

1                   **HOUSE OF REPRESENTATIVES - FLOOR VERSION**

2  
3                                   STATE OF OKLAHOMA

4                                   1st Session of the 53rd Legislature (2011)

5 COMMITTEE SUBSTITUTE  
6 FOR  
7 HOUSE BILL NO. 1955

                                  By: Mc Niel and Pittman of the  
                                  House

  and

  Treat of the Senate

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10  
11                                   COMMITTEE SUBSTITUTE

12                   An Act relating to public utilities; stating  
13                   findings; authorizing utilities to enter into long-  
14                   term gas supply agreements in a certain manner;  
15                   allowing long-term gas supply agreements to be filed  
16                   with the Corporation Commission; allowing inclusion  
17                   of certain request; requiring the Commission to  
18                   review and make a decision within certain time  
19                   period; allowing utilities to recover certain costs  
20                   upon approval of a long-term gas supply agreement;  
21                   prohibiting the Commission from reversing approval  
22                   under certain conditions; providing definition;  
23                   providing for codification; and providing an  
24                   effective date.

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

1 SECTION 1. NEW LAW A new section of law to be codified  
2 in the Oklahoma Statutes as Section 272 of Title 17, unless there is  
3 created a duplication in numbering, reads as follows:

4 A. The Legislature finds that the greater use of natural gas in  
5 power generation is a benefit to the sound economic, public health  
6 and environmental condition of this state.

7 B. In order to achieve the greater benefit as set forth in  
8 subsection A of this section, utilities shall be authorized to enter  
9 into long-term gas supply agreements for natural gas in a manner  
10 that protects electricity consumers. It is important to give  
11 financial markets confidence that utilities will be able to recover  
12 the costs of long-term gas supply agreements without the risk of  
13 future disallowance by the Corporation Commission of previously  
14 approved contracts or the rate recovery of the contract.

15 C. A utility may enter into long-term gas supply agreements to  
16 further the intent of this section. Prior to their execution, long-  
17 term gas supply agreements may be filed with the Corporation  
18 Commission for review and approval. The filing may also include a  
19 request to recover the cost of financial instruments to be used by  
20 the utility to manage price risk. The Commission shall determine  
21 whether the utility acted prudently by entering into the specific  
22 agreement, whether the proposed agreement appears to be beneficial  
23 to consumers and whether the agreement is in the public interest.

UNDERLINED language denotes Amendments to present Statutes.  
**BOLD FACE CAPITALIZED** language denotes Committee Amendments.  
~~Strike thru~~ language denotes deletion from present Statutes.

1 The Commission shall undertake review and render a decision on  
2 agreements within six (6) months of the filing. If the Commission  
3 approves the filing, the utility shall be entitled to recover  
4 through rates the costs it incurs under the approved agreement, and  
5 any approved amendments to the agreement, notwithstanding any change  
6 in the market price of natural gas during the term of the agreement.  
7 The Commission shall not reverse its approval of the long-term gas  
8 supply agreement even if the agreement price is higher than a future  
9 market price of natural gas.

10 D. As used in this section, "Long-term gas supply agreement"  
11 means any gas supply agreement with a term of not less than one (1)  
12 year or more than twenty (20) years.

13 SECTION 2. This act shall become effective November 1, 2011.

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15 COMMITTEE REPORT BY: COMMITTEE ON ENERGY AND UTILITY REGULATION,  
16 dated 02-23-2011 - DO PASS, As Amended and Coauthored.

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