

INTERIM STUDY PROPOSAL 2025-020

State of Arkansas
95th General Assembly
Regular Session, 2025

A Bill

SENATE BILL 643

By: Senator D. Sullivan
By: Representative McCollum

Filed with: Senate Committee on Insurance and Commerce
pursuant to A.C.A. §10-3-217.

For An Act To Be Entitled

AN ACT TO PROVIDE TRANSPARENCY AND ACCOUNTABILITY FOR
PUBLIC UTILITIES; TO REQUIRE CERTAIN PUBLIC UTILITIES
TO REPORT TO THE LEGISLATIVE COUNCIL; AND FOR OTHER
PURPOSES.

Subtitle

TO PROVIDE TRANSPARENCY AND
ACCOUNTABILITY FOR PUBLIC UTILITIES; AND
TO REQUIRE CERTAIN PUBLIC UTILITIES TO
REPORT TO THE LEGISLATIVE COUNCIL.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:

SECTION 1. DO NOT CODIFY. Legislative findings and intent.

(a) The General Assembly finds that:

(1) Arkansas residents continue to face economic hardships due
to spiraling inflation;

(2) Costs continue to rise for public utility ratepayers for
both electricity and natural gas, stretching family budgets to pay for
critical services in this state;

(3) Electric rates have increased four (4) times for many
Arkansas ratepayers since 2021;

(4) Natural gas rates increased by more than twenty-three
percent (23%) for Summit Utilities ratepayers in 2024;

1 (5) Public utilities must be good stewards of public utility
 2 ratepayer funds and should be transparent with how public utility ratepayer
 3 funds are spent; and

4 (6) A utility owned by a governmental entity is mandated to
 5 operate with transparency under the Freedom of Information Act of 1967, § 25-
 6 19-101 et seq.

7 (b) It is the intent of the General Assembly that Arkansas takes
 8 responsibility to ensure public utility rates are established with full
 9 transparency and accountability.

10
 11 SECTION 2. Arkansas Code Title 23, Chapter 3, is amended to add an
 12 additional subchapter to read as follows:

13
 14 Subchapter 8 – Transparency and Accountability of Public Utilities

15
 16 23-3-801. Definitions.

17 As used in this subchapter:

18 (1)(A) "Advertising" means the act of publishing, disseminating,
 19 soliciting, or circulating written, online, video, or audio communication
 20 intended to induce a person to patronize a product, service, business, or
 21 industry or to promote a business's brand.

22 (B) "Advertising" includes without limitation the act of:
 23 (i) Otherwise emphasizing desirable qualities about
 24 a product, service, business, or industry; or

25 (ii) Influencing public opinion with respect to
 26 legislative, administrative, or electoral matters.

27 (C) "Advertising" does not include public communication:

28 (i) Required by law, rule, or order;

29 (ii) The primary purpose of which is to communicate:

30 (a) Service interruptions, safety measures, or
 31 emergency conditions; or

32 (b) Employment opportunities with a public
 33 utility; or

34 (iii) Directly related to a program approved by the
 35 Arkansas Public Service Commission regarding income-based service, special
 36 rates, or energy conservation.

1 (D) "Advertising" includes a communication if any portion
2 of the communication is "advertising" as defined in this section;

3 (2) "Compensation" means salary, bonus, benefits, or other
4 consideration of any value;

5 (3) "Covered business unit" means a division, department, or
6 other organizational employee group within a public utility that performs
7 activities described under this subchapter;

8 (4) "Electric utility" means a public utility, an investor-owned
9 utility, an electric cooperative, or any private power supplier or marketer
10 that is engaged in the business of supplying electrical energy to the
11 ultimate consumer or any customer classes within this state;

12 (5) "Expense" means any payment, expenditure, compensation, or
13 costs;

14 (6) "Gas utility" means a person, or any combination of persons,
15 including a lessee, trustee, or receiver of a utility that:

16 (A) Owns or operates, for compensation in this state,
17 equipment or facilities for storing, transmitting, distributing, selling, or
18 furnishing natural gas to or for the public at retail; and

19 (B) Is regulated by the commission;

20 (7) "Governmental utility" means a utility that is required to
21 make its records available for inspection and copy under the Freedom of
22 Information Act of 1967, § 25-19-101 et seq.;

23 (8)(A) "Political influence activity" means an expense for the
24 purpose of directly or indirectly influencing the possible:

