

- 32 (a) the allocated costs provide direct benefits to Utah ratepayers;
33 (b) the cost allocation methodology aligns costs with benefits to Utah ratepayers; and
34 (c) Utah ratepayers are not subsidizing benefits provided to ratepayers in other states.
35 (2) The commission may not approve recovery of costs from Utah ratepayers for:
36 (a) facilities, programs, or investments that primarily benefit ratepayers in other states;
37 (b) compliance with other states' laws or regulations unless directly benefiting Utah
38 ratepayers; or
39 (c) liabilities arising from events or conditions in other states unless directly related to
40 service provided to Utah ratepayers.

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

42 **54-7-13.5 . Energy balancing accounts.**

- 43 (1) As used in this section:
44 (a) "Base rates" means the same as that term is defined in Subsection 54-7-12(1).
45 (b) "Energy balancing account" means an electrical corporation account for some or all
46 components of the electrical corporation's incurred actual power costs, including:
47 (i)(A) fuel;
48 (B) purchased power; and
49 (C) wheeling expenses; and
50 (ii) the sum of the power costs described in Subsection (1)(b)(i) less wholesale
51 revenue.
52 (c) "Gas balancing account" means a gas corporation account to recover on a
53 dollar-for-dollar basis, purchased gas costs, and gas cost-related expenses.
54 (2)(a) The commission may authorize an electrical corporation to establish an energy
55 balancing account.
56 (b) An energy balancing account shall become effective upon a commission finding that
57 the energy balancing account is:
58 (i) in the public interest;
59 (ii) for prudently-incurred costs; and
60 (iii) implemented at the conclusion of a general rate case.
61 (c) An electrical corporation:
62 (i) may, with approval from the commission, recover costs under this section through:
63 (A) base rates;
64 (B) contract rates;
65 (C) surcredits; or

- 66 (D) surcharges; and
- 67 (ii) shall file a reconciliation of the energy balancing account with the commission at
68 least annually with actual costs and revenue incurred by the electrical corporation.
- 69 (d) For an electrical corporation with an energy balancing account established before
70 January 1, 2016, the commission shall allow an electrical corporation to recover
71 100% of the electrical corporation's prudently incurred costs as determined and
72 approved by the commission under this section.
- 73 (e) Except in the case of an interim rate request made in accordance with Subsection
74 (2)(k), an energy balancing account may not alter:
- 75 (i) the standard for cost recovery; or
76 (ii) the electrical corporation's burden of proof.
- 77 (f) The collection method described in Subsection (2)(c)(i) shall:
- 78 (i) apply to the appropriate billing components in base rates; and
79 (ii) be incorporated into base rates in an appropriate commission proceeding.
- 80 (g) The collection of costs related to an energy balancing account from customers
81 paying contract rates shall be governed by the terms of the contract.
- 82 (h) Revenue collected in excess of prudently incurred actual costs shall:
- 83 (i) be refunded as a bill surcredit to an electrical corporation's customers over a
84 period specified by the commission; and
85 (ii) include a carrying charge.
- 86 (i) Prudently incurred actual costs in excess of revenue collected shall:
- 87 (i) be recovered as a bill surcharge over a period to be specified by the commission;
88 and
89 (ii) include a carrying charge.
- 90 (j) The carrying charge applied to the balance in an energy balancing account shall be:
- 91 (i) determined by the commission; and
92 (ii) symmetrical for over or under collections.
- 93 (k)(i) The commission may consider an interim rate request made as a part of an
94 electrical corporation's filing an energy balancing account.
- 95 (ii) The commission, on the commission's own initiative or in response to an interim
96 rate request by an electrical corporation or another party:
- 97 (A) shall hold a hearing on an interim rate; and
98 (B) if the electrical corporation or the other party makes the showing required by
99 Subsection (2)(k)(iii), may allow any rate increase or decrease, or a reasonable

100 part of the rate increase or decrease, to take effect on an interim basis, subject
101 to the commission's right to order a refund or surcharge.

102 (iii) The electrical corporation or the other party shall make an adequate prima facie
103 showing that:

104 (A) the proposed interim rate appears consistent with prior years' filings; and

105 (B) the interim rate requested is more likely to reflect actual power costs than the
106 current base rates.

107 (l) The commission may issue a final order establishing and fixing the electrical
108 corporation's energy balancing account:

109 (i) after a hearing; and

110 (ii) before the expiration of 300 days after the day on which the electrical corporation
111 files a complete filing.

112 (m)(i) If the commission in the commission's final decision on an electrical
113 corporation's energy balancing account finds that the interim rate ordered under
114 Subsection (2)(k)(ii) exceeds the rate finally determined in the energy balancing
115 account, the commission shall order the electrical corporation to refund the excess
116 revenue generated by the interim rate to customers.

117 (ii) If the commission in the commission's final decision on an electrical corporation's
118 energy balancing account finds that the interim rate ordered under Subsection
119 (2)(k)(ii) is lower than the rate finally determined in the energy balancing account,
120 the commission shall order the electrical corporation to charge a surcharge to
121 customers to recover the revenue not recovered during that period.

122 (3)(a) The commission may:

123 (i) establish a gas balancing account for a gas corporation; and

124 (ii) set forth procedures for a gas corporation's gas balancing account in the gas
125 corporation's commission-approved tariff.

126 (b) A gas balancing account may not alter:

127 (i) the standard of cost recovery; or

128 (ii) the gas corporation's burden of proof.

129 (4)(a) All allowed costs and revenue associated with an energy balancing account or gas
130 balancing account shall remain in the respective balancing account until charged or
131 refunded to customers.

132 (b) The balance of an energy balancing account or gas balancing account may not be:

133 (i) transferred by the electrical corporation or gas corporation; or

- 134 (ii) used by the commission to impute earnings or losses to the electrical corporation
135 or gas corporation.
- 136 (c) An energy balancing account or gas balancing account that is formed and maintained
137 in accordance with this section does not constitute impermissible retroactive
138 ratemaking or single-issue ratemaking.
- 139 (5) This section does not create a presumption for or against approval of an energy
140 balancing account.
- 141 (6)(a) An electrical corporation that has established an energy balancing account under
142 this section shall report to the Public Utilities, Energy, and Technology Interim
143 Committee before December 1 of each even numbered year.
- 144 (b) The report required in Subsection (6)(a) shall provide information regarding:
- 145 (i) the continued 100% recovery of the electrical corporation's prudently incurred
146 costs related to the energy balancing account; and
- 147 (ii) any determination by the commission of costs not prudently incurred.
- 148 (7) Notwithstanding any other provision of this section, an electrical corporation may not
149 recover through an energy balancing account any costs incurred after December 31,
150 2024.
- 151 Section 3. **Effective Date.**
- 152 This bill takes effect on May 7, 2025.