

STATE OF OKLAHOMA

2nd Session of the 45th Legislature (1996)

HOUSE BILL NO. 2433

By: Rice

AS INTRODUCED

An Act relating to the Corporation Commission;  
amending 17 O.S. 1991, Section 250, which relates  
to public utility rate adjustments; modifying  
definition of fair field price; 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 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 does not purchase the majority of the gas produced from the wells owned by it or the affiliate, 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 does not purchase the majority of the gas produced from the processing plant owned by the utility or the affiliate, 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. This act shall become effective July 1, 1996.

SECTION 3. 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.

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