Utah’s Public Utilities
Key Players & Regulators

Office of Legislative Research and General Counsel

Bagels & Briefings
February 25, 2020
Foundational Questions:

• Which type of utility service provider do you want to impact?
• Which level (sector) of utility service do you want to impact?
Presentation Roadmap

➢ Utility Service Providers
  • Energy Utilities
  • Telecommunications Utilities

➢ Utility Sectors
  • Interplay

➢ Regulators/Oversight

➢ Recent Legislation & Policy
Water, Rail, & Pipeline

• Just hitting the high points in slides 34—39

• Comprise a small portion of our Title 54 Regulators’ workloads compared to Telecom and Energy Utilities

• More heavily regulated at different levels of government and/or by other state agencies
ENERGY
Energy Utility Sectors

1. Investor-Owned Utilities ("IOUs")
2. Electric Cooperatives ("co-ops")
3. Interlocal Utilities ("municipalities")
Traditional Power Grid Model

**GENERATION**
- Power Station

**TRANSMISSION**
- Transmission Customer/Carrier

**DISTRIBUTION**
- Consumer

**Generating (Step Up) Transformer**

**Substation (Step Down) Transformer**
Investor-Owned Utilities

Utah Code Subsection 54-2-1(18):
Large-scale electric utility

Utah Code Subsection 54-2-1(19):
Large-scale natural gas utility
Utah Code Subsection 54-2-1(38):

*Wholesale Electrical Cooperative*
Utah Code Subsection 54-2-1(7): Distribution Electrical Cooperative
Co-Op History & Representation

1933

1936
Rural Electrification Act

1942

NRECA
America's Electric Cooperatives
Traditional Power Grid Model

- **Generating (Step Up) Transformer**
- **Transmission Customer/Carrier**
- **Substation (Step Down) Transformer**
- **Consumer**
Co-op Model

WHOLESALE CO-OPS
(Generation & Transmission)

→

RETAIL CO-OPS
(Distribution)
Out-of-State Co-Ops

- **Bonneville Power Authority**
  Portland, OR
  - NV/UT

- **Pacific Northwest Generating Cooperative**
  Portland, OR
  - ID/UT

- **Tri-State Generation & Transmission Association**
  Westminster, CO
  - CO/UT
Utah Code Title 11, Chapter 13
Cities, Counties & Local Taxing Units – Interlocal Cooperation Act
## Municipal & Interlocal Utilities

### Examples

<table>
<thead>
<tr>
<th>“Project(s)”</th>
<th>“Interlocal Entity”</th>
<th>Municipal Member</th>
</tr>
</thead>
<tbody>
<tr>
<td>CRSP, Hunter I, Deseret, <strong>PacifiCorp</strong>, Deseret, Spanish Fork Wind</td>
<td>UMPA</td>
<td>Provo</td>
</tr>
<tr>
<td><strong>CRSP</strong>, Hunter II, San Juan, IPP, NuScale, Horse Butte Wind Farm, etc.</td>
<td>UAMPS</td>
<td>Kaysville</td>
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<tr>
<td><strong>Jordanelle Hydro</strong>, Lake Creek Hydro, Lower and Upper Snake Hydro, etc.</td>
<td>Heber Light &amp; Power</td>
<td>Midway</td>
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Traditional Power Grid Model

GENERATION
- Power Station
- Generating (Step Up) Transformer

TRANSMISSION
- Transmission Customer/Carrier
- Power Grid

DISTRIBUTION
- Substation (Step Down) Transformer
- Consumer
- $
Municipal & Interlocal Utilities

37 Utah Municipalities
(+ Heber L & P)

6 Utah Municipalities
Who Operates Where?

Rocky Mountain Power—PacifiCorp Service Area
Who Operates Where?

