

State Corporation Commission 2020 Fiscal Impact Statement

1. **Bill Number:** HB167

House of Origin Introduced Substitute Engrossed
Second House In Committee Substitute Enrolled

2. **Patron:** Ware

3. **Committee:** Passed Both Houses

4. **Title:** Electric utilities; fuel cost recovery.

5. **Summary:** In any proceeding for the recovery of fuel costs under this subdivision in which the costs a utility seeks to recover include costs incurred under a natural gas capacity contract for a term of more than 10 years that procures more than 250,000 dekatherms per day that has not previously been subject to a review under this subdivision, the Commission shall require the utility to prove by a preponderance of the evidence that the utility has (i) determined that the utility cannot meet its service obligations, giving due regard, in the Commission's sole discretion, to reliability of service and the need to maintain reliable sources of supply, without an additional fuel resource; (ii) reasonably identified and determined the date and amount of the new fuel resource it needs; (iii) objectively studied available alternative fuel resource options, as verified by the Commission, including options other than a new natural gas capacity contract or contracts to meet the identified and determined need; and (iv) determined that the natural gas 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 State Corporation Commission's 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/3/5/20