

PUBLIC UTILITIES AMENDMENTS

2013 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Kevin T. Van Tassell

House Sponsor: Stephen G. Handy

LONG TITLE

General Description:

This bill enacts language related to the service territory of an electrical corporation and municipality.

Highlighted Provisions:

This bill:

- ▶ defines terms;
- ▶ prohibits a municipality from providing electric service to a customer in an annexed area with certain exceptions;
- ▶ enacts procedures for transferring an electric facility;
- ▶ enacts language related to the reimbursement for the transfer of an electric facility;
- ▶ requires a party that cannot agree on the transfer of an electric facility to submit the dispute for mediation or arbitration;
- ▶ authorizes a municipality to provide retail electric service to a customer beyond its municipal boundary on or before June 15, 2013, if the municipality enters into a written filing agreement with an electrical corporation and the agreement is approved by the Public Service Commission (commission);
- ▶ allows a municipality to submit a request to an electrical corporation to provide service to a customer located outside the municipal boundary if a customer requests the service;
- ▶ in certain circumstances, prohibits an electrical corporation from providing electric service to a customer located within a municipal boundary unless the electrical corporation enters into a written agreement with the municipality and the agreement

30 is approved by the commission;

31 ▶ authorizes an electrical corporation to provide, on or before June 15, 2013, electric
32 service to a customer within the municipal boundary of a municipality that provides
33 electric service if the electrical corporation enters into an agreement with the
34 municipality and the agreement is approved by the commission;

35 ▶ authorizes the commission to review certain agreements between an electrical
36 corporation and a municipality; and

37 ▶ makes technical and conforming amendments.

38 **Money Appropriated in this Bill:**

39 None

40 **Other Special Clauses:**

41 None

42 **Utah Code Sections Affected:**

43 AMENDS:

44 **10-8-14**, as last amended by Laws of Utah 2001, Chapter 83

45 ENACTS:

46 **54-3-30**, Utah Code Annotated 1953

47 **54-3-31**, Utah Code Annotated 1953

48 **54-4-40**, Utah Code Annotated 1953

49 REPEALS AND REENACTS:

50 **10-2-421**, as last amended by Laws of Utah 2001, Chapter 206



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

53 Section 1. Section **10-2-421** is repealed and reenacted to read:

54 **10-2-421. Electric utility service in annexed area -- Reimbursement for value of**
55 **facilities -- Liability -- Arbitration.**

56 (1) As used in this section:

57 (a) "Commission" means the Public Service Commission established in Section

58 54-1-1.

59 (b) "Current replacement cost" means the cost the transferring party would incur to
60 construct the facility at the time of transfer using the transferring party's:

61 (i) standard estimating rates and standard construction methodologies for the facility;

62 and

63 (ii) standard estimating process.

64 (c) "Depreciation" means an amount calculated:

65 (i) based on:

66 (A) the life and depreciation mortality curve most recently set for the type of facility in
67 the depreciation rates set by the commission or other governing regulatory authority for the
68 electrical corporation; or

69 (B) a straight-line depreciation rate that represents the expended life if agreed to by the
70 transferring and receiving parties; and

71 (ii) to include the gross salvage value of the type of facility based on the latest
72 depreciation life approved by the commission or other governing regulatory authority for the
73 electrical corporation, with a floor at the gross salvage value of the asset and in no case less
74 than zero.

75 (d) "Electrical corporation" means:

76 (i) an entity as defined in Section 54-2-1; and

77 (ii) an improvement district system described in Subsection 17B-2a-403(1)(a)(iv).

78 (e) "Facility" means electric equipment or infrastructure used to serve an electric
79 customer, above ground or underground, including:

80 (i) a power line, transformer, switch gear, pole, wire, guy anchor, conductor, cable, or
81 other related equipment; or

82 (ii) a right-of-way, easement, or any other real property interest or legal right or interest
83 used to operate and maintain the electric equipment or infrastructure.

84 (f) "Facility transfer" means the transfer of a facility from a transferring party to a
85 receiving party in accordance with Subsection (3).

86 (g) "Lost or stranded facility" means a facility that is currently used by a transferring
87 party that will no longer be used, whether in whole or in part, as a result of a facility transfer.

88 (h) "Receiving party" means a municipality or electrical corporation to whom a facility
89 is transferred.

90 (i) "Transferring party" means a municipality or electrical corporation that transfers a
91 facility.

