

1 **ENERGY AMENDMENTS**

2 2013 GENERAL SESSION

3 STATE OF UTAH

4 **Chief Sponsor: J. Stuart Adams**

5 House Sponsor: Jack R. Draxler

7 **LONG TITLE**

8 **General Description:**

9 This bill enacts provisions relating to facilitating the conversion to alternative fuel
10 vehicles and the provision of facilities for alternative fuel vehicles.

11 **Highlighted Provisions:**

12 This bill:

- 13 ▶ establishes the composition of a governing body of an interlocal entity created to
14 facilitate conversion to alternative fuel vehicles or to facilitate the construction,
15 operation, and maintenance of facilities for alternative fuel vehicles;
- 16 ▶ directs the Public Service Commission to initiate and conduct proceedings to
17 explore options and opportunities for advancing and promoting measures designed
18 to result in cleaner air in the state;
- 19 ▶ provides for a cost recovery mechanism for a gas corporation that pays for natural
20 gas fueling stations and related facilities; and
- 21 ▶ provides for the repeal of certain language.

22 **Money Appropriated in this Bill:**

23 None

24 **Other Special Clauses:**

25 This bill provides an immediate effective date.

26 **Utah Code Sections Affected:**

27 AMENDS:

28 **63I-1-254**, as renumbered and amended by Laws of Utah 2008, Chapter 382

29 ENACTS:

30 11-13-224, Utah Code Annotated 1953
31 54-1-13, Utah Code Annotated 1953
32 54-4-13.4, Utah Code Annotated 1953

33

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

35 Section 1. Section 11-13-224 is enacted to read:

36 **11-13-224. Utah interlocal entity for alternative fuel vehicles and facilities.**

37 (1) As used in this section, "commission" means the Public Service Commission of
38 Utah, established in Section 54-1-1.

39 (2) The governing body of a Utah interlocal entity created to facilitate the conversion to
40 alternative fuel vehicles or to facilitate the construction, operation, and maintenance of
41 facilities for alternative fuel vehicles, or both, shall consist of:

42 (a) an individual from the executive branch of state government, appointed by the
43 governor;

44 (b) a member of the Senate, appointed by the president of the Senate;

45 (c) a member of the House of Representatives, appointed by the speaker of the House
46 of Representatives;

47 (d) an individual from the Utah Association of Counties, appointed by the president of
48 the Senate;

49 (e) an individual from the Utah League of Cities and Towns, appointed by the speaker
50 of the House of Representatives;

51 (f) an individual employed by a school district in the state, appointed by the governor;

52 (g) an individual appointed by the public transit district under Title 17B, Chapter 2a,
53 Part 8, Public Transit District Act, with the largest budget of all public transit districts in the
54 state;

55 (h) an individual employed by a gas corporation in the state, appointed by the
56 governor; and

57 (i) a representative of the Utah Petroleum Marketers and Retailers Association,

58 appointed by the governor.

59 (3) A Utah interlocal entity described in Subsection (2):

60 (a) may contribute toward the funding required for the construction, operation, and
61 maintenance of facilities for alternative fuel vehicles that are used by or benefit the interlocal
62 entity; and

63 (b) shall participate with the commission in proceedings the commission conducts
64 under Section 54-1-13.

65 Section 2. Section **54-1-13** is enacted to read:

66 **54-1-13. Commission exploration and development of cleaner air options.**

67 (1) The commission shall immediately initiate and conduct proceedings to explore and
68 develop options and opportunities for advancing and promoting measures designed to result in
69 cleaner air in the state through the enhanced use of alternative fuel vehicles, including:

70 (a) consideration of the role that gas corporations should play in the enhancement and
71 expansion of the infrastructure and maintenance and other facilities for alternative fuel
72 vehicles;

73 (b) the potential funding options available to pay for the enhancement and expansion of
74 infrastructure and facilities for alternative fuel vehicles;

75 (c) the role local government, including any local government entity established for the
76 purpose of facilitating conversion to alternative fuel vehicles and of promoting the
77 enhancement and expansion of the infrastructure and facilities for those vehicles, can or should
78 play; and

79 (d) the most effective ways to overcome any obstacles to converting to alternative fuel
80 vehicles and to enhancing and expanding the infrastructure and facilities for alternative fuel
81 vehicles.

82 (2) As soon as an interlocal entity described in Subsection 11-13-224(2) is created, the
83 commission shall seek, encourage, and accept the interlocal entity's participation in the
84 commission's proceedings under this section.

85 (3) By September 30, 2013, the commission and the interlocal entity described in

86 Subsection 11-13-224(2) shall report to the governor, the Legislative Management Committee,
87 and the Public Utilities and Technology Interim Committee:

88 (a) the results of the commission proceedings under Subsection (1); and

89 (b) recommendations for specific actions to implement mechanisms to provide funding
90 for the enhancement and expansion of the infrastructure and facilities for alternative fuel
91 vehicles.

92 Section 3. Section **54-4-13.4** is enacted to read:

93 **54-4-13.4. Natural gas fueling stations and facilities -- Recovery of expenditures**
94 **for stations and facilities.**

95 (1) The commission shall find that a gas corporation's expenditures for the
96 construction, operation, and maintenance of natural gas fueling stations and appurtenant natural
97 gas facilities for use by the state, political subdivisions of the state, and the public are in the
98 public interest and are just and reasonable, if:

99 (a) the gas corporation's expenditures for the fueling stations and appurtenant facilities:

100 (i) are prudently incurred; and

101 (ii) do not exceed \$5,000,000 in any calendar year, unless the commission determines
102 after the first year, through the general rate making process, that a higher amount is appropriate
103 and in the best interest of the public;

104 (b) the gas corporation shows that the estimated annual incremental increase in revenue
105 related to the stations and facilities exceeds 50% of the annual revenue requirement of the
106 stations and facilities; and

107 (c) the stations and facilities are in service and are being used and are useful.

108 (2) (a) A gas corporation may seek the recovery of expenditures under Subsection (1)
109 through a mechanism designed to track and collect the expenditures between general rate cases.

110 (b) (i) The commission shall allow a gas corporation to recover, through an incremental
111 surcharge to all of its rate classes, expenditures that the gas corporation incurs that are directly
112 related to the construction, operation, and maintenance of the stations and facilities described
113 in Subsection (1), reduced by revenues the gas corporation receives during the same time

114 period directly attributable to the stations and facilities.

115 (ii) The commission shall assign a surcharge under Subsection (2)(b)(i) to each rate
116 class based upon the pro rata share, approved by the commission, of the tariff revenue ordered
117 in the gas corporation's most recent general rate case.

118 (iii) A gas corporation may file an application to adjust a surcharge under Subsection
119 (2)(b)(i) as frequently as semiannually.

120 (iv) At the gas corporation's next general rate case, the commission shall include in
121 base rates all expenditures that the gas corporation prudently incurs associated with a surcharge
122 under Subsection (2)(b)(i).

123 Section 4. Section **63I-1-254** is amended to read:

124 **63I-1-254. Repeal dates -- Title 54.**

125 The language of Subsection 54-4-13.4(1)(a)(ii) after "do not exceed \$5,000,000 in any
126 calendar year" is repealed July 1, 2018.

127 Section 5. **Effective date.**

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