

STATE NEWS WEEKLY SUMMARY CONTINUED



and Creek County will share equally matching fund costs of \$7,578.

- **SUMNER:** flashing-light signals with gate arms and a 32 foot timber crossing surface at Red Rock Road near Sumner. The project cost is estimated at \$82,500. The Burlington Northern will pay \$8,250.

Combs said the upgrade projects comply with all state railroad crossing safety regulations. Crossing upgrades financed 90 percent by federal grade crossing improvement funds must be completed within 12 months, he added.

—MICHELLE BOYD WATERS
11/19/96

UTILITIES

TWO COMPANIES APPROVED FOR LOCAL TELEPHONE SERVICE

■(GIT) The Oklahoma Corporation Commission has approved the applications of Western Oklahoma Long Distance Inc., Clinton, and U.S. Long Distance Inc., San Antonio, Texas, to provide local-exchange telephone service in Oklahoma.

They are the sixth and seventh companies approved to compete for local-exchange customers since the Corporation Commission adopted Oklahoma local competition rules in March.

Application information filed with the Corporation Commission indicates Western Oklahoma Long Distance has been a reseller of long-distance services in Oklahoma since 1988.

The five companies approved earlier to compete for local-service telephone customers are AT&T Communications of the Southwest, two Oklahoma subsidiaries of Brooks Fiber Properties, St. Louis; Spring Communications, Kansas City; Dobson Wireless, Oklahoma City; and Chickasaw Telecommunications, Sulphur.

—MICHELLE BOYD WATERS
11/18/96

TASK FORCE DISCUSSES ELECTRIC UTILITY RESTRUCTURING BLUEPRINTS

■(GIT) The legislature's Joint Interim Committee on Electric Utility Task Force turned its attention Thursday to possible blueprints for electric utility restructuring.

Such restructuring, which is expected to lead to electric retail wheeling, is expected to "ultimately occur," said task force chairman Sen. Kevin Easley, D-Broken Arrow.

"The purpose of looking at these blueprints is to see how the state might go about implementing that."

The three blueprints offered Thursday varied in the degree of reform proposed, ranging from the slight to the sweeping.

Jim Wilson, manager of governmental affairs for OG&E, outlined the components he said that he and others with the company believed would be necessary to shape the move, a move he said his company did not endorse, but because it felt such a move was inevitable, believed it should play a role in shaping the move.

To be effective, Wilson told the task force, "The state of Oklahoma should enact customer choice in the selection of electric energy supply for all electric consumers when mandated by federal laws or when all surrounding states that touch Oklahoma borders have implemented retail wheeling or consumer choice."

If Oklahoma moves first, Wilson contended, it could allow out-of-state companies to "cherry pick" certain areas, leaving Oklahoma-based firms with stranded or unrecoverable investments in certain areas. Additionally, Wilson noted, Congress has considered and is likely to consider again electric utility deregulation legislation.

Asked by Easley whether waiting to implement restructuring might hurt economic development efforts in the state as industries located in other states where deregulation had reduced electricity costs, Wilson said, "No," adding that Oklahoma's electric rates were low, even in comparison to some states that had experimented with deregulation, such as California.

Wilson's blueprint also called for universal or open access to electric distribution systems.

Additionally, Wilson said, distribution access would be regulated by the Corporation Commission, having jurisdiction limited

to establishing distribution fees which would include stranded costs, social costs, access fees and exit fees for all electricity customers. Under the proposal, the Federal Energy Regulatory Commission (FERC) would continue to regulate charges for transmission access, while the generation of electricity and its marketing would remain unregulated.

In order to determine the cost of distributing electricity, Wilson proposed unbundling of distribution facilities.

An important component, Wilson said, of any restructuring effort would be tax equalization.

Specifically, Wilson proposed the repeal of all existing state taxes on electric utilities and on the sales of electricity. Those taxes would then be replaced with a 4.75 percent gross receipts tax on the retail sales of electricity. Two-and-three-quarters percent of that revenue would be allocated to schools and vo-techs on the basis of average daily attendance, he added, while one percent of the tax revenue would be allocated to the counties on the basis of revenue obtained from each county on electricity sales. One percent of the revenue would be deposited in the state's general fund.

Admitting that such a proposal might not be politically popular, Wilson advanced a second tax equalization proposal to repeal the state sales tax applicable to retail sales of electricity and exempt sales tax on the purchase of goods and services for all electric utilities. In place of those taxes, Wilson suggested the implementation of a 1.75 percent electric service tax on all electricity sold to the ultimate customer, including total energy sales, transmission fees and distribution access fees. Additionally, Wilson proposed, all electric service generating, transmitting and distributing entities would be subject to ad valorem taxes or a two percent tax on their gross receipts.

Under the terms of Wilson's blueprint, "Certain costs shall be allowed to be recovered as part of the restructuring of the electric industry," including costs associated with federally mandated contracts and debt or assets that are not competitive. Such costs, Wilson explained, would be recovered through an access or an exit fee, which would be charged at the consumer level when an electric customer leaves the electric utility transmission or distribution system. A fee to recover stranded utility costs would be added

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"What truly indicates excellent knowledge, is the habit of constant, sudden, and almost unconscious allusion, which implies familiarity, for it can arise from that alone."

Walter Bagehot
Literary Studies
1879