92 (2) If an electric customer in an area being annexed by a municipality receives electric
93 service from an electrical corporation, the municipality may not, without the agreement of the
94 electrical corporation, furnish municipal electric service to the electric customer in the annexed
95 area until the municipality has reimbursed the electrical corporation for the value of each
96 facility used to serve each electric customer within the annexed area, including the value of any
97 facility owned by a wholesale electric cooperative affiliated with the electrical corporation,
98 dedicated to provide service to the annexed area.

99 (3) The following procedures shall apply if a municipality transfers a facility to an
100 electrical corporation in accordance with Section 10-8-14 or if an electrical corporation
101 transfers a facility to a municipality in accordance with Subsection (2), Section 54-3-30, or
102 54-3-31:

103 (a) The transferring party shall provide a written estimate of the transferring party's
104 cost of preparing the inventory required in Subsection (3)(c) to the receiving party no later than
105 60 days after the date of notice from the receiving party.

106 (b) (i) The receiving party shall pay the estimated cost of preparing the inventory to the
107 transferring party no later than 60 days after the day that the receiving party receives the written
108 estimate.

109 (ii) If the actual cost of preparing the inventory differs from the estimated cost, the
110 transferring party shall include the difference between the actual cost and the estimated cost in
111 the reimbursement described in Subsection (5).

112 (c) Except as provided in Subsection (3)(f), the transferring party shall prepare, in
113 accordance with Subsection (4), and deliver the inventory to the receiving party no later than

114 180 days after the day that the transferring party receives the payment specified in Subsection
115 (3)(b).

116 (d) (i) At any time, the parties may by agreement correct or update the inventory.

117 (ii) If the parties are unable to reach an agreement on an updated inventory, they shall:

118 (A) proceed with the facility transfer and reimbursement based on the inventory as
119 submitted in accordance with Subsection (3)(c); and

120 (B) resolve their dispute as provided in Subsection (6).

121 (e) Except as provided in Subsection (3)(f), the parties shall complete each facility
122 transfer and reimbursement contemplated by this Subsection (3) no later than 180 days after the
123 date that the transferring party delivers the inventory to the receiving party in accordance with
124 Subsection (3)(c).

125 (f) The periods specified in Subsections (3)(c) and (e) may be extended for up to an
126 additional 90 days by agreement of the parties.

127 (4) (a) The inventory prepared by a transferring party in accordance with Subsection
128 (3)(c) shall include an identification of each facility to be transferred and the amount of
129 reimbursement as provided in Subsection (5).

130 (b) The transferring party may not include in the inventory a facility that the
131 transferring party removed from service for at least 36 consecutive months prior to the date of
132 the inventory, unless the facility was taken out of service as a result of an action by the
133 receiving party.

134 (5) (a) Unless otherwise agreed by the parties, the reimbursement for the transfer of
135 each facility shall include:

136 (i) the cost of preparing the inventory as provided in Subsection (3)(b);

137 (ii) subject to Subsection (5)(b)(i), the value of each transferred facility calculated by
138 the current replacement cost of the facility less depreciation based on facility age;

139 (iii) the cost incurred by the transferring party for:

140 (A) the physical separation of each facility from its system, including the cost of any

141 facility constructed or installed that is necessary for the transferring party to continue to provide

142 reliable electric service to its remaining customers;

143 (B) administrative, engineering, and record keeping expenses incurred by the
144 transferring party for the transfer of each facility to the receiving party, including any difference
145 between the actual cost of preparing the inventory and the estimated cost of preparing the
146 inventory; and

147 (C) reimbursement for any tax consequences to the transferring party resulting from
148 each facility transfer;

149 (iv) the value of each lost or stranded facility of the transferring party based on the
150 valuation formula described in Subsection (5)(a)(ii) or as otherwise agreed by the parties;

151 (v) the diminished value of each transferring party facility that will not be transferred
152 based on the percentage of the facility that will no longer be used as a result of the facility
153 transfer; and

154 (vi) the transferring party's book value of a right-of-way or easement transferred with
155 each facility.

156 (b) (i) (A) The receiving party may review the estimation of the current replacement
157 costs of each facility, including the wage rates, material costs, overhead assumptions, and other
158 pricing used to establish the estimation of the current replacement costs of the facility.

159 (B) Prior to reviewing the estimation, the receiving party shall enter into a
160 nondisclosure agreement acceptable to the transferring party.

