SB 88   STAFF MEASURE SUMMARY

Senate Committee On Rules

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Meeting Dates:	5/5

WHAT THE MEASURE DOES:

The measure prohibits an electric or gas company (utility) from recovering certain costs or expenses associated with advertising, political influence activity, litigation, penalties or fines, and certain compensation from ratepayers. The measure directs the Public Utility Commission (PUC) to limit the amount that a utility may recover from ratepayers for costs and expenses incurred by the utility as part of a contested case proceeding. The Act requires a utility to submit an annual report and imposes civil penalties for violations.

Detailed Summary

Prohibits an electric or gas company (utility) from recovering costs or expenses incurred by a utility from **ratepayers** that are associated with:

- payments to a trade association that uses any portion of payments to advertise or support a political influence activity;
- charitable giving;
- political influence activity;
- advertising or related activity;
- compensation to a person to influence a decision by a federal, state or local government official;
- contributions to a political candidate, political party, campaign committee, issue committee or independent expenditure committee;
- litigation over an existing or proposed federal, state or local legislation, regulation or ordinance;
- any product or service not regulated by the Public Utility Commission, including expenses for marketing, administration, or customer service;
- penalty or fine;
- travel, lodging, entertainment or food and beverage for a board member or officer;
- aircraft owned, leased or chartered for a board member or officer;
- investor relations;
- compensation above 50 percent of the annual total compensation or expense reimbursement for board member; and
- preparing report required by Act.

Requires Public Utility Commission (PUC), by rule, to limit the amount that an electric or gas company may recover from ratepayers for costs and expenses of the utility associated with PUC **contested case proceedings**. Requires in establishing rules PUC to consider:

- limiting amount utility may recover from ratepayers for costs and expenses for attorneys, consultants, and third-party experts;
- establishing a maximum percentage of costs and expenses a utility may recover from ratepayer; and
- establishing a maximum amount of costs and expenses a utility may recover from ratepayer as a proportion to amount of costs incurred by Citizens' Utility Board or an intervenor for participating in contested case proceeding.

Requires utility to file a **report**, with certain information, with the PUC no later than April 30th of each year identifying costs and expenses outlined in Act.

Establishes utility is subject to **civil penalty** adopted by PUC through rulemaking for failing to comply with Act or rule or regulation adopted by PUC to carry out Act; or seeking to recover cost or expense not allowed by Act. Requires PUC to order utility to refund any amount recovered from ratepayers that was not allowed to recover under Act. Stipulates civil penalties may be distributed to ratepayers as a rebate or used to carry out provisions of Act. Declares emergency, effective on passage.

ISSUES DISCUSSED:

EFFECT OF AMENDMENT:

No amendment.

BACKGROUND:

The Public Utility Commission (PUC) approves rates that investor-owned electric and natural gas utilities (utility) charge their customers. All regulated electric and natural gas utilities must seek PUC approval for all rate and service schedules, or tariffs. The PUC is tasked with ensuring changes to rates are fair and reasonable for utility customers while also allowing the utility service provider the opportunity to recover reasonable costs and earn a reasonable return on its investments. The PUC uses a quasi-judicial investigation to examine a utility's operating expenses, investments, and capital costs. Once new rates are set, the utility is obligated to charge only the rates approved by the PUC, unless changed by the PUC.