

SENATE FLOOR AMENDMENT

Second Reading

BY SENATOR Fenberg

1 Amend printed bill, page 10, line 17, strike "AN ANNUAL GAS COST
2 ADJUSTMENT FILING." and substitute "THE UTILITY'S GAS COST
3 ADJUSTMENT FILINGS."

4 Page 10, line 21, after the period add "THE PLAN MAY INCLUDE OTHER
5 ELEMENTS SUCH AS PHYSICAL HEDGING, FINANCIAL HEDGING, FUEL
6 STORAGE, OR LONG-TERM CONTRACTING."

7 Page 10, line 22, strike "MAY ALLOW ANY" and substitute "SHALL ALLOW
8 ANY PRUDENTLY INCURRED".

9 Page 10, line 26, strike "TIMELINE," and substitute "TIMELINE OF NO MORE
10 THAN FIVE YEARS WITH FINANCING COSTS,".

11 Page 11, strike lines 3 through 27.

12 Page 12, strike lines 1 through 12 and substitute "DETERMINATION OF THE
13 BEST INTERESTS OF A UTILITY'S RATEPAYERS, INsofar AS THE
14 COMMISSION FINDS THAT THE PLAN IS IN THE PUBLIC INTEREST.

15 (2) (a) ON OR BEFORE JANUARY 1, 2025, THE COMMISSION SHALL
16 ADOPT RULES TO ESTABLISH MECHANISMS TO ALIGN THE FINANCIAL
17 INCENTIVES OF AN INVESTOR-OWNED ELECTRIC OR GAS UTILITY WITH THE
18 INTERESTS OF THE UTILITY'S CUSTOMERS REGARDING INCURRED FUEL
19 COSTS.

20 (b) THE MECHANISMS ESTABLISHED BY RULE PURSUANT TO
21 SUBSECTION (2)(a) OF THIS SECTION MUST BE DESIGNED TO PROTECT
22 CUSTOMERS AND TO IMPROVE THE UTILITY'S MANAGEMENT OF FUEL
23 COSTS. THE COMMISSION MAY TAILOR THE MECHANISMS TO APPLY TO
24 DIFFERENT UTILITIES BASED ON A UTILITY'S SIZE OR ABILITY TO
25 IMPLEMENT THE MECHANISMS.

26 (c) THE COMMISSION MAY ESTABLISH A SYMMETRICAL INCENTIVE
27 FOR THE UTILITY TO SUCCESSFULLY IMPLEMENT THE MECHANISMS.

28 (3) IN ADOPTING THE RULES PURSUANT TO SUBSECTION (2)(a) OF
29 THIS SECTION, THE COMMISSION:

30 (a) SHALL CONSIDER:

31 (I) SYMMETRICALLY ALLOCATING AN AMOUNT OF FUEL PRICE RISK
32 TO THE INVESTOR-OWNED ELECTRIC OR GAS UTILITY, SUBJECT TO
33 REASONABLE PARAMETERS, INCLUDING:

34 (A) A RANGE OF OUTCOMES WITHIN WHICH NO RISK SHARING
35 OCCURS; AND

36 (B) A CAP ON ANY INCENTIVE OR COST SHARE THAT RESULTS FROM

1 THE RISK-MITIGATION MECHANISM; AND
2 (II) MECHANISMS TO IMPROVE ELECTRICITY PRODUCTION COST
3 EFFICIENCY WHILE MINIMIZING FUEL COSTS, SUCH AS SYMMETRICALLY
4 ALLOCATING A PORTION OF IMPROVEMENTS OR DEGRADATIONS IN
5 ELECTRICITY PRODUCTION PER DOLLAR OF FUEL OR PER DOLLAR OF
6 ACQUISITION COSTS INCURRED; AND
7 (b) MAY CONSIDER, TO THE EXTENT SUCH INFORMATION IS
8 RELEVANT:
9 (I) THE FINANCIAL HEALTH OF THE UTILITY AND CORRESPONDING
10 IMPACTS ON CUSTOMER AFFORDABILITY; AND
11 (II) THE UTILITY'S ABILITY TO MAKE INVESTMENTS TO ACHIEVE
12 THE STATE'S ENERGY POLICY OBJECTIVES IN AN AFFORDABLE MANNER FOR
13 CUSTOMERS.
14 (4) NOTHING IN THIS SECTION:
15 (a) SHALL BE CONSTRUED TO AUTOMATICALLY SHIFT RISK TO THE
16 INVESTOR-OWNED ELECTRIC OR GAS UTILITY; OR
17 (b) WARRANTS AN AUTOMATIC ADJUSTMENT TO THE AMOUNT OF
18 ALLOWABLE RETURN ON EQUITY OR ANY OTHER RATE-MAKING METRIC."

19 Page 13, strike lines 10 through 27.

20 Page 14, strike lines 1 through 5 and substitute:

21 "(2) AFTER COMPLETION OF THE INVESTIGATION, THE COMMISSION
22 SHALL HOLD A HEARING, AT WHICH THE COMMISSION SHALL CONSIDER THE
23 INFORMATION GATHERED IN THE INVESTIGATION AND PUBLIC COMMENTS,
24 TO DETERMINE WHETHER ALTERNATIVE COST-RECOVERY MECHANISMS OR
25 ACTIONS TAKEN BY A NATURAL GAS UTILITY THAT SERVES MORE THAN
26 FIVE HUNDRED THOUSAND CUSTOMERS IN THE STATE ARE NECESSARY AND
27 APPROPRIATE OR COULD MITIGATE IMPACTS ON NONPARTICIPATING
28 INCOME-QUALIFIED CUSTOMERS."

29 Renumber succeeding subsection accordingly.

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