



HOUSE COMMITTEE ON APPROPRIATIONS

FISCAL NOTE

HOUSE BILL NO. 1294

PRINTERS NO. 2050

PRIME SPONSOR: Godshall

COST / (SAVINGS)

FUND	FY 2011/12	FY 2012/13
General Fund	\$0	\$0

SUMMARY: House Bill 1294, Printer's Number 2050, amends Title 66 (Public Utilities), further providing for valuation of and return on the property of a public utility and providing for alternative regulatory mechanisms.

ANALYSIS: This legislation permits a utility that provides both water and wastewater services to combine all components of its water and wastewater revenue requirement for the purposes charging rates on a consolidated basis.

Section 1329 is added providing for alternative regulatory mechanisms. The Public Utility Commission (PUC) shall have the authority to approve, modify or reject additional regulatory procedures and mechanisms proposed to provide for timely recovery of reasonable and prudent costs incurred for the improvement of physical facilities to maintain safety or reliability. Such mechanisms shall include the use of a fully projected future test year in a general rate proceeding and the use of an automatic adjustment clause to recover capital costs and incremental expenditures for PUC approved projects that are placed into service between base rate cases.

The PUC, by regulation or order, shall prescribe the procedures in establishing the alternative regulatory mechanisms authorized in Section 1329. An approved alternative regulatory mechanism shall include: reasonable allocation of costs to the customer class responsible for those costs; a process to address credits or charges to customer accounts for over or under collections; and provide a cap on the amount collected from customers.

The act takes effect in 60 days.

FISCAL IMPACT: Enactment of this legislation will have no adverse fiscal impact on Commonwealth funds. The PUC will incur minimal costs associated with the alternative regulatory mechanism proceedings, quarterly reviews and audits. These additional costs can be absorbed within the current funding levels of the Commission.

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House Appropriations Committee (R)

DATE: October 3, 2011

Estimates are calculated using the best information available. Actual costs and revenue impact incurred may vary from estimates.