

SENATE BILL NO. \_\_\_\_\_ HOUSE BILL NO. \_\_\_\_\_

1 **Stranded Costs Draft, incorporating 12/29/98 Drafting Group Activities**

2 § 56-591. Stranded Costs.

3 A. **[p. 2, column 1, bullets 1-4 plus language suggested by drafting group]** The

4 Commission shall, after notice and opportunity for hearing, determine for each incumbent

5 electric utility the just and reasonable net **stranded costs** (need definition) associated with all

6 assets and obligations used to provide regulated service within the service territory of such

7 incumbent electric utility as of January 1, 2002. Such determination shall include, but not be

8 limited to, consideration of stranded costs associated with **power production assets** (need

9 definition), **regulatory assets (as defined in SB 688)**, **power purchase contracts** (need

10 definition), **nuclear decommissioning costs** (need definition), and **environmental**

11 **compliance costs** (need definition). Such stranded costs shall be recovered via a

12 nonbypassable wires charge, in accordance with the provisions of § 56-592, from persons

13 who purchase any transmission or distribution service after the date of **customer choice (as**

14 **defined in SB 688)**, within the territory served by such electric utility as of the date of

15 customer choice **[p. 4, column 4, bullet 1]**.

16 B. **[p. 3 generally, language suggested by drafting group]** A recovery period for the

17 amounts determined under subsection A shall be established by the Commission for each

18 incumbent electric utility. Such recovery period shall continue for each incumbent electric

19 utility until the Commission determines that such utility has recovered all stranded costs. No

20 further stranded costs shall be recovered by an electric utility after the Commission makes

21 such determination.

22 C. **[Structure and Transition p. 22, bullet 5]** The Commission shall permit any

23 customer to pay its appropriate share of any stranded costs due to the incumbent electric

24 utility on an accelerated basis upon a finding that such method of payment is not (i) prejudicial

1 to the incumbent electric utility or its ratepayers or (ii) inconsistent with the development of  
2 effective competition.

3 D. **[p. 4, column 2, bullet 2]** Except as provided in subsection C, customers that do not  
4 change suppliers of electric energy during the stranded cost recovery period established by  
5 the Commission under subsection B shall not pay the nonbypassable wires charge pursuant  
6 to this section but shall pay the capped rate as determined under § 56-579.1.

7 E. **[p. 4, column 3, bullet 2]** Customers that elect to change suppliers of electric  
8 energy during the stranded cost recovery period established by the Commission under  
9 subsection B shall pay such nonbypassable wires charge as the Commission may determine  
10 pursuant to subsection A.

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