AMERICAN ECONOMIC LIBERTIES PROJECT

The Just and Reasonable Utility Prices for Consumers and Businesses Act:

Model Legislation for States to Rein in Unjust and Unreasonable Utility Profits

February 2026

The American utility market is based on a social contract. The government sanctions private, for-profit monopolies to provide approximately 70 percent of electricity and 95 percent of natural gas deliveries in the United States. (The rest is provided by publicly- or cooperatively-owned utilities.) Utilities are granted regional franchises under the rationale that they are "natural monopolies" – their service can be most efficiently provided by a single entity.

In return, these private monopolies, called investor-owned utilities (IOUs), agree to deliver universal service and be subject to cost-of-service regulation (COSR) of their customer rates by state utility commissions (sometimes referred to as public utility commissions/PUCs or public service commissions/PSCs).

In principle, a utility's "rate of return" – or the price it is allowed to charge customers – must be "just and reasonable," sufficient to recover only the actual and prudent costs incurred in providing service to captive customers. But there is an inherent tension in this model. As investor-owned businesses, IOUs seek to maximize their profits, which often conflicts with regulators' requirement to achieve just and reasonable rates. Moreover, IOUs often have the upper hand in their interactions with regulators, to the detriment of their customers. Over the last three years, IOU residential electricity rates have increased 49 percent more than inflation. In contrast, their publicly-owned counterparts have increased 44 percent less than inflation.[1]

Raising the urgency of this issue further is the overwhelming and pervasive energy affordability crisis facing Americans across the income spectrum. A quarter of U.S. households have been unable to pay their utility bill in full at least once over the last 12 months.[2] Meanwhile, IOUs requested a record $31 billion in rate hikes during 2025 alone – double that of 2024,[3] while their CEOs pocketed $3 billion in salaries and bonuses between 2019 and 2023.[4]

As explained in a January 2025 American Economic Liberties Project (Economic Liberties) policy brief, policymakers can act now to rein in the unjust and unreasonable utility profits realized by IOUs across the country by passing legislation to realign utility investor incentives with the public

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[1] Ellis, Mark, *Rate of Return Equals Cost of Capital: A Simple, Fair Formula to Stop Investor-Owned Utilities from Overcharging the Public* (Jan. 2025), https://www.economicliberties.us/wp-content/uploads/2025/01/20250102-aelp-ror-v5.pdf.
[2] United States Census Bureau, *Household Pulse Survey*, https://www.census.gov/data-tools/demo/hhp/#/?measures=ENERGYBILL&periodSelector=9&periodFilter=9,8,7,6,5,4,3,2,1&s_state= (last accessed Jan. 24, 2026).
[3] PowerLines, *Utility Bills Are Rising: 2025 Review* (Jan. 29, 2026), https://powerlines.org/utilities-requested-record-31-billion-in-rate-increases-in-2025-double-that-of-2024/.
[4] Energy and Policy Institute, *Pollution Payday: Analysis of Executive compensation and incentives of the largest U.S. investor-owned utilities* (Sept. 23, 2020), Utilities executive compensation analysis | Energy and Policy Institute.

interest.[5] While state utility regulators may already be empowered to some degree, depending on existing state-specific frameworks, to make changes through traditional rate-setting forums, regulators are often faced with aggressive or alarmist predictions when even small changes are proposed, rendering systemic or meaningful change difficult to achieve without legislative direction and explicit authorization.[6]

What follows is model legislation that can be adopted by most states to do just that. Importantly, this model legislation operationalizes the innovative concept first introduced in the January 2025 Economic Liberties paper: a true market-based approach to determining an IOU's return on equity (ROE) through a Competitive Equity Auction. Specifically, the legislation requires any new, incremental equity issued by a monopoly utility to be competitively sourced, which will yield a direct, market-based data point that regulators must reference and use – rather than a continued reliance on outdated and skewed financial models used by utilities to justify decades of unreasonable profits.

