

**IMPROVEMENT DISTRICT - PROVIDING
ELECTRIC SERVICE**

2009 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Dennis E. Stowell

House Sponsor: Rebecca D. Lockhart

LONG TITLE

General Description:

This bill modifies a provision relating to improvement districts that provide electric service.

Highlighted Provisions:

This bill:

- ▶ authorizes an electric improvement district created after May 11, 2009 to provide electric service to a specified area if certain conditions are met; and
- ▶ makes technical changes.

Monies Appropriated in this Bill:

None

Other Special Clauses:

None

Utah Code Sections Affected:

AMENDS:

17B-2a-406, as last amended by Laws of Utah 2008, Chapter 360

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

Section 1. Section **17B-2a-406** is amended to read:

17B-2a-406. Improvement districts providing electric service -- Public Service



28 **Commission jurisdiction -- Exceptions.**

29 (1) As used in this section:

30 (a) "Commission" means the Public Service Commission of Utah established in
31 Section 54-1-1.

32 (b) "Electric corporation" has the same meaning as defined in Section 54-2-1.

33 (c) "Electric improvement district" means an improvement district that provides
34 electric service as authorized under Subsection 17B-2a-403(1)(a)(iv).

35 (d) "Stranded asset" means an asset that:

36 (i) an electric corporation owns and operates;

37 (ii) is designed to serve an area that is:

38 (A) within the electric corporation's certificated service area before the area is removed
39 from the certificated service area by commission order as provided in Subsection

40 (3)(b)(i)(B)(II); and

41 (B) within the boundary of an electric improvement district; and

42 (iii) will not be useful to or used by the electric corporation after removal of the area
43 from the electric corporation's certificated service area.

44 ~~[(1)(a)]~~ (2) An electric improvement district ~~[that provides electric service as~~
45 ~~authorized under Subsection 17B-2a-403(1)(a)(iv): (i)]~~ is a public utility and subject to the
46 jurisdiction of the [Public Service Commission] commission;

47 (3) (a) Except as provided in Subsection (3)(b), an electric improvement district:

48 ~~[(i)]~~ (i) may include only an area where:

49 (A) no retail electricity has been provided to commercial, industrial, residential, and
50 other users of electricity from an investor-owned utility within any part of an area certificated
51 by the [Public Service Commission] commission or an area adjacent to that area, municipal
52 agency, or electric cooperative within the five years immediately preceding September 1, 1985;
53 and

54 (B) electric service is provided to at least one user of electricity within the electric
55 service district as of September 1, 1985; and

56 ~~[(iii)]~~ (ii) shall have filed an application for certification and received approval by the
57 [Public Service Commission] commission by September 1, 1986.

58 (b) (i) An electric improvement district created after May 11, 2009 may provide

59 electric service within the boundary of the improvement district if:

60 (A) no part of the boundary of the electric improvement district is closer than 40 miles
 61 to an existing service line of an electric corporation;

62 (B) (I) no part of the area within the boundary of the electric improvement district is
 63 within the certificated service area of an electric corporation; or

64 (II) the area within the boundary of the electric improvement district that is also within
 65 the certificated service area of an electric corporation is removed from the electric corporation's
 66 certificated service area by commission order in a proceeding initiated by a petition filed by
 67 and at the discretion of the electric corporation; and

68 (C) before January 1, 2010, the electric improvement district receives a certificate of
 69 public convenience and necessity from the commission authorizing the electric improvement
 70 district to provide electric service to the area within the boundary of the electric improvement
 71 district.

72 (ii) An electric improvement district that provides electric service as provided in
 73 Subsection (3)(b)(i) shall pay an electric corporation an amount equal to the fair market value
 74 of each stranded asset of the electric corporation.

75 ~~[(b)]~~ (4) Nothing in this part may be construed to give the ~~[Public Service~~
 76 ~~Commission]~~ commission jurisdiction over:

77 ~~[(i)]~~ (a) an improvement district, other than an electric improvement district ~~[that~~
 78 ~~provides electric service as authorized under Subsection 17B-2a-403(1)(a)(iv); or];~~

79 ~~[(ii)]~~ (b) a municipality; or

80 (c) an association of municipalities organized under Title 11, Chapter 13, Interlocal
 81 Cooperation Act.

82 ~~[(c)]~~ (5) Before an electric improvement district ~~[providing electric service]~~ serves any
 83 customer, the electric improvement district shall obtain a certificate of public convenience and
 84 necessity from the ~~[Public Service Commission]~~ commission.

85 ~~[(2)]~~ (6) (a) Section 54-7-12 does not apply to rate changes of an electric improvement
 86 district ~~[that provides electric service as authorized under Subsection 17B-2a-403(1)(a)(iv)]~~ if:

87 (i) the district is organized for the purpose of distributing electricity to customers
 88 within the ~~[boundaries]~~ boundary of the district on a not-for-profit basis;

89 (ii) the schedule of new rates or other change that results in new rates has been

90 approved by the board of trustees of the district;

91 (iii) prior to the implementation of any rate increases, the district first holds a public
92 meeting for all its customers to whom mailed notice of the meeting is sent at least ten days
93 prior to the meeting; and

94 (iv) the district has filed the schedule of new rates or other change with the [~~Public
95 Service Commission~~] commission.

96 (b) The [~~Public Service Commission~~] commission shall make the district's schedule of
97 new rates or other change available for public inspection.

Legislative Review Note
as of 2-19-09 6:19 PM

Office of Legislative Research and General Counsel

S.B. 188 - Improvement District - Providing Electric Service

Fiscal Note

2009 General Session

State of Utah

State Impact

Enactment of this bill will not require additional appropriations.

Individual, Business and/or Local Impact

Enactment of this bill likely will not result in direct, measurable costs and/or benefits for individuals, businesses, or local governments.