161 (C) The nondisclosure agreement shall restrict the use of the information provided by
162 the transferring party solely for the purpose of reviewing the estimation of the current
163 replacement cost and preserve the confidentiality of the information to prevent any effect on a
164 competitive bid received by either party.

165 (ii) (A) If the age of a facility may be readily determined by the transferring party, the
166 transferring party shall use that age to determine the facility's depreciation.

167 (B) If the age of a facility cannot be readily determined, the transferring party shall
168 estimate the age of the facility based on the average remaining life approved for the same type
169 of facility in the most current depreciation rates set by the commission or other governing

170 regulatory authority for the electrical corporation.

171 (c) (i) (A) A transferring party that transfers a facility in accordance with this section
172 shall, upon delivery of a document conveying title to the receiving party, transfer the facility
173 without any express or implied warranties.

174 (B) A receiving party that receives a facility in accordance with this section shall, upon
175 receipt of a document conveying title, accept the facility in its existing condition and assume
176 any and all liability, fault, risk, or potential loss arising from or related to the facility.

177 (ii) Notwithstanding Subsection (5)(c)(i), if, within six months after the date that any
178 oil filled equipment is transferred, the receiving party discovers that a transferred oil filled
179 equipment contains polychlorinated biphenyl, the transferring party shall reimburse the
180 receiving party for the cost of testing and disposal of that oil filled equipment.

181 (6) (a) If the parties cannot agree on each facility to be transferred or the respective
182 reimbursement amount, the parties shall:

183 (i) proceed with the facility transfer and the reimbursement based on the inventory as
184 submitted by the transferring party in accordance with Subsection (3)(c) and in accordance with
185 the schedule provided in Subsection (3)(e); and

186 (ii) submit the dispute for mediation or arbitration.

187 (b) The parties shall share equally in the costs of mediation or arbitration.

188 (c) If the parties are unable to resolve the dispute through mediation or arbitration,
189 either party may bring an action in the state court of jurisdiction.

190 (d) The arbitrator, or state court if the parties cannot agree on arbitration, shall
191 determine each facility to be transferred and the amount to be reimbursed in accordance with
192 Subsection (5).

193 (e) If the arbitrator or state court determines that:

194 (i) a transferring party transferred a facility that should not have been transferred, the
195 receiving party shall return the facility;

196 (ii) a party did not transfer a facility that should have been transferred, the party that
197 should have transferred the facility shall transfer the facility to the party to whom the facility

198 should have been transferred;

199 (iii) the amount reimbursed by the receiving party is insufficient, the receiving party
200 shall pay the difference to the transferring party; or

201 (iv) the amount reimbursed by the receiving party is more than the amount that should
202 have been reimbursed, the transferring party shall pay the difference to the receiving party.

203 (7) Unless otherwise agreed upon in writing by the parties:

204 (a) a party shall transfer a facility to be transferred in accordance with Subsection (6)(e)
205 no later than 60 days after the day that the arbitrator or court issues a determination unless the
206 parties mutually agree to a longer time to complete the transfer; and

207 (b) a party shall:

208 (i) pay an amount required to be paid in accordance with Subsection (6)(e) no later than
209 30 days after the day that the arbitrator or court issues a determination; and

210 (ii) include interest in the payment at the overall rate of return on the rate base most
211 recently authorized by the commission or other governing regulatory agency for the electrical
212 corporation from the date the reimbursement was originally paid until the difference is paid.

213 (8) (a) Nothing in this section limits the availability of other damages under law arising
214 by virtue of an agreement between the municipality and the electrical corporation.

215 (b) Notwithstanding Subsection (8)(a), a party described in this section is not entitled
216 to an award for:

217 (i) damages that are indirect, incidental, punitive, exemplary, or consequential;

218 (ii) lost profits; or

219 (iii) other business interruption damages.

220 (9) Nothing in this section or Section 10-8-14, 54-3-30, or 54-3-31 applies to a transfer
221 of facilities from an electrical corporation to a municipality in accordance with a decision by a
222 municipality that did not previously provide electric service and seeks to commence providing
223 electric service to a customer currently served by an electrical corporation within the municipal
224 boundary.

