

HB0072S01 compared with HB0072

~~{Omitted text}~~ shows text that was in HB0072 but was omitted in HB0072S01

inserted text shows text that was not in HB0072 but was inserted into HB0072S01

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Electricity Rate Amendments

2025 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Carl R. Albrecht

Senate Sponsor: Keven J. Stratton

2

3 LONG TITLE

4 General Description:

5 This bill modifies provisions related to ~~{public utility regulation}~~ energy balancing accounts and
cost recovery by electrical corporations.

7 Highlighted Provisions:

8 This bill:

9 ▶ defines terms;

11 ▶ establishes requirements for the Public Service Commission to prioritize Utah ratepayer interests
when allocating utility costs;

13 ▶ prohibits cost recovery from Utah ratepayers for facilities and programs primarily benefiting
other states;

15 ▶ ~~{eliminates electrical corporation energy balancing account cost recovery for costs~~
~~incurred after December 31, 2024; and}~~

17 ▶ ~~{maintains existing energy balancing account provisions for costs incurred before~~
~~December 31, 2024.}~~

14 ▶ establishes cost allocation requirements for multi-state utilities;

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- creates a framework for generation resource cost allocation; and
- implements a cost-sharing mechanism for prudently incurred actual costs in excess of revenue collected.

Money Appropriated in this Bill:

None

Other Special Clauses:

None

AMENDS:

54-7-13.5, as last amended by Laws of Utah 2021, Chapter 249, as last amended by Laws of Utah 2021, Chapter 249

ENACTS:

54-4-4.2, Utah Code Annotated 1953, Utah Code Annotated 1953

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

Section 1. Section 1 is enacted to read:

54-4-4.2. Utah ratepayer interests -- priority-- generation resource allocation.

(1) As used in this section:

(a) "Existing share" means the state's share of a generation resource as assigned to the state under the allocation method last approved by the commission prior to December 31, 2025.

(b) "Generation resource" means an electrical generating facility owned by or under contract to a large-scale electric utility.

(c) "New share" means a share of a generation resource assigned by the commission to the state under Subsection (6) procured by a large-scale electric utility after December 31, 2025.

(d) "Share" means the percentage of a generation resource assigned to the state.

(2) This section applies only to a public utility for which the commission is the governing authority.

{(+) (3) Before the commission may approve allocation of costs to {Utah} ratepayers in the state, a public utility {operating} that operates in {Utah} both the state and other states shall demonstrate by a preponderance of evidence that:

(a) the allocated costs provide direct benefits to {Utah} ratepayers in the state;

(b) the cost allocation methodology aligns costs with benefits to Utah ratepayers in the state; and

(c) Utah ratepayers are not subsidizing benefits provided to ratepayers in other states.

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- 38 {~~(2)~~} (4) The commission may not approve recovery of costs from {~~Utah~~} ratepayers in the state for:
- 39 (a) facilities, programs, or investments that primarily benefit ratepayers in other states;
- 40 (b) compliance with other states' laws or regulations unless directly benefiting {~~Utah~~} ratepayersin the
state; or
- 42 (c) liabilities arising from events or conditions in other states unless directly related to service provided
to {~~Utah~~} ratepayersin the state.
- 56 (5)
- (a) For generation resources in service or under construction on December 31, 2025, a large-scale
electric utility shall:
- 58 (i) account to the commission for each generation resource as of January 1, 2026; and
- 59 (ii) identify to the commission the existing share for each generation resource as of January 1, 2026.
- 61 (b) The commission shall use the existing share described in Subsection (5)(a)(ii) throughout the
operational life of each generation resource described in Subsection (5)(a) when calculating a large-
scale electric utility's recoverable costs for:
- 64 (i) capital costs;
- 65 (ii) operations and maintenance costs;
- 66 (iii) fuel costs;
- 67 (iv) deferred tax impacts; and
- 68 (v) other costs or credits related to the generation resource.
- 69 (6) For generation resources procured after December 31, 2025:
- 70 (a) prior to recovering costs for any new share, a large-scale electric utility shall:
- 71 (i) prepare and file with the commission a state-specific resource plan that:
- 72 (A) reflects the energy policies and preferences of the state;
- 73 (B) identifies the risk-adjusted least-cost resources needed to serve the ratepayers in the state;
- 75 (C) is independent of other states' policies; and
- 76 (D) may be filed in conjunction with the large-scale electric utility's system-wide integrated resource
plan;
- 78 (ii) obtain commission approval of the state-specific resource plan; and
- 79 (iii) demonstrate that any generation resource for which the large-scale electric utility seeks cost
recovery:
- 81 (A) was identified in an approved state-specific resource plan;

