

**Electricity Rate Amendments**

2025 GENERAL SESSION

STATE OF UTAH

**Chief Sponsor: Carl R. Albrecht**

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**LONG TITLE****Committee Note:**

The Public Utilities, Energy, and Technology Interim Committee recommended this bill.

Legislative Vote: 8 voting for 2 voting against 6 absent

**General Description:**

This bill modifies provisions related to public utility regulation.

**Highlighted Provisions:**

This bill:

- establishes requirements for the Public Service Commission to prioritize Utah ratepayer interests when allocating utility costs;

- prohibits cost recovery from Utah ratepayers for facilities and programs primarily benefiting other states;

- eliminates electrical corporation energy balancing account cost recovery for costs incurred after December 31, 2024; and

- maintains existing energy balancing account provisions for costs incurred before December 31, 2024.

**Money Appropriated in this Bill:**

None

**Other Special Clauses:**

None

**Utah Code Sections Affected:**

AMENDS:

**54-7-13.5**, as last amended by Laws of Utah 2021, Chapter 249

ENACTS:

**54-4-4.2**, Utah Code Annotated 1953

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*Be it enacted by the Legislature of the state of Utah:*

Section 1. Section **54-4-4.2** is enacted to read:

**54-4-4.2 . Utah ratepayer interests -- priority.**

- 32 (1) Before the commission may approve allocation of costs to Utah ratepayers, a public  
33 utility operating in Utah and other states shall demonstrate by a preponderance of  
34 evidence that:
- 35 (a) the allocated costs provide direct benefits to Utah ratepayers;
  - 36 (b) the cost allocation methodology aligns costs with benefits to Utah ratepayers; and
  - 37 (c) Utah ratepayers are not subsidizing benefits provided to ratepayers in other states.
- 38 (2) The commission may not approve recovery of costs from Utah ratepayers for:
- 39 (a) facilities, programs, or investments that primarily benefit ratepayers in other states;
  - 40 (b) compliance with other states' laws or regulations unless directly benefiting Utah  
41 ratepayers; or
  - 42 (c) liabilities arising from events or conditions in other states unless directly related to  
43 service provided to Utah ratepayers.

44 Section 2. Section **54-7-13.5** is amended to read:

45 **54-7-13.5 . Energy balancing accounts.**

- 46 (1) As used in this section:
- 47 (a) "Base rates" means the same as that term is defined in Subsection 54-7-12(1).
  - 48 (b) "Energy balancing account" means an electrical corporation account for some or all  
49 components of the electrical corporation's incurred actual power costs, including:
    - 50 (i)(A) fuel;
    - 51 (B) purchased power; and
    - 52 (C) wheeling expenses; and
    - 53 (ii) the sum of the power costs described in Subsection (1)(b)(i) less wholesale  
54 revenue.
  - 55 (c) "Gas balancing account" means a gas corporation account to recover on a  
56 dollar-for-dollar basis, purchased gas costs, and gas cost-related expenses.
- 57 (2)(a) The commission may authorize an electrical corporation to establish an energy  
58 balancing account.
- 59 (b) An energy balancing account shall become effective upon a commission finding that  
60 the energy balancing account is:
    - 61 (i) in the public interest;
    - 62 (ii) for prudently-incurred costs; and
    - 63 (iii) implemented at the conclusion of a general rate case.
  - 64 (c) An electrical corporation:
    - 65 (i) may, with approval from the commission, recover costs under this section through:

