



ARIZONA HOUSE OF REPRESENTATIVES FLOOR AMENDMENT EXPLANATION

57th Legislature, 2nd Regular Session

Majority Research Staff

HB 2756: utilities; high load factor customers

GRIFFIN FLOOR AMENDMENT

1. Defines new extra high load factor customers. (Sec. 1, 2)
2. Modifies the rules that can be adopted by the Arizona Corporation Commission (ACC) as it relates to governing the terms of service for extra high load factor customers. (Sec. 2)
3. Removes the requirement that the ACC conduct a workshop to determine certain factor relating to extra high load factor customer's customer class or rates.
4. Expands the legislative findings section. (Sec. 4)

GRIFFIN SUBSTITUTE FLOOR AMENDMENT
HOUSE OF REPRESENTATIVES AMENDMENTS TO H.B. 2756

I move the following SUBSTITUTE amendment to the NATURAL RESOURCES, ENERGY & WATER
Committee Amendment to
HOUSE BILL 2756 (Reference to printed bill)

Amendment instruction key:

[GREEN UNDERLINING IN BRACKETS] indicates text added to statute or
previously enacted session law.
[Green underlining in brackets] indicates text added to new session law
or text restoring existing law.
[GREEN STRIKEOUT IN BRACKETS] indicates new text removed from statute
or previously enacted session law.
[Green strikeout in brackets] indicates text removed from existing statute,
previously enacted session law or new session law.
<<Green carets>> indicate a section added to the bill.
<<Green strikeout in carets>> indicates a section removed from the bill.

1 The bill as proposed to be amended is reprinted as follows:

2 Section 1. Title 30, Arizona Revised Statutes, is amended by adding
3 chapter 2, to read:

4 CHAPTER 2

5 PUBLIC POWER ENTITIES

6 ARTICLE 1. GENERAL PROVISIONS

7 30-301. Public power entities; new extra high load factor
8 customers; quarterly reports; load growth
9 projections

10 A. A PUBLIC POWER ENTITY THAT SERVES MORE THAN ONE MILLION
11 CONNECTIONS IN THIS STATE SHALL FILE WITH THE GOVERNING BODY OF THE PUBLIC
12 POWER ENTITY QUARTERLY REPORTS REGARDING NEW EXTRA HIGH LOAD FACTOR
13 CUSTOMERS [, AS DEFINED BY THE PUBLIC POWER ENTITY,] THAT INCLUDE BOTH OF
14 THE FOLLOWING [WITH RESPECT TO THE IMMEDIATELY PRECEDING QUARTER]:

15 1. THE NUMBER OF REQUESTS FOR INTERCONNECTION.

16 2. THE NUMBER OF COMPLETED INTERCONNECTIONS.

17 B. BEGINNING TWO YEARS AFTER THE EFFECTIVE DATE OF THIS SECTION,
18 THE GOVERNING BODY OF THE PUBLIC POWER ENTITY MAY SUSPEND THE QUARTERLY
19 REPORT REQUIREMENT BY A MAJORITY VOTE OF THE GOVERNING BODY IF THE NUMBERS
20 REPORTED BY THE PUBLIC POWER ENTITY PURSUANT TO SUBSECTION A OF THIS
21 SECTION ARE ZERO FOR AT LEAST TWO CONSECUTIVE QUARTERS. THE GOVERNING
22 BODY MAY VOTE TO REINSTATE THE QUARTERLY REPORT REQUIREMENT AT ANY TIME.

23 C. A PUBLIC POWER ENTITY THAT CONDUCTS INTEGRATED SYSTEM PLANNING
24 SHALL INCLUDE EXTRA HIGH LOAD FACTOR CUSTOMERS IN THE PUBLIC POWER
25 ENTITY'S LOAD GROWTH PROJECTIONS FOR THE INTEGRATED SYSTEM PLAN.

