

State Corporation Commission 2020 Fiscal Impact Statement

1. Bill Number: HB167

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: Ware

3. Committee: Committee Referral Pending

4. Title: Electric utilities; fuel cost recovery.

5. Summary: Requires an electric utility, as a condition of approval of any request by an electric utility for recovery through its fuel factor of costs incurred under a natural gas capacity contract not previously subject to review in a fuel factor case, to prove by a preponderance of the evidence that the utility has (i) determined that the utility cannot meet its service obligations without an additional fuel resource; (ii) identified and determined the date and amount of the new fuel resource it needs; (iii) objectively studied all available alternative fuel resource options, including options other than a new capacity contract or contracts to meet the identified and determined need; and (iv) determined that the pipeline capacity contract or contracts are the lowest-cost available option, taking into consideration fixed and variable costs and a reasonable projection of utilization.

6. Budget Amendment Necessary: No.

7. Fiscal Impact Estimates: Fiscal impact estimates are not available. While there would be some level of fiscal impact, it is expected that it would be relatively minimal. An exact figure cannot be determined at this time.

8. Fiscal Implications: Upon the filing by an electric utility of a request for approval to recover costs incurred under a natural gas capacity contract not previously subject to review through its fuel factor, the Division of Public Utility Regulation will need to hire a consultant. The consultant would be retained to review the filing and offer conclusions and recommendations regarding whether or not the utility has demonstrated that it has (i) demonstrated that it cannot meet its service obligations without an additional fuel resource; (ii) identified and determined the date and amount of the new fuel resource it needs; (iii) objectively studied all available alternative fuel resource options, including options other than a new capacity contract or contracts to meet the identified and determined need; and (iv) determined that the pipeline capacity contract or contracts are the lowest-cost available option, taking into consideration fixed and variable costs and a reasonable projection of utilization. The Division of Public Utility Regulation does not currently have Staff available to conduct such a review.

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

10. Technical Amendment Necessary: No.

11. Other Comments: None.

JS/1/8/20