- 66 (A) base rates;
- 67 (B) contract rates;
- 68 (C) surcredits; or
- 69 (D) surcharges; and
- 70 (ii) shall file a reconciliation of the energy balancing account with the commission at
- 71 least annually with actual costs and revenue incurred by the electrical corporation.
- 72 (d) For an electrical corporation with an energy balancing account established before
- 73 January 1, 2016, the commission shall allow an electrical corporation to recover
- 74 100% of the electrical corporation's prudently incurred costs as determined and
- 75 approved by the commission under this section.
- 76 (e) Except in the case of an interim rate request made in accordance with Subsection
- 77 (2)(k), an energy balancing account may not alter:
- 78 (i) the standard for cost recovery; or
- 79 (ii) the electrical corporation's burden of proof.
- 80 (f) The collection method described in Subsection (2)(c)(i) shall:
- 81 (i) apply to the appropriate billing components in base rates; and
- 82 (ii) be incorporated into base rates in an appropriate commission proceeding.
- 83 (g) The collection of costs related to an energy balancing account from customers
- 84 paying contract rates shall be governed by the terms of the contract.
- 85 (h) Revenue collected in excess of prudently incurred actual costs shall:
- 86 (i) be refunded as a bill surcredit to an electrical corporation's customers over a
- 87 period specified by the commission; and
- 88 (ii) include a carrying charge.
- 89 (i) Prudently incurred actual costs in excess of revenue collected shall:
- 90 (i) be recovered as a bill surcharge over a period to be specified by the commission;
- 91 and
- 92 (ii) include a carrying charge.
- 93 (j) The carrying charge applied to the balance in an energy balancing account shall be:
- 94 (i) determined by the commission; and
- 95 (ii) symmetrical for over or under collections.
- 96 (k)(i) The commission may consider an interim rate request made as a part of an
- 97 electrical corporation's filing an energy balancing account.
- 98 (ii) The commission, on the commission's own initiative or in response to an interim
- 99 rate request by an electrical corporation or another party:

- 100 (A) shall hold a hearing on an interim rate; and
- 101 (B) if the electrical corporation or the other party makes the showing required by
- 102 Subsection (2)(k)(iii), may allow any rate increase or decrease, or a reasonable
- 103 part of the rate increase or decrease, to take effect on an interim basis, subject
- 104 to the commission's right to order a refund or surcharge.
- 105 (iii) The electrical corporation or the other party shall make an adequate prima facie
- 106 showing that:
- 107 (A) the proposed interim rate appears consistent with prior years' filings; and
- 108 (B) the interim rate requested is more likely to reflect actual power costs than the
- 109 current base rates.
- 110 (l) The commission may issue a final order establishing and fixing the electrical
- 111 corporation's energy balancing account:
- 112 (i) after a hearing; and
- 113 (ii) before the expiration of 300 days after the day on which the electrical corporation
- 114 files a complete filing.
- 115 (m)(i) If the commission in the commission's final decision on an electrical
- 116 corporation's energy balancing account finds that the interim rate ordered under
- 117 Subsection (2)(k)(ii) exceeds the rate finally determined in the energy balancing
- 118 account, the commission shall order the electrical corporation to refund the excess
- 119 revenue generated by the interim rate to customers.
- 120 (ii) If the commission in the commission's final decision on an electrical corporation's
- 121 energy balancing account finds that the interim rate ordered under Subsection
- 122 (2)(k)(ii) is lower than the rate finally determined in the energy balancing account,
- 123 the commission shall order the electrical corporation to charge a surcharge to
- 124 customers to recover the revenue not recovered during that period.
- 125 (3)(a) The commission may:
- 126 (i) establish a gas balancing account for a gas corporation; and
- 127 (ii) set forth procedures for a gas corporation's gas balancing account in the gas
- 128 corporation's commission-approved tariff.
- 129 (b) A gas balancing account may not alter:
- 130 (i) the standard of cost recovery; or
- 131 (ii) the gas corporation's burden of proof.
- 132 (4)(a) All allowed costs and revenue associated with an energy balancing account or gas
- 133 balancing account shall remain in the respective balancing account until charged or

- 134 refunded to customers.
- 135 (b) The balance of an energy balancing account or gas balancing account may not be:
- 136 (i) transferred by the electrical corporation or gas corporation; or
- 137 (ii) used by the commission to impute earnings or losses to the electrical corporation
- 138 or gas corporation.
- 139 (c) An energy balancing account or gas balancing account that is formed and maintained
- 140 in accordance with this section does not constitute impermissible retroactive
- 141 ratemaking or single-issue ratemaking.
- 142 (5) This section does not create a presumption for or against approval of an energy
- 143 balancing account.
- 144 (6)(a) An electrical corporation that has established an energy balancing account under
- 145 this section shall report to the Public Utilities, Energy, and Technology Interim
- 146 Committee before December 1 of each even numbered year.
- 147 (b) The report required in Subsection (6)(a) shall provide information regarding:
- 148 (i) the continued 100% recovery of the electrical corporation's prudently incurred
- 149 costs related to the energy balancing account; and
- 150 (ii) any determination by the commission of costs not prudently incurred.
- 151 (7) Notwithstanding any other provision of this section, an electrical corporation may not
- 152 recover through an energy balancing account any costs incurred after December 31,
- 153 2024.

154 **Section 3. Effective Date.**

155 This bill takes effect on May 7, 2025.