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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 commissioners if a rate case is not held or notice of the rate case is not provided.

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

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

A BILL  
TO BE ENTITLED  
AN ACT



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

37 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

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

48           (2) The rate cases shall be conducted in a manner that  
49 facilitates public participation and provides a review of key  
50 issues that the commission believes will be helpful to the  
51 public in understanding the rates being charged to customers  
52 and issues that impact services under the commission's  
53 jurisdiction. The commission may use any powers granted under  
54 Article 2, Chapter 1 of Title 37, Code of Alabama 1975, to  
55 carry out the rate case.

56           (3) In the course of the rate case, the commission, in



57 addition to the formal rate case proceedings, may investigate  
58 cost trends, reliability, resilience, general infrastructure  
59 investment plans, competitiveness with peer states, economic  
60 development impacts, and other regulatory issues the  
61 commission deems relevant.

62 (b) The commission, through its staff, shall provide  
63 notice of each hearing regarding the rate case to the public  
64 in compliance with the Alabama Open Meetings Act, Section  
65 36-25A-3, Code of Alabama 1975.

66 (c) If the commission fails to convene a rate case  
67 required by subsection (a) or the commission fails to provide  
68 notice required by subsection (b), the failure shall  
69 constitute a willful neglect of duty and shall subject each  
70 commissioner to impeachment pursuant to Section 174 of the  
71 Constitution of Alabama, 2022, and Chapter 11 of Title 36,  
72 Code of Alabama 1975.

73 Section 2. (a) A utility that provides retail  
74 electricity service may not factor the following costs into  
75 the calculation or determination of a new rate or service  
76 regulation or a change to an existing rate or service  
77 regulation charged to customers of the utility:

78 (1) Costs incurred due to the utility providing funding  
79 or grants to other persons or organizations.

80 (2) Costs incurred due to the hiring of persons for the  
81 purpose of lobbying the Legislature or any other political  
82 office or subdivision of the state.

83 (3) Costs incurred due to advertisement of the utility,  
84 which may include the costs of creating a print, television,



85 or social media advertisement, or the costs of contracting  
86 with another person for the purpose of creating a print,  
87 television, or social media advertisement.

88 (4) Any expense incurred for the purpose of directly or  
89 indirectly influencing either of the following:

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

92 b. The outcome of any election with regard to a  
93 candidate, any constitutional amendment, any local referendum,  
94 or any appointment of public officials.

95 (5)a. Expenses incurred relating to the attendance or  
96 participation in, preparation for, or appeal of any formal  
97 proceeding before a regulatory commission, when the  
98 participation is intended to influence policy, rate-setting,  
99 or regulatory outcomes for a competitive or political  
100 advantage.

101 b. For purposes of this subdivision, a "competitive or  
102 political advantage" means a material benefit that would  
103 improve the utility's economic position or the utility's  
104 influence, leverage, or standing with any governmental entity.

105 (6) Costs incurred relating to dues or fees paid to  
106 trade or industry associations.

107 (b) The commission shall prohibit a utility that  
108 provides retail electricity service from incorporating a  
109 return on equity that is a greater percentage than the  
110 national average in the determination of any rate or service  
111 regulation. When determining the national average of the  
112 return on equity, the commission and utility shall compare the



113 return on equity charged by the utility to the percentage  
114 charged by investor-owned electric utilities in other states  
115 that provide retail electricity service.

116 (c) (1) When an electric utility files a new schedule to  
117 put in operation a new rate or service regulation or to change  
118 an existing rate or service regulation, pursuant to Section  
119 37-1-81, Code of Alabama 1975, the utility shall affirm under  
120 oath the following:

121 a. The utility has not included the prohibited costs  
122 under subsection (a) in the calculation or determination of  
123 the rate or service regulation.

124 b. The utility is not charging customers a larger  
125 return on equity, as a percentage, than the corresponding  
126 national average for a return on equity.

127 (2) If the electric utility fails to make the  
128 affirmation under oath, the rate or service regulation shall  
129 be void.

130 (d) If the commission discovers that a utility has  
131 included a prohibited cost or prohibited amount of return on  
132 equity under subsection (a) or (b) in the calculation or  
133 determination of rates or service regulations, the commission  
134 shall investigate the determination pursuant to Section  
135 37-1-83, Code of Alabama 1975, and other powers of  
136 investigation granted to the commission pursuant to Division  
137 2, Article 2, Chapter 1 of Title 37, Code of Alabama 1975.

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



141                   Section 4. This act shall become effective on October  
142    1, 2026.