

## State Corporation Commission 2013 Fiscal Impact Statement

**1. Bill Number:** SB1366

House of Origin	<input checked="" type="checkbox"/>	Introduced	<input type="checkbox"/>	Substitute	<input type="checkbox"/>	Engrossed
Second House	<input type="checkbox"/>	In Committee	<input type="checkbox"/>	Substitute	<input type="checkbox"/>	Enrolled

**2. Patron:** Puckett

**3. Committee:** Commerce and Labor

**4. Title:** Electric utility regulation; schedule for biennial reviews; authority to petition.

**5. Summary:** Electric utility regulation; schedule for biennial reviews; authority to petition for rate increase. Delays Appalachian Power's, referred to as a Phase I utility, filing of its next biennial review from March 31, 2013, until March 31, 2014. Such Phase 1 utility is (i) prohibited from deferring on its books for future recovery certain costs incurred during calendar year 2011 and (ii) required to file subsequent biennial filings by March 31, 2016, and every two years thereafter.

The bill also provides that if a Phase 1 utility's combined rate of return on common equity earned by generation and distribution services for the two successive 12-month test periods ending December 31, 2013, is no more than 50 basis points above or below the return determined for this utility, the combined return shall not be considered either excessive or insufficient, respectively.

In addition, the measure provides that for any test period commencing after December 31, 2012, for Dominion, referred to as a Phase II Utility, and after December 31, 2013, for Appalachian Power, if the utility has, during the test period or periods under review, earned below the return determined for the utility, whether or not such combined return is within 70 basis points of the return as so determined, the utility may petition the State Corporation Commission for approval of an increase in rates as if it had earned more than 70 basis points below a fair combined rate of return. The bill states that an emergency exists and that the bill is in force from its passage.

**6. Budget Amendment Necessary:** No.

**7. Fiscal Impact Estimates:** No fiscal impact on the State Corporation Commission.

**8. Fiscal Implications:** None on the State Corporation Commission

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

**10. Technical Amendment Necessary:** None.

**11. Other Comments:** This bill has been assigned to the Electric Utility subcommittee of the Senate Commerce and Labor Committee.

**Date:** 1/25/2013 SDL