

STATE OF OKLAHOMA

2nd Session of the 48th Legislature (2002)

COMMITTEE SUBSTITUTE  
FOR  
HOUSE BILL NO. 2135

By: Wright

COMMITTEE SUBSTITUTE

An Act relating to electric utilities; creating the Energy Security Act of 2002; stating legislative findings; directing the Corporation Commission to use an accelerated depreciation rate for certain investments in determining the fixed rate charge for certain electric utilities; listing types of investments eligible for accelerated depreciation; requiring adjustment of fixed rate charge upon completion of the eligible investment; providing for continued depreciation of eligible investments in certain circumstances; providing for codification; and providing an effective date.

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

SECTION 1. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 290 of Title 17, unless there is created a duplication in numbering, reads as follows:

This act shall be known and may be cited as the "Energy Security Act of 2002".

SECTION 2. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 291 of Title 17, unless there is created a duplication in numbering, reads as follows:

A. The Legislature finds that in light of the uncertainty of the current regulatory environment for the electric utility industry in the State of Oklahoma, there needs to be an incentive to encourage regulated electric utilities subject to rate proceedings by the Oklahoma Corporation Commission to invest in diversified

generation facilities and to recoup that investment in a shorter amount of time.

B. Beginning after the effective date of this act, the Corporation Commission shall use an accelerated depreciation rate of seven (7) years for the life of a generation facility in determining the fixed rate charge for any regulated electric utility which makes:

1. An additional investment in an amount of more than One Hundred Million Dollars (\$100,000,000.00) in capital construction for a new coal-fired generation facility within the state;

2. An upgrade in an amount of more than Fifty Million Dollars (\$50,000,000.00) to an existing coal-fired generation facility within the state to enhance the environmental efficiency of the facility; or

3. An upgrade in an amount of more than Fifty Million Dollars (\$50,000,000.00) to an existing coal-fired generation facility within the state which will extend the useful life of the facility for at least ten (10) years past the previously projected life of the facility.

C. The Corporation Commission shall adjust the fixed rate charge of a regulated electric utility as provided for in subsection B of this section upon completion of the construction of a newly constructed coal-fired generation facility or completion of upgrades to an existing coal-fired generation facility as determined by the Commission.

D. If the rates for electric utilities in the state are still regulated by the Corporation Commission upon full depreciation of the life of any newly constructed coal-fired generation facility or upgrades to an existing coal-fired generation facility as provided for in subsection B of this section the fixed rate charge for the electric utility with the new or existing facility shall continue to reflect the fully depreciated value of that capital investment.

SECTION 3. This act shall become effective November 1, 2002.

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