HB 949 -- PUBLIC SERVICE COMMISSION

SPONSOR: Simmons

This bill specifies that beginning July 1, 2026, the test year for rate proceedings, if requested by certain utilities, will be a future year consisting of the first 12 full calendar months after the operation of law date for schedules stating new base rates filed by the utilities, unless the Public Service Commission makes a determination that using a future test year is detrimental to the public interest. The projected total rate base at the end of the future test year will be used to establish new base rates, which will not go into effect before the first day of the future test year.

Utilities that elect to use a future test year within 45 days of the end of the future test year will update their base rates as specified in the bill. The total ending rate base and expense items in the update can not be greater than the total ending rate base and expense items approved by the Commission in its report and order. The Commission and parties to the case have 60 days to review the accuracy of the updated information provided by the utility. The Commission must order the utility to file new tariff sheets reflecting the update, as specified in the bill.

Utilities that request a test year may not recover the costs of any plant investments made during the test year period under certain mechanisms set out in current law.

For utilities that elected to use a future test year, the utility must provide a reconciliation of the rate base at the end of the future test year to the Commission within 45 days of the end of the future test year. If the actual rate base is less than the rate base used to set base rates in the prior general rate proceeding, the portion of the annual revenue requirement reflecting the rate base difference must be returned to customers. The difference in revenue requirement will be placed into a regulatory liability to be returned to customers in the next general rate proceeding with such regulatory liability to accrue carrying costs at the utility's weighted average cost of capital.

The Commission may consider any change in business risk to the utility resulting from implementation of the adjustment mechanism when setting the utility's allowed return in any rate proceeding, in addition to any other changes in business risk experienced by the utility.

For a utility that elected to use a future test year, the utility must provide a reconciliation of payroll expense, certain employee benefits, and rate case expense at the end of the future test year to the Commission within 45 days of the end of the future test year. If the actual amounts are less than the amounts used to calculate the revenue requirement in the prior general rate proceeding, the difference will be returned to customers. The difference in revenue requirement will be placed into a regulatory liability to be returned to customers in the next general rate case with such regulatory liability to accrue carrying costs at the utility's weighted average cost of capital.

This bill is the same as HB 154 (2025) and similar to SS SB 740 (2024).