

1 **ELECTRIC RESTRUCTURING PROVISIONS**

2 1998 GENERAL SESSION

3 STATE OF UTAH

4 **Sponsor: Leonard M. Blackham**

5 AN ACT RELATING TO PUBLIC UTILITIES; REMOVING PROHIBITION ON ORDER OR
6 HEARINGS; PROVIDING FOR CERTAIN REPORTS; MAKING TECHNICAL
7 CORRECTIONS; AND PROVIDING AN EFFECTIVE DATE.

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

9 AMENDS:

10 **54-7-12.3**, as enacted by Chapter 176, Laws of Utah 1997

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

12 Section 1. Section **54-7-12.3** is amended to read:

13 **54-7-12.3. Task force to consider stranded cost issues -- Interim rate freeze.**

14 (1) ~~[The]~~ For purposes of this section, "task force" means the task force created by H.B.
15 313, "Electrical Deregulation and Customer Choice Task Force" in the 1997 General Session.

16 (2) The task force shall consider the following issues relating to the stranded costs of
17 electric service providers:

18 (a) what are stranded costs;

19 (b) what are the alternative methods, and the appropriateness of each method, for
20 measuring the value of stranded costs;

21 (c) who should pay for stranded costs; and

22 (d) when should customers be allowed to choose their electric service providers and
23 terminate the services of current providers.

24 ~~[(2)] (3) (a)~~ To allow the task force maximum flexibility in deciding the issues specified
25 in Subsection ~~[(1)] (2)~~, each investor-owned electrical corporation shall freeze its rates on an
26 interim basis on ~~[the effective date of this section]~~ March 14, 1997, for each of the electrical
27 corporation's electric service schedules at January 31, 1997 levels. ~~[These]~~

1 **(b) The interim rate levels described in Subsection (3)(a):**

2 **(i) shall remain in effect until 60 days following the conclusion of the 1998 General**
3 **Session; and**

4 **(ii) shall not be final until the [Public Service] commission completes any rate case**
5 **pending as of [the effective date of this act] March 14, 1997.**

6 ~~[(3) Notwithstanding Sections 54-4-2, 54-4-4, and 54-7-12, during the interim rate freeze~~
7 ~~period, the commission may not order, nor hold any hearings regarding, any increases or decreases~~
8 ~~in the January 31, 1997 rate levels of an electrical corporation subject to the interim rate freeze.~~
9 ~~However, nothing]~~

10 **(c) Notwithstanding the other provisions in this section, [shall prevent] an electrical**
11 **corporation [from providing] may provide, subject to the provisions of Subsection 54-7-12(4),**
12 **electric services during the interim rate freeze period at prices less than the interim rate freeze**
13 **level, which are nondiscriminatory as described by Section 54-3-8.**

14 **(4) (a) The commission shall report and make recommendations to the task force on issues**
15 **related to restructuring in the electrical industry according to the schedule in Subsection (5).**

16 **(b) The reports and recommendations shall be based on formal or informal hearings or**
17 **technical conferences of the commission:**

18 **(i) held after the effective date of this act; and**

19 **(ii) in which interested parties, including utilities and customers, are allowed to present**
20 **their views.**

21 **(c) The commission shall report orally to the task force on the written reports and**
22 **recommendations made in accordance with this Subsection (4) at the times scheduled by the chairs**
23 **of the task force.**

24 **(d) Interested parties may provide written or oral comment to the task force on the reports**
25 **or recommendations made in accordance with this Subsection (4) at the times scheduled by the**
26 **chairs of the task force.**

27 **(5) (a) By no later than June 1, 1998, the commission shall issue a written report and**
28 **recommendations on unbundling electricity related services, including:**

29 **(i) identifying how electricity related services should be unbundled; and**

30 **(ii) identifying which of the electricity related services once unbundled are potentially**
31 **competitive.**

1 (b) By no later than August 1, 1998, the commission shall issue a written report and
2 recommendations on issues related to market power, including:

3 (i) what constitutes the relevant market or markets for analyzing market power issues;

4 (ii) whether any electric service provider could exercise market power in a manner that
5 would unduly restrict competitive choice for consumers of electricity in Utah; and

6 (iii) if an electric service provider could exercise undue market power, what legislative
7 actions could be taken to mitigate the market power.

8 (c) By no later than September 1, 1998, the commission shall issue a written report and
9 recommendations on issues related to consumer protections, including:

10 (i) (A) whether a standard offer should be developed; and

11 (B) if a standard offer should be developed, the form of the standard offer;

12 (ii) establishing and regulating any obligation of an electric service provider to serve or
13 connect a consumer;

14 (iii) establishing procedures to resolve disputes between consumers and electric service
15 providers;

16 (iv) educating consumers related to the impact of electrical restructuring;

17 (v) the need, if any, for universal service programs for electricity;

18 (vi) safety and reliability protections related to consumers;

19 (vii) aggregation; and

20 (viii) regulation of electric service providers such as power marketers.

21 (d) By no later than October 1, 1998, the commission shall issue a written report and
22 recommendations on the stranded costs, if any, of the investor-owned electrical corporation in this
23 state, including:

24 (i) addressing issues related to generation assets, including the market and book value of
25 generation assets; and

26 (ii) addressing issues related to regulatory assets, including:

27 (A) for purposes of determining the amount, if any, of standard cost, what should be
28 considered a regulatory asset;

29 (B) under what regulatory environment were the assets incurred; and

30 (C) the amount of the assets that could be stranded under restructuring.

31 Section 2. **Effective date.**

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

Legislative Review Note
as of 1-28-98 4:47 PM

A limited legal review of this bill raises no obvious constitutional or statutory concerns.

Office of Legislative Research and General Counsel