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THE STATE SENATE
Wednesday, February 11, 2004

Senate Bill No. 1317

SENATE BILL NO. 1317 - By: HELTON of the Senate and WELLS of the House.

An Act relating to natural gas; amending 17 O.S. 2001, Section 250, which relates to rate adjustments; modifying certain term; and declaring an emergency.

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

SECTION 1. AMENDATORY 17 O.S. 2001, 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" mean 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

1 which exempts such transactions from the jurisdiction of the Federal
2 Power Commission;

3 4. "Fair field price" means the value attributed to gas
4 produced from wells owned by a public utility, or a subsidiary or
5 affiliate of a public utility, which shall be the going price paid
6 by the utility, subsidiary or affiliate to others in the field where
7 such production is located. If the utility, subsidiary or affiliate
8 is not purchasing gas in such field, then such value shall be the
9 price paid by the utility, subsidiary or affiliate in the nearest
10 field where conditions are similar. The value to be attributed to
11 residue gas owned by a public utility, or a subsidiary or affiliate
12 of a public utility, from gas processing plants shall be the going
13 price paid by the utility, subsidiary or affiliate to others from
14 the same plant. If the utility, subsidiary or affiliate is not
15 purchasing gas from said plant, then the value shall be the price
16 paid by the utility, subsidiary or affiliate at the nearest plant
17 where conditions are similar. However, the Commission may require
18 an adjustment of the fair field price when it deems it proper to do
19 so based on information before it. The fair field price shall not
20 be applicable to gas purchased by a public utility from a subsidiary
21 or affiliate of a public utility pursuant to a competitive bid
22 process;

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

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

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

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

- 17 a. producing, generating, transmitting, distributing,
18 selling or furnishing electricity, or
- 19 b. transmitting, directly or indirectly, or distributing
20 combustible hydrocarbon natural or synthetic natural
21 gas for sale to the public or for wholesale, unless
22 its wholesale rates are regulated by a federal agency;
23 and

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

6 SECTION 2. It being immediately necessary for the preservation
7 of the public peace, health and safety, an emergency is hereby
8 declared to exist, by reason whereof this act shall take effect and
9 be in full force from and after its passage and approval.

10 COMMITTEE REPORT BY: COMMITTEE ON ENERGY, ENVIRONMENT &
11 COMMUNICATIONS, dated 2-5-04 - DO PASS, As Coauthored.