

STATE OF OKLAHOMA

1st Session of the 50th Legislature (2005)

HOUSE BILL 1910

By: Peters (Ron)

AS INTRODUCED

An Act relating to public utilities; allowing electric utilities to adjust rates for certain transmission costs incurred as a result of regulatory action; requiring submission of a report to the Corporation Commission; allowing the Commission to adjust changes and impose remedies; allowing electric utilities to file applications requesting authorization for certain capital expenditures; providing for adjustment in rates upon approval of application; requiring a report to the Commission; allowing the Commission to adjust rates and impose remedies; allowing electric utilities to file applications requesting construction or purchase of electric generation facilities; providing for inclusion of costs in rates; authorizing the Commission to determine maximum costs; providing for codification; and declaring an emergency.

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 286 of Title 17, unless there is created a duplication in numbering, reads as follows:

A. Transmission-related costs incurred by an electric utility which is subject to rate regulation by the Corporation Commission resulting directly or indirectly from an action of a regulatory authority having legal jurisdiction over transmission matters shall be conclusively presumed used and useful and an electric utility may adjust its rates whenever there is a change in transmission-related costs resulting from such an action. An electric utility shall submit a report to the Commission at least thirty (30) calendar days before adjusting the rates. If the Commission subsequently determines that all or part of such adjustment did not result directly or indirectly from an action described by this section, the

Commission may require changes in the rates and impose appropriate remedies.

B. An electric utility subject to rate regulation by the Corporation Commission may file an application seeking Commission authorization to make capital expenditures for equipment or facilities necessary to comply with the Federal Clean Air Act as amended or those federal, state or local environmental requirements which apply to coal combustion wastes and by-products from facilities utilized for production of energy from coal. If approved by the Commission, such equipment or facilities are conclusively presumed used and useful and an electric utility may periodically adjust its rates to recover the cost of the improvements when they are incurred. An electric utility shall submit a report to the Commission ninety (90) calendar days before adjusting the rates. If the Commission subsequently determines that all or part of such adjustment did not result directly or indirectly from the costs associated with the equipment or facilities approved by the Commission, the Commission may require changes in the rates and impose appropriate remedies.

C. An electric utility subject to rate regulation by the Corporation Commission may elect to file an application seeking Commission approval to construct a new electric generating facility or to purchase an existing electric generating facility. If the Commission determines that the construction or purchase of a generation facility is prudent, the expenditures associated with the construction or purchase are presumed used and useful and the Commission shall issue an order specifying the ratemaking principles that shall be applied when the costs of the facility are included in rates. The Commission may also determine the maximum costs associated with the facility which shall be presumed reasonable.

SECTION 2. 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.

50-1-6457      KB      01/19/05