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- 82 (B) provides direct benefits to the ratepayers in the state; and
83 (C) has costs allocated in proportion to the benefits received by the ratepayers in the state; and
85 (b) if the commission approves procurement of a generation resource, the commission shall:
87 (i) specify the new share assignable to ratepayers in the state; and
88 (ii) use the new share for the operational life of each generation resource when calculating a large-scale
electric utility's recoverable costs for:
90 (A) capital costs;
91 (B) operations and maintenance costs;
92 (C) fuel costs;
93 (D) deferred tax impacts; and
94 (E) other costs or credits related to the generation resource.
95 (7) For rates set for a large-scale electric utility on or after December 31, 2025, the commission shall
approve just and reasonable costs for existing shares or new shares of generation resources.

98 Section 2. Section **54-7-13.5** is amended to read:

99 **54-7-13.5. Energy balancing accounts.**

- 46 (1) As used in this section:
47 (a) "Base rates" means the same as that term is defined in Subsection 54-7-12(1).
48 (b) "Energy balancing account" means an electrical corporation account for some or all components of
the electrical corporation's incurred actual power costs, including:
50 (i)
(A) fuel;
51 (B) purchased power; and
52 (C) wheeling expenses; and
53 (ii) the sum of the power costs described in Subsection (1)(b)(i) less wholesale revenue.
55 (c) "Gas balancing account" means a gas corporation account to recover on a dollar-for-dollar basis,
purchased gas costs, and gas cost-related expenses.
57 (2)
(a) The commission may authorize an electrical corporation to establish an energy balancing account.
59 (b) An energy balancing account shall become effective upon a commission finding that the energy
balancing account is:
61 (i) in the public interest;

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- 62 (ii) for prudently-incurred costs; and
63 (iii) implemented at the conclusion of a general rate case.
- 64 (c) An electrical corporation:
- 65 (i) may, with approval from the commission, recover costs under this section through:
- 66 (A) base rates;
67 (B) contract rates;
68 (C) surcredits; or
69 (D) surcharges; and
- 70 (ii) shall file a reconciliation of the energy balancing account with the commission at least annually
with actual costs and revenue incurred by the electrical corporation.
- 72 (d) For an electrical corporation with an energy balancing account established before January 1, 2016,
the commission shall allow an electrical corporation to recover 100% of the electrical corporation's
prudently incurred costs as determined and approved by the commission under this section.
- 76 (e) Except in the case of an interim rate request made in accordance with Subsection (2)(k), an energy
balancing account may not alter:
- 78 (i) the standard for cost recovery; or
79 (ii) the electrical corporation's burden of proof.
- 80 (f) The collection method described in Subsection (2)(c)(i) shall:
- 81 (i) apply to the appropriate billing components in base rates; and
82 (ii) be incorporated into base rates in an appropriate commission proceeding.
- 83 (g) The collection of costs related to an energy balancing account from customers paying contract rates
shall be governed by the terms of the contract.
- 85 (h) Revenue collected in excess of prudently incurred actual costs shall:
- 86 (i) be refunded as a bill surcredit to an electrical corporation's customers over a period specified by the
commission; and
88 (ii) include a carrying charge.
- 89 (i) ~~Prudently incurred actual costs in excess of revenue collected~~ For prudently incurred actual costs
in excess of revenue incurred between December 31, 2024, and January 1, 2026, the costs shall:
- 90 (i) be ~~recovered as a bill surcharge over a period to be specified by the commission~~ allocated as
follows:
- 148 (A) 70% shall be recovered as a bill surcharge over a period to be specified by the commission; and

