

STATE OF OKLAHOMA

2nd Session of the 46th Legislature (1998)

CONFERENCE COMMITTEE SUBSTITUTE

FOR ENGROSSED

SENATE BILL NO. 888

By: Easley of the Senate

and

Glover, Benson, Ferguson,
Thomas, Kinnamon, Adkins,
Bastin, Begley, Bonny,
Braddock, Claunch,
Collins, Covey, Cox,
Deutschendorf, Dunegan,
Easley, Eddins, Ervin,
Fields, Frame, Gray,
Hastings, Hiett,
Hutchison, Kirby, Kouba,
Langmacher, Leist,
Liotta, Maddux, Mass,
Matlock, McCarter,
Mitchell, Morgan,
Ostrander, Phillips,
Plunk, Pope (Clay),
Ramsey, Roberts, Ross,
Sadler, Satterfield,
Seikel, Settle, Smith
(Hopper), Stanley,
Sullivan (John), Sullivan
(Leonard), Thornbrugh,
Toure, Turner, Tyler,
Voskuhl, Weaver, Weese,
Wilt, Reese, Coleman,
Greenwood and Stites of
the House

CONFERENCE COMMITTEE SUBSTITUTE

An Act relating to electric utilities; amending 11 O.S. 1991, Section 21-121, as amended by Section 1, Chapter 245, O.S.L. 1992 (11 O.S. Supp. 1997, Section 21-121), which relates to retail electric service; prohibiting the Grand River Dam Authority and certain investor-owned electric utilities from providing electric service to certain facilities; declaring a moratorium on certain municipal condemnation of electric public utilities or rural electric cooperatives for certain time period; providing for certain statute to be repealed under certain conditions; providing for moratorium to become null and void under certain conditions; stating application of moratorium; amending Sections 3, 4 and 5, Chapter 162, O.S.L. 1997, Section 6, Chapter 162, O.S.L. 1997, as amended by Section 2, Chapter 398, O.S.L. 1997, and Section 7, Chapter 162, O.S.L. 1997 (17 O.S. Supp. 1997, Sections 190.3, 190.4, 190.5, 190.6 and 190.7), which relate to the Electric Restructuring Act of 1997;

updating statutory reference; defining terms; modifying terms; requiring the Joint Electric Utility Task Force to undertake certain studies; transferring certain duties from the Corporation Commission to the task force; directing certain state agencies or consultants to assist task force in completing studies; removing requirement for certain reports to be submitted in writing; modifying dates for certain studies to commence and end; authorizing task force to combine or modify studies; modifying scope of certain tax study; transferring certain duties from the Oklahoma Tax Commission to the task force; directing Tax Commission to assist task force; authorizing Tax Commission to retain certain consultants; requiring report by certain date; requiring certain uniform tax policy to be established; modifying duties of the task force; authorizing the task force to retain certain consultants for certain purpose; prohibiting certain electric distribution providers from furnishing retail electric service to certain facilities; stating exception; defining term; prohibiting certain entities from extending retail electric distribution primary feeder service beyond certain limits; authorizing certain maintenance and repairs; prohibiting certain upgrading; requiring certain entities to provide equivalent access to electric transmission and distribution facilities; requiring nondiscriminatory access to other retail electric service providers in exchange for use; requiring certain retail electric service distributors to collect and remit municipal taxes; creating the Oklahoma County Energy Conservation Act; providing short title; defining terms; authorizing county commissioners to enter into certain contracts; requiring certain energy providers to file certain performance bond; authorizing county commissioners to enter into certain energy conservation contracts for certain time period; stating limitations; authorizing certain lease-purchase agreements; requiring competitive proposal procedures; authorizing county commissioners to discuss proposals with certain parties; allowing proposal revisions; providing for confidential proposals; requiring county commissioners to give certain notice to award contracts or agreements; providing for proposals to be open for certain public inspection; amending 82 O.S. 1991, Section 862, which relates to the powers, rights and privileges of the Grand River Dam Authority; modifying certain boundaries of certain peace officers; creating nine-member Board of Directors of Grand River Dam Authority; providing for appointments by the Governor with advice and consent of the Senate; requiring directors to be residents of certain district; stating certain prohibitions and requirements; providing for Board of Director vacancies to be appointed in certain manner; stating terms of office; providing for successor members; providing for vacancies to be appointed; requiring directors to take official oath of office; providing for removal from office; stating qualifications; authorizing travel reimbursement; providing for meetings of the Board of Directors; amending 82 O.S. 1991, Section 864, as last amended by Section 2, Chapter 240, O.S.L. 1997 (82 O.S. Supp. 1997, Section 864), which relates to the Board of Directors of the Grand River Dam Authority; modifying powers and duties of the Board; repealing 82 O.S. 1991, Section 863, as amended by Section 1, Chapter 240, O.S.L. 1997 (82

O.S. Supp. 1997, Section 863), which relates to the Board of Directors of the Grand River Dam Authority; 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 11 O.S. 1991, Section 21-121, as amended by Section 1, Chapter 245, O.S.L. 1992 (11 O.S. Supp. 1997, Section 21-121), is amended to read as follows:

Section 21-121. Except as provided in this section, ~~or as provided in subsection (k) of Section 437.2 of Title 18 of the Oklahoma Statutes,~~ municipal corporations or public trusts thereof, ~~or~~ the Grand River Dam Authority, rural electric cooperatives or investor-owned electric utilities shall not furnish retail electric service to an electric consuming facility which is currently being served, or which was being served and the electric facilities are in place to render such a service, by a municipal corporation or public trust thereof ~~or,~~ the Grand River Dam Authority, a rural electric cooperative, or an investor-owned electric utility unless the ~~majority of the governing boards of~~ ~~the~~ entities involved have agreed by mutual consent, in writing, to such transaction. For purposes of this section, the term "electric consuming facility" means everything that utilizes electric energy from a central station source.

SECTION 2. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 21-222 of Title 11, unless there is created a duplication in numbering, reads as follows:

There is hereby declared a moratorium on all municipal condemnation proceedings instituted pursuant to Section 437.2 of Title 18 of the Oklahoma Statutes, initiated prior to July 1, 2002. The moratorium shall also apply to all municipalities or public trusts thereof which attempt to condemn the facilities of electric public utilities or rural electric cooperatives for the purpose of utilizing such facilities for the delivery of electric power and energy. If full consumer choice in the supply of electric power and energy is implemented in this state on or before July 1, 2002, the municipal condemnation provisions

authorizing municipalities with electric utilities to condemn the facilities of rural electric cooperatives contained in Section 437.2 of Title 18 of the Oklahoma Statutes is hereby repealed. If retail consumer choice is not implemented in this state on or before July 1, 2002, this moratorium shall become null and void. The moratorium provided for herein shall have prospective and retroactive application.

