

**Representative Jack R. Draxler** proposes the following substitute bill:

**ENERGY AMENDMENTS**

2013 GENERAL SESSION

STATE OF UTAH

**Chief Sponsor: J. Stuart Adams**

House Sponsor: Jack R. Draxler

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**LONG TITLE**

**General Description:**

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

**Highlighted Provisions:**

This bill:

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

**Money Appropriated in this Bill:**

None

**Other Special Clauses:**

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

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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. Governing body requirements for Utah interlocal entity for alternative**  
37 **fuel vehicles and facilities -- Contributing toward funding for facilities.**

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

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

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

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

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

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

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

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

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

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

57 governor; and

58 (i) a representative of the Utah Petroleum Marketers and Retailers Association,  
59 appointed by the governor.

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

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

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

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

67 **54-1-13. Commission exploration of cleaner air options.**

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

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

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

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

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

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

86 (3) By September 30, 2013, the commission and the interlocal entity described in  
87 Subsection 11-13-224(2) shall report to the governor, the Legislative Management Committee,

88 and the Public Utilities and Technology Interim Committee:

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

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

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

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

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

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

101 (i) are prudently incurred; and

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

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

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

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

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

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

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

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

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

125           **63I-1-254. Repeal dates, Title 54.**

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

128           Section 5. **Effective date.**

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