

1                                   **IMPROVEMENT DISTRICT - PROVIDING**  
2   **ELECTRIC SERVICE**

3   2009 GENERAL SESSION

4   STATE OF UTAH

5   **Chief Sponsor: Dennis E. Stowell**

6   House Sponsor: Rebecca D. Lockhart

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8   **LONG TITLE**

9   **General Description:**

10           This bill modifies a provision relating to improvement districts that provide electric  
11   service.

12   **Highlighted Provisions:**

13           This bill:

- 14           ▶ authorizes an electric improvement district created after May 11, 2009 to provide
- 15   electric service to a specified area if certain conditions are met; and
- 16           ▶ makes technical changes.

17   **Monies Appropriated in this Bill:**

18           None

19   **Other Special Clauses:**

20           None

21   **Utah Code Sections Affected:**

22   AMENDS:

23           **17B-2a-406**, as last amended by Laws of Utah 2008, Chapter 360

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

26           Section 1. Section **17B-2a-406** is amended to read:

27           **17B-2a-406. Improvement districts providing electric service -- Public Service**

28   **Commission jurisdiction -- Exceptions.**

29           (1) As used in this section:

30           (a) "Commission" means the Public Service Commission of Utah established in  
31 Section 54-1-1.

32           (b) "Electric corporation" has the same meaning as defined in Section 54-2-1.

33           (c) "Electric improvement district" means an improvement district that provides  
34 electric service as authorized under Subsection 17B-2a-403(1)(a)(iv).

35           (d) "Stranded asset" means an asset that:

36           (i) an electric corporation owns and operates;

37           (ii) is designed to serve an area that is:

38           (A) within the electric corporation's certificated service area before the area is  
39 removed from the certificated service area by commission order as provided in Subsection  
40 (3)(b)(i)(B)(II); and

41           (B) within the boundary of an electric improvement district; and

42           (iii) will not be useful to or used by the electric corporation after removal of the area  
43 from the electric corporation's certificated service area.

44           ~~[(1)(a)]~~ (2) An electric improvement district [~~that provides electric service as~~  
45 ~~authorized under Subsection 17B-2a-403(1)(a)(iv): (i)] is a public utility and subject to the  
46 jurisdiction of the [~~Public Service Commission;~~] commission.~~

47           (3) (a) Except as provided in Subsection (3)(b), an electric improvement district:

48           ~~[(ii)]~~ (i) may include only an area where:

49           (A) no retail electricity has been provided to commercial, industrial, residential, and  
50 other users of electricity from an investor-owned utility within any part of an area certificated  
51 by the [~~Public Service Commission]~~ commission or an area adjacent to that area, municipal  
52 agency, or electric cooperative within the five years immediately preceding September 1,  
53 1985; and

54           (B) electric service is provided to at least one user of electricity within the electric  
55 service district as of September 1, 1985; and

56           ~~[(iii)]~~ (ii) shall have filed an application for certification and received approval by the  
57 [~~Public Service Commission]~~ commission by September 1, 1986.

58           (b) (i) An electric improvement district created after May 11, 2009 may provide  
59 electric service within the boundary of the improvement district if:

60           (A) no part of the boundary of the electric improvement district is closer than 40 miles  
61 to an existing service line of an electric corporation;

62           (B) (I) no part of the area within the boundary of the electric improvement district is  
63 within the certificated service area of an electric corporation; or

64           (II) the area within the boundary of the electric improvement district that is also within  
65 the certificated service area of an electric corporation is removed from the electric  
66 corporation's certificated service area by commission order in a proceeding initiated by a  
67 petition filed by and at the discretion of the electric corporation; and

68           (C) before January 1, 2010, the electric improvement district receives a certificate of  
69 public convenience and necessity from the commission authorizing the electric improvement  
70 district to provide electric service to the area within the boundary of the electric improvement  
71 district.

72           (ii) An electric improvement district that provides electric service as provided in  
73 Subsection (3)(b)(i) shall pay an electric corporation an amount equal to the fair market value  
74 of each stranded asset of the electric corporation.

75           ~~[(b)]~~ (4) Nothing in this part may be construed to give the [Public Service  
76 Commission] commission jurisdiction over:

77           ~~[(i)]~~ (a) an improvement district, other than an electric improvement district [that  
78 provides electric service as authorized under Subsection 17B-2a-403(1)(a)(iv); or];

79           ~~[(ii)]~~ (b) a municipality; or

80           (c) an association of municipalities organized under Title 11, Chapter 13, Interlocal  
81 Cooperation Act.

82           ~~[(e)]~~ (5) Before an electric improvement district [providing electric service] serves any  
83 customer, the electric improvement district shall obtain a certificate of public convenience and  
84 necessity from the [Public Service Commission] commission.

85           ~~[(2)]~~ (6) (a) Section 54-7-12 does not apply to rate changes of an electric improvement

86 district [~~that provides electric service as authorized under Subsection 17B-2a-403(1)(a)(iv)~~] if:

87 (i) the district is organized for the purpose of distributing electricity to customers  
88 within the [~~boundaries~~] boundary of the district on a not-for-profit basis;

89 (ii) the schedule of new rates or other change that results in new rates has been  
90 approved by the board of trustees of the district;

91 (iii) prior to the implementation of any rate increases, the district first holds a public  
92 meeting for all its customers to whom mailed notice of the meeting is sent at least ten days  
93 prior to the meeting; and

94 (iv) the district has filed the schedule of new rates or other change with the [~~Public  
95 Service Commission~~] commission.

96 (b) The [~~Public Service Commission~~] commission shall make the district's schedule of  
97 new rates or other change available for public inspection.