SECTION 3. AMENDATORY Section 3, Chapter 162, O.S.L. 1997 (17 O.S. Supp. 1997, Section 190.3), is amended to read as follows:

Section 190.3 As used in the Electric Restructuring Act of 1997:

1. "Commission" means the Corporation Commission;
2. "Consumer" means a person or entity purchasing or seeking to purchase electric energy for other than resale;
3. "Direct access consumer" means a consumer who chooses to procure retail electric energy supply and related services directly from the competitive market rather than through a retail electric service ~~provider~~ distributor;
4. "Electric consuming facility" means everything that utilizes electric energy from a central station source;
5. "Electric distribution system" means the physical system of wires, poles, and other equipment designed to deliver electricity to the ultimate consumer for consumption, excluding generation and transmission facilities;
- ~~5.~~ 6. "Independent system operator" means an independent entity, not owned or controlled ~~in any manner~~ by an entity which owns generation, transmission, or distribution facilities. ~~The purpose of,~~ which ~~is to coordinate~~ coordinates the physical security and stability of the Oklahoma bulk power system;
- ~~6.~~ 7. "Public benefit programs" means all social, economic and environmental programs currently funded through rates charged to consumers receiving electric service in the State of Oklahoma;
- ~~7.~~ 8. "Retail electric energy supplier" means any entity which sells retail electric energy to consumers;

~~8.~~ 9. "Retail electric service distributor" means any firm, corporation, company, individual or their trustees, lessees or receivers, or cooperative corporation or agency, engaged in the furnishing of retail electric services in this state, exclusive of municipal corporations, or beneficial trusts thereof and the Grand River Dam Authority. Any municipal corporation or beneficial trust thereof or the Grand River Dam Authority may, through its own nonrevocable election, voluntarily opt to become subject to the provisions of this act ~~and thus come within the definition of a "retail electric service provider" by submitting to the Commission a certificate from its governing board stating the utility has elected voluntarily to become subject to the provisions of this act~~ to participate in electric restructuring and retail consumer choice by adopting a resolution stating that all service provided via facilities owned by such entities will be rendered on an open access nondiscriminatory basis in a manner consistent with the provisions of such service by retail electric service distributors subject to this act; and

~~9.~~ 10. "Transmission line" or "transmission system" means the ~~physical system~~ poles, wires and other equipment, including any fiber optic cable which is a part of such poles, wires and other equipment, designed and constructed to transport bulk electricity between generators and electric distribution systems.

SECTION 4. AMENDATORY Section 4, Chapter 162, O.S.L. 1997 (17 O.S. Supp. 1997, Section 190.4), is amended to read as follows:

Section 190.4 A. To ensure an orderly and equitable restructuring of the electric utility industry in this state and achieve the goals outlined in Section ~~2~~ 190.2 of this ~~act~~ title, the Legislature hereby directs the ~~Corporation Commission~~ Joint Electric Utility Task Force to undertake a study of all relevant issues relating to restructuring the electric utility industry in this state including, but not limited to, those issues set forth in this section, and develop a proposed electric utility industry restructuring framework for the State of Oklahoma ~~under the direction of the Joint Electric Utility Task Force herein created.~~

The ~~Commission~~ Joint Electric Utility Task Force shall address appropriate steps to achieve an orderly transition to a competitive market and may include in addition to the directives in this act other provisions as the ~~Commission~~ task force shall deem necessary and appropriate to expedite the transition to full consumer choice. ~~Provided~~ The Corporation Commission shall assist the task force in achieving the goals outlined in the Electric Restructuring Act of 1997; provided, however, during the transition period to full consumer choice, the Corporation Commission is expressly prohibited from promulgating any rules or issuing any orders relating to the restructuring of Oklahoma's electric utility industry without prior express authorization by the Oklahoma State Legislature.

B. It is the intent of the Legislature that the following principles and directives be adhered to ~~by the Commission~~ in developing a framework for a restructured industry:

1. Reliability and safety. Appropriate rules shall be promulgated, in accordance with the provisions of this act, ensuring that reliable and safe electric service is maintained-i

2. Competition. Competitive markets are to be encouraged to the greatest extent possible. Regulation should serve as a substitute only in those circumstances where competition cannot provide results that serve the best interests of all consumers-i

3. Consumer choice. Consumers shall be allowed to choose among retail electric energy suppliers to help ensure fully competitive and innovative markets. A process should be established whereby all retail consumers are permitted to choose their retail electric energy suppliers by July 1, 2002. Consumer choice means that retail electric consumers shall be allowed to purchase different levels and quality of electric supply from a variety of retail electric energy suppliers and that every seller of electric generation in the retail market shall have nondiscriminatory open access to the electric distribution system of every retail electric service distributor, subject to this act. The Corporation Commission should ensure that consumer confusion

will be minimized and consumers will be well informed about changes resulting from restructuring and increased choice-i

4. Regulation and unbundling of services. Entities which own both transmission and distribution, as well as generation facilities, shall not be allowed to use any monopoly position in these services as a barrier to competition. Generation services may be subject to minimal regulation and shall be functionally separated from transmission and distribution services, which services shall remain regulated. All retail electric energy suppliers shall be required to meet certain minimum standards designed to ensure reliability and financial integrity, and be registered with the Corporation Commission-i

5. Unbundling of rates. When consumer choice is introduced, rates shall be unbundled to provide clear price information on the components of generation, transmission and distribution and any other ancillary charges. Electric bills for all classes shall be unbundled, utilizing line itemization to reveal the various component cost of providing electrical services. Charges for public benefit programs currently authorized by statute or the Commission, or both, shall be unbundled and appear in line item format on electric bills for all classes of consumers-i

6. Open access to transmission and distribution facilities. Consumer access to alternative suppliers of electricity requires open access to the transmission grid and the distribution system. Comparability shall be assured for retail electric energy suppliers competing with affiliates of entities supplying transmission and distribution services. The Corporation Commission shall monitor companies providing transmission and distribution services and take necessary measures to ensure that no supplier of such services has an unfair advantage in offering and pricing such services-i

7. Obligation to connect and establishment of firm service territories. An entity providing distribution services shall be relieved of its traditional obligation to provide electric supply but shall have a continuing obligation to provide distribution service for all consumers in its service territory. As part of

the restructuring process firm service territories shall be fixed by a date certain, if not currently established by law in order to avoid wasteful duplication of distribution facilities-i

