

State Corporation Commission 2020 Fiscal Impact Statement

1. Bill Number: SB731

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

2. Patron: McClellan

3. Committee: Passed Both Houses

4. Title: Rate of return for investor-owned electric utilities.

5. Summary: Provides that the State Corporation Commission, in determining a fair rate of return on common equity for an investor-owned electric utility for applications received by the Commission on or after January 1, 2020, shall not set such rate (i) lower than the average of either (i) the returns on common equity reported to the Securities and Exchange Commission for the three most recent annual periods for which such data are available or (ii) the authorized returns on common equity that are set by the applicable regulatory commission for the same selected peer group – nor shall the return be set more than 150 basis points higher than such average. Under current law, the floor for such rate of return on common equity is the average of the returns on common equity of the utility's peer group reported to the Securities and Exchange Commission for the three most recent annual periods and the ceiling is 300 basis points above such average.

6. Budget Amendment Necessary: No.

7. Fiscal Impact Estimates: None on the State Corporation Commission.

8. Fiscal Implications: No fiscal impact on the State Corporation Commission.

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

10. Technical Amendment Necessary: No.

11. Other Comments: None.