1 Sec. 2. Title 40, chapter 2, article 1, Arizona Revised Statutes,
2 is amended by adding section 40-207, to read:

3 40-207. Electric service corporations; new extra high load
4 factor customers; quarterly reports; load growth
5 projections; rules; exemption

6 A. AN ELECTRIC PUBLIC SERVICE CORPORATION OPERATING IN THIS STATE
7 SHALL FILE WITH THE CORPORATION COMMISSION QUARTERLY REPORTS REGARDING NEW
8 EXTRA HIGH LOAD FACTOR CUSTOMERS[, AS PRESCRIBED IN RULE,] THAT INCLUDE
9 BOTH OF THE FOLLOWING [WITH RESPECT TO THE IMMEDIATELY PRECEDING QUARTER]:

10 1. THE NUMBER OF REQUESTS FOR INTERCONNECTION.

11 2. THE NUMBER OF COMPLETED INTERCONNECTIONS.

12 B. BEGINNING TWO YEARS AFTER THE EFFECTIVE DATE OF THIS SECTION,
13 THE CORPORATION COMMISSION MAY SUSPEND THE QUARTERLY REPORT REQUIREMENT BY
14 A MAJORITY VOTE IF THE NUMBERS REPORTED BY THE ELECTRIC PUBLIC SERVICE
15 CORPORATION PURSUANT TO SUBSECTION A OF THIS SECTION ARE ZERO FOR AT LEAST
16 TWO CONSECUTIVE QUARTERS. THE CORPORATION COMMISSION MAY VOTE TO
17 REINSTATE THE QUARTERLY REPORT REQUIREMENT AT ANY TIME.

18 C. AN ELECTRIC PUBLIC SERVICE CORPORATION THAT CONDUCTS INTEGRATED
19 RESOURCE PLANNING SHALL INCLUDE EXTRA HIGH LOAD FACTOR CUSTOMERS IN THE
20 ELECTRIC PUBLIC SERVICE CORPORATION'S LOAD GROWTH PROJECTIONS FOR THE
21 INTEGRATED RESOURCE PLAN.

22 D. THE CORPORATION COMMISSION [~~SHALL~~] [MAY] ADOPT RULES PURSUANT TO
23 ARTICLE XV, SECTION 3, CONSTITUTION OF ARIZONA, THAT DO ALL OF THE
24 FOLLOWING:

25 ~~1. GOVERN THE BUSINESS TRANSACTION WITH EXTRA HIGH LOAD FACTOR~~
26 ~~CUSTOMERS.~~

27 ~~2. ESTABLISH THE MINIMUM BILLING REQUIREMENTS.~~

28 ~~3. PRESCRIBE THE FORM OF CONTRACTS THAT MAY BE USED WITH EXTRA HIGH~~
29 ~~LOAD FACTOR CUSTOMERS, INCLUDING:~~

30 ~~(a) THE LENGTH OF THE CONTRACT.~~

31 ~~(b) THE PAYMENT TERMS FOR BOTH OF THE FOLLOWING:~~

32 ~~(i) GRID UPGRADES.~~

33 ~~(ii) INVESTMENTS TO ACCOMMODATE THE EXTRA HIGH LOAD FACTOR CUSTOMER~~
34 ~~EVEN IF THE EXTRA HIGH LOAD FACTOR CUSTOMER NO LONGER DOES BUSINESS IN OR~~
35 ~~LEAVES THIS STATE.~~

36 ~~4. ESTABLISH A PROCESS FOR THE CORPORATION COMMISSION TO REVIEW AND~~
37 ~~APPROVE ALL EXTRA HIGH LOAD FACTOR CUSTOMER CONTRACTS AT LEAST THIRTY DAYS~~
38 ~~BEFORE THE EXECUTION OF THE CONTRACT TO ENSURE THE CONTRACT IS BOTH:~~

