

State Corporation Commission 2010 Fiscal Impact Statement

1. Bill Number: HB639

House of Origin	<u>X</u>	Introduced	___	Substitute	___	Engrossed
Second House	___	In Committee	___	Substitute	___	Enrolled

2. Patron: Armstrong

3. Committee: Commerce and Labor

4. Title: Investor-owned electric utility regulation.

5. Summary: Investor-owned electric utility regulation. Reinstates, only for those investor-owned electric utilities that, as of July 1, 1999, were not bound by a rate case settlement adopted by the State Corporation Commission that extended in its application beyond January 1, 2002, provisions governing the authority of the State Corporation Commission (SCC) to regulate their rates. For these utilities, the measure restores major elements of the ratemaking procedures that existed prior to the enactment of the Electric Utility Restructuring Act in 1999 and of electric utility re-regulation legislation in 2007. Specifically, the measure eliminates, for rate cases initiated after January 1, 2011, rules that authorize such utilities to earn a rate of return on common equity that is not lower than the average of such returns for a majority of peer group utilities, and to recover certain costs through rate adjustment clauses. In rate cases initiated in 2011 and thereafter the SCC is directed to determine rates, terms, and conditions for the provision of generation, distribution, and transmission services for each investor-owned incumbent electric utility that are just, reasonable, and nondiscriminatory. These proceedings shall be governed by the provisions of Chapter 10 of Title 56 and shall provide fair rates of return on common equity. In such proceedings, the SCC may use any methodology to determine rates of return on common equity that it finds consistent with the public interest. The SCC is authorized to permit a utility to recover its actual costs, if the Commission finds such recovery is just, reasonable, and in the public interest, of peak-shaving programs, energy efficiency programs, participating in the renewable energy portfolio standard program, and environmental projects.

6. Fiscal Impact Estimates: None on state agencies.

7. Budget Amendment Necessary: No.

8. Fiscal Implications: None on state agencies.

9. Specific Agency or Political Subdivisions Affected: State Corporation Commission

10. Technical Amendment Necessary: No.

11. Other Comments: None.

Date: 1/14/2010 SDL