

SENATE APPROPRIATIONS COMMITTEE

FISCAL NOTE

BILL NO. House Bill 1782

PRINTER NO. 3324

AMOUNT

No Fiscal Impact

FUND

General Fund

DATE INTRODUCED

September 14, 2017

PRIME SPONSOR

Representative Delozier

DESCRIPTION

House Bill 1782 amends Title 66 (Public Utilities), providing for the use of alternative ratemaking mechanisms.

The Public Utility Commission (PUC) will have the authority to approve applications from utilities seeking to establish alternative rates or rate mechanisms in a base rate proceeding. These alternative mechanisms may include: decoupling, performance-based rates, formula rates, multi-year rate plans or rates based on a combination of more than one of these mechanisms.

House Bill 1782 requires that capital costs and expenses recovered through alternative rates and rate mechanisms be reasonable and prudently incurred and used in providing services. This, however, does not prohibit or limit cost-recovery under a PUC-approved performance-based rate plan. The legislation also states that nothing shall be construed to limit the PUC's existing ratemaking authority or void any ratemaking methodologies approved by the PUC prior to House Bill 1782's effective date.

Utilities are required to inform customers through bill inserts and information posted on the utility's website about any rate adjustment including that an application was filed with the PUC, the PUC's decision and a summary and schedule of rate adjustments and timing as to when the rate adjustment will take effect.

The legislation is scheduled to take effect in 60 days.

FISCAL IMPACT:

House Bill 1782 will have no fiscal impact on Commonwealth funds. The legislation requires the PUC to develop procedures for the approval of alternative rates by regulation or order within six months of the legislation's effective date. According to the PUC, any costs related to fulfilling the duties of this legislation could be accommodated within the commission's current workload and budget.