



SENATE BILL 266: The Power Bill Reduction Act.

2025-2026 General Assembly

Analysis of: S.L. 2025-78

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Prepared by: Legislative Analysis
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S.L. 2025-78 (Senate Bill 266) does all of the following:

- Eliminates the interim goal for a seventy percent (70%) reduction in carbon dioxide emissions in the State from electric generating facilities owned or operated by certain electric public utilities from 2005 levels by the year 2030.
- Allows an increase in the base rates of an electric public utility for financing costs of construction work in progress for baseload electric generating facilities outside of a general rate case, if the Utilities Commission (Commission) determines there is an overall cost savings for customers over the life of the generating facility and the facility has been subject to an annual ongoing review process through which the Commission has determined that the expenditures were reasonably and prudently incurred.
- Makes various changes to the statute governing fuel cost recovery to:
 - Add capacity costs to the total delivered costs of all purchases of electric power and capacity that a utility may recover.
 - Modify the language governing allocation of cost recovery among classes of customers to provide that the costs would be allocated on a demand basis.
 - Specify that the utility must make appropriate adjustments to its fuel and fuel-related costs to reflect costs already being recovered in base rates so as to avoid double recovery of any fuel and fuel-related costs and the Commission must approve any accounting adjustments necessary in a future fuel proceeding or general rate case to avoid such double recovery.
 - Provide that any experienced over-recovery or under-recovery of reasonable fuel and fuel related costs prudently incurred must accrue interest at the commercial paper rate as identified by the Federal Reserve for A2/P2 nonfinancial issuers (or reasonable successor thereto) on a weighted average basis over the applicable time period.
 - Require that a utility file a quarterly report detailing its actual over- and under-recovered fuel cost amounts through the quarter and an updated projection of the cumulative over- or under-recovered amounts at the end of such 12 month recovery period based on the most recently available fuel forecast. If the updated projection of the cumulative over- or under-recovered amounts at the end of such 12-month recovery period (inclusive of the actual amounts) is greater than 10% of the total revenue requirement approved by the Commission in the most recent fuel proceeding, then the electric public utility must identify the adjustment needed to the increment or decrement rider to address such over- or under-recovery and file an updated tariff to reflect such adjustment as part of such quarterly report. The identified adjustment to the increment or decrement rider would go into effect

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at the start of the month that is approximately 45 days after the quarterly update filing and would remain in effect for the remainder of the 12 month recovery period in effect as of the effective date of such adjustment. All of the costs of fuel and fuel-related costs, including those which are recovered through the quarterly adjustment would be reviewed for reasonableness and prudence of such costs in the next annual proceeding held by the Commission to review an electric public utility's annual fuel and fuel related adjustment.

- Makes various changes to the statute governing performance-based ratemaking (PBR) to:
 - Exclude combustion turbine generating units which are not part of a combined cycle plant from a prohibition on the inclusion in a multi-year rate plan (MYRP) of revenue requirements associated with any single new generation plant placed in service during the MYRP for which the total plant in service balance exceeds \$500,000,000.
 - Alter reporting requirements for electric public utilities on the status of approved MYRP projects.
 - Modify a requirement that the Commission hold a technical conference prior to submission of any PBR application consisting of one or more public meetings at which the utility presents information regarding projected transmission and distribution expenditures and interested parties are permitted to provide comment and feedback. The change to the language requires the Commission to hold one meeting, and alters the required timing of the conference.
- Codifies authority for a public utility to securitize costs for retirement of subcritical coal-fired electric generating facilities.

This bill was vetoed by the Governor on July 2, 2025, and that veto was overridden by the General Assembly on July 29, 2025. This act became effective July 29, 2025.