8. Independent system planning committee. The benefits associated with implementing an independent system planning committee composed of owners of electric distribution systems to develop and maintain planning and reliability criteria for distribution facilities shall be evaluated-i

9. Consumer safeguards. Minimum residential consumer service safeguards and protections shall be ensured including programs and mechanisms that enable residential consumers with limited incomes to obtain affordable essential electric service, and the establishment of a default provider or providers for any distribution customer who has not chosen an alternative retail electric energy supplier-i

10. Establishment of a transition period. A defined period for the transition to a restructured electric utility industry shall be established. The transition period shall reflect a suitable time frame for full compliance with the requirements of a restructured utility industry-i

11. Rates for service. Electric rates for all consumer classes shall not rise above current levels throughout the transition period. If possible, electric rates for all consumers shall be lowered when feasible as markets become more efficient in a restructured industry-i

12. Establishment of a distribution access fee. The ~~Commission~~ task force shall consider the establishment of a distribution access fee to be assessed to all consumers in the State of Oklahoma connected to electric distribution systems regulated by the Corporation Commission. This fee shall be charged to cover social costs, capital costs, operating costs, and other appropriate costs associated with the operation of electric distribution systems and the provision of electric service to the retail consumer-i

13. Recovery of stranded costs. Electric utilities have traditionally had an obligation to provide service to consumers

within their established service territories and have entered into contracts, long-term investments and federally mandated co-generation contracts to meet the needs of consumers. These investments and contracts have resulted in costs which may not be recoverable in a competitive restructured market and thus may be "stranded". Procedures shall be established for identifying and quantifying stranded investments and for allocating costs and mechanisms shall be proposed for recovery of an appropriate amount of prudently incurred, unmitigable and verifiable stranded costs and investments. As part of this process, each entity shall be required to propose a recovery plan which establishes its unmitigable and verifiable stranded costs and investments and a limited recovery period designed to recover such costs expeditiously, provided that the recovery period and the amount of qualified transition costs shall yield a transition charge which shall not cause the total price for electric power, including transmission and distribution services, for any consumer to exceed the cost per kilowatt-hour paid on ~~the effective date of this act~~ April 25, 1997, during the transition period. The transition charge shall be applied to all consumers including direct access consumers, and shall not disadvantage one class of consumer or supplier over another, nor impede competition and shall be allocated over a period of not less than three (3) years nor more than seven (7) years; and

14. Transition costs. ~~It is the intent that all~~ All transition costs shall be recovered by virtue of the savings generated by the increased efficiency in markets brought about by restructuring of the electric utility industry. All classes of consumers shall share in the transition costs.

C. The study of all relevant issues related to electric industry restructuring shall be divided into four parts, as follows: independent system operator issues, technical issues, financial issues and consumer issues. All studies created pursuant to this section shall be conducted under the direction of the Joint Electric Utility Task Force. The task force shall direct the Corporation Commission, the Oklahoma Tax Commission,

any other state agency or consultant as necessary to assist the task force in the completion of such studies.

~~a.~~ 1. The Commission shall commence the study of independent system operator issues no later than July 1, 1997, and provide a final report to the Joint Electric Utility Task Force no later than February 1, 1998. Such report shall be in writing and shall make recommendations as the Commission deems necessary and appropriate regarding the establishment of an independent system operator in the State of Oklahoma or the appropriate region.

~~b.~~ 2. No later than ~~January~~ July 1, 1998, the ~~Commission~~ Joint Electric Utility Task Force shall commence the study of technical issues related to the restructuring of the electric utility industry. Such study shall include, but is not limited to, the examination of:

- ~~1.~~ a. reliability and safety~~†~~†
- ~~2.~~ b. unbundling of generation, transmission and distribution services~~†~~†
- ~~3.~~ c. market power~~†~~†
- ~~4.~~ d. open access to transmission and distribution~~†~~†
- ~~5.~~ e. transition issues~~†~~† and
- ~~6.~~ f. any other technical issues the ~~Commission~~ task force deems appropriate.

A final report shall be ~~provided to~~ completed by the Joint Electric Utility Task Force no later than ~~December 31, 1998~~ October 1, 1999. ~~Such report shall be in writing and shall include such recommendations as the Commission deems necessary and appropriate.~~

~~c.~~ 3. No later than ~~January 1, 1999~~ July 1, 1998, the ~~Commission~~ Joint Electric Utility Task Force shall commence the study of financial issues related to restructuring of the electric utility industry. Such study shall include, but is not limited to, the examination of:

- ~~1.~~ a. rates and charges~~†~~†
- ~~2.~~ b. access and transition costs and fees~~†~~†
- ~~3.~~ c. stranded costs and their recovery~~†~~†
- ~~4.~~ d. stranded benefits and their funding~~†~~†

5. e. municipal financing~~†~~
6. f. cooperative financing~~†~~
7. g. investor-owned utility financing~~†~~ and
8. h. any other financial issues the ~~Commission~~ task force deems appropriate.

A final report shall be ~~provided to~~ completed by the Joint Electric Utility Task Force no later than ~~December 31, 1999~~ October 1, 1999. ~~Such report shall be in writing and shall make recommendations as the Commission deems necessary and appropriate.~~

~~d.~~ 4. No later than ~~July 1, 1999~~ September 1, 1998, the ~~Commission~~ Joint Electric Utility Task Force shall commence the study of consumer issues related to restructuring of the electric utility industry. Such study shall include, but is not limited to, the examination of:

1. a. service territories~~†~~
2. b. the obligation to serve~~†~~
3. c. the obligation to connect~~†~~
4. d. consumer safeguards~~†~~
5. e. rates for regulated services~~†~~
6. f. consumer choices~~†~~
7. g. competition~~†~~
8. h. licensing of retail electric energy suppliers~~†~~ and
9. i. any other consumer issues the ~~Commission~~ task force finds appropriate.

A final report shall be ~~provided to~~ completed by the Joint Electric Utility Task Force no later than ~~August 31, 2000~~ October 1, 1999. ~~Such report shall be in writing and shall make recommendations as necessary and appropriate.~~

D. The Joint Electric Utility Task Force may, if it deems necessary, by a majority vote of the members combine or modify any of the studies required by this act. Provided, however, the task force shall not eliminate any of the issues required to be studied herein.

