

1 State of Arkansas
2 80th General Assembly
3 Regular Session, 1995
4 By: Senator Bearden

A Bill

SENATE BILL 374

For An Act To Be Entitled

"AN ACT TO ALLOW QUALIFIED MANUFACTURERS OF STEEL LOCATED
ON A SERVICE BOUNDARY TO PURCHASE ELECTRIC POWER FROM
ADJACENT UTILITIES OR COOPERATIVES UNDER SPECIFIC
CIRCUMSTANCES."

Subtitle

"TO ALLOW QUALIFIED MANUFACTURERS OF
STEEL TO PURCHASE ELECTRIC POWER FROM
ADJACENT UTILITIES OR COOPERATIVES."

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:

SECTION 1. Subchapter 1 of Chapter 18 of Title 23 of the Arkansas Code
of 1987 Annotated is hereby amended to add the following section 23-18-106:

"23-18-106. Purchase Of Power By Qualified Manufacturers Of Steel.

(a) As used in this section, unless the context otherwise requires:

(1) A qualified manufacturer of steel is a natural person,
company or corporation which is engaged in the manufacture, refinement or
processing of steel if more than fifty percent (50%) of the electricity
consumed in the manufacture, refinement, or processing of steel by the
manufacturer is used either:

(A) To power an electric arc furnace or furnaces,
continuous casting equipment, or rolling mill equipment in connection with
melting, continuous casting, or rolling of steel; or

(B) In the preheating of steel for processing through a
rolling mill.

(2) Adjacent utility or cooperative shall refer to a utility
or cooperative which holds a certificate of convenience and necessity or

1 other authority to provide electric service at retail in any area within a
2 plant site, other than the area where electric power is consumed in a
3 manufacturing facility.

4 (3) Electric power shall refer to kilowatts of electric
5 capacity, kilowatt hours of electric energy, or both.

6 (4) Electric service shall refer to the sale and delivery of
7 electric power and related services customarily provided by public utilities
8 and electric cooperative corporations in Arkansas.

9 (5) Primary utility or cooperative shall refer to the utility
10 or cooperative which holds a certificate of convenience and necessity or
11 other authority to provide electric service at retail in an area where
12 electric power is consumed in a manufacturing facility.

13 (6) Plant site shall refer to all areas owned or controlled
14 by a qualified manufacturer of steel which are contiguous to its
15 manufacturing facility.

16 (7) Utility or cooperative shall refer to a public utility,
17 electric cooperative or any other person, which holds a certificate of
18 convenience and necessity or other authority to provide electric service at
19 retail in Arkansas.

20 (b) (1) A qualified manufacturer of steel having a plant site
21 located within the service areas of two or more utilities or cooperatives may
22 purchase all or any portion of its electric power, or electric service, or
23 both for a manufacturing facility located within the plant site from either
24 the primary utility or cooperative serving the area where the electric power
25 is consumed or from an adjacent utility or cooperative serving any other area
26 which includes a portion of the plant site;

27 (2) Provided that, electric power or electric service may only
28 be purchased from an adjacent utility or cooperative under the provisions of
29 subparagraph (b)(1) on terms which are agreed to between the qualified
30 manufacturer of steel and the adjacent utility or cooperative and approved by
31 the Arkansas Public Service Commission.

32 (c) The provisions of paragraph (b) permitting a qualified
33 manufacturer of steel to obtain electric power or electric service or both
34 from an adjacent utility or cooperative shall only apply to the following:

35 (1) Electric power requirements which are not being served by

1 the primary utility or cooperative at the time the agreement with the
2 adjacent utility or cooperative is made;

3 (2) Electric power requirements which are being served by the
4 primary utility or cooperative under a special contract which is expiring or
5 is being terminated in accordance with its terms or applicable law; or

6 (3) Electric power or electric service which the primary
7 utility or cooperative is not willing or able to provide to the qualified
8 manufacturer of steel at substantially the same price and on substantially
9 the same terms as offered by the adjacent utility or cooperative at the time
10 the agreement with the adjacent utility or cooperative is made.

11 (d) In the event a qualified manufacturer of steel purchases electric
12 power from an adjacent utility or cooperative, the primary utility or
13 cooperative shall provide transmission of the electric power for the adjacent
14 utility or cooperative to the qualified manufacturer of steel on the same
15 terms as it provides transmission services to any utility or cooperative. If
16 the primary utility or cooperative does not provide transmission services to
17 any other utility or cooperative, it shall provide such transmission services
18 on such terms as may be agreed to among the parties and approved by the
19 Arkansas Public Service Commission.

20 (e) No utility or cooperative shall adopt or enforce any provision of
21 its articles of incorporation, by-laws, or rules or regulations, which
22 prohibit or restrict the purchase of electric service or electric power as
23 provided in this section.

24 (f) Nothing in this Act shall limit the service obligations of a
25 primary utility or cooperative within its service territory."
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27 SECTION 2. The provisions of this act are hereby declared to be
28 severable. If for any reason any section or provision of this act shall be
29 held to be invalid or to be inapplicable to any person or circumstance, such
30 holding shall not affect the validity or applicability of the remainder of
31 this act.

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33 SECTION 3. All provisions of this act of a general and permanent
34 nature are amendatory to the Arkansas Code of 1987 Annotated and the Arkansas
35 Code Revision Commission shall incorporate the same in the Code.

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SECTION 4. All laws and parts of laws in conflict with this act are hereby repealed.

SECTION 5. Emergency. It is hereby found and determined by the General Assembly that the State of Arkansas is rapidly becoming a leader in the manufacture and production of steel due to the geographic location of the state, the presence of a skilled work force, economic development inducements, and an abundance of resources; that steel manufacturing facilities are being built and located in rural areas in order to gain access to navigable waterways; that steel manufacturing facilities require extremely large amounts of electricity which rural electric utilities may not have anticipated or have readily available; that steel manufacturing facilities must purchase interruptible electric power at interruptible rates in order to remain competitive; that the hours of interruption that interruptible customers must accept in contracts with rural electric utilities has increased by over 400% since 1987, which limits expansion of the steel industry and will lead to unnecessary future layoffs and loss of employment; that certain steel mills occupy lands located in more than one utility service territory; and that diversifying electric load among adjacent utilities will enhance economic development, promote employment, and delay unnecessary investment of large amounts of capital in new generating plants so long as surplus power is available. Therefore, an emergency is hereby declared to exist and this act being necessary for the preservation of the public peace, health and safety shall be in full force and effect from and after the date of its passage into law.

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