225 Section 2. Section **10-8-14** is amended to read:

226 **10-8-14. Water, sewer, gas, electricity, and public transportation -- Service**
227 **beyond municipal limits -- Retainage -- Notice of service and agreement -- Cable**
228 **television and public telecommunications services.**

229 (1) A [city] municipality may:

230 (a) construct, maintain, and operate waterworks, sewer collection, sewer treatment
231 systems, gas works, electric light works, telecommunications lines, cable television lines, or
232 public transportation systems;

233 (b) authorize the construction, maintenance and operation of the works or systems
234 listed in Subsection (1)(a) by others;

235 (c) purchase or lease the works or systems listed in Subsection (1)(a) from any person
236 or corporation; and

237 (d) sell and deliver the surplus product or service capacity of any works or system
238 listed in Subsection (1)(a), not required by the [city] municipality or the [city's] municipality's
239 inhabitants, to others beyond the limits of the [city] municipality, except the sale and delivery
240 of:

241 (i) retail electricity beyond the municipal boundary is governed by Subsections (3)
242 through (8); and

243 (ii) cable television services or public telecommunications services is governed by
244 Subsection [~~(3)~~] (11).

245 (2) If any payment on a contract with a private person, firm, or corporation to construct
246 waterworks, sewer collection, sewer treatment systems, gas works, electric [~~light~~] works,
247 telecommunications lines, cable television lines, or public transportation systems is retained or
248 withheld, it shall be retained or withheld and released as provided in Section 13-8-5.

249 (3) (a) Except as provided in Subsection (3)(b), (5), or (9), a municipality may not sell
250 or deliver the electricity produced or distributed by its electric works constructed, maintained,
251 or operated in accordance with Subsection (1) to a retail customer located beyond its municipal
252 boundary.

253 (b) A municipality that provides retail electric service to a customer beyond its

254 municipal boundary on or before June 15, 2013, may continue to serve that customer if:

255 (i) on or before December 15, 2013, the municipality provides the electrical
256 corporation, as defined in Section 54-2-1, that is obligated by its certificate of public
257 convenience and necessity to serve the customer with an accurate and complete verified written
258 notice described in Subsection (3)(c) that identifies each customer served by the municipality
259 beyond its municipal boundary;

260 (ii) no later than June 15, 2014, the municipality enters into a written filing agreement
261 for the provision of electric service with the electrical corporation; and

262 (iii) the Public Service Commission approves the written filing agreement in
263 accordance with Section 54-4-40.

264 (c) The municipality shall include in the written notice required in Subsection (3)(b)(i)
265 for each customer:

266 (i) the customer's meter number;

267 (ii) the location of the customer's meter by street address, global positioning system
268 coordinates, metes and bounds description, or other similar method of meter location;

269 (iii) the customer's class of service; and

270 (iv) a representation that the customer was receiving service from the municipality on
271 or before June 15, 2013.

272 (4) The written filing agreement entered into in accordance with Subsection (3)(b)(ii)
273 shall require the following:

274 (a) The municipality shall provide electric service to a customer identified in
275 accordance with Subsection (3)(b)(i) unless the municipality and the electrical corporation
276 subsequently agree in writing that the electrical corporation will provide electric service to the
277 customer.

278 (b) If a customer who is located outside the municipal boundary and who is not
279 identified in accordance with Subsection (3)(b)(i) requests service from the municipality after
280 June 15, 2013, the municipality may not provide that customer electric service unless the
281 municipality submits a request to and enters into a written agreement with the electric

282 corporation in accordance with Subsection (5).

283 (5) (a) A municipality may submit to the electrical corporation a request to provide
284 electric service to an electric customer described in Subsection (4)(b).

285 (b) If a municipality submits a request, the electrical corporation shall respond to the
286 request within 60 days.

287 (c) If the electrical corporation agrees to allow the municipality to provide electric
288 service to the customer:

289 (i) the electrical corporation and the municipality shall enter into a written agreement;

290 (ii) the municipality shall agree in the written agreement to subsequently transfer
291 service to the customer described in Subsection (4)(b) if the electrical corporation notifies, in
292 writing, the municipality that the electrical corporation has installed a facility capable of
293 providing electric service to the customer; and

294 (iii) the municipality may provide the service if the Public Service Commission
295 approves the agreement in accordance with Section 54-4-40.

296 (d) The municipality or the electrical corporation may terminate the agreement for the
297 provision of electric service if the Public Service Commission imposes a condition authorized
298 in Section 54-4-40 that is a material change to the agreement.