SECTION 5. AMENDATORY Section 5, Chapter 162, O.S.L. 1997 (17 O.S. Supp. 1997, Section 190.5), is amended to read as follows:

Section 190.5 To ensure full evaluation and consideration of the impact of restructuring of the electric utility industry on municipal and state tax revenues the Legislature hereby directs the ~~Oklahoma Tax Commission~~ Joint Electric Utility Task Force to study and fully assess the impact of restructuring on state tax revenues and all other facets of the current utility tax structure both on the state and all other political subdivisions of the state. The task force shall direct the Oklahoma Tax Commission to assist the task force in completion of this study. The Oklahoma Tax Commission is hereby authorized to retain such consultants and experts as may be necessary to complete this study. The study shall include the feasibility of establishing a uniform consumption tax or other method of taxation which may be applied in a restructured industry and shall also assess means of ensuring that tax revenues derived by municipalities will not be adversely impacted as a result of restructuring. ~~Provided, however~~ A final report shall be completed by the task force no later than October 1, 1999. During the transition period prior to full consumer choice, the Oklahoma Tax Commission is expressly prohibited from promulgating any rule or issuing any order relating to methods of taxation to be applied to a restructured electric industry without prior express authorization by the Oklahoma State Legislature or the Joint Electric Utility Task Force. ~~The Oklahoma Tax Commission shall report all findings and submit all proposals to the Joint Electric Utility Task Force no later than December 31, 1998.~~

Notwithstanding any other provisions contained in this act, ~~in the event~~ a uniform tax policy which allows all competitors to be taxed on a fair and equal basis ~~has not been~~ shall be established on or before July 1, 2002, ~~the effective date for implementing customer choice shall be extended until such time as a uniform tax policy has been established.~~

SECTION 6. AMENDATORY Section 6, Chapter 162, O.S.L. 1997, as amended by Section 2, Chapter 398, O.S.L. 1997 (17 O.S. Supp. 1997, Section 190.6), is amended to read as follows:

Section 190.6 A. There is hereby created a the Joint Electric Utility Task Force which shall be composed of fourteen (14) members of the Oklahoma Legislature, seven each to be selected by the President Pro Tempore of the Senate and the Speaker of the House of Representatives. The chair of the task force shall be the chair of the Senate Energy, Environmental Resources and Regulatory Affairs Committee and the vice-chair of the task force shall be the chair of the House Energy, Environment and Natural Resources Committee.

B. The chair or vice-chair shall record the members present at each meeting of the task force. If any member is absent from two consecutive meetings, the position of such member may be declared vacant and the position reappointed by the original appointing authority.

C. A majority of the members serving on the task force shall constitute a quorum. The task force shall meet at such times and places as it deems necessary to perform its duties as specified herein. Meetings shall be at the call of the chair.

D. The task force may appoint advisory councils made up of representatives of various utility companies, regulatory agencies, industrial and residential consumers or any other persons as needed to advise the task force in any matter they deem to be appropriate and necessary.

E. Members of the task force shall be reimbursed by their appointing authorities for necessary travel expenses incurred in the performance of their duties in accordance with Section 456 of Title 74 of the Oklahoma Statutes. Advisory council members appointed pursuant to this section shall not be authorized to claim travel expenses.

F. The Senate and the House of Representatives shall provide such staff support as is required by the task force and shall be authorized to employ any legal counsel, independent consultants, or other persons as necessary and approved by the President Pro Tempore of the Senate and the Speaker of the House of Representatives.

G. The duties of the task force shall be to direct and oversee the studies ~~by the Corporation Commission and the Oklahoma Tax Commission~~ as provided for in Sections 4 190.4 and 5 190.5 of this ~~act~~ title and may include, but shall not be limited to, any duties previously authorized by Enrolled Senate Joint Resolution No. 29 of the 1st Session of the 45th Oklahoma Legislature and Senate Concurrent Resolution No. 37 of the 2nd Session of the 45th Oklahoma Legislature and any other duties required to carry out the provisions and directives of this act. The task force may make final recommendations to the Governor and the Legislature. The Legislature shall review any reports developed by the ~~Corporation Commission or the Oklahoma Tax Commission, in conjunction with the~~ Joint Electric Utility Task Force, ~~during the 2nd Session of the 46th Oklahoma Legislature.~~ Final authority relating to the implementation of any recommended statutory revisions shall reside with the Legislature.

H. ~~The Joint Electric Utility Task Force is hereby authorized to retain such consultants and experts as may be necessary to study the creation of an Independent System Operator (ISO) which would coordinate the physical supply of electricity throughout the state and maintain reliability security and stability of the bulk power system. In addition, such study shall assess the benefits of establishing a Power Exchange which would operate as a power pool allowing power producers to compete on common ground in the State of Oklahoma. All studies and recommendations relating to the creation of an independent system operator shall be submitted to the Joint Electric Utility Task Force on or before February 1, 1998, and shall conform to the principles set forth in Order No. 888 of the Federal Energy Regulatory Commission.~~

~~I.~~ The task force shall remain in effect and operate as herein directed until its termination which shall be no later than January 1, 2003. The task force may elect, by majority vote, to terminate its operations at an earlier date if it deems such action appropriate.

SECTION 7. AMENDATORY Section 7, Chapter 162, O.S.L. 1997 (17 O.S. Supp. 1997, Section 190.7), is amended to read as follows:

Section 190.7 ~~As between electric~~ A. Electric distribution providers governed by the Retail Electric Supplier Certified Territory Act, Section 158.21 et seq. of ~~Title 17 of the Oklahoma Statutes, there~~ this title or municipal corporations or beneficial trusts thereof owning or operating a retail electric distribution system or the Grand River Dam Authority shall not be customer switching from the date of the enactment of this act furnish retail electric service to an electric consuming facility which is currently being served, or which was being served and the permanent electric facilities are in place to render such service, by a municipal corporation or beneficial trust thereof, a rural electric cooperative or an investor-owned electric utility or the Grand River Dam Authority until full implementation of retail choice, July 1, 2002, except by mutual consent of all affected parties unless the entities involved have agreed by mutual consent, in writing, to such transaction. For the purpose of this section, "electric distribution providers" shall mean the same as "retail electric service distributors" as defined by Section 190.3 of this title.

B. Any municipal corporation or beneficial trust thereof offering retail electric distribution service from a municipally ~~or trust-owned~~ electric distribution system that decides not to participate in the provisions of this act as outlined in Section ~~3~~ 190.3 of this ~~act~~ title shall be prohibited from extending a retail electric distribution ~~service~~ primary feeder system beyond its corporate limits with the exception that it may continue to offer retail electric distribution service through the addition of secondary service drops from lines the primary feeder system it owned outside the corporate limits of such municipality on date of this act April 25, 1997. Provided, however, nothing contained in this section shall be construed to prohibit system maintenance, repairs or upgrades to such primary distribution feeder system

outside the corporate limits except that secondary service drops shall not be upgraded to primary distribution lines.

