

**RESOLUTION ON RESTRUCTURING OF
ELECTRICAL INDUSTRY**

1998 GENERAL SESSION

STATE OF UTAH

Sponsor: Beverly Ann Evans

A JOINT RESOLUTION OF THE LEGISLATURE ADOPTING THE RECOMMENDATIONS OF THE ELECTRICAL DEREGULATION AND CUSTOMER CHOICE TASK FORCE; SUPPORTING RESTRUCTURING OF THE ELECTRICAL INDUSTRY; AND ESTABLISHING A STUDY PLAN FOR THE 1998 INTERIM.

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

WHEREAS H.B. 313 (1997 General Session) created the Electrical Deregulation and Customer Choice Task Force to study issues related to restructuring in the electrical industry;

WHEREAS the task force met multiple times during the interim hearing extensive testimony on critical issues related to restructuring in the electrical industry;

WHEREAS although the task force found that restructuring in the electrical industry would be to the long-term benefit of the citizens of the state, it recommended to the Legislature that, as part of the task force's two-year authorization, the task force continue its study of how to restructure the electrical industry; and

WHEREAS the task force recommended a specific study plan to be followed to maximize the input from the public and the efficiency of task force discussion:

NOW, THEREFORE, BE IT RESOLVED that the Legislature recommends that the rate freeze created in H.B. 313 be allowed to expire and that a full Public Service Commission rate hearing on PacifiCorp be allowed to proceed.

BE IT FURTHER RESOLVED that the Legislature supports electric industry restructuring in the state.

BE IT FURTHER RESOLVED that the Legislature supports the free enterprise system and believes that electric industry restructuring is to the long-term benefit of the citizens of the state.

BE IT FURTHER RESOLVED that the Electrical Deregulation and Customer Choice Task Force shall consider whether or not to prepare legislation for a restructuring plan to be introduced

in the 1999 General Session.

BE IT FURTHER RESOLVED that the Electrical Deregulation and Customer Choice Task Force adopt the following specific study plan for the 1998 interim:

(1) All interested groups or individuals are invited to submit draft legislation for consideration by the task force in its 1998 interim study. The submitted draft legislation should:

- (a) be provided to the task force staff by no later than April 30, 1998;
- (b) be in bill draft form and not as an outline or conceptual proposal;
- (c) include as an attachment, a summary outline of the proposal; and
- (d) as to the elements listed in Subsection (2), at a minimum either:
 - (i) address each of the elements in the legislation; or
 - (ii) affirmatively recommend not to include the element in the legislation.

(2) The elements described in Subsection (1)(d) include the following:

- (a) a target starting date for retail competition;
- (b) the scope of legislation as it relates to PacifiCorp, municipals, and rural electrical cooperatives;

(c) stranded cost evaluation including:

(i) types of stranded costs, including:

(A) generation assets; and

(B) regulatory assets; and

(ii) stranded cost recovery mechanisms, if stranded costs are determined, including:

(A) a rate freeze;

(B) exit fees;

(C) customer transition charges; and

(D) securitization;

(d) market power mitigation measures, including:

(i) divestiture of generation assets;

(ii) functional separation;

(iii) company spinoffs;

- (iv) repeal of anti-trust exemptions;
 - (v) the creation of an independent system operator; and
 - (vi) price bands;
 - (e) aggregation;
 - (f) universal service fund;
 - (g) obligations to serve or connect;
 - (h) taxation implications, including the impact of revaluation of plants on local government property tax revenue;
 - (i) customer protection and education;
 - (j) the impact on all classes of customers, i.e., residential, commercial, and industrial;
 - (k) licensing programs or regulation of providers and marketers of electric power;
 - (l) end user self-generation or co-generation preservation;
 - (m) safety and reliability;
 - (n) environmental impact; and
 - (o) any other relevant issue.
- (3) All submitted draft legislation received by April 30, 1998, will be reviewed and considered as a starting point for the task force's study in 1998 and could potentially become the basis for recommended legislation in the 1999 General Session.