



ARIZONA HOUSE OF REPRESENTATIVES

Fifty-sixth Legislature
First Regular Session

House: NREW DP 6-4-0-0

HB 2440: electric energy; power companies; priorities

Sponsor: Representative Griffin, LD 19

House Engrossed

Overview

Requires public service corporations and public power entities to prioritize grid reliability and affordability to retail customers when planning electric generation, transmission and distribution resources and further requires these entities to conduct planning and investments to maintain reliable and affordable electric service.

History

Public service corporations are private, investor-owned utilities that provide a variety of services to customers such as telephone, water, electricity and sewer service ([Constitution of Arizona, Article 15, § 2](#)). The Arizona Corporation Commission oversees public service corporations by prescribing rules, regulations and orders that govern these corporation's rates, charges and classifications, which is collectively referred to as its "ratemaking authority." This rate-making authority is plenary and rests solely with the Arizona Corporation Commission. Additionally, the Arizona Corporation Commission has permissive authority to prescribe the forms of contracts and systems of accounts these corporations employ and make and enforce reasonable rules, regulations and orders for the convenience, comfort, safety and preservation of health of the corporation's employees and customers ([Constitution of Arizona, Article 15, § 3](#)). This permissive authority to issue orders for the convenience, comfort, safety and health of employees and customers is shared with, and (when conflicts arise) subordinate to, the Legislature's authority to protect public health, safety and welfare.

By contrast, public power entities are municipal corporations, cities, towns or other political subdivisions that generate, transmit distribute and otherwise provide electricity. (However, power districts, electrical districts, irrigation and water conservation districts, the Central Arizona Water Conservation District and Arizona Power Authority are not considered public power entities.) Examples of public power entities include the Cities of Mesa and Safford, the Salt River Project and distribution cooperatives. Public power entities are not considered public service corporations and therefore are not overseen by the Arizona Corporation Commission. Instead, the governing bodies for these entities are responsible for determining rates and policies ([A.R.S. § 30-801](#)).

Provisions

1. Directs public power entities and public service corporations to conduct infrastructure planning and investments to maintain reliable and affordable electric service. (Sec. 1 and 2)
2. Requires a public power entity's governing board to provide electric service at just and reasonable rates. (Sec. 1)
3. Requires a public service corporation to provide electric service at just and reasonable rates as determined by the Arizona Corporation Commission. (Sec. 2)

Prop 105 (45 votes) Prop 108 (40 votes) Emergency (40 votes) Fiscal Note

4. Instructs public power entities and public service corporations to prioritize grid reliability and affordability of costs to retail electric customers when making decisions on planning, investment, procurement and operations of electric generation, transmission and distribution resources. (Sec. 1 and 2)
5. Makes technical and conforming changes. (Sec. 2)