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SYNOPSIS:

This bill would require the Public Service Commission to hold rate cases every three years, for each regulated utility.

This bill would require notice of the rate cases in compliance with the Alabama Open Meetings Act.

This bill would provide for the impeachment of the president of the commission if a rate case is not held or notice of the rate case is not provided.

This bill would provide for the impeachment of any commissioner who fails to attend a rate case, unless the absence is approved by the president of the commission.

This bill would prohibit a regulated electric utility from including costs incurred by the utility and related to lobbying or political activity in the determination of a schedule for rates or service regulations.

This bill would also prohibit a regulated electric utility from including a return of equity greater than the regional average in the determination of a schedule for rates or service regulations.



29 A BILL
30 TO BE ENTITLED
31 AN ACT

32
33 Relating to utilities; to require the Public Service
34 Commission to hold a rate case for each utility every three
35 years; to require notice of the rate case to the general
36 public; to authorize the impeachment of certain members of the
37 commission for failure to hold or attend a rate case or
38 provide notice; and to prohibit electric utilities from
39 including certain costs in the calculation or determination of
40 rates or service regulations.

41 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

42 Section 1. (a) (1) At least every three years, the
43 commissioners shall convene a formal rate case with
44 representatives from each investor-owned utility regulated by
45 the commission on the regulated utility's rates or service
46 regulations. The rate case shall be conducted as an
47 evidentiary hearing, where all parties shall be placed under
48 oath. The commission shall have the power of subpoena for the
49 purposes of gathering testimonial evidence for the evidentiary
50 hearing. The commission must provide notice of any hearing
51 held under this subdivision pursuant to subsection (b).

52 (2) The rate cases shall be conducted in a manner that
53 facilitates public participation and provides a review of key
54 issues that the commission believes will be helpful to the
55 public in understanding the rates being charged to customers
56 and issues that impact services under the commission's



57 jurisdiction. The commission may use any powers granted under
58 Article 2, Chapter 1 of Title 37, Code of Alabama 1975, to
59 carry out the rate case.

60 (3) In the course of the rate case, the commission, in
61 addition to the formal rate case proceedings, may investigate
62 cost trends, reliability, resilience, general infrastructure
63 investment plans, competitiveness with peer states, economic
64 development impacts, and other regulatory issues the
65 commission deems relevant.

66 (b) The commission, through its staff, shall provide
67 notice of each hearing regarding the rate case to the public
68 in compliance with the Alabama Open Meetings Act, Section
69 36-25A-3, Code of Alabama 1975.

70 (c) (1) If the commission fails to convene a rate case
71 required by subsection (a) or the commission fails to provide
72 notice required by subsection (b), the failure shall
73 constitute a willful neglect of duty and shall subject the
74 president of the commission to impeachment pursuant to Section
75 174 of the Constitution of Alabama of 2022, and Chapter 11 of
76 Title 36, Code of Alabama 1975.

77 (2) If any commissioner fails to attend any rate case
78 called by the commission, the failure shall constitute a
79 willful neglect of duty and shall subject the commissioner to
80 impeachment pursuant to Section 174 of the Constitution of
81 Alabama of 2022, and Chapter 11 of Title 36, Code of Alabama
82 1975, except that the absence shall not constitute a willful
83 neglect of duty if the president of the commission approves
84 the absence before the rate case begins.



85 Section 2. (a) A regulated utility that provides retail
86 electricity service may not factor the following costs into
87 the calculation or determination of a new rate or service
88 regulation or a change to an existing rate or service
89 regulation charged to customers of the regulated utility:

90 (1) Costs incurred due to the hiring of persons for the
91 purpose of lobbying the Legislature or any other political
92 office or subdivision of the state.

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

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

97 b. The outcome of any election with regard to a
98 candidate, any constitutional amendment, any local referendum,
99 or any appointment of public officials.

100 (3)a. Expenses incurred relating to the attendance or
101 participation in, preparation for, or appeal of any formal
102 proceeding before a regulatory commission, when the
103 participation is intended to influence policy, rate-setting,
104 or regulatory outcomes for a competitive or political
105 advantage.

106 b. For purposes of this subdivision, a "competitive or
107 political advantage" means a material benefit that would
108 improve the regulated utility's economic position or the
109 regulated utility's influence, leverage, or standing with any
110 governmental entity.

111 (b) The commission shall prohibit a regulated utility
112 that provides retail electricity service from incorporating a



113 return on equity that is a greater percentage than the
114 regional average in the determination of any rate or service
115 regulation. When determining the regional average of the
116 return on equity, the commission and regulated utility shall
117 compare the return on equity charged by the regulated utility
118 to the percentage charged by investor-owned utilities in
119 states bordering Alabama which provide retail electricity
120 service.

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

126 a. The regulated utility has not included the
127 prohibited costs under subsection (a) in the calculation or
128 determination of the rate or service regulation.

129 b. The regulated utility is not charging customers a
130 larger return on equity, as a percentage, than the
131 corresponding regional average for a return on equity.

132 (2) If the regulated electric utility fails to make the
133 affirmation under oath, the rate or service regulation shall
134 be void.

135 (d) If the commission discovers that a regulated
136 utility has included a prohibited cost or prohibited amount of
137 return on equity under subsection (a) or (b) in the
138 calculation or determination of rates or service regulations,
139 the commission shall investigate the determination pursuant to
140 Section 37-1-83, Code of Alabama 1975, and other powers of



141 investigation granted to the commission pursuant to Division
142 2, Article 2, Chapter 1 of Title 37, Code of Alabama 1975.

143 Section 3. The provisions of this act are severable. If
144 any part of this act is declared invalid or unconstitutional,
145 that declaration shall not affect the part that remains.

146 Section 4. This act shall become effective on October
147 1, 2026.