39 ~~(a) CONSISTENT WITH THE RULES ADOPTED BY THE CORPORATION~~
40 ~~COMMISSION.~~

41 ~~(b) IN THE BEST INTEREST OF OTHER RATEPAYERS AND CUSTOMER CLASSES~~
42 ~~THAT DO NOT INCLUDE THE EXTRA HIGH LOAD FACTOR CUSTOMER, INCLUDING~~
43 ~~RESIDENTIAL AND SMALL BUSINESS CUSTOMERS.] [ESTABLISH REQUIRED~~
44 ~~CHARACTERISTICS THAT GOVERN THE TERMS FOR ELECTRIC SERVICE PROVIDED TO~~
45 ~~EXTRA HIGH LOAD FACTOR CUSTOMERS THAT ARE NOT OTHERWISE PROVIDED SERVICE~~
46 ~~UNDER A PRE-EXISTING ELECTRIC PUBLIC SERVICE CORPORATION TARIFF. THE~~
47 ~~REQUIRED CHARACTERISTICS MAY INCLUDE ALL OF THE FOLLOWING AND ENSURE~~

1 FLEXIBILITY FOR AN ELECTRIC PUBLIC SERVICE CORPORATION TO DEFINE SPECIFIC
2 TERMS FOR EACH TRANSACTION ON A CASE-BY-CASE BASIS:

3 1. PROVISIONS FOR MINIMUM BILLING REQUIREMENTS.

4 2. MINIMUM CONTRACT LENGTH.

5 3. PROVISIONS THAT GOVERN EARLY EXIT OR TERMINATION OF SERVICE
6 BEFORE THE TERM OF A CONTRACT CONCLUDES.

7 4. REQUIREMENTS FOR CUSTOMER-PROVIDED SECURITY, GUARANTEES OR
8 COLLATERAL TO SUPPORT SERVICE CONTRACT OBLIGATIONS.

9 5. REQUIREMENTS FOR EXTRA HIGH LOAD FACTOR CUSTOMER PAYMENTS TO
10 COVER THE COSTS OF ANY INFRASTRUCTURE IMPROVEMENTS, ADDITIONS OR EXPANSION
11 THAT ARE NECESSARY TO FACILITATE SERVICE TO THE CUSTOMER, WHICH SHALL BE
12 SUPPORTED BY SCHEDULES FILED BY THE ELECTRIC PUBLIC SERVICE CORPORATION
13 THAT DEMONSTRATE THE PROTECTION OF NON-HIGH LOAD FACTOR CUSTOMERS FROM
14 CROSS-SUBSIDIZATION.]

15 E. THIS SECTION DOES NOT APPLY TO MEMBER-OWNED ELECTRIC
16 COOPERATIVES.

17 ~~<<Sec. 3. Corporation commission; workshop~~

18 ~~Within ninety days after the effective date of this act, the~~
19 ~~corporation commission shall conduct at least one workshop to determine~~
20 ~~whether:~~

21 ~~1. The utility revenues and costs from extra high load factor~~
22 ~~customers are resulting in increased or decreased residential bills.~~

23 ~~2. Any rules or policies should be adopted to establish a new~~
24 ~~customer class for extra high load factor customers or a specific rate~~
25 ~~design or cost allocation for extra high load factor customers.>>~~

26 Sec. 3. Cost-of-service studies; exemption

27 Within one hundred eighty days after the effective date of this act:

28 1. An electric public service corporation operating in this state
29 shall file with the corporation commission a cost-of-service study that
30 shows the cost allocation of serving new extra high load factor customers.
31 This paragraph does not apply to member-owned electric cooperatives.

32 2. A public power entity that services more than one million
33 connections in this state shall file with the governing body of the public
34 power entity a cost-of-service study that shows the cost allocation of
35 serving new extra high load factor customers.

36 Sec. 4. Legislative findings

37 The legislature finds that this act:

38 1. Is necessary pursuant to article XV, section 3, Constitution of
39 Arizona, "for the convenience, comfort, and safety, and the preservation
40 of the health, of patrons of such corporations".

41 2. Does not attempt to set or establish any specific rates or
42 charges to be made or collected by public service corporations or require
43 the corporation commission to set or adopt any specific rates or charges
44 to be made or collected by a public service corporation.

45 [3. Supports the adoption of rules and policies that establish new
46 customer classes, rate designs and cost allocation formulae for extra high

House Amendments to H.B. 2756

1 load factor customers that are reasonable and necessary to prevent cost
2 shifts to residential customers from extra high load factor customers.]

3 Enroll and engross to conform
4 Amend title to conform

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