

PUBLIC UTILITY EXPENDITURES AMENDMENTS

2024 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Nate Blouin

House Sponsor: _____

LONG TITLE

General Description:

This bill prohibits a qualified utility from recovering in rates expenses related to advertising, lobbying, and political activities.

Highlighted Provisions:

This bill:

- ▶ defines terms;
- ▶ prohibits a qualified utility from recovering in rates certain advertising, lobbying, and political influence expenses;
- ▶ requires a qualified utility to file an annual report detailing prior year expenses related to advertising, lobbying, and political activities;
- ▶ specifies information that must be included in the annual report; and
- ▶ establishes penalties for a qualified utility that improperly recovers prohibited expenses.

Money Appropriated in this Bill:

None

Other Special Clauses:

None

Utah Code Sections Affected:

ENACTS:

54-4-43, Utah Code Annotated 1953



28
29
30
31
32
33
34
35
36
37
38
39
40
41
42
43
44
45
46
47
48
49
50
51
52
53
54
55
56
57
58

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

Section 1. Section **54-4-43** is enacted to read:

54-4-43. Cost recovery prohibitions.

(1) As used in this section:

(a) "Advertising" means publishing, disseminating, soliciting, or circulating information in written, online, video, or audio form with the intent to:

(i) induce a person to purchase or use a product, service, or business;

(ii) promote a business's brand; or

(iii) influence public opinion on legislative, administrative, electoral or other governmental matter.

(b) "Advertising" does not include:

(i) advertising required by law, regulation, or rule;

(ii) advertising directly related to a program regarding income-based rates, energy conservation, energy efficiency, or renewable energy offerings available to customers;

(iii) messaging regarding service interruptions, safety measures, or emergency conditions; or

(iv) advertising regarding employment opportunities with the qualified utility.

(c) "Expenses" means any payment made in the form of compensation that a qualified utility pays to an external firm, a corporate affiliate, or an employee of the qualified utility.

(d) "Lobbying" means directly, or through solicitation of others, communicating with an individual who is in a position to make a policy decision, in order to influence the outcome of a local, state, or federal legislation, regulation, or administrative rule.

(e) "Political activities" means activities that attempt to influence public opinion or sway the outcome of legislation, regulation, administrative rule, ballot initiative, referendum, or other electoral matter.

(2) A qualified utility may not recover in rates:

(a) advertising and public relations expenses that do not relate to a program or purpose authorized by statute or commission rule;

(b) expenses for:

(i) promoting or improving the qualified utility's brand;

- 59 (ii) influencing public opinion about the qualified utility; or
60 (iii) lobbying or political activities;
61 (c) expenses for organizational or membership dues, or other contributions, to an
62 organization, association, institution, corporation, or other entity that:
63 (i) engages in lobbying or political activities; or
64 (ii) engages in an activity with a similar purpose to lobbying and political activities; or
65 (d) contributions to:
66 (i) a political candidate;
67 (ii) a campaign committee; or
68 (iii) another similar political expense.
69 (3) A qualified utility shall file an annual report with the commission, by March 1 of
70 each year, detailing the prior calendar year's expenses related to advertising, lobbying, and
71 political activities.
72 (4) The report described in Subsection (3) shall include:
73 (a) an itemization of all expenses that the qualified utility incurred related to
74 advertising, lobbying, and political activities, including expenditures made directly by the
75 qualified utility or through an affiliate organization, that would have been charged to ratepayers
76 but for the prohibitions in this section;
77 (b) the total number of employees of the qualified utility that are engaged in
78 advertising, lobbying, political activities, or otherwise attempting to influence public opinion
79 about the qualified utility;
80 (c) for each employee described in Subsection (4)(b):
81 (i) the employee's job title and responsibilities;
82 (ii) the business unit in which the employee works; and
83 (iii) the percentage of the employee's salary charged to ratepayers; and
84 (d) any other disclosures deemed relevant by the commission regarding advertising,
85 lobbying, or political expenses.
86 (5) If the commission determines that a qualified utility violates this section by
87 recovering expenses prohibited in Section (2), the commission shall:
88 (a) require the qualified utility to reimburse ratepayers for the amount of expenses
89 improperly recovered, plus interest; and

90 (b) assess a non-recoverable penalty to the qualified utility in an amount that is not less
91 than the total amount of the cost that the qualified utility improperly recovered.

92 **Section 2. Effective date.**

93 This bill takes effect on May 1, 2024.