

**HB475 ENGROSSED**



1 HB475  
2 MS3PZHH-2  
3 By Representatives Butler, Harrison, Myrex, Gidley, Mooney,  
4 Whorton, Stringer, DuBose, Yarbrough  
5 RFD: Transportation, Utilities and Infrastructure  
6 First Read: 19-Feb-26



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A BILL  
TO BE ENTITLED  
AN ACT

Relating to utilities; to require the Public Service Commission to hold a rate case for each utility every three years; to require notice of the rate case to the general public; to authorize the impeachment of certain members of the commission for failure to hold or attend a rate case or provide notice; to require the commission to hold a notice and comment period on any proposed solar power facility or wind power facility and hold a public hearing on the proposed facility; and to prohibit electric utilities from including certain costs in the calculation or determination of rates or service regulations.

BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

Section 1. (a) (1) At least every three years, the commissioners shall convene a formal rate case with representatives from each investor-owned utility regulated by the commission on the regulated utility's rates or service regulations. The rate case shall be conducted as an evidentiary hearing, where all parties shall be placed under oath. The commission shall have the power of subpoena for the purposes of gathering testimonial evidence for the evidentiary



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29 hearing. The commission must provide notice of any hearing  
30 held under this subdivision pursuant to subsection (b).

31 (2) The rate cases shall be conducted in a manner that  
32 facilitates public participation and provides a review of key  
33 issues that the commission believes will be helpful to the  
34 public in understanding the rates being charged to customers  
35 and issues that impact services under the commission's  
36 jurisdiction. The commission may use any powers granted under  
37 Article 2, Chapter 1 of Title 37, Code of Alabama 1975, to  
38 carry out the rate case.

39 (3) In the course of the rate case, the commission, in  
40 addition to the formal rate case proceedings, may investigate  
41 cost trends, reliability, resilience, general infrastructure  
42 investment plans, competitiveness with peer states, economic  
43 development impacts, and other regulatory issues the  
44 commission deems relevant.

45 (b) The commission, through its staff, shall provide  
46 notice of each hearing regarding the rate case to the public  
47 in compliance with the Alabama Open Meetings Act, Section  
48 36-25A-3, Code of Alabama 1975.

49 (c) (1) If the commission fails to convene a rate case  
50 required by subsection (a) or the commission fails to provide  
51 notice required by subsection (b), the failure shall  
52 constitute a willful neglect of duty and shall subject the  
53 president of the commission to impeachment pursuant to Section  
54 174 of the Constitution of Alabama of 2022, and Chapter 11 of  
55 Title 36, Code of Alabama 1975.

56 (2) If any commissioner fails to attend any rate case



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57 called by the commission, the failure shall constitute a  
58 willful neglect of duty and shall subject the commissioner to  
59 impeachment pursuant to Section 174 of the Constitution of  
60 Alabama of 2022, and Chapter 11 of Title 36, Code of Alabama  
61 1975, except that the absence shall not constitute a willful  
62 neglect of duty if the president of the commission approves  
63 the absence before the rate case begins.

64 Section 2. (a) For purposes of this section, the  
65 following terms have the following meanings:

66 (1) SOLAR POWER FACILITY. A large-scale, ground-mounted  
67 installation of photovoltaic panels that are designed to  
68 generate electricity using solar power for use off-site or  
69 sale to a third party, including all equipment and facilities  
70 required to operate the facility and transmit generated  
71 electricity.

72 (2) WIND POWER FACILITY. A large-scale installation of  
73 wind turbines that are designed to generate electricity using  
74 wind power for use off-site or sale to a third party,  
75 including all equipment and facilities required to operate the  
76 facility and transmit generated electricity.

77 (b) (1) Any person seeking to establish a solar power  
78 facility or a wind power facility in this state shall submit a  
79 proposal for the facility to the Public Service Commission.

80 (2) Upon receipt of the proposal, the commission shall  
81 publicly give notice of the proposal. After notice is  
82 provided, the commission shall provide the public an  
83 opportunity to comment on the proposed facility through the  
84 electronic or paper submission of written comments. The



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85 commission shall hold open the comment period regarding any  
86 proposed wind power facility or solar power facility for at  
87 least 60 days.

