

State Corporation Commission
2025 General Assembly Session
State Fiscal Impact Statement

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SUBSTITUTE (H2)

Bill Number: HB2621 **Patron:** Ballard
Bill Title: Phase I Utilities; securitized asset costs.

Bill Summary: Authorizes Appalachian Power to petition the State Corporation Commission for a financing order for securitized asset costs, as defined in the bill. The bill creates the securitized asset cost charge and provides that the revenues generated by this charge, known as securitized asset cost property, are a property right that can be transferred and pledged as security for the securitized asset cost bonds. The bill establishes the procedures for creating, perfecting, and enforcing the security interest in securitized asset cost property.

The bill also provides that, for Appalachian Power, certain rate adjustments shall not occur during the months of November through February and any such adjustments issued between September and December shall become applicable beginning on March 1 of the following year.

The bill makes changes to certain provisions governing biennial rate reviews for Appalachian Power, including permitting the utility to recover storm recovery costs incurred after January 1, 2024 that are not currently included in rates or otherwise recovered through a securitization order, considering the implementation of residential seasonal rates, and considering alternatives to budget billing. The bill excludes certain costs from being recovered through a rate adjustment clause.

The bill requires the State Corporation Commission to invite the public to comment on any biennial rate case for Appalachian Power.

Finally, the bill permits certain large retail customers to opt out of financing its pro rata obligation for securitized asset cost charges by electing to fully satisfy its obligation.

Budget Amendment Necessary: No. **Items Impacted:** None
Explanation: Not Applicable

Fiscal Summary: The Commission will require the services of a consultant with expertise in financing.

General Fund Expenditure Impact: None

Nongeneral Fund Expenditure Impact: None.

Position Impact: None

Fiscal Analysis: The work required of this bill involves analysis, monitoring and reporting information to the State Corporation Commission (Commission) about a proposed financing order if filed by a Phase I Utility

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(Appalachian Power). Based on similar work involving a financing order for securitization recently performed by a financial consultant the estimated cost is up to \$400,000. The definition of "Financing costs" in the bill includes "Any costs incurred by the Commission for any outside consultants or counsel retained in connection with the securitization of securitized asset costs." The Commission is eligible to be reimbursed for the cost of a financial consultant. A budget amendment is not necessary.

Other: None