Section by Section Headlines

Part I: Provides definitions applicable to implementation of the model legislation.

Part II: Establishes factors that a state utility commission may consider when determining a utility's rate of return. Clarifies that the cost of debt for ratemaking purposes shall reflect the actual embedded cost of debt that is substantiated during the rate proceeding and places guardrails around the inclusion in customer rates of speculative new or replacement debt issuances.

Part III: Establishes the process applicable to competitive equity auctions that are required pursuant to this model legislation for any new, incremental equity issuance by a regulated utility. Provides for certain guardrails regarding eligible bidders, including a cap of 10 percent on the voting securities that may be held by a single private equity investor.

Part IV: Defines the standard for what constitutes a reasonable return on equity for a regulated utility by defining the process by which a state utility commission will determine a range of reasonableness and make any adjustments thereto that may reflect reductions in risk encountered by the specific regulated utility. Instructs the state utility commission regarding how to include the results of the Competitive Equity Auction in the determination of the range of reasonableness. Requires the state utility commission to establish the return on equity at the lowest end of the range of reasonableness, but allows for an exception under specific circumstances if clear and convincing evidence is provided in the proceeding regarding the market-based cost of equity.

Part V: Establishes an annual reporting requirement by the state utility commission to the legislature's committee of cognizance regarding the implementation of this legislation.

Part VI: Clarifies the effective date of the legislation as applicable to any rate amendment proceedings initiated on or after the date of enactment.

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[5] Ellis, *Rate of Return Equals Cost of Capital.*

[6] A November 14, 2025 proposed decision issued by the California Public Utilities Commission recommended a reduction in the return on equity by 0.35% for three IOUs. See 587323962.PDF. In response, the three IOUs alleged that a reduction of even 0.35% will affect the utilities' ability to attract necessary capital to continue investing in their grids. Conversely, critics of the proposed decision described the decline as too small to meaningfully impact ratepayers' bills. Carollo, Malena, "California is about to cut power company profits to historic lows. Your bill will barely drop" Cal Matters, Nov. 25, 2025, California utility profits to hit historic low as electricity bills stay high.

Part VII: Establishes a severability clause to ensure that remaining provisions are enforceable if any specific provisions are deemed invalid.

Section by Section Explainer

Part I. Definitions: Regulatory frameworks and the specific jurisdiction of state utility commissions vary state by state. In crafting the definition section of any proposed legislation based on this model, policymakers should first assess applicable state statutes to determine if existing definitions for electric, gas, and water investor-owned utilities are suitable for cross-referencing. For example, some state utility commissions may regulate other utility structures, such as cooperatives,[7] in addition to IOUs, or in some instances may invoke a threshold customer or meter count as a prerequisite to the applicability of certain statutes.[8]

Economic Liberties recommends that proposals based on this model legislation apply uniformly to all electric, gas, and water IOUs regulated by the state, as the misaligned shareholder incentives and utility profit motive persist for privately-held utilities across all sectors and because the determination by the regulator of a utility's return on equity is functionally equivalent across each sector. Further, Economic Liberties recommends that the definitions do not allow for threshold applicability determinations based on customer or meter count and instead apply to every IOU regulated by the state regardless of size.

Part II. Factors to Consider in Determining a Utility's Rate of Return: State utility commissions generally act in a quasi-judicial manner when adjudicating utility rate requests or other types of applications that are deemed to affect the rights or duties of the regulated entity. As creatures of statute, regulators must adhere to the parameters outlined in the governing laws and can only make decisions based on the evidence in the record for any given proceeding. While the burden of proving that a rate request is just and reasonable resides with the requesting utility,[9] the factors that the regulator is allowed to consider when taking evidence on the matter can inadvertently be artificially constrained by existing state laws.