Municipalities and Co-Ops Service Areas
Regulators!!
Federal Regulation

FERC

NERC

Interconnections

Western Interconnection

ERCOT Interconnection

Eastern Interconnection

Quebec Interconnection
Regional Regulation

Why are Balancing Authorities needed?

https://www.wecc.org/Pages/home.aspx
State Regulation

- Public Service Commission
- Division of Public Utilities
- Stakeholders
- Utility (IOU or Co-op)*
- Office of Consumer Services

*For interlocal utilities, this happens at the governing board/local legislative body level
TELECOMMUNICATIONS
The "Bell" Years
1877 Bell Telephone Co. is formed by Alexander Graham Bell, the inventor of the telephone, and two other men.
1882 The company, now called American Bell Telephone Co., acquires a controlling interest in Western Electric Co., which becomes its manufacturing unit. The entity is known as the Bell System.
1885 AT&T is incorporated as a subsidiary of American Bell, and is chartered to build and operate a long-distance telephone network.
1899 AT&T becomes the parent company of the Bell System.
1939 AT&T controls 83 percent of all U.S. telephones, 56 percent of all long-distance phone lines, and makes 50 percent of all U.S. phone equipment.
1949 Justice Department brings suit against AT&T under the Sherman Antitrust Act.
1974 U.S. government files an antitrust suit against AT&T to break up the Bell System.

DeRegulation
1984 A new, post-Bell System AT&T emerges as the company divests itself of 22 of its regional companies, which become seven phone companies known as the Baby Bells.

Aftermath
1984 AT&T agrees to acquire McCaw Cellular Communications, establishing a foothold in wireless telecommunications.
1995 AT&T says it will split into three publicly traded companies—Lucent Technologies, NCR and AT&T.
2000 Chief executive C. Michael Armstrong announces plans to restructure the organization into four publicly held companies: AT&T Broadband, AT&T Wireless, AT&T Business and AT&T Consumer.
2001 AT&T Wireless Group to become an independent company.
2001 Comcast Corp. agrees to buy AT&T's cable systems, AT&T Broadband, for $7.2 billion.
2004 AT&T is removed from the Dow Jones industrial average and replaced by Verizon Communications Inc.
January 2005 SBC Communications Inc. in talks to buy AT&T.

Graphic Source: Washington Post, 2005
Telecom Utility Sectors

Incumbent Local Exchange Carriers (ILECs)

CenturyLink®

Utah Rural Telecom Association (URTA)
Telecom Utility Sectors

cost distribution in a dense, urban area

$\quad$

cost distribution in a rural, sparsely populated area

$$$$
Telecom Utility Sectors

Competitive Local Exchange Carriers (CLECs)
https://dpu.utah.gov/index.html
Federal Regulation

Cable, Voice over Internet Protocol (VoIP), and Wireless providers are not regulated by the state of Utah. The Federal Communications Commission (FCC) has some regulatory authority, including overseeing complaints.
WATER/SEWER
## Water/Sewer: Key Points

<table>
<thead>
<tr>
<th>Title 54 Public Service Commission</th>
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<tr>
<td>23 water corporations</td>
</tr>
<tr>
<td>1 sewer corporation</td>
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<tr>
<th>Title 73 Department of Natural Resources; Department of Environmental Quality</th>
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<td>Water Rights, Water Quality, Irrigation</td>
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<th>Title 17 and Title 11 Governing Body (board, legislative body of creating county or municipality)</th>
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<td>Local Districts, Special Service Districts</td>
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RAILROADS
Utah Code Sections 54-4-14 and 54-4-15 give the Public Service Commission regulatory authority for safety and the establishment of grade crossings.
PIPELINES
Pipelines: High Points

Safety Initiatives

Protecting Underground Pipelines

Hazardous Materials Training

Safe Transport of Energy Products

Pipeline Stakeholder Communication
Recent Legislation & Policy

➢ Pipeline:
  • “Damage to Underground Utilities Facilities” legislation

➢ Energy:
  • STEP Legislation: 2016 enabling statute; 2019 HB107 for natural gas
  • 2019 HB411, Community Renewable Energy Act

➢ Telecom:
  • Revenues decline due to “cord-cutting”
  • Maintaining the Lifeline/911 backbone: 2017 SB130; 2019 SB129
Thank You

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