SECTION 8. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 190.8 of Title 17, unless there is created a duplication in numbering, reads as follows:

Any person, firm, association, government agency, authority, cooperative, corporation or any affiliate thereof seeking to use electric transmission and distribution facilities of any retail electric service distributor for the purpose of supplying retail electric power shall be required to provide equivalent access to its own electric transmission and distribution facilities on a nondiscriminatory basis as a condition to the continuing use of the electric transmission and distribution facilities of any other retail electric service distributor.

SECTION 9. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 190.9 of Title 17, unless there is created a duplication in numbering, reads as follows:

Notwithstanding any other provision of law, all retail electric service distributors shall, within the boundaries of a municipal corporation, on or after the effective date of full implementation of retail consumer choice, on a nondiscriminatory basis, collect and remit all applicable municipal taxes assessed against the end consumers on the sale of electricity within such municipality.

SECTION 10. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 456 of Title 19, unless there is created a duplication in numbering, reads as follows:

Sections 10 through 12 of this act shall be known and may be cited as the "Oklahoma County Energy Conservation Act".

SECTION 11. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 457 of Title 19, unless there is created a duplication in numbering, reads as follows:

As used in the Oklahoma County Energy Conservation Act, "energy conservation measures" means one or more of the following items:

1. Insulation of the building structure or systems within the building;

2. Storm windows or doors, caulking or weather-stripping, multiglazed windows or doors, heat-absorbing or heat-reflective, glazed, and coated window or door systems, additional glazing, reductions in glass area, or other window and door system modifications that reduce energy consumption;

3. Automatic or computerized energy control systems;

4. Heating, ventilating or air conditioning system modifications or replacements;

5. Replacement or modification of lighting fixtures to increase the energy efficiency of the lighting system, but not for the sole purpose of increasing the overall illumination of a facility, unless an increase in illumination is necessary to conform to the applicable state or local building codes for the lighting system after the proposed modifications are made;

6. Indoor air quality improvements;

7. Energy recovery systems;

8. Co-generation systems that produce steam or forms of energy such as heat, as well as electricity, for use primarily within a building or complex of buildings;

9. Any life safety measures that provide long-term operating cost reductions; and

10. Building operation programs that reduce the operating costs.

SECTION 12. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 458 of Title 19, unless there is created a duplication in numbering, reads as follows:

A. The county commissioners of any county in compliance with the provisions of this section may enter into an energy conservation contract for the purpose of implementing energy

conservation measures designed to reduce the energy consumption of county facilities.

B. Before entering into an energy conservation contract, the county commissioners shall require the provider of the energy conservation measures to file with the county commissioners a performance bond that is in an amount the county commissioners find reasonable and necessary to protect the interests of the county and that covers the value of the guaranteed savings on the contract and is conditioned on the faithful execution of the terms of the contract.

C. The county commissioners may enter into an energy conservation contract for a period of more than one (1) year for the implementation of energy conservation measures with a person or business entity if the county commissioners find that the amount the county would spend on the energy conservation measures will not exceed the amount to be saved in energy costs over ten (10) years from the date of installation. If the term of an energy conservation contract exceeds one (1) year, the contractual obligation of the county in any year during the term of the energy conservation contract may not exceed the total energy savings including, but not limited to, electrical, gas or other utility cost savings and savings from lowered maintenance contracts with outside providers, as determined by the county commissioners in this subsection, divided by the number of years in the energy conservation contract term. Maintenance for energy conservation measures may be a part of the energy conservation contract. The county commissioners shall consider all costs of the energy conservation measures, including costs of design, engineering, installation, maintenance, maintenance tools and equipment, spare parts, repairs, and debt service.

D. An energy conservation contract, with respect to existing buildings or facilities, may be funded through a lease-purchase agreement that meets federal tax requirements for tax-free municipal leasing or long-term financing. The term of the lease-purchase agreement shall not exceed ten (10) years.

E. Energy conservation contracts and lease-purchase agreements under this section shall be let under competitive proposal procedures. Notice of the request for proposals shall be published in the manner provided for competitive bidding. Requests for proposals must solicit quotations and must specify the relative importance of guaranteed savings, price, financial performance and stability, quality, technical ability, experience and other evaluation factors. The contract shall be awarded to the responsible offeror whose proposal, following negotiations, is determined to be the most advantageous to the county considering the guaranteed savings and other evaluation factors set forth in the request for proposals.

F. In accordance with the terms of a request for proposals under subsection E of this section and with rules adopted by the county commissioners, the county commissioners may conduct discussions with offerors who submit proposals and who are determined to be reasonably qualified for the award of the contract. Offerors shall be treated fairly and equally with respect to any opportunity for discussion and revision of proposals. To obtain the best final offers, the county commissioners may allow proposal revisions after submissions and before the award of the contract.

G. If provided in a request for proposals under subsection E of this section, proposals shall be opened in a manner that avoids disclosure of the contents to competing offerors and keeps the proposals confidential during negotiations.

H. Upon completion of all negotiations, the county commissioners shall give notice of intent to award an energy conservation contract and lease-purchase agreement to the selected offeror. The notice of intent shall be published in the same manner as the notice of request for proposals. All proposals shall be open for public inspection after the notice of intent to award is published, but trade secrets and proprietary information clearly identified in the proposals shall not be open for public inspection.

SECTION 13. AMENDATORY 82 O.S. 1991, Section 862, is amended to read as follows:

Section 862. The district shall have and is hereby authorized to exercise the following powers, rights and privileges:

(a) To control, store and preserve, within the boundaries of the district, the waters of Grand River and its tributaries, for any useful purpose, and to use, distribute and sell the same within the boundaries of the district; provided, however, that any municipal corporation within the area included within the jurisdiction of the said Grand River Dam Authority shall be entitled to take water from the Grand River and any of its tributaries in any quantities that may be needed by such municipal corporation;

