

**MINUTES OF THE  
ENERGY POLICY TASK FORCE**

Thursday, July 19, 2001 – 9:00 a.m. – Room 303 State Capitol

**Members Present:**

Sen. Leonard M. Blackham, Senate Chair  
Rep. Thomas Hatch, House Chair  
Sen. Mike Dmitrich  
Sen. Dan R. Eastman  
Sen. Ed P. Mayne  
Rep. Sheryl L. Allen  
Rep. Ralph Becker  
Rep. Judy Ann Buffmire  
Rep. Kevin S. Garn  
Rep. Jack A. Seitz  
Rep. David Ure

**Members Excused:**

Sen. David H. Steele

**Staff Present:**

Ms. Chyleen Arbon, Research Analyst  
Ms. Patricia Owen, Associate General Counsel  
Ms. Jennifer Markham, Legislative Secretary

**Note:** A list of others present and a copy of materials distributed in the meeting are on file in the Office of Legislative Research and General Counsel.

**1. Task Force Business**

Chair Hatch called the meeting to order at 9:15 a.m.

**MOTION:** Rep. Allen moved to approve the minutes of the May 16, 2001 meeting. The motion passed unanimously, with Sen. Steele, Rep. Becker, Rep. Buffmire, and Rep. Ure absent for the vote.

**2. Western Governors' Association's Report on the RTO Transmission Plan**

Mr. Jeff Burks, Director, Office of Energy and Resource Planning, provided an overview of the Western Governors' Association's conceptual transmission plan and distributed copies of his slide presentation.

**3. Utah Governor's State Energy Policy**

Mr. Lowell Alt, Director, Division of Public Utilities, provided an update on the implementation of the Governor's energy policy and distributed a copy of the summary "Utah Governor's State Energy Policy."

**4. Allocation of Costs – Past, Present, and Future**

Ms. Patricia Owen, Associate General Counsel, gave a slide presentation "Allocating Costs of PacifiCorp: Past, Present, and Future – A Brief Overview." She provided task force members with printed copies.

Mr. Doug Larson, Vice President for Regulations, PacifiCorp, discussed the problems and outcomes of cost allocations. He stated that PacifiCorp's structural realignment proposal helps to clarify the path for future investment. He distributed a copy of his presentation "Cost Allocation Presentation to Utah Legislative Task Force."

Mr. Alt provided an overview of the interstate allocation of PacifiCorp's costs. He distributed a copy of his presentation and an article from the September 18, 2000 issue of *Inside FERC* regarding the Louisiana Public Service Commission.

#### **5. FERC's Actions to Assist California and the West – Its Effect on Utah**

Mr. Don Furman, Senior Vice President of Regulation, Government Affairs, and Communications, PacifiCorp, discussed FERC's price mitigation order on the wholesale market. He described the events leading to California's energy problems. He summarized actions that have recently resulted in reduced prices and the options available to protect Utah in the future.

Mr. Ted Rampton, Planning Manager, Utah Associated Municipal Power Systems (UAMPS), discussed the effect of FERC's price mitigation order on utilities, such as municipal power providers. He reviewed UAMPS' petition for rehearing, and he distributed a copy of his presentation "UAMPS' Concerns With the FERC Price Mitigation Order."

**MOTION:** Rep. Allen moved to direct staff to draft a letter from the task force co-chairs to FERC, outlining the problems UAMPS raised regarding the effect of FERC's actions on Utah. The motion passed unanimously, with Sen. Mayne, Sen. Steele, Rep. Garn, Rep. Seitz, and Rep. Ure absent for the vote.

Mr. Richard Judd, General Manager, Utah Municipal Power Agency, discussed the changes in the market since December.

Mr. Mike Peterson, Executive Director, Utah Rural Electric Association (REA), emphasized that because members of REA have adequate resources for customers, FERC's actions on Utah's rural electrical cooperative customers has been minimal. However, REA profits may decrease as a result of market rate decreases. He highlighted the difficulties of planning for future growth if there is a push for deregulation when rates are low and a push for regulation when rates are high. He discussed the long-term implications of FERC's price caps.

**6. Other Items/Adjourn**

Chair Hatch informed the committee that the next meeting will be September 13, but the October 25 meeting will be tentatively rescheduled to the morning of October 2, with October 9 as a back-up date.

**Motion:** Rep. Becker moved to adjourn the meeting. The motion passed unanimously, with Sen. Mayne, Rep. Allen, Rep. Garn, Rep. Seitz, and Rep. Ure absent for the vote.

Chair Hatch adjourned the meeting at 12:15 p.m.

