

1 **ENERGY BALANCING ACCOUNT AMENDMENTS**

2 2021 GENERAL SESSION

3 STATE OF UTAH

4 **Chief Sponsor: Carl R. Albrecht**

5 Senate Sponsor: Ronald Winterton

6 **LONG TITLE**7 **Committee Note:**8 The Public Utilities, Energy, and Technology Interim Committee recommended this
9 bill.

10 Legislative Vote: 15 voting for 0 voting against 1 absent

11 **General Description:**12 This bill provides a mechanism for an interim rate as a part of the energy balancing
13 account process.14 **Highlighted Provisions:**

15 This bill:

16 ▶ provides the process for establishing an energy balancing account;
17 ▶ describes the process for requesting an interim rate as a part of the energy balancing
18 account process;19 ▶ establishes a timeline for the interim rate to be requested and granted;
20 ▶ establishes a timeline for finalizing the energy balancing account; and
21 ▶ subjects an interim rate to the commission's authority to order a refund or a
22 surcharge.23 **Money Appropriated in this Bill:**

24 None

25 **Other Special Clauses:**

26 None



28 **Utah Code Sections Affected:**

29 AMENDS:

30 **54-7-13.5**, as last amended by Laws of Utah 2019, Chapters 61 and 88

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

32 Section 1. Section **54-7-13.5** is amended to read:

33 **54-7-13.5. Energy balancing accounts.**

34 (1) As used in this section:

35 (a) "Base rates" means the same as that term is defined in Subsection **54-7-12(1)**.

36 (b) "Energy balancing account" means an electrical corporation account for some or all
37 components of the electrical corporation's incurred actual power costs, including:

38 (i) (A) fuel;

39 (B) purchased power; and

40 (C) wheeling expenses; and

41 (ii) the sum of the power costs described in Subsection (1)(b)(i) less wholesale

42 [revenues] revenue.

43 (c) "Gas balancing account" means a gas corporation account to recover on a
44 dollar-for-dollar basis, purchased gas costs, and gas cost-related expenses.

45 (2) (a) The commission may authorize an electrical corporation to establish an energy
46 balancing account.

47 (b) An energy balancing account shall become effective upon a commission finding
48 that the energy balancing account is:

49 (i) in the public interest;

50 (ii) for prudently-incurred costs; and

51 (iii) implemented at the conclusion of a general rate case.

52 (c) An electrical corporation:

53 (i) may, with approval from the commission, recover costs under this section through:

54 (A) base rates;

55 (B) contract rates;

56 (C) surcredits; or

57 (D) surcharges; and

(ii) shall file a reconciliation of the energy balancing account with the commission at least annually with actual costs and [revenues] revenue incurred by the electrical corporation.

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

(e) [An] Except in the case of an interim rate request made in accordance with Subsection (2)(k), an energy balancing account may not alter:

(i) the standard for cost recovery; or

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

(f) The collection method described in Subsection (2)(c)(i) shall:

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

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

(g) The collection of costs related to an energy balancing account from customers paying contract rates shall be governed by the terms of the contract.

(h) [Revenues] Revenue collected in excess of prudently incurred actual costs shall:

(i) be refunded as a bill surcredit to an electrical corporation's customers over a period specified by the commission; and

(ii) include a carrying charge.

(i) Prudently incurred actual costs in excess of [revenues] revenue collected shall:

(i) be recovered as a bill surcharge over a period to be specified by the commission;

and

(ii) include a carrying charge.

(j) The carrying charge applied to the balance in an energy balancing account shall be:

(i) determined by the commission; and

(ii) symmetrical for over or under collections.

(k) (i) The commission may consider an interim rate request made as a part of an electrical corporation's filing an energy balancing account.

(ii) The commission, on the commission's own initiative or in response to an interim rate request by an electrical corporation or another party:

(A) shall hold a hearing on an interim rate; and

90 (B) if the electrical corporation or the other party makes the showing required by
91 Subsection (2)(k)(iii), may allow any rate increase or decrease, or a reasonable part of the rate
92 increase or decrease, to take effect on an interim basis, subject to the commission's right to
93 order a refund or surcharge.

94 (iii) The electrical corporation or the other party shall make an adequate prima facie
95 showing that:

96 (A) the proposed interim rate appears consistent with prior years' filings; and
97 (B) the interim rate requested is more likely to reflect actual power costs than the
98 current base rates;

99 (l) The commission may issue a final order establishing and fixing the electrical
100 corporation's energy balancing account:

101 (i) after a hearing; and
102 (ii) before the expiration of 300 days after the day on which the electrical corporation
103 files a complete filing.

104 (m) (i) If the commission in the commission's final decision on an electrical
105 corporation's energy balancing account finds that the interim rate increase ordered under
106 Subsection (2)(k)(ii) exceeds the rate finally determined in the energy balancing account, the
107 commission shall order the electrical corporation to refund the excess revenue generated by the
108 interim rate increase to customers.

109 (ii) If the commission in the commission's final decision on an electrical corporation's
110 energy balancing account finds that the interim rate decrease ordered under Subsection
111 (2)(k)(ii) exceeds the rate finally determined in the energy balancing account, the commission
112 shall order the electrical corporation to charge a surcharge to customers to recover the revenue
113 lost by the interim rate decrease.

114 (3) (a) The commission may:

115 (i) establish a gas balancing account for a gas corporation; and
116 (ii) set forth procedures for a gas corporation's gas balancing account in the gas
117 corporation's commission-approved tariff.

118 (b) A gas balancing account may not alter:
119 (i) the standard of cost recovery; or
120 (ii) the gas corporation's burden of proof.

121 (4) (a) All allowed costs and [revenues] revenue associated with an energy balancing
122 account or gas balancing account shall remain in the respective balancing account until charged
123 or refunded to customers.

124 (b) The balance of an energy balancing account or gas balancing account may not be:
125 (i) transferred by the electrical corporation or gas corporation; or
126 (ii) used by the commission to impute earnings or losses to the electrical corporation or
127 gas corporation.

128 (c) An energy balancing account or gas balancing account that is formed and
129 maintained in accordance with this section does not constitute impermissible retroactive
130 ratemaking or single-issue ratemaking.

131 (5) This section does not create a presumption for or against approval of an energy
132 balancing account.

133 (6) (a) An electrical corporation that has established an energy balancing account under
134 this section shall report to the Public Utilities, Energy, and Technology Interim Committee
135 before December 1 of each even numbered year[~~, beginning in 2020~~].

136 (b) The report required in Subsection (6)(a) shall provide information regarding:
137 (i) the continued 100% recovery of the electrical corporation's prudently incurred costs
138 related to the energy balancing account; and
139 (ii) any determination by the [Public Service Commission] commission of costs not
140 prudently incurred.