



HOUSE COMMITTEE ON APPROPRIATIONS

FISCAL NOTE

HOUSE BILL NO. 1782

PRINTERS NO. 3324

PRIME SPONSOR: Delozier

COST / (SAVINGS)

FUND	FY 2017/18	FY 2018/19
General Fund	\$0	\$0

SUMMARY: House Bill 1782, Printer's Number 3324, amends Title 66 to authorize the use of alternative rate mechanisms by public utilities.

ANALYSIS: This bill amends Title 66 (Public Utilities) by adding a new section addressing alternative ratemaking for utilities, which authorizes the Public Utility Commission to approve an application by a utility in a base rate proceeding to establish alternative rates and rate mechanisms, including, but not limited to, the following: decoupling mechanisms; performance-based rates; formula rates; multiyear rate plans; or a combination of these or other ratemaking mechanisms provided under Chapter 13 of Title 66.

Rates established under an alternative mechanism may provide for recovery and return on capital investments or recovery pursuant to the cash flow ratemaking method. Cost recovery is limited to capital costs and expenses that are reasonably incurred and used and useful in providing service. This requirement does not limit the commission's ability to approve cost recovery under a performance-based rate plan.

A utility must provide several written notices to customers related to the use of alternative ratemaking mechanisms. All of the following information shall be provided to customers through bill inserts and be published on the utility's website. The commission, by regulation or order, shall prescribe specific procedures for the approval of an application to establish alternative rates within six months of the bill's effective date. The bill also states that nothing in the section shall be construed to limit the commission's existing ratemaking authority or void any ratemaking methodologies approved by the commission prior to the bill's effective date.

This legislation would take effect in 60 days upon enactment.

FISCAL IMPACT: Enactment of this legislation will have no impact on Commonwealth funds.

PREPARED BY: Jeffrey Clukey
House Appropriations Committee (R)

DATE: May 1, 2018

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