(b) To develop and generate water power, electric power and electric energy, from whatever source, within the boundaries of the district; to acquire coal or other minerals to be used for the purposes of providing energy sources for electrical generating plants; to acquire or lease any and all railroad connections, equipment, rolling stock, trackage and otherwise, necessary to the transporting of coal and other minerals to generating plant sites within the district; and to buy, sell, resell, interchange and distribute electric power and energy in order to carry forward the business and functions of the district now or hereafter authorized by law and may enter into contracts for such purposes, such contracts to run for a period of not to exceed fifty (50) years except those contracts provided for in paragraphs (f) and (g) of this section. All contracts may contain such reasonable provisions, limitations, qualifications, protective clauses and rights and obligations of purchase and sale, and such provisions for the dedication of the use of facilities and the construction of additional facilities to serve the load requirements of all the parties as may be deemed advisable by the district to safeguard the business and properties of all the parties to such contracts, all within the limits of sound business judgment and practice, good conscience, and not contrary to the public policy of the state;

(c) To prevent or aid in the prevention of damage to person or property from the waters of the Grand River and its tributaries;

(d) To forest and reforest and to aid in the foresting and reforesting of the watershed area of the Grand River and its tributaries and to prevent and to aid in the prevention of soil erosion and floods within said watershed area;

(e) To acquire by purchase, lease, gift, or in any other manner, and to maintain, use and operate or to contract for the maintenance, use and operation of any and all property of any kind, real, personal, or mixed, or any interest therein, and to own, construct, operate and maintain any project or works in conjunction or jointly with, as tenants in common, any public or private corporation duly authorized and qualified to do business within this state including, but not limited to, rural electric cooperatives of the State of Oklahoma or the United States of America, or any department, subdivision or agency of the State of Oklahoma or the United States of America, or with any "public agency" as defined under the Interlocal Cooperation Act, Sections 1001 through 1008 of Title 74 of the Oklahoma Statutes, within or without the boundaries of the district, necessary, incidental or convenient to the exercise of the powers, rights, privileges and functions conferred upon it by this act;

(f) In addition to any other powers conferred, the district shall have power and authority to participate and enter into agreements with any public or private corporation duly authorized and qualified to do business within the State of Oklahoma including, but not limited to, rural electric cooperatives, the state or the United States of America or any department, subdivision or agency of the state or the United States of America, or with any "public agency" as defined under the Interlocal Cooperation Act, Sections 1001 through 1008 of Title 74 of the Oklahoma Statutes, for the purpose of planning, acquiring, financing, owning, operating and maintaining an undivided ownership of any steam, oil, gas, coal-fired, thermal, geothermal, solar, waste or refuse reclamation powered electric generating

plant or plants or any facilities of every kind necessary, incidental or convenient for the production, generation and transmission of electric power and energy including, but not limited to, any and all related transmission facilities, which shall be used as common facilities. The agreements shall provide that the district and any participants therein shall have the incidents of tenant in common to any plant or facility. It shall also be provided in the agreements that the district and any participant in the project shall own a percentage of any common facility equal to the percentage of the money furnished or the value of property supplied by it for the acquisition and construction thereof and shall own and control a like percentage of the electrical output thereof.

Each participant shall defray its own interest payments and other payments required to be made or deposited in connection with any financing undertaken by it to pay its percentage of the money furnished or value of property supplied by it for the planning, acquisition and construction of any common facility, or any additions or betterments thereto. The agreement shall further provide a uniform method of determining and allocating operation and maintenance expenses of the common facility.

In carrying out the powers granted in this section, the district and each participant shall be severally liable only for its own acts and not jointly or severally liable for the acts, omissions or obligations of others. No money or property supplied by the district or any participant for the planning, financing, acquiring, constructing, operating or maintaining of any common plant or facility shall be credited or otherwise applied to the account of any other participant therein, nor shall the undivided share of the district or any participant therein be charged, directly or indirectly, with any debt or obligation of any other participant or be subject to any lien as a result thereof. No action in connection with a common facility shall be binding upon the district except as expressly authorized and provided for in the participation agreement;

(g) In addition to the powers conferred in paragraph (f) of this section, the district shall have power and authority to participate and enter into agreements with any public or private corporation duly authorized and qualified to do business within this state including, but not limited to, rural electric cooperatives, the State of Oklahoma or the United States of America or any department, subdivision or agency of the State of Oklahoma or the United States of America, or with any "public agency" as defined under the Interlocal Cooperation Act, Sections 1001 through 1008 of Title 74 of the Oklahoma Statutes, for the purpose of planning, acquiring, financing, owning, operating and maintaining undivided ownership interests in any steam, oil, gas, coal-fired, thermal, geothermal, solar, waste or refuse reclamation powered electric generating plant or plants or any other facilities of every kind necessary, incidental or convenient for the production, generation and transmission of electric power and energy including, but not limited to, any and all related transmission or other facilities which are to be used as common facilities and to cooperate with other state agencies and public trusts to promote economic development in the state and to assist in attracting industry to the state. Such undivided ownership interests may be created by an agreement entered into with respect to property to be acquired by the district. Any such agreement may be a sale agreement, with the purchase price payable at one time or in installments at such time and over such period as shall be agreed to by the parties thereto, a lease agreement, with a nominal purchase option, or any other type of agreement. In addition to the purchase price, the district shall be fully indemnified as to operation, maintenance, administrative and other expenses incurred with respect to such undivided interest. Any payment received in respect to any such agreement shall be deemed revenues of the Authority. The district is hereby authorized to enter into any such agreement in order to sell, lease or otherwise convey undivided ownership interests in any such property. Any such agreement shall specify the undivided interest to be owned or acquired by each of the participants, provide for a waiver of

partition, prescribe the time of vesting of such interest and the amount of electrical output to be owned and controlled by any participant.

Each participant shall defray its own interest and other payments required to be made or deposited in connection with any financing undertaken by it to pay its percentage of the money furnished or value of property supplied by it for the planning, acquisition and construction of any common facility, or any additions or betterments thereto. The agreement shall provide a uniform method of determining and allocating operation and maintenance expenses of the common facility.

