

Senator Daniel Hemmert proposes the following substitute bill:

ENERGY BALANCING ACCOUNT AMENDMENTS

2019 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Daniel Hemmert

House Sponsor: _____

LONG TITLE

General Description:

This bill amends provisions of the Legislative Oversight and Sunset Act and requires a report.

Highlighted Provisions:

This bill:

- requires an electrical corporation that has established an energy balancing account to report to the Public Utilities, Energy, and Technology Interim Committee;

- repeals the sunset date for an electrical corporation's energy balancing account, allowing a corporation to permanently recover 100% of its prudently incurred net power costs; and

- makes technical changes.

Money Appropriated in this Bill:

None

Other Special Clauses:

None

Utah Code Sections Affected:

AMENDS:

54-7-13.5, as last amended by Laws of Utah 2016, Chapter 393



26 **63I-1-254**, as last amended by Laws of Utah 2018, Chapter 426

27

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

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

30 **54-7-13.5. Energy balancing accounts.**

31 (1) As used in this section:

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

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

35 (i) (A) fuel;

36 (B) purchased power; and

37 (C) wheeling expenses; and

38 (ii) the sum of the power costs described in Subsection (1)(b)(i) less wholesale
39 revenues.

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

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

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

46 (i) in the public interest;

47 (ii) for prudently-incurred costs; and

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

49 (c) An electrical corporation:

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

51 (A) base rates;

52 (B) contract rates;

53 (C) surcredits; or

54 (D) surcharges; and

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

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

61 (e) An energy balancing account may not alter:

62 (i) the standard for cost recovery; or

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

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

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

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

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

69 (h) Revenues collected in excess of prudently incurred actual costs shall:

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

72 (ii) include a carrying charge.

73 (i) Prudently incurred actual costs in excess of revenues collected shall:

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

75 and

76 (ii) include a carrying charge.

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

78 (i) determined by the commission; and

79 (ii) symmetrical for over or under collections.

80 (3) (a) The commission may:

81 (i) establish a gas balancing account for a gas corporation; and

82 (ii) set forth procedures for a gas corporation's gas balancing account in the gas
83 corporation's commission-approved tariff.

84 (b) A gas balancing account may not alter:

85 (i) the standard of cost recovery; or

86 (ii) the gas corporation's burden of proof.

87 (4) (a) All allowed costs and revenues associated with an energy balancing account or

88 gas balancing account shall remain in the respective balancing account until charged or
89 refunded to customers.

90 (b) The balance of an energy balancing account or gas balancing account may not be:

91 (i) transferred by the electrical corporation or gas corporation; or

92 (ii) used by the commission to impute earnings or losses to the electrical corporation or
93 gas corporation.

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

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

99 ~~[(6) The commission shall report to the Public Utilities and Technology Interim
100 Committee before December 1 in 2017 and 2018 regarding whether allowing an electrical
101 corporation to continue to recover costs under Subsection (2)(d) is reasonable and in the public
102 interest.]~~

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

106 (b) The report required in Subsection (6)(a) shall provide information regarding:

107 (i) the continued 100% recovery of the electrical corporation's prudently incurred costs
108 related to the energy balancing account; and

109 (ii) any determination by the Public Service Commission of costs not prudently
110 incurred.

111 Section 2. Section **63I-1-254** is amended to read:

112 **63I-1-254. Repeal dates, Title 54.**

113 ~~[(1) The language of Subsection 54-4-13.4(1)(a)(ii) after "do not exceed \$5,000,000 in
114 any calendar year" is repealed July 1, 2018.]~~

115 ~~[(2) Subsection 54-7-13.5(2)(d) is repealed on December 31, 2019.]~~

116 ~~[(3)]~~ Title 54, Chapter 15, Net Metering of Electricity, is repealed January 1, 2036.