurable changes
43	or reasonable projections; or
44	(iii) a combination of future projections and historic data.
45	(c) If the test period is not based exclusively on future projections, the commission shall
46	consider:
47	(i) recent changes outside the test period which are known in nature and measurable in
48	amount; and
49	(ii) changes reasonably expected in the utility's financial condition, including its revenues,
50	expenses, and investment.
51	Section 2. Section 54-7-1 is amended to read:
52	54-7-1. Settlement Limitation of issues.
53	(1) Informal resolution, by agreement of the parties, of matters before the commission is
54	encouraged[:] as a means to:
55	(a) resolve disputes while minimizing time and expense to public utilities, the state, and
56	consumers;
57	(b) enhance administrative efficiency; and
58	(c) enhance the regulatory process by allowing the commission to concentrate on those

01-27-00 2:09 PM 59 issues which adverse parties cannot otherwise resolve. 60 (2) The commission may approve any agreement after considering the interests of the 61 public and other affected persons. 62 (2) The commission may use settlement proposals to resolve disputed matters, while reserving to the parties the right to maintain confidentiality in the negotiation process. 63 64 (3) (a) At any time before or during [a hearing or] an adjudicative proceeding before the commission, the parties, between themselves or with the commission or a commissioner, may 65 66 engage in settlement conferences and negotiations. 67 (b) The commission may adopt [any settlement proposal of the parties and may enter an 68 order based upon the proposal.] settlement proposals entered into by one or more of the parties, 69 including all parties initiating a proceeding and all parties against whom a proceeding is initiated. 70 (c) The commission may adopt settlement proposals that are just and reasonable in result 71 and is not required to inquire into: 72 (i) each individual component or aspect of the settlement; 73 (ii) each fact upon which the settlement is based; or 74 (iii) each position of the parties. (d) The commission may adopt a settlement proposal without testimony or a hearing, 75 76 unless it is contested by the party initiating the proceeding or the party against whom the 77 proceeding is initiated. 78 (e) The commission shall accept or reject settlement proposals within a reasonable time.

(4) In cases or procedures involving rate increases as defined in Section 54-7-12, the commission may limit the factors and issues to be considered in its determination of just and reasonable rates.

Legislative Review Note as of 1-27-00 10:36 AM

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

Office of Legislative Research and General Counsel

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