

ENGROSSED HOUSE
BILL NO. 2433

By: Rice of the House

and

Easley of the Senate

An Act relating to the Corporation Commission;
amending 17 O.S. 1991, Section 250, which relates
to public utility rate adjustments; modifying name
of certain entity; modifying definition of fair
field price; prohibiting certain minimum charges;
providing penalty; providing for codification;
providing an effective date; and declaring an
emergency.

BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

SECTION 1. AMENDATORY 17 O.S. 1991, Section 250, is
amended to read as follows:

Section 250. As used in this act:

1. "Affiliated person, subsidiary, firm or corporation" means
any person, subsidiary, firm or corporation which:

- a. controls or is controlled by a public utility,
- b. is controlled by an entity that also controls the
utility, or
- c. the utility or an entity controlling the utility has
directly or indirectly the power to control;

2. "Commission" means any state regulatory body which has
jurisdiction to regulate public utilities or electric cooperatives;

3. "Emergency sales of gas" means sales of natural gas made by a public utility or subsidiary thereof to one or more interstate pipelines or other out-of-state customer pursuant to federal law which exempts such transactions from the jurisdiction of the Federal ~~Power~~ Energy Regulatory Commission;

4. "Fair field price" means the value attributed to gas produced from wells owned by a public utility, ~~or a subsidiary or affiliate of a public utility, which.~~ If the utility or the affiliate sells the majority of the gas produced from the wells owned by it or the affiliate to third parties in an arms-length transaction, then the value shall be the going price paid by the utility, subsidiary or affiliate to others in the field where such production is located. If the utility, subsidiary or affiliate is not purchasing gas in such field, then such value shall be the price paid by the utility, subsidiary or affiliate in the nearest field where conditions are similar. The value to be attributed to residue gas owned by a public utility, or a subsidiary or affiliate of a public utility, from gas processing plants shall be the going price paid by the utility, subsidiary or affiliate to others from the same plant. If the utility, subsidiary or affiliate is not purchasing gas from said plant, then the value shall be the price paid by the utility, subsidiary or affiliate at the nearest plant where conditions are similar other purchasers for the gas produced by the utility or affiliate from the same wells or other wells in the same field under terms, conditions and circumstances similar to the gas sales to the utility. If the utility or affiliate does not sell the majority of the gas from wells owned by the utility or affiliate in the field to third parties in an arms-length transaction, then the value shall be the price paid in similar or reasonably comparable arms-length transactions to the extent that such information can be reasonably obtained. The value attributed to residue gas owned by a public utility or affiliate of a public utility from gas processing

plants, if the utility or the affiliate sells the majority of the gas produced from the processing plant owned by the utility or the affiliate to third parties in an arms-length transaction, shall be the price paid by other purchasers of the gas owned by the utility or affiliate from the same processing plant under terms, conditions and circumstances similar to the sales to the utility. If the utility or affiliate does not sell the majority of the gas from the plant it owns to third parties in an arms-length transaction, then the value shall be the price paid in similar or reasonably comparable arms-length transactions, to the extent such information can reasonably be obtained. However, the Commission may require an adjustment of the fair field price when it deems it proper to do so based on information before it;

5. "Fuel adjustment clause" means any mechanism which allows a public utility or electric generating cooperative to automatically adjust its charges above or below the base amount included in its rates, based upon changes in costs of fuel for generation of electricity, purchased power or purchased gas;

6. "Heat rate" means a measure of the efficiency of an electric generating station, computed by dividing the total British Thermal Unit content of the fuel burned by the resulting net kilowatt-hours generated;

7. "Line loss" means the kilowatt-hours of electricity lost in the operation of an electric transmission or distribution system;

8. "Public utility" or "utility" means any individual, firm, association, partnership, corporation, or any combination thereof, other than a municipal corporation or their lessees, trustees and receivers, owning or operating for compensation in this state equipment or facilities for:

- a. producing, generating, transmitting, distributing, selling or furnishing electricity, or

- b. transmitting, directly or indirectly, or distributing combustible hydrocarbon natural or synthetic natural gas for sale to the public or for wholesale, unless its wholesale rates are regulated by a federal agency; and

9. "Purchased power adjustment clause" means any mechanism which allows an electric public utility or electric distribution cooperative to adjust its charges above or below the base amount included in its rates based upon changes in costs of wholesale power purchased from others.

SECTION 2. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 42.1 of Title 52, unless there is created a duplication in numbering, reads as follows:

All persons, firms, corporations or other business organizations engaged in the business of furnishing gas in this state, to the inhabitants thereof shall be prohibited from making and maintaining a fixed minimum charge for gas, or for the use of gas meter, or for the inspection of any gas meter used on the premises of any consumer; and providing that the consumer shall be charged only for the number of cubic feet of gas used or consumed as registered by gas meter.

SECTION 3. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 43.1 of Title 52, unless there is created a duplication in numbering, reads as follows:

Any person, firm, corporation or other business organization who violates any of the provisions of Section 2 of this act shall be guilty of a misdemeanor and, upon conviction, shall be fined not less than Twenty-five Dollars (\$25.00), nor more than One Hundred Dollars (\$100.00), for each and every separate offense.

SECTION 4. This act shall become effective July 1, 1996.

SECTION 5. It being immediately necessary for the preservation of the public peace, health and safety, an emergency is hereby

declared to exist, by reason whereof this act shall take effect and be in full force from and after its passage and approval.

Passed the House of Representatives the 27th day of February, 1996.

Speaker of the House of Representatives

Passed the Senate the ____ day of _____, 1996.

President of the Senate