299 (6) If the municipality and electrical corporation make a transfer described in
300 Subsection (5)(c)(ii):

301 (a) (i) the municipality shall transfer the electric service customer to the electrical
302 corporation; and

303 (ii) the electrical corporation shall provide electric service to the customer; and

304 (b) the municipality shall transfer a facility in accordance with and for the value as
305 provided in Section 10-2-421.

306 (7) (a) In accordance with Subsection (7)(b), the municipality shall establish a
307 reasonable mechanism for resolving potential future complaints by an electric customer located
308 outside its municipal boundary.

309 (b) The mechanism shall require:

310 (i) that the rates and conditions of service for a customer outside the municipality's
311 boundary are at least as favorable as the rates and conditions of service for a similarly situated
312 customer within the municipality's boundary; and

313 (ii) if the municipality provides a general rebate, refund, or other payment to a
314 customer located within the municipality's boundary, that the municipality also provide the
315 same general rebate, refund, or other payment to a similarly situated customer located outside
316 the municipality's boundary.

317 (8) The municipality is relieved of any obligation to transfer a customer described in
318 Subsection (4)(b) or facility used to serve the customer in accordance with Subsection (5)(c)(ii)
319 if the municipality annexes the property on which the customer is being served.

320 (9) (a) A municipality may provide electric service outside of its municipal boundary to
321 a facility that is solely owned and operated by the municipality for municipal service.

322 (b) A municipality's provision of electric service to a facility that is solely owned and
323 operated by the municipality does not expand the municipality's electric service area.

324 (10) Nothing in this section expands or diminishes the ability of a municipality to enter
325 into a wholesale electrical sales contract with another municipality that serves electric
326 customers to sell and deliver wholesale electricity to the other municipality.

327 ~~(3)~~ (11) A [city's] municipality's actions under this section related to works or
328 systems involving public telecommunications services or cable television services are subject
329 to the requirements of Chapter 18, Municipal Cable Television and Public
330 Telecommunications Services Act.

331 Section 3. Section **54-3-30** is enacted to read:

332 **54-3-30. Electric utility service within a provider municipality -- Electrical**
333 **corporation prohibited as provider -- Exceptions -- Notice and agreement -- Transfer of**
334 **customer.**

335 (1) This section applies to an electrical corporation that intends to provide electric
336 service to a customer:

337 (a) who is located within the municipal boundary of a municipality that provides

338 electric service; and

339 (b) who is not described in Subsection 54-3-31(2).

340 (2) (a) If an electrical corporation is authorized by the commission to provide electric
341 service to a customer in an area adjacent to a municipality, and the municipality provides
342 electric service to a customer located within its municipal boundary, the electrical corporation
343 may not provide electric service to a customer within the municipal boundary unless:

344 (i) the electrical corporation has entered into a written agreement with the municipality
345 authorizing the electrical corporation to provide electric service:

346 (A) to a specified customer within the municipal boundary; and

347 (B) in accordance with the terms and conditions of the electrical corporation's tariffs
348 and regulations approved by the commission; and

349 (ii) the commission approves the agreement in accordance with Section 54-4-40.

350 (b) The municipality or the electrical corporation may terminate the agreement for the
351 provision of electric service if the commission imposes a condition authorized in Section
352 54-4-40 that is a material change to the agreement.

353 (3) An electrical corporation that enters into an agreement described in Subsection
354 (2)(a) shall transfer service to a customer described in Subsection (2):

355 (a) at the conclusion of a term specified in the agreement; or

356 (b) upon termination of the agreement by the electrical corporation in accordance with
357 Subsection (4).

358 (4) Unless otherwise agreed in writing by the electrical corporation and the
359 municipality, the electrical corporation may terminate an agreement entered into in accordance
360 with Subsection (2)(a) by giving written notice of termination to the municipality:

361 (a) no earlier than two years before the day of termination; or

362 (b) within a period of time shorter than two years if otherwise agreed to with the
363 municipality.

364 (5) Upon termination of an agreement in accordance with Subsection (3)(a), (3)(b), or
365 (4):

366 (a) (i) the electrical corporation shall transfer the electric service customer to the
367 municipality; and

368 (ii) the municipality shall provide electric service to the customer; and

369 (b) the electrical corporation shall transfer a facility in accordance with and for the
370 value as provided in Section 10-2-421.

