

HB0422S01 compared with HB0422

~~{deleted text}~~ shows text that was in HB0422 but was deleted in HB0422S01.

Inserted text shows text that was not in HB0422 but was inserted into HB0422S01.

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Representative Michael E. Noel proposes the following substitute bill:

NATURAL GAS INFRASTRUCTURE AMENDMENTS

2018 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Michael E. Noel

Senate Sponsor: _____

LONG TITLE

General Description:

This bill enacts provisions relating to natural gas infrastructure.

Highlighted Provisions:

This bill:

- ▶ ~~{authorizes a gas corporation to file an application with the Public Service Commission for the preapproval of the gas corporation's rural natural}~~ modifies provisions relating to requests for approval of an energy utility's resource decision;
- ▶ includes a project for rural gas infrastructure development ~~{costs; and~~
- ▶ ~~requires the commission to include within the}~~ as a resource decision that a gas ~~{corporation's general rates the amount of rural natural}~~ corporation may request approval of from the Public Service Commission;
- ▶ provides requirements related to a request for approval of rural gas infrastructure

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development; and

- ▶ authorizes the Public Service Commission to spread rural gas infrastructure development costs ~~{approved pursuant to an application, subject to a maximum amount}~~ to the larger customer base and to approve the inclusion of rural gas infrastructure development costs within a gas corporation's base rates under certain circumstances.

Money Appropriated in this Bill:

None

Other Special Clauses:

None

Utah Code Sections Affected:

~~{ENACTS}~~ AMENDS:

~~{54-4-13.6, Utah Code Annotated 1953}~~ 54-17-401, as last amended by Laws of Utah 2008, Chapter 382

54-17-402, as last amended by Laws of Utah 2008, Chapter 382

54-17-403, as enacted by Laws of Utah 2005, Chapter 11

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

Section 1. Section ~~{54-4-13.6}~~ 54-17-401 is ~~{enacted}~~ amended to read:

~~{~~ 54-4-13} 54-17-401. ~~{6. Rural}~~ Definitions.

(1) As used in this part:

~~{(1)}~~ (a) "Energy utility" means one of the following with 200,000 retail customers in the state:

~~{(a)}~~ (i) an electrical corporation; or

~~{(b)}~~ (ii) a gas corporation.

~~{(2)}~~ (a) (b) "Resource decision" means a decision, other than a decision to construct or acquire a significant energy resource, involving:

(i) an energy utility's acquisition, management, or operation of energy production, processing, transmission, or distribution facilities or processes including:

(A) a facility or process for the efficient, reliable, or safe provision of energy to retail customers; ~~{or}~~

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(B) an energy efficiency and conservation program; or

(C) rural gas infrastructure development ~~{ costs -- Preapproval process -- Included in gas corporation's base rates.~~

~~(1) As used in this section, "rural"; or~~

(ii) a decision determined by the commission to be appropriate for review under this part.

(c) "Rural gas infrastructure development" means the planning, development, and construction of an extension or expansion of natural gas main ~~{ lines or service}~~ lines to serve previously unserved rural areas of the state.

~~[(b)]~~ (2) The commission may ~~{ find that a gas corporation's spreading rural}~~ adopt rules in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, to specify the nature of resource decisions subject to approval under Section 54-17-402.

Section 2. Section 54-17-402 is amended to read:

54-17-402. Request for review of resource decision.

(1) Beginning on February 25, 2005, before implementing a resource decision, an energy utility may request that the commission approve all or part of a resource decision in accordance with this part.

(2) (a) To obtain the approval permitted by Subsection (1), the energy utility shall file a request for approval with the commission.

(b) The request for approval required by this section shall include any information required by the commission by rule made in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act.

(c) A request for approval of natural gas infrastructure development ~~{ costs to the larger customer base is in the public interest.~~

~~(3) (a) A gas corporation may file an application with the commission for preapproval of the gas corporation's recovery of rural gas infrastructure development costs.~~

~~(b) An application under Subsection (3)(a) shall~~ ~~{ contain}~~ include:

(i) a description of the proposed rural gas infrastructure development project;

(ii) an explanation of ~~{ the}~~ projected benefits from the proposed rural gas infrastructure development project; ~~{ and}~~

(iii) the estimated costs of the rural gas infrastructure development ~~{ costs.~~

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~~(4) Within 180 days after an application under Subsection (3)(a) is filed with the commission;~~ project; and

(iv) any other information the commission requires.

