

SUMMARY OF NO. 25-43

This proposed law would prohibit the use of revenue decoupling mechanisms in utility ratemaking for electric and gas distribution companies regulated by the Department of Public Utilities, excluding municipal lighting plants. The proposed law defines revenue decoupling mechanisms as ratemaking structures, surcharges, credits, or formulas that adjust or reconcile distribution rates or authorized revenues based on actual or projected deviations in customer usage, sales volume, or weather-normalized consumption, including recovery of lost base revenue due to decreased sales, energy efficiency, or conservation. The prohibition would not apply to fuel adjustment clauses authorized under existing law or to cost recovery limited to extraordinary storm restoration expenses approved by other laws.

Under the proposed law, no electric or gas distribution company could impose or collect any charge, adjustment, or revenue requirement that implements a revenue decoupling mechanism. The Department of Public Utilities could not require, recommend, or approve a revenue decoupling mechanism through tariffs, orders, regulations, performance-based ratemaking plans, alternative regulation plans, or adjudicatory decisions.

The proposed law would require that any existing rate schedule, order, settlement agreement, or regulation authorizing

or implementing a revenue decoupling mechanism in effect on the proposed law takes effect would remain in effect only it expired, or July 1, 2027, whichever is sooner. No such mechanism could be extended, renewed, modified, or reapproved after the proposed law takes effect.

The proposed law would authorize the attorney general to bring a lawsuit to enforce its provisions. It would also allow a ratepayer subjected to a charge that violated the proposed law to bring a lawsuit after exhausting applicable administrative remedies before the Department of Public Utilities.

The proposed law states that, if any of its parts were declared invalid, the other parts would stay in effect.