Part II of this model legislation first recommends broadening the factors that the regulator can consider when determining a reasonable rate of return. In utility ratemaking, the Rate of Return (RoR), or Cost of Capital (CoC), is the weighted average cost of debt, preferred equity, and common stock a utility has issued to finance its utility capital investments.[10] Mathematically, this requires multiplying the chosen capital structure (i.e., mix of debt, preferred equity, and common stock) by the respective cost for each component. Because it is important to determine the utility's appropriate capital structure and ROE in tandem, it is imperative to ensure that the lens through which a regulator views whether the resulting rate of return is just and reasonable is appropriately scoped. Because state utility commission statutes are often written to require regulators to ensure that the level and structure of rates approved in a proceeding are sufficient, but no more than sufficient, to recover a utility's costs, to allow the utility to attract its needed capital, and to provide

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[7] In Colorado, for example, the Public Utilities Commission maintains at least partial regulatory control over municipal utilities and cooperative electric associations. "Regulatory Information," Colorado Energy Office, 2025, Regulatory Information | Colorado Energy Office.

[8] See, e.g., Conn. Gen. Stat. § 16-8(b)(4), which dictates that only utilities having more than seventy-five thousand customers are subject to routine management audits.

[9] If this standard is not yet clearly codified in state statute, Economic Liberties recommends that a policymaker include such a provision in any resulting legislation. Example language may include, at a minimum, "In any proceeding involving a rate, the burden of proving that said rate under consideration is just and reasonable shall be on the utility."

[10] "What is Cost of Capital (CoC)?", California Public Utilities Commission, 2025, https://www.cpuc.ca.gov/industries-and-topics/electrical-energy/electric-costs/cost-of-capital.

appropriate protection to the public interest, allowing regulators to consider myriad factors and to take evidence on such factors will result in a more robust balancing of investor and consumer interests.

Part II also clarifies that the cost of debt reflected in the utility's CoC must correspond to the actual cost of debt instruments submitted into the record by the utility during the rate case proceeding. In determining allowable expenses for inclusion in a utility's revenue requirement (from which its rates are determined), regulators generally look to evidence of actual expenditures incurred by the utility during a historical period known as the test year.

Adjustments may be made to account for "known and measurable" changes that are supported by a preponderance of the evidence, with the burden resting on the utility to substantiate such adjustments. Similarly, regulators look at the record for evidence provided by the utility of the actual cost of debt instruments and may adjust for prospective debt issuances if the record reflects known and measurable evidence on the matter.

Increasingly, however, utilities request and regulators authorize the inclusion of speculative debt costs, which is a slippery slope given that rates do not typically contain similar speculative adjustments for other items that may occur following the close of an evidentiary record (e.g., change in interest rates). As such, the model legislation reflects language intended to set the cost of debt at the rate actually incurred by the utility, placing guardrails around the inclusion of speculative costs that generally serve to increase customer rates.

Part III. Competitive Equity Auction Process: The model legislation directs that any incremental equity issuances or infusions would be subject to a new Competitive Equity Auction process spelled out in this section, which will move the state's regulatory environment incrementally closer with each auction to determining a true market-based cost of equity for use in setting customer rates. The model legislation addresses various aspects of the Competitive Equity Auction process that a state utility commission would have to consider in implementing this novel concept, which will require tailoring unique to each jurisdiction.

For example, the definition of "Incremental equity" provided in Part I seeks to ensure that any preexisting state statutes regarding change of control are not inadvertently supplanted by any new Competitive Equity Auctions, thereby preserving legislative intent regarding a change of control or acquisition in the state.

