

HB 853 -- ELECTRICAL CORPORATIONS

SPONSOR: Hurlbert

This bill authorizes an electrical corporation to include in the corporation's rate base any amounts recorded to construction work in progress for any new natural gas generating unit. The Public Service Commission will determine the amount of construction work in progress as specified in the bill. Base rate recoveries arising from the inclusion of construction work in progress in base rates are subject to refund.

These provisions will expire on December 31, 2035, unless the Commission determines that good cause exists to extend these provisions through December 31, 2045. The secretary of the Commission must notify the Revisor of Statutes if the conditions for the extension have been met.

The Commission can also require electrical corporations to provide documentation reflecting an electrical corporation's plan to own sufficient capacity to meet the electrical corporation's obligations for the upcoming and three subsequent planning years. An electrical corporation must submit documentation reflecting its capacity position, as specified in the bill.

The Commission can require additional audits and reporting necessary to determine whether an electrical corporation's plan provides for its ownership or contractual rights to sufficient capacity.

If an electrical corporation fails to have sufficient capacity for the upcoming planning year and the Commission determines the failure is the result of the corporation's imprudence, the Commission can disallow any associated costs related to the failure. The Commission can also require submission of a plan by the electrical corporation within six months to resolve any expected capacity deficiency for the subsequent three planning years.

By August 28, 2026, and every four years as needed thereafter, the Commission must complete an integrated resource planning proceeding for electrical corporations as specified in the bill.

No later than August 28, 2027, the Commission must publish a schedule for electrical corporations to file an integrated resource plan every four years. Each integrated resource plan must include an alternative resource plan meeting certain requirements. All alternative resource plans must cover a minimum 16-year planning horizon and must reflect projections of an electrical corporation's

load obligations and how an electrical corporation would reliably meet its projected load obligations. Additional requirements are specified in the bill.

After a hearing and no later than 360 days after the electrical corporation files an integrated resource plan, the Commission must issue a report and order determining whether the electrical corporation has submitted sufficient documentation and selected a preferred resource plan representing a reasonable and prudent means of meeting the electrical corporation's load serving obligations at just and reasonable rates. In making this determination, the Commission must consider whether the plan appropriately balances factors specified in the bill. The Commission can grant itself an extension for good cause for the issuance of the report and order. Up to 150 days after an electrical corporation makes its initial integrated resource plan filing, it can file an update of the cost estimates if the cost estimates have materially changed.

If the Commission determines that the preferred resource plan is a reasonable and prudent means of meeting the electrical corporation's load serving obligations, the determination will constitute the Commission's permission for the electrical corporation to construct or acquire the specified supply-side resources that were reflected in the implementation plan. When the electrical corporation files an application for a certificate of convenience and necessity to authorize construction or acquisition of the supply-side resources, the Commission will be deemed to have determined that the supply-side resources are necessary or convenient for the public interest.

If the Commission determines that the preferred resource plan is not a reasonable and prudent means of meeting the electrical corporation's load serving obligations, the Commission will have the authority to specify in its report and order the deficiencies in the preferred resource plan. The procedures for an electrical corporation to cure the deficiencies is specified in the bill. If approved in a proceeding granting permission and approval to construct an electric plant, an electrical corporation may in certain circumstances be permitted to include in its rate base any amounts recorded to construction work in progress for the investments for which permission is granted. The inclusion of construction work in progress will be in lieu of any applicable allowance for funds used during construction that would have accrued from the effective date of new base rates that reflect inclusion of the construction work in progress in rate base. The Commission must determine the amount of construction work in progress that can be included in rate base.

This bill is the same as HB 92 (2025).