

28 or schedules of rates, fares, tolls, rentals, charges, classifications, rules, regulations, contracts and
29 practices, or any number thereof, of any public utility, and to establish, after hearing, new rates,
30 fares, tolls, rentals, charges, classifications, rules, regulations, contracts or practices, or schedule
31 or schedules in lieu thereof.

32 (3) ~~(a) [The commission, in]~~ In its determination of just and reasonable rates, [may
33 consider recent changes in the utility's financial condition or changes reasonably expected, but not
34 speculative, in the utility's revenues, expenses or investments and may adopt an appropriate future
35 test period, not exceeding twelve] if the commission uses a test period, it shall select a test period
36 that is demonstrated by the evidence to best reflect conditions that the public utility will encounter
37 during the period when the rates will be in effect.

38 (b) In establishing the test period, the commission may use:

39 (i) a future test period based on projected data not exceeding 20 months from the date of
40 filing[, including projections or projections together with a period of actual operations in
41 determining the utility's test year for rate-making purposes.];

42 (ii) a test period based on historic data that are adjusted for known and measurable changes
43 or reasonable projections; or

44 (iii) a combination of future projections and historic data.

45 (c) If the test period is not based exclusively on future projections, the commission shall
46 consider:

47 (i) recent changes outside the test period which are known in nature and measurable in
48 amount; and

49 (ii) changes reasonably expected in the utility's financial condition, including its revenues,
50 expenses, and investment.

51 Section 2. Section **54-7-1** is amended to read:

52 **54-7-1. Settlement -- Limitation of issues.**

53 (1) Informal resolution, by agreement of the parties, of matters before the commission is
54 encouraged[.] as a means to:

55 (a) resolve disputes while minimizing time and expense to public utilities, the state, and
56 consumers;

57 (b) enhance administrative efficiency; and

58 (c) enhance the regulatory process by allowing the commission to concentrate on those

59 issues which adverse parties cannot otherwise resolve.

60 ~~[(2) The commission may approve any agreement after considering the interests of the~~
61 ~~public and other affected persons.]~~

62 (2) The commission may use settlement proposals to resolve disputed matters, while
63 reserving to the parties the right to maintain confidentiality in the negotiation process.

64 (3) (a) At any time before or during [a hearing or] an adjudicative proceeding before the
65 commission, the parties, between themselves or with the commission or a commissioner, may
66 engage in settlement conferences and negotiations.

67 (b) The commission may adopt [any settlement proposal of the parties and may enter an
68 order based upon the proposal.] settlement proposals entered into by one or more of the parties,
69 including all parties initiating a proceeding and all parties against whom a proceeding is initiated.

70 (c) The commission may adopt settlement proposals that are just and reasonable in result
71 and is not required to inquire into:

72 (i) each individual component or aspect of the settlement;

73 (ii) each fact upon which the settlement is based; or

74 (iii) each position of the parties.

75 (d) The commission may adopt a settlement proposal without testimony or a hearing,
76 unless it is contested by the party initiating the proceeding or the party against whom the
77 proceeding is initiated.

78 (e) The commission shall accept or reject settlement proposals within a reasonable time.

79 (4) In cases or procedures involving rate increases as defined in Section 54-7-12, the
80 commission may limit the factors and issues to be considered in its determination of just and
81 reasonable rates.

Legislative Review Note

as of 1-27-00 10:36 AM

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

Office of Legislative Research and General Counsel