In this same vein, the model legislation recognizes that the innovative Competitive Equity Auction approach requires the adoption of strong consumer protection guardrails to ensure that the process does not introduce the potential for private equity firms to exert undue influence or control over the IOU through the acquisition of incremental equity interests. The guardrails stem from those established by the Federal Energy Regulatory Commission (FERC), which were further refined in a pair of orders issued in 2022. Specifically, FERC established a rebuttable presumption that ownership of more than ten percent of the voting securities of a regulated entity constitutes a change of control, but that ownership of less than ten percent may still constitute a change of control if the investor's own officers or directors are appointed to the board of the regulated entity.[11] Here, the legislation recommends that an accumulation of more than ten percent of the voting securities over time by a private equity group shall trigger a mandatory divestiture process overseen by the state utility commission. The model legislation further proposes that bids by public interest groups should be filled prior to those submitted by private equity groups, and that any entity

[11] TransAlta Energy Marketing (U.S.) Inc., 181 FERC ¶ 61,055 (2022); Evergy Kan. Central, Inc., 181 FERC ¶ 61,044 (2022).

participating in the Competitive Equity Auction commit to a long-term ownership interest of at least ten years as a condition of participation in the auction.

While the model legislation offers foundational considerations regarding the design of the Competitive Equity Auction, including recommended bidder eligibility requirements and consumer protection provisions, Economic Liberties recommends that the state utility commission be empowered through the legislation to draft corresponding regulations that address the more granular aspects of implementation, such as what constitutes a complete application from the requesting utility and the form, format, and timing of the bidder qualification process. Providing this discretion to the state utility commission regarding the detailed implementation questions, coupled with the strong statutory framework directing commissions that such Competitive Equity Auctions are the chosen path forward, strikes an appropriate balance between statutory clarity and regulatory flexibility.

Part IV. Determination of Authorized Return on Equity: Regulated utilities are entitled to an opportunity to recover prudent operating expenses as well as capital costs, including a fair and reasonable rate of return.[12] State utility commissions are not constitutionally bound "to the use of any single formula or combination of formulae in determining rates"[13] and "[i]f the total effect of the rate order cannot be said to be unreasonable, judicial inquiry . . . is at an end."[14] This model legislation prescribes a standard for what constitutes a reasonable rate of return by synthesizing four key pieces of evidence: (1) Wall Street's own market forecasts; (2) market signals; (3) academic consensus; and (4) systemic regulatory failure.

Major asset managers project long-term returns for U.S. equities of approximately 6-7 percent. Utilities are lower risk than the market as a whole, and thus, while the cost of equity for the market overall is estimated at the 30-year U.S. Treasury rate plus 1–3 percent (or 100 to 300 basis points), authorized returns on equity commensurate to the lower end of the range are more appropriate due to the lower risk faced by regulated monopolies. Nonetheless, IOUs have enjoyed significantly higher ROEs for decades, with the median ROE authorized in all electric utility rate cases climbing to 9.75% in the first quarter of 2025.[15]

Additionally, market signals consistently prove that authorized returns exceed what investors actually require, given that publicly-trading utility holding companies typically trade at 2.0-2.3x book value. Multiple academic studies support this finding, noting that returns authorized by state utility commissions are much higher than the utilities' actual cost of equity.[16]

In total, ample evidence spanning multiple decades indicates that both state and federal regulators consistently authorize excessive returns, necessitating more specific statutory guidance that takes its cues directly from market-based indicators.

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[12] Federal Power Commission v. Hope Natural Gas Co., 320 U.S. 591, 603 (1944); Bluefield Waterworks & Improvement Co. v. Public Service Commission of West Virginia, 262 U.S. 679, 690 (1923).
[13] Federal Power Commission v. Natural Gas Pipeline Co., 315 U.S. 575, 586 (1942).
[14] Duquesne Light Co. v. Barasch, 488 U.S. 299, 310 (1989).
[15] Gabelli, U.S. Powering the Future Capital Investment Super-Cycle EPS CAGR's to Rise, https://gabelli.com/research/utilities-%E2%88%92-u-s-powering-the-future-capital-investment-super-cycle-eps-cagrs-to-rise/ (last viewed Jan. 16, 2026).
[16] Rode, David C. and Paul S. Fischbeck, "Regulated equity returns: A puzzle," Energy Policy 133 (2019): 1, 16; Werner, Karl Dunkle and Stephen Jarvis, Energy Institute WP 329R: Rate of Return Regulation Revisited (Energy Institute at Haas, revised March 2025), https://haas.berkeley.edu/wp-content/uploads/WP329.pdf, 14, 34-35; Shlomit Azgad-Tromer and Eric Talley, "The Utility of Finance," The Center for Law and Economic Studies, Columbia Law School, https://law-economic-studies.law.columbia.edu/sites/law-economic-studies.law.columbia.edu/files/content/docs/paper_575_talleyazgad_tromer_utility_of_finance_september_15_2017.pdf, pp. 4-5.