88 (c) (1) After the comment period, the commission shall  
89 hold a public hearing regarding the proposed solar power  
90 facility or wind power facility.

91 (2) The hearing shall be conducted in a manner that  
92 facilitates public participation and provides a review of key  
93 issues that the commission believes will be helpful to the  
94 public in understanding any externality of the proposed  
95 facility.

96 (d) The commission, through its staff, shall provide  
97 notice of each hearing regarding any proposed solar power  
98 facility or wind power facility to the public in compliance  
99 with Section 36-25A-3, Code of Alabama 1975.

100 Section 3. (a) A regulated utility that provides retail  
101 electricity service may not factor the following costs into  
102 the calculation or determination of a new rate or service  
103 regulation or a change to an existing rate or service  
104 regulation charged to customers of the regulated utility:

105 (1) Costs incurred due to the hiring of persons for the  
106 purpose of lobbying the Legislature or any other political  
107 office or subdivision of the state.

108 (2) Any expense incurred for the purpose of directly or  
109 indirectly influencing either of the following:

110 a. The adoption, repeal, or modification of any  
111 federal, state, or local law, rule, regulation, or ordinance.

112 b. The outcome of any election with regard to a



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113 candidate, any constitutional amendment, any local referendum,  
114 or any appointment of public officials.

115 (3)a. Expenses incurred relating to the attendance or  
116 participation in, preparation for, or appeal of any formal  
117 proceeding before a regulatory commission, when the  
118 participation is intended to influence policy, rate-setting,  
119 or regulatory outcomes for a competitive or political  
120 advantage.

121 b. For purposes of this subdivision, a "competitive or  
122 political advantage" means a material benefit that would  
123 improve the regulated utility's economic position or the  
124 regulated utility's influence, leverage, or standing with any  
125 governmental entity.

126 (b) The commission shall prohibit a regulated utility  
127 that provides retail electricity service from incorporating a  
128 return on equity that is a greater percentage than the  
129 regional average in the determination of any rate or service  
130 regulation. When determining the regional average of the  
131 return on equity, the commission and regulated utility shall  
132 compare the return on equity charged by the regulated utility  
133 to the percentage charged by investor-owned utilities in  
134 states bordering Alabama which provide retail electricity  
135 service.

136 (c) (1) When a regulated electric utility files a new  
137 schedule to put in operation a new rate or service regulation  
138 or to change an existing rate or service regulation, pursuant  
139 to Section 37-1-81, Code of Alabama 1975, the utility shall  
140 affirm under oath the following:



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141           a. The regulated utility has not included the  
142 prohibited costs under subsection (a) in the calculation or  
143 determination of the rate or service regulation.

144           b. The regulated utility is not charging customers a  
145 larger return on equity, as a percentage, than the  
146 corresponding regional average for a return on equity.

147           (2) If the regulated electric utility fails to make the  
148 affirmation under oath, the rate or service regulation shall  
149 be void.

150           (d) If the commission discovers that a regulated  
151 utility has included a prohibited cost or prohibited amount of  
152 return on equity under subsection (a) or (b) in the  
153 calculation or determination of rates or service regulations,  
154 the commission shall investigate the determination pursuant to  
155 Section 37-1-83, Code of Alabama 1975, and other powers of  
156 investigation granted to the commission pursuant to Division  
157 2, Article 2, Chapter 1 of Title 37, Code of Alabama 1975.

158           Section 4. The provisions of this act are severable. If  
159 any part of this act is declared invalid or unconstitutional,  
160 that declaration shall not affect the part that remains.

161           Section 5. This act shall become effective on October  
162 1, 2026.



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House of Representatives

166 Read for the first time and referred .....19-Feb-26  
167 to the House of Representatives  
168 committee on Transportation,  
169 Utilities and Infrastructure  
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171 Read for the second time and placed .....11-Mar-26  
172 on the calendar:  
173 0 amendments  
174  
175 Read for the third time and passed .....17-Mar-26  
176 as amended  
177 Yeas 104  
178 Nays 0  
179 Abstains 1  
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John Treadwell  
Clerk

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