(3) In ruling on a request for approval of a resource decision, the commission shall ~~{enter a final order approving or denying the application.~~

~~(5) (a) Subject to Subsection (5)(b);~~ determine whether the decision:

(a) is reached in compliance with this chapter and rules made in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act; and

(b) is in the public interest, taking into consideration:

(i) (A) whether it will most likely result in the acquisition, production, and delivery of utility services at the lowest reasonable cost to the retail customers of an energy utility located in this state;

[(ii)] (B) long-term and short-term impacts;

[(iii)] (C) risk;

[(iv)] (D) reliability;

[(v)] (E) financial impacts on the energy utility; and

[(vi)] (F) other factors determined by the commission to be relevant[-]; or

(ii) for a request for approval of rural gas infrastructure development:

(A) the potential benefits to previously unserved rural areas;

(B) the potential number of new customers;

(C) natural gas consumption; and

(D) revenues, costs, and other factors determined by the commission to be relevant.

(4) In a decision relating to a request for approval of rural gas infrastructure development, the commission ~~{shall, as part of the gas corporation's next general rate case following the approval of an application under Subsection (4), include all }~~ may determine that spreading all or a portion of the costs of the rural gas infrastructure development ~~{costs approved under Subsection (4) within the gas corporation's base rates.~~

~~(b);~~ to the larger customer base is in the public interest.

[(4)] (5) (a) If the commission approves a proposed resource decision only in part, the commission shall explain in the order issued under this section why the commission does not approve the resource decision in total.

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(b) Recovery of expenses incurred in connection with parts of a resource decision that are not approved is subject to the review of the commission as part of a rate hearing under Section 54-7-12.

~~[(5)]~~ (6) The commission may not ~~{include}~~ approve a resource decision in whole or in part under this section before holding a public hearing.

~~[(6)]~~ (7) Unless the commission determines that additional time to analyze a resource decision is warranted and is in the public interest, within 180 days of the day on which the energy utility files a request for approval, the commission shall:

(a) approve all or part of the resource decision;

(b) approve all or part of the resource decision subject to conditions imposed by the commission; or

(c) disapprove all or part of the resource decision.

~~[(7)]~~ (8) The commission shall include in its order under this section:

(a) findings as to the approved projected costs of a resource decision; and

(b) the basis upon which the findings described in Subsection ~~[(7)]~~ (8)(a) are made.

~~[(8)]~~ (9) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the commission shall make rules regarding the process for approval of a resource decision under this section.

Section 3. Section 54-17-403 is amended to read:

54-17-403. Cost recovery.

(1) (a) Except as otherwise provided in this section, if the commission approves any portion of an energy utility's resource decision under Section 54-17-402, the commission shall, in a general rate case or other appropriate commission proceeding, include in the energy utility's retail rates the state's share of costs:

(i) relevant to that proceeding;

(ii) incurred by the energy utility in implementing the approved resource decision; and

(iii) up to the projected costs specified in the commission's order issued under Section 54-17-402.

(b) Except to the extent that the commission issues an order under Section 54-17-404, any increase from the projected costs specified in the commission's order issued under Section 54-17-402 shall be subject to review by the commission as part of a rate hearing under Section

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54-7-12.

(c) If the commission approves a request for approval of rural gas infrastructure development under Section 54-17-402, the commission may approve the inclusion of rural gas infrastructure development costs within the gas corporation's base rates ~~to the extent that the rates generate revenue that exceeds 1% of~~ if:

(i) the inclusion of those costs will not increase the base distribution non-gas revenue requirement by more than 2% in any one year during a rolling three-year period;

(ii) the distribution of non-gas revenue requirement increase related to the infrastructure development costs under Subsection (1)(c)(i) does not exceed 5% in the aggregate; and

(iii) the applicable distribution of non-gas revenue requirement is the annual revenue requirement determined in the gas corporation's ~~annual revenue.~~

Legislative Review Note

Office of Legislative Research and General Counsel ~~most recent rate case.~~

(2) (a) Subsequent to the commission issuing an order described in Subsection (2)(a)(i) or (ii), the commission may disallow some or all costs incurred in connection with an approved resource decision if the commission finds that an energy utility's actions in implementing an approved resource decision are not prudent because of new information or changed circumstances that occur after:

(i) the commission approves the resource decision under Section 54-17-402; or

(ii) the commission issues an order to proceed under Section 54-17-404.

(b) In making a determination of prudence under Subsection (2)(a), the commission shall use the standards identified in Section 54-4-4.

(3) Notwithstanding any other provision of this chapter, the commission may disallow some or all of the costs incurred by an energy utility in connection with an approved resource decision upon a finding by the commission that the energy utility is responsible for a material misrepresentation or concealment in connection with an approval process under this chapter.

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