In carrying out the powers granted in this section, the district and each participant shall be severally liable only for its own acts and not jointly or severally liable for the acts, omissions or obligations of others. No money or property supplied by the district or any participant for the planning, financing, acquiring, constructing, operating or maintaining of any common plant or facility shall be credited or otherwise applied to the account of any other participant therein, nor shall the undivided share of the district or any participant therein be charged, directly or indirectly, with any debt or obligation of any other participant or be subject to any lien as a result thereof. No action in connection with a common facility shall be binding upon the district except as expressly authorized and provided for in the participation agreement;

(h) To acquire by condemnation any and all property of any kind, real, personal, or mixed, or any interest therein, within or without the boundaries of the district, necessary, incidental or convenient to the exercise of the powers, rights, privileges and functions conferred upon it by this act, in the manner provided by general law with respect to condemnation; provided that nothing in this act shall ever be construed to authorize the district to acquire by condemnation any privately, municipally or publicly owned electric public utility system or any part thereof outside of the high-water mark of a reservoir area or outside a properly located damsite, except the districts may require the relocation

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of transmission lines and substations so owned where such relocation is necessary for the construction and maintenance of dams, reservoirs, levees, spillways and floodways, and in such event just compensation shall be paid. Provided that the Grand River Dam Authority shall have the right to cross transmission lines of other electric utility companies under proper engineering standards of construction as approved by the Corporation Commission;

(i) Subject to the provisions of this act, from time to time sell, which shall include, but not be limited to, an installment sale agreement, lease with nominal purchase options, or otherwise dispose of any property of any kind, real, personal or mixed, or any interest therein, which shall not be necessary to the carrying on of the business of the district;

(j) To overflow and inundate any public lands and public property and to require the relocation of roads and highways in the manner and to the extent necessary to carry out the purposes of this act; provided, that said district shall be liable in damages to the State of Oklahoma or any subdivision thereof for any injury occasioned or expense incurred by reason thereof;

(k) To construct, extend, improve, maintain and reconstruct, to cause to be constructed, extended, improved, maintained and reconstructed, and to use and operate any and all facilities of any kind necessary, incidental or convenient to the exercise of such powers, rights, privileges and functions;

(l) To sue and be sued in its corporate name in contracts, reverse condemnation, tort, equity, mandamus and similar actions and in its own name plead and be impleaded, provided, however, that any and all actions of law or in an equity against the district shall be brought in the county in which the principal office of the district shall be located or in the county where the cause of action arose;

(m) To adopt, use and alter a corporate seal;

(n) To make bylaws for the management and regulation of its affairs;

(o) To appoint officers, agents and employees, to prescribe their duties and to fix their compensation; and enter into contracts with labor unions, provided, that contracts with labor unions shall not abrogate the rights of the district to cooperate and carry out Veterans on the Job Training;

(p) To make contracts and to execute instruments necessary, incidental or convenient to the exercise of the powers, rights, privileges and functions conferred upon it by this act;

(q) To borrow money for its corporate purposes and, without limitation of the generality of the foregoing, to borrow money and accept grants from the United States of America, or from any corporation or agency created or designated by the United States of America, and, in connection with any such loan or grant, to enter into such agreements as the United States of America or such corporation or agency may require; and to make and issue its negotiable bonds for money borrowed, in the manner provided in this act. Nothing in this act shall authorize the issuance of any bonds, notes or other evidences of indebtedness of the district, except as specifically provided in this act;

(r) To prescribe and enforce rules ~~and regulations~~ for the use for recreational and commercial purposes of the lakes created by the district by impounding the waters of said lakes, and the shorelands of the district bordering thereon, including the use of firearms, the inspection of all boats of every character proposing to operate or operating on said lakes, the issuance of permits for the operation of boats, surfboards, aquaplanes, sea-skis or similar devices on said lakes for hire; the charging and collection of fees for the inspection or operation of such boats, surfboards, aquaplanes, sea-skis or other similar devices on said lakes for hire; preventing the launching or operation of any commercial or for-hire boat, surfboard, aquaplane, sea-ski or similar device for hire, on the waters of said lakes, without a certificate of inspection and a permit for such use; prescribing the type, style, location and equipment of all wharves, docks and anchorages along the shores and upon the water of said lakes; the issuance of permits for wharfage, dock or anchorage privileges and

charging fees for such commercial or private permits; and the establishment and maintenance of public wharves, docks or anchorages and the charging and collection of fees for the use thereof by the public; to appoint or employ such persons as the district may deem proper and suitable for the purpose of enforcing such rules and regulations as may be issued hereunder, or as may be issued pursuant to the provisions of Sections 4200 et seq. of Title 63 of the Oklahoma Statutes, and for the enforcing of the provisions of this act, and all violations of criminal laws occurring within the ~~boundary~~ boundaries of ~~all~~ the counties where real property owned or leased by the Grand River Dam Authority is located, which employees shall have the power of peace officers during the performance of those duties, except in the serving or execution of civil process; and

(s) To do any and all other acts or things necessary, incidental or convenient to the exercise of the powers, rights, privileges or functions conferred upon it by this act or any other act or law. Provided said district shall be liable for damage caused by said district, its agents, servants and employees in creating, constructing, maintaining or operating said district to any corporation, partnership, person or individual whose property, either real or personal, within or without said district, has been damaged and said damages may be determined by appropriate action as provided by law. Nothing in this act shall be construed as rendering the district liable for damage where it is not liable on general principles of law or statute or Constitutional provision.

Provided, however, that in the course of exercising its powers as herein enumerated, the said district shall at all times consider the rights and needs of the people living within and upon the land lying within the watershed of the rivers or streams developed by the district; provided, however, that nothing herein shall prevent the district from selling for irrigation purposes within the boundaries of the district any water impounded by it under authority of law, provided that nothing herein contained shall authorize the state to engage in agriculture except for

educational and scientific purposes and for the support of its penal, charitable, and educational institutions.

SECTION 14. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 863A of Title 82, unless there is created a duplication in numbering, reads as follows:

A. The powers, rights, privileges and functions of the Grand River Dam Authority, hereinafter referred to as the district, shall be exercised by a board of nine (9) directors, which includes two ex officio voting members as set out below, herein called the Board, to be appointed by the Governor, by and with the advice and consent of the Senate, all of whom, except as herein specifically provided, shall be residents of the district.

No more than two (2) directors shall be residents of the same county; provided, that no person shall be eligible for such appointment if the person, during the three (3) years prior to the appointment, has been employed by an investor-owned utility company of any kind or character whatsoever, or has held a federal, state or county office, elective or appointive. Each director, except as herein specifically provided, shall have lived in said district five (5) years prior to appointment of that director.