371 (6) This section may not be construed to modify or terminate any written franchise
372 agreement or other agreement that expressly provides for electric service by an electrical
373 corporation to a customer within a municipality that was entered into between an electrical
374 corporation and a municipality on or before June 15, 2013.

375 Section 4. Section **54-3-31** is enacted to read:

376 **54-3-31. Electric utility service within a provider municipality -- Electrical**
377 **corporation authorized as continuing provider for service provided on or before June 15,**
378 **2013 -- Notice of service and agreement -- Transfer of customer.**

379 (1) This section applies to an electrical corporation that:

380 (a) provides electric service to a customer on or before June 15, 2013, within the
381 municipal boundary of a municipality that provides electric service; and

382 (b) intends to continue providing service to that customer.

383 (2) Notwithstanding Section 54-3-30, if an electrical corporation provides electric
384 service to a customer within the municipal boundary of a municipality on or before June 15,
385 2013, and the municipality provides electric service to another customer within its municipal
386 boundary, the electrical corporation may continue to provide electric service to the customer
387 within the municipality's boundary if:

388 (a) the electrical corporation provides, on or before December 15, 2013, the
389 municipality with an accurate and complete verified written notice, in accordance with
390 Subsection (3), identifying each customer within the municipality served by the electrical
391 corporation on or before June 15, 2013;

392 (b) the electrical corporation enters into a written agreement with the municipality no
393 later than June 15, 2014; and

394 (c) the commission approves the agreement in accordance with Section 54-4-40.

395 (3) The written notice provided in accordance with Subsection (2)(a) shall include for
396 each customer:

397 (a) the customer's meter number;

398 (b) the location of the customer's meter by street address, global positioning system
399 coordinates, metes and bounds description, or other similar method of meter location;

400 (c) the customer's class of service; and

401 (d) a representation that the customer was receiving service from the electrical
402 corporation on or before June 15, 2013.

403 (4) The agreement entered into in accordance with Subsection (2) shall require the
404 following:

405 (a) The electrical corporation is the exclusive electric service provider to a customer
406 identified in the notice described in Subsection (2)(a) unless the municipality and electrical
407 corporation subsequently agree, in writing, that the municipality may provide electric service to
408 the identified customer.

409 (b) If a customer who is located within the municipal boundary and who is not
410 identified in Subsection (2)(a) requests service after June 15, 2013, from the electrical
411 corporation, the electrical corporation may not provide that customer electric service unless the
412 electrical corporation subsequently submits a request to and enters into a written agreement
413 with the municipality in accordance with Section 54-4-30.

414 (5) (a) Unless otherwise agreed in writing by the electrical corporation and the
415 municipality, the electrical corporation may terminate an agreement entered into in accordance
416 with Subsection (2)(b) by giving written notice of termination to the municipality:

417 (i) no earlier than two years before the day of termination; or

418 (ii) within a period of time shorter than two years if otherwise agreed to with the
419 municipality.

420 (b) Upon termination of an agreement in accordance with Subsection (5)(a):

421 (i) (A) the electrical corporation shall transfer an electric service customer located

422 within the municipality to the municipality; and

423 (B) the municipality shall provide electric service to the customer; and

424 (ii) the electrical corporation shall transfer a facility in accordance with and for the
425 value as provided in Section 10-2-421.

426 (6) This section may not be construed to modify or terminate any written franchise
427 agreement or other agreement that expressly provides for electric service by an electrical
428 corporation to a customer within a municipality that was entered into between an electrical
429 corporation and a municipality on or before June 15, 2013.

430 Section 5. Section **54-4-40** is enacted to read:

431 **54-4-40. Approval of certain agreements between an electrical corporation and**
432 **municipality.**

433 (1) The commission shall review an agreement entered into between an electrical
434 corporation and a municipality if the electrical corporation is required to obtain commission
435 approval in accordance with Section 10-8-14, 54-3-30, or 54-3-31.

436 (2) The requirements of Subsection (1) do not confer jurisdiction on the commission to
437 regulate any electric service provided by a municipality.

438 (3) Unless the commission determines that additional time is warranted and is in the
439 public interest, no later than 120 days after the day on which an application to approve an
440 agreement described in Subsection (1) is filed by an electrical corporation, the commission
441 shall:

442 (a) approve the agreement;

443 (b) approve the agreement subject to conditions imposed by the commission; or

444 (c) reject the agreement.