To remedy this regulatory shortcoming, the model legislation establishes a process that state utility commissions should follow to produce an authorized return on equity more closely reflective of the actual market cost of equity. To do this, the legislation dictates the creation of a range of reasonableness using readily available U.S. equity market return data, adjusted appropriately to recognize that regulated utilities face reduced risk (and thus warrant lower returns) than entities in competitive markets. The legislation also directs the inclusion of data points regarding the actual market-based cost of equity for the applicable utility, which will be secured via Competitive Equity Auctions for incremental equity, as outlined in Part III of this model legislation. Once the range of reasonableness is established and appropriately adjusted downward to reflect reduced risk, the legislation directs the state utility commission to set the authorized return on equity for the applicable utility at the lowest end of the range.

Notwithstanding the foregoing, if the utility presents clear and convincing evidence that establishing a return on equity at the lowest end of the range of reasonableness will inhibit its ability to attract needed capital, the legislation permits the state utility commission to authorize a higher return on equity that falls within the range of reasonableness determined in the proceeding. The legislation dictates that such clear and convincing evidence must stem from a market-based determination of the cost of equity, as made available through a Competitive Equity Auction process defined in Part III of this legislation.

Part V. Reporting Requirements: Economic Liberties recommends including a reporting requirement wherein the state utility commission is directed to report on an annual basis to the legislature's committee(s) of cognizance regarding implementation of any enacted legislation. The suggested reporting parameters will inject needed transparency into key metrics across the utility sectors so that the legislature can readily assess and quantify the differences between each utility's proposed versus authorized return on equity, rate of return, and capitalization structure, and thus measure the legislation's impact over time.

Part VI. Effective Date: Rate amendment proceedings are lengthy endeavors, often averaging between nine and 12 months. Once a formal proceeding is initiated – usually once a utility files its rate amendment application – the state utility commission, parties, and intervenors enter a period of "discovery" regarding the utility's application. While some states may allow a utility to substantively amend its application within a short window (e.g., up to 30 days following the application's submission), best practices dictate that material, new changes or requests should be discouraged thereafter as it is difficult for non-utility parties and intervenors, as well as the regulator, to evaluate ever-evolving changes to the rate request. As such, Economic Liberties recommends that any proposals stemming from this model legislation mirror these same principles and, therefore, be drafted to apply to any rate cases initiated on or after the enactment date of the legislation.

Part VII. Severability: Economic Liberties recommends the inclusion of a severability clause to ensure that if a certain provision is later determined to be invalid, illegal, or unenforceable, the remaining provisions are unaffected so that the legislation can continue to achieve its purpose to the fullest extent possible.

MODEL LEGISLATION

Part I. Definitions

"Authorized return on equity" means the rate of return on common equity authorized for ratemaking purposes in the utility's most recent rate proceeding held in accordance with [cite to state statute governing utility base rate proceeding].

"Competitive equity auction" means a process administered by the [state utility commission] in accordance with this Act that provides a market-based determination of the cost of equity for a Covered utility.

"Covered utility" means any investor-owned electric, gas, or water company regulated by the [state utility commission].

"Financial academic" means an accredited, full-time finance teaching program with over 50 years of teaching experience that regularly publishes U.S. equity market expected return data and that provides a curriculum in business administration or finance.

"Financial institution" means an entity that manages over $2 trillion in combined U.S. and global assets, which regularly publishes U.S. equity market expected return data.