B. On and after January 1, 1999, as vacancies occur on the Board of Directors of the district, appointments shall be made by the Governor as follows:

1. For the vacancy occurring in January 1999, the rural electric cooperative customers of the district, including any rural electric cooperative receiving its electricity from any wholesale cooperative customer of the district, shall meet and select three (3) nominees, which shall be officials of a rural electric cooperative served by the district, to forward to the Governor within thirty (30) days of the vacancy occurring in January 1999 and thereafter. The Governor shall appoint one person from the list of nominees submitted by the cooperative customers;

2. For the vacancy occurring in January 2000, the municipal customers of the district shall meet and select three (3) nominees, which shall be elected or appointed municipal officials or chief executive officers of a municipality served by the district, to forward to the Governor within thirty (30) days of the vacancy occurring in January 2000 and thereafter. The Governor shall appoint one person from the list of nominees submitted by the municipal customers;

3. For the vacancy occurring in January 2001 and, thereafter, the Governor shall appoint an at-large director;

4. For the vacancy occurring in January 2002, the industrial customers of the district shall meet and select three (3) nominees to forward to the Governor within thirty (30) days of the vacancy occurring in January 2002 and thereafter. The Governor shall appoint one person from the list of nominees submitted by the industrial customers;

5. For the vacancy occurring in January 2003, the Grand River Dam Authority Lakes Advisory Commission shall meet and select three nominees to forward to the Governor within thirty (30) days of the vacancy occurring in January 2003 and thereafter. The Governor shall appoint one person from the list of nominees submitted by the Lakes Advisory Commission;

6. For the vacancy occurring in January 2004, the President Pro Tempore of the State Senate shall submit a nominee to the Governor for appointment to the district of the vacancy occurring in January 2004 and thereafter;

7. For the vacancy occurring in January 2005, the Speaker of the House of Representatives shall submit a nominee to the Governor for appointment to the district of the vacancy occurring in January 2005 and thereafter;

8. On and after January 1, 1999, the State Bond Advisor or his or her designee, whether a resident of the district or not, shall serve as an ex officio, voting director of the district;

9. On and after January 1, 1999, the Oklahoma State Treasurer or the Treasurer's designee, whether a resident of the district or

not, shall serve as an ex officio, voting director of the district.

C. 1. The terms of office of the directors first taking office after January 1, 1999 shall be for a term of seven (7) years and shall expire as provided in this section; one on the second Tuesday of January, 2008; one on the second Tuesday of January, 2009; one on the second Tuesday of January, 2010; one on the second Tuesday of January, 2011; one on the second Tuesday of January, 2012; one on the second Tuesday of January, 2013; and one on the second Tuesday of January, 2014.

2. A successor to a director of the Board shall be appointed in the same manner as the original directors and shall have a term of seven (7) years from the date of the expiration of the term for which the predecessor was appointed.

3. Any director appointed to fill a vacancy on the Board occurring prior to the expiration of the term for which the predecessor was appointed shall be appointed for the remainder of such term.

4. No director shall be appointed to more than one full seven-year term; provided, however, that a director may fill the unexpired portion of a term in addition to one full seven-year term.

D. Each director shall qualify by taking the official oath of office prescribed by general statute. Any director may be removed from office for just cause by the Governor.

E. Each director shall have a demonstrated capacity in business, finance or professional fields.

F. Each director shall be allowed actual and necessary expenses incurred by the director in attending the meetings of the Board and in attending to the authorized business of the district pursuant to the State Travel Reimbursement Act. No director shall, at the same time such director is serving on the Board, hold any other position with the Grand Driver Dam Authority.

G. The time and place of the regular meetings and the manner in which special meetings may be called shall be set forth in the bylaws of the said Authority. Four directors shall constitute a

quorum at any meeting, and, except as otherwise provided in this act or in the bylaws, all action may be taken by the affirmative vote of the majority of the Board present at any such meeting, except that no contracts which involve an amount greater than Five Thousand Dollars (\$5,000.00), or which are to run for a longer period than one (1) year, and no bonds, notes or other evidence of indebtedness, and no amendment of the bylaws, shall be valid unless authorized or ratified by the affirmative vote of at least four directors.

SECTION 15. AMENDATORY 82 O.S. 1991, Section 864, as last amended by Section 2, Chapter 240, O.S.L. 1997 (82 O.S. Supp. 1997, Section 864), is amended to read as follows:

Section 864. A. 1. The Board of Directors of the Grand River Dam Authority shall select a secretary who shall keep true and complete records of all proceedings of the Board. Until the appointment of a secretary, or in the event of absence or inability to act, a secretary pro tempore shall be selected by the Board.

2. The Board shall also select a general manager, who shall be the chief executive officer of the district, and a treasurer, who may also hold the office of secretary.

3. All such officers shall have the powers and duties, and shall hold office for such term and be subject to removal in such manner as may be provided in the compensation of such officers. The Board may appoint such officers, fix their compensation and term of office and the method by which they may be removed and delegate to them such other powers and duties as it may deem appropriate.

4. Except for the purpose of inquiry, the Board and its members shall deal with the operations of the district solely through the general manager. The Board and its members shall not:

- a. direct or request the general manager or other authority to appoint or remove officers or employees except as herein provided,

- b. participate in any manner in the appointment or removal of officers and employees of the district, except as provided by law, or
- c. give orders or ordinary administrative matters to any subordinate of the general manager either publicly or privately.

B. The ~~Board~~ general manager may appoint such other officers, agents, and employees, fix their compensation pursuant to the provisions of this section, and term of office and the method by which they may be removed, and delegate to them such of its power and duties as ~~it~~ the general manager may deem proper.

C. ~~The~~ Except as provided in subsection A of this section, the compensation of employees of the Grand River Dam Authority shall be computed as follows:

1. Beginning July 1, 1993, and biannually thereafter, the Office of Personnel Management shall conduct a comprehensive classification and compensation study of all positions in the Grand River Dam Authority. The study shall include, but not be limited to, an analysis of prevailing rates of pay for all positions in electrical generating utilities for jobs comparable to those performed by employees of the Grand River Dam Authority. A report shall be provided to the Governor, the President Pro Tempore of the Senate, the Speaker of the House of Representatives and the Board of Directors of the Grand River Dam Authority by January 1, 1994. The report shall include an analysis of all positions and classifications and recommend an average comparable pay scale developed through the study. The Grand River Dam Authority shall bear the cost of the study;

2. Beginning July 1, 1994, the Board of Directors of the Grand River Dam Authority shall implement the classification and compensation recommendations as appropriate if fiscal constraints and commitments to ratepayers permit. Such implementation shall be within existing guidelines of the Merit System as determined by the Office of Personnel Management; and

3. Beginning July 1, 1997, the Board of Directors of the Grand River Dam Authority may implement adjustments in

compensation to correct internal inequities as determined by the Board of Directors. The total of these adjustments and those described in paragraph 2 of this subsection shall not increase the base payroll in excess of the recommendation in the Office of Personnel Management study.

SECTION 16. REPEALER 82 O.S. 1991, Section 863, as amended by Section 1, Chapter 240, O.S.L. 1997 (82 O.S. Supp. 1997, Section 863), is hereby repealed.

SECTION 17. Sections 14, 15 and 16 of this act shall become effective January 1, 1999.

SECTION 18. 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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