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- 150 (B) 30% shall be borne by the electrical corporation; and
92 (ii) include a carrying charge.
- 152 (j) For prudently incurred actual costs in excess of revenue collected after December 31, 2025:
154 (i) for coal-related fuel costs, an electrical corporation shall recover 100% from customers if:
156 (A) a captive coal supply exists; or
157 (B) a commission-approved coal-related fuel contract exists with a minimum term exceeding five years;
159 (ii) for wind and solar costs or benefits:
160 (A) an electrical corporation shall recover 100% from customers if:
161 (I) the electrical corporation uses, for both forecasting net power costs in a general rate case and
establishing the in-rates level for energy balancing account costs, the minimum annual generation
level that was assumed when determining the prudence of acquiring the resource; and
165 (II) the actual generation output equals or exceeds that minimum annual generation level that was
assumed when determining the prudence of acquiring the resource; and
168 (B) the electrical corporation shall bear all replacement power costs if actual generation falls below the
minimum annual generation level;
- 170 (iii) for all other components, including coal-related fuel costs from contracts of less than five years:
172 (A) the electrical corporation shall recover 70% from customers as a bill surcharge over a period
specified by the commission; and
174 (B) the electrical corporation shall bear 30% of the costs; and
175 (iv) all cost recovery shall include a carrying charge.
- 93 [(j)] (k) The carrying charge applied to the balance in an energy balancing account shall be:
94 (i) determined by the commission; and
95 (ii) symmetrical for over or under collections.
- 96 [(k)] (l)
(i) The commission may consider an interim rate request made as a part of an electrical corporation's
filing an energy balancing account.
- 98 (ii) The commission, on the commission's own initiative or in response to an interim rate request by an
electrical corporation or another party:
100 (A) shall hold a hearing on an interim rate; and
101 (B) if the electrical corporation or the other party makes the showing required by Subsection [(2)(k)
(iii)], (2)(l)(iii), may allow any rate increase or decrease, or a reasonable part of the rate increase

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or decrease, to take effect on an interim basis, subject to the commission's right to order a refund or surcharge.

- 105 (iii) The electrical corporation or the other party shall make an adequate prima facie showing that:
107 (A) the proposed interim rate appears consistent with prior years' filings; and
108 (B) the interim rate requested is more likely to reflect actual power costs than the current base rates.
110 ~~[(h)]~~ (m) The commission may issue a final order establishing and fixing the electrical corporation's
energy balancing account:
112 (i) after a hearing; and
113 (ii) before the expiration of 300 days after the day on which the electrical corporation files a complete
filing.
115 ~~[(m)]~~ (n)
(i) If the commission in the commission's final decision on an electrical corporation's energy balancing
account finds that the interim rate ordered under Subsection ~~[(2)(k)(ii)]~~ (2)(l)(ii) exceeds the rate
finally determined in the energy balancing account, the commission shall order the electrical
corporation to refund the excess revenue generated by the interim rate to customers.
120 (ii) If the commission in the commission's final decision on an electrical corporation's energy balancing
account finds that the interim rate ordered under Subsection ~~[(2)(k)(ii)]~~ (2)(l)(ii) is lower than the
rate finally determined in the energy balancing account, the commission shall order the electrical
corporation to charge a surcharge to customers to recover the revenue not recovered during that
period.
125 (3)
(a) The commission may:
126 (i) establish a gas balancing account for a gas corporation; and
127 (ii) set forth procedures for a gas corporation's gas balancing account in the gas corporation's
commission-approved tariff.
129 (b) A gas balancing account may not alter:
130 (i) the standard of cost recovery; or
131 (ii) the gas corporation's burden of proof.
132 (4)
(a) All allowed costs and revenue associated with an energy balancing account or gas balancing account
shall remain in the respective balancing account until charged or refunded to customers.

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- 135 (b) The balance of an energy balancing account or gas balancing account may not be:
136 (i) transferred by the electrical corporation or gas corporation; or
137 (ii) used by the commission to impute earnings or losses to the electrical corporation or gas corporation.
139 (c) An energy balancing account or gas balancing account that is formed and maintained in accordance
with this section does not constitute impermissible retroactive ratemaking or single-issue
ratemaking.
- 142 (5) This section does not create a presumption for or against approval of an energy balancing account.
144 (6)
- (a) An electrical corporation that has established an energy balancing account under this section shall
report to the Public Utilities, Energy, and Technology Interim Committee before December 1 of
each even numbered year.
- 147 (b) The report required in Subsection (6)(a) shall provide information regarding:
148 (i) the continued 100% recovery of the electrical corporation's prudently incurred costs related to the
energy balancing account; and
150 (ii) any determination by the commission of costs not prudently incurred.
- 151 (7) { ~~Notwithstanding any other provision of this section, an~~ } A large-scale electrical corporation { ~~may~~
~~not recover through an~~ } must file a general rate case at least once every three years to be eligible
for energy balancing account { ~~any costs incurred after December 31, 2024~~ } cost recovery.

237 Section 3. **Effective date.**

This bill takes effect on May 7, 2025.

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