"Incremental equity" means any increase in the amount of common equity accessible to the Covered utility following enactment of this Act in excess of the common equity percentage specified for use in setting rates through its most recent rate case decision, provided that the percentage of equity available and purchased in the auction would not trigger a change of control or acquisition proceeding for one or more recipients, in which case the appropriate statutory provisions for change of control prevail.

"Incumbent utility" means the Covered utility that initiates the Competitive equity auction process.

"Money center bank" means a U.S. bank that is on the list of global systemically important banks published by the Financial Stability Board that regularly publishes U.S. equity market expected return data.

Part II. Factors to Consider in Determining a Utility's Rate of Return

(a) During each proceeding on a rate amendment under [cite to state statute governing utility base rate proceeding] proposed by an [electric, gas, or water utility], the [state utility commission] shall consider the following factors in determining a reasonable rate of return:

(1) macroeconomic conditions at the time the rate application is pending before the [state utility commission];

(2) the utility's compliance with state law, regulations and the decisions of the [state utility commission];

(3) the burden of the utility's costs on residential ratepayers, measured as a percentage of household income, under the current and proposed rate;

(4) trends in the utility's accrual of bad debt;

(5) the rate impact on each customer class under the proposed rate; and

(6) any other issue deemed relevant by the [state utility commission].

(b) The [state utility commission] shall establish a cost of debt for ratemaking purposes that reflects the utility's actual embedded cost of debt as evidenced by existing debt instruments. The [state utility commission] shall not include in the cost of debt any instruments projected to be issued for new or replacement debt tranches during the rate year unless the utility provides clear and convincing evidence as to the funding purpose of the debt issuance, its date of issuance, the amount of debt, the length of the debt instrument, all terms and conditions, and the financing cost prior to the close of the evidentiary record in the rate amendment proceeding.

Part III. Competitive Equity Auction Process

(a) A Covered utility shall obtain the approval of the [state utility commission] for any Incremental equity or to amend any provision of an existing common equity issuance if such amendment would affect the issuance or terms. The [state utility commission] shall initiate a Competitive equity auction within thirty (30) calendar days of receipt of a complete application from the Covered utility.

(b) Auction mechanism. (1) The [state utility commission] shall conduct a sealed-bid competitive auction; (2) Qualified bidders shall bid the minimum return on equity they require pursuant to the offerings available in the Competitive equity auction; (3) The [state utility commission] shall accept the lowest qualifying bid(s) that is in the public interest, after considering any bid contingencies including but not limited to escalation clauses or other cost containment provisions; and (4) The [state utility commission] shall issue its final determination within one hundred and twenty calendar days of receipt of a complete application from the Covered utility.

(c) Qualification requirements. To qualify as a bidder, an applicant must demonstrate through a preponderance of the evidence: (1) Financial capacity to provide equity investment equal to Book equity value; and, (2) In the case of an equity investor taking equal to or more than a ten percent stake in aggregate, (A) technical, financial and managerial suitability, responsibility and competence to operate utility assets safely, reliably, affordably and consistent with the public interest, (B) a commitment to maintain all service obligations and regulatory compliance, and (C) the absence of conflicts of interest that would impair independent operations.

(d) The Incumbent utility, its parent company, and any affiliates may qualify as bidders, subject to the provisions of subsection (c), any existing code of conduct policies for affiliate transactions and any further eligibility requirements established by the [state utility commission] to prohibit inappropriate preferential treatment in the bidding process.

(e) Restrictions on Private Equity Bidders. (1) In each round of a Competitive equity auction, public interest allocations, such as those bid by pensions funds, community trusts or public buyers, shall be filled before private equity allocations; (2) Private equity bidders shall accept as a binding term and condition of participation in the Competitive equity auction, a long-term ownership commitment of at least ten years for the equity position purchased in the auction; and (3) If any single private equity group accumulates ten percent or more of the voting securities of the Covered utility or its own officers or directors are appointed to the board of the Covered utility or its parent company, a

mandatory divestiture clause is triggered for the full equity stake. The [state utility commission] shall oversee the mandatory divestiture process within sixty calendar days of occurrence.

