

367 and personal property owned, controlled, operated, or managed in connection with or to
 368 facilitate the diversion, development, storage, supply, distribution, sale, furnishing, carriage,
 369 appointment, apportionment, or measurement of water for power, fire protection, irrigation,
 370 reclamation, or manufacturing, or for municipal, domestic, or other beneficial use.

371 (b) "Water system" does not include private irrigation companies engaged in
 372 distributing water only to their stockholders.

373 ~~[(34)]~~ (36) "Wholesale electrical cooperative" includes every electrical corporation that
 374 is:

375 (a) in the business of the wholesale distribution of electricity it has purchased or
 376 generated to its members and the public; and

377 (b) required to distribute or allocate savings in excess of additions to reserves and
 378 surplus to members or patrons on the basis of patronage.

379 Section 2. Section **54-3-33** is enacted to read:

380 **54-3-33. Eligible customer energy supply contract.**

381 (1) The commission may approve a contract between a large-scale electric utility and a
 382 customer of a large-scale electric utility that is eligible to transfer electric service to a
 383 non-utility energy supplier under Section 54-3-32.

384 (2) The commission shall exempt a customer that enters into a contract described in
 385 Subsection (1) from paying the costs recovered under Subsection 54-7-12.8(3), except the costs
 386 of the Utah solar incentive program included in Subsection 54-7-12.8(3)(b).

387 (3) If an eligible customer that enters into a contract described in Subsection (1) has
 388 provided notice to the commission under Subsection 54-3-32(3), the notice is not considered
 389 withdrawn under Subsection 54-3-32(4)(c) by the customer entering into the contract.

390 (4) Notwithstanding Subsection 54-3-32(4)(c), if the commission approves a contract
 391 under this section for an eligible customer that states a contract termination date that is after
 392 December 31, 2020, the notice described in Subsection 54-3-32(3)(a) is ~~§~~→ **not** ←~~§~~ considered to
 392a be
 393 withdrawn ~~§~~→ **[if] unless** ←~~§~~ a transfer of service under Section 54-3-32 does not occur before the
 393a later of:

394 (a) the day three years after the termination date stated in the contract; or

395 (b) 18 months after the intended date of transfer of service described in Subsection
 396 54-3-32(3)(a)(ii).

397 Section 3. Section **54-7-12.8** is amended to read:

460 (f) If the commission determines that funds established in the regulatory liability under
461 Subsection (5)(a) are no longer needed for the purpose of depreciating thermal generation
462 plant, the large-scale electric utility shall use the balance of the funds in the regulatory liability
463 to offset the capitalized demand side management costs described in Subsection (2)(b)(i).

464 (6) (a) During the pilot program period, of the funds a large-scale electric utility
465 collects via the line item charge described in Subsection (3), the commission shall authorize the
466 large-scale electric utility to allocate on an annual basis:

467 (i) \$10,000,000 to the sustainable transportation and energy plan; and

468 (ii) the funds not allocated to the sustainable transportation and energy plan to demand
469 side management.

470 (b) The commission shall authorize a large-scale electric utility to spend up to:

471 (i) \$2,000,000 annually for the electric vehicle incentive program described in Section
472 54-20-103; and

473 (ii) an annual average of:

474 (A) \$500,000 for the clean coal technology program described in Section 54-20-104;

475 and

476 (B) \$3,900,000 for the innovative utility programs described in Section 54-20-105.

477 (c) The commission shall authorize a large-scale electric utility to recoup the
478 large-scale electric utility's unrecovered costs paid through the Utah solar incentive program
479 from the funds allocated under Subsection (6)(a)(i).

479a **§→ (d) The commission may authorize a large-scale electric utility to allocate funds the large-**
479b **scale electric utility collects via the line item charge described in Subsection (3) not spent under**
479c **Subsection (6) to a conservation, efficiency, or new technology program if the conservation,**
479d **efficiency, or new technology program is cost-effective and in the public interest. ←§**

480 (7) A large-scale electric utility shall establish a balancing account that includes:

481 (a) funds allocated under Subsection (6)(a)(i);

482 (b) the program expenditures described in Subsection (6)(b);

483 (c) the unrecovered Utah solar incentive program costs described in Subsection (6)(c);

484 and

485 (d) a carrying charge in an amount determined by the commission.

486 (8) A customer that is paying a contract rate under an agreement with a large-scale
487 electric utility as of January 1, 2016, is exempt from the costs recovered under Subsection (3),
488 except for costs created by or arising from the Utah solar incentive program included in
489 Subsection 54-7-12.8(3)(b).

490 (9) (a) In any proceeding commenced under Section 54-3-32, the commission may not

553 (d) Beginning June 1, 2016, for an electrical corporation with an energy balancing
 554 account established before January 1, 2016, the commission shall allow an electrical
 555 corporation to recover 100% of the electrical corporation's prudently incurred costs as
 556 determined and approved by the commission under this section.

557 (e) (i) Except as provided in Subsections (2)(e)(ii) and (2)(e)(iii), a large-scale electric
 558 utility may not file a request with the commission for a change in base rates if the proposed
 559 change in base rates would take effect before May 10, 2018.

560 (ii) If a person requests or the commission initiates a proceeding for a change in base
 561 rates that would take effect before May 10, 2018:

562 (A) a large-scale electric utility may participate in the proceeding; and

563 (B) a large-scale electric utility may, after the proceeding, file a request with the
 564 commission for a change in base rates that would take effect before May 10, 2018.

565 (iii) (A) A large-scale electric utility may file a request with the commission to initiate
 566 a ~~§~~→ [cost of service] ←~~§~~ proceeding for approval and implementation of a net metering tariff
 566a under
 567 Section [54-15-105.1](#).

568 (B) A large-scale electric utility shall defer the difference in revenue collected from a
 569 net metering customer and the revenue that would have been collected from the net metering
 570 customer prior to a net metering tariff change adopted pursuant to a request under Subsection
 571 [54-7-13.5\(e\)\(iii\)\(A\)](#) until the next change in base rates.

572 (C) The large-scale electric utility shall allocate the deferred amounts described in
 573 Subsection [54-7-13.5\(e\)\(iii\)\(B\)](#) to the large-scale electric utility's customers as determined by
 574 the commission in the next general rate case proceeding.

575 (D) The commission may authorize a change in the tariff rate for a net metering
 576 customer without initiating a general rate case proceeding.

577 ~~[(d)]~~ (f) An energy balancing account may not alter:

578 (i) the standard for cost recovery; or

579 (ii) the electrical corporation's burden of proof.

580 ~~[(e)]~~ (g) The collection method described in Subsection (2)(c)(i) shall:

581 (i) apply to the appropriate billing components in base rates; and

582 (ii) be incorporated into base rates in an appropriate commission proceeding.

583 ~~[(f)]~~ (h) The collection of costs related to an energy balancing account from customers