

EXTENSION OF GAS SERVICE TERRITORIES

1998 GENERAL SESSION

STATE OF UTAH

Sponsor: Thomas Hatch

AN ACT RELATING TO PUBLIC UTILITIES; ENACTING PROVISIONS REQUIRING THE PUBLIC SERVICE COMMISSION TO APPROVE APPLICATIONS OF GAS CORPORATIONS TO EXTEND THEIR SYSTEMS TO PREVIOUSLY UNSERVED MUNICIPALITIES UNDER CERTAIN PRESCRIBED CIRCUMSTANCES; MAKING TECHNICAL CORRECTIONS; PROVIDING A SUNSET DATE; AND PROVIDING AN EFFECTIVE DATE.

This act affects sections of Utah Code Annotated 1953 as follows:

AMENDS:

54-3-8, Utah Code Annotated 1953

54-4-8, Utah Code Annotated 1953

63-55-254, as enacted by Chapter 1, Laws of Utah 1990

ENACTS:

54-3-8.1, Utah Code Annotated 1953

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

Section 1. Section **54-3-8** is amended to read:

54-3-8. Preferences forbidden -- Power of commission to determine facts.

(1) No public utility shall, as to rates, charges, service, facilities or in any other respect, make or grant any preference or advantage to any person, or subject any person to any prejudice or disadvantage. No public utility shall establish or maintain any unreasonable difference as to rates, charges, service or facilities, or in any other respect, either as between localities or as between classes of service.

(2) The commission shall have power to determine any question of fact arising under this section.

Section 2. Section **54-3-8.1** is enacted to read:

54-3-8.1. Power of commission to approve natural gas applications to previously

unserved areas.

(1) The extension of natural gas service to municipalities without natural gas service is encouraged as a means to assist in economic development and to promote the safety, health, comfort, and convenience of citizens residing in these areas. Notwithstanding Sections 54-3-8 and 54-4-8, the commission shall approve an application of a gas corporation to extend its system to previously unserved municipalities in its service territories if the application satisfies both of the following requirements:

(a) the extension of service cannot be economically provided under existing tariff provisions for extension of service;

(b) the charges to customers in the extension areas will not be less than the charges to customers in areas where service has been extended under existing tariff provisions on a per-customer basis; and

(c) any application, together with any increases that could result from previously approved applications, does not result in an incremental increase in annual rates and charges to existing customers of more than 1/5% as measured by rates in effect on July 1, 1998.

(2) A gas corporation may not be required to expend funds in any calendar year on expansions to previously unserved areas through any combination of its tariff provisions in excess of 1% of the gas corporation's net book value of gas plant in service at the beginning of the calendar year.

Section 3. Section **54-4-8** is amended to read:

54-4-8. Improvements, extensions, repairs -- Regulations -- Apportioning costs.

[Whenever] (1) Except as provided under Section 54-3-8.1:

(a) whenever the commission shall find that additions, extensions, repairs, or improvements to or changes in the existing plant, equipment, apparatus, facilities, or other physical property of any public utility or of any two or more public utilities ought reasonably to be made, or that a new structure or structures ought to be erected to promote the security or convenience of its employees or the public or in any way to secure adequate service or facilities, the commission shall make and serve an order directing that such additions, extensions, repairs, improvements, or changes be made

or such structure or structures be erected in the manner and within the time specified in [said] the order~~[. If]~~; and

(b) if any additions, extensions, repairs, improvements, or changes, or any new structure or structures which the commission has ordered to be erected, require joint action by two or more public utilities, the commission shall notify the [said] public utilities that [such] the additions, extensions, repairs, improvements, or changes, or new structure or structures have been ordered~~[.]~~ and ~~[that the same]~~ shall be made at their joint cost; whereupon the [said] public utilities shall have [such] reasonable time as the commission may grant within which to agree upon the portion or division of cost of [such] the additions, extensions, repairs, improvements, or changes or any new structure or structures which each shall bear.

(2) If at the expiration of [such] the time [such] in Subsection (1)(b) the public utilities shall fail to file with the commission a statement that an agreement has been made for division or apportionment of the cost or expense of [such] the additions, extensions, repairs, improvements, or changes, or of [such] the new structure or structures, the commission shall have authority, after further hearing, to make an order fixing the proportion of [such] the cost or expense to be borne by each public utility and the manner in which the ~~[same]~~ cost or expense shall be paid or secured.

Section 4. Section **63-55-254** is amended to read:

63-55-254. Repeal dates, Title 54.

(1) Title 54, Chapter 10, the Committee of Consumer Services, is repealed July 1, 1999.

(2) Section 54-3-8.1 is repealed December 31, 1999.

Section 5. **Effective date.**

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