(f) Consumer protection. No results of the Competitive equity auction process shall impair service reliability, safety or regulatory compliance. The winning bidder is prohibited from including any acquisition premium in rates in perpetuity. All operations and expenditures remain subject to full regulatory jurisdiction.

(g) The [state utility commission] may adopt regulations as necessary to implement the Competitive equity auction process.

Part IV. Determination of Authorized Return on Equity

(a) Prescribed standard. In determining the authorized return on equity for any Covered utility, the [state utility commission] shall first establish a range of reasonableness by determining the current average expected ten-year total or large-cap U.S. equity market return or equivalent measure and then making any necessary adjustments to account for reductions in risk applicable to the Covered utility attributable to its operation in a regulated market. The [state utility commission] shall establish the authorized rate of return on equity for the Covered utility at the lowest end of the range of reasonableness unless the Covered utility provides clear and convincing evidence that a higher return on equity, within the range of reasonableness, is required to attract needed capital and to maintain its financial integrity and would not yield rates that are more than is just, reasonable and adequate. Such clear and convincing evidence shall be sourced from a market-based determination of the cost of equity through a Competitive equity auction. The [state utility commission] shall not establish an authorized return on equity that exceeds the upper bounds of the range of reasonableness.

(b) The [state utility commission] shall determine the current average expected ten-year total or large-cap U.S. equity market return or equivalent measure by: (1) taking the midpoint expected ten-year total or large-cap U.S. equity market return or equivalent measure as estimated by Financial academics, Financial institutions and Money center banks for each of the last five years, and (2) using the average of the midpoints.

(c) The [state utility commission] shall adjust the current average expected ten-year total or large-cap U.S. equity market return or equivalent measure to account for the reduced risks of the Covered utility due to: (1) operating in a regulated market rather than in a competitive market and (2) any applicable state or [state utility commission] action, including but not limited to, the following risk reduction factors:

(A) the approval of any alternative form of ratemaking;

(B) the allowance of regulatory assets;

(C) the allowance of operating cost riders and non-bypassable fees;

(D) the allowance of recovery for any customer bad debt or under-collections;

(E) the approval of any securitization or bond revenue related to the provision of utility services; or

(F) the establishment or continuation of any other measure that reduces the risks of the Covered utility relative to an entity operating in the competitive market.

(d) In the event that one or more Competitive equity auction processes, as specified in [Part III], occurred between the effective date of the previous rate amendment decision for the Covered utility and prior to the close of the evidentiary record in the instant rate amendment application, the resulting market-based cost of equity data points shall be included in developing the range of reasonableness established by the [state utility commission].

Part V. Reporting Requirements

Not later than January 15, 202X, and every year thereafter, the [state utility commission] shall report to the [legislative committee of cognizance] on compliance with this Act. Such report shall include, but need not be limited to the following: (1) each Covered utility's requested return on equity, rate of return and capitalization mix proposed as part of its most recent rate amendment application and the preceding three rate amendment applications; (2) the corresponding actual return on equity, rate of return and capitalization mix authorized by the [state utility commission] for each Covered utility in the most recent three rate amendment proceedings; (3) the results of any Competitive equity auctions conducted pursuant to this legislation for the previous five calendar years; (4) an analysis of the impact on average customer rates, broken down by customer class, resulting from implementation of this Act; and (5) a summary of any enforcement actions taken.

Part VI. Effective Date

This Act shall take effect immediately upon enactment for any proceeding initiated on or after the enactment date held in accordance with [cite to state statute governing utility base rate proceeding].

Part VII. Severability

If any provision of this Act, or the application thereof to any person or circumstance, is held invalid, the remainder of this Act and the application of such provision to other persons or circumstances shall not be affected thereby.