25 (i) Adoption, repeal, or modification of federal,
26 state, or local rules, regulations, legislation, or ordinances;

27 (ii) Election, recall, appointment, or removal of a
28 public official;

29 (iii) Adoption or rejection of initiatives or
30 referenda;

31 (iv) Approval, modification, or revocation of a
32 public utility franchise;

33 (v) Public opinion with respect to federal, state,
34 or local:

35 (a) Adoption, repeal, or modification of
36 rules, regulations, legislation, or ordinances;

1 (b) Election, recall, appointment, or removal
 2 of a public official;
 3 (c) Adoption or rejection of initiatives or
 4 referenda;
 5 (d) Approval, modification, or revocation of a
 6 public utility franchise; or
 7 (e) Public utility rate setting; or
 8 (vi) Decisions of federal, state, or local
 9 government officials.

10 (B) "Political influence activity" includes an activity
 11 undertaken in support of activities listed in subdivisions (8)(A)(i) – (vi)
 12 of this section, including research, analysis, preparation, or planning or
 13 any other related costs identified by the commission.

14 (C) "Political influence activity" does not include:
 15 (i) An appearance before the commission when the
 16 public utility is the applicant in an uncontested proceeding; or
 17 (ii) An appearance before a legislative committee,
 18 the commission, or a state agency when the public utility's participation has
 19 been specifically requested in writing by the chair of the legislative
 20 committee, chair of the commission, or head of the state agency;

21 (9)(A) "Public utility" means:
 22 (i) An electric utility; or
 23 (ii) A gas utility.

24 (B) "Public utility" does not include a governmental
 25 utility; and

26 (10) "Public utility affiliate" means an entity that is related
 27 to the public utility as a subsidiary, parent, or sibling corporation,
 28 including without limitation by shareholding or other means of control.

29
 30 23-3-802. Public utility rate transparency and disclosure – Political
 31 and investor-related expenses.

32 (a)(1) On or before January 1, 2026, and annually thereafter, each
 33 public utility with more than three thousand (3,000) ratepayers shall provide
 34 a report to the Legislative Council.

35 (2) The report required under subdivision (a)(1) of this section
 36 shall include the expenses from the previous calendar year of any direct or

1 indirect costs that are recovered through rates of a public utility for:

2 (A) Membership, dues, sponsorships, or contributions to a
3 trade association if any portion of those contributions supports political
4 influence activities or advertising;

5 (B) Charitable giving, including contributions to
6 organizations qualified under 26 U.S.C. § 501(c)(3) or 26 U.S.C. § 501(c)(4),
7 as they existed on January 1, 2025, and any expenses related to charitable
8 giving;

9 (C) Political influence activities;

10 (D) Advertising;

11 (E) Any compensation for an employee of a public utility,
12 if any portion of that compensation is used for attempts by the employee to
13 influence the decision of federal, state, or local government officials;

14 (F) Contributions to a political candidate, political
15 party, campaign committee, issue committee, or independent expenditure
16 committee or other political expenses;

17 (G) Litigation regarding existing or proposed federal,
18 state, or local rules, regulations, legislation, or ordinances;

19 (H) Any costs, including marketing, administration,
20 customer service, or other costs, for products or services not regulated by
21 the Arkansas Public Service Commission;

22 (I) Penalties or fines, including tax penalties or fines,
23 issued against a public utility;

24 (J) Travel, lodging, or food and beverage expenses for a
25 public utility's board of directors and officers or the board of directors
26 and officers of a public utility affiliate;

27 (K) Any owned, leased, or chartered aircraft for the
28 public utility's board of directors and officers or the board of directors
29 and officers of a public utility affiliate;

30 (L) Investor relations; and

31 (M) Annual compensation that is in excess of the current
32 annual compensation of the Governor for an individual, including an employee
33 of the public utility, a member of the public utility's board of directors or
34 officers, or a member of the board of directors or officers of a public
35 utility affiliate.

36 (b) The report required under subdivision (a)(1) of this section shall

1 include without limitation:

2 (1) An itemized list of all expenses associated with activities
3 described under subdivision (a)(2) of this section, including any expenses
4 paid to:

5 (A) A vendor, including a separate line item for each
6 payment to a vendor for activities described under subdivision (a)(2) of this
7 section;

8 (B) A trade association, if any portion of those expenses
9 supports political influence activities or advertising;

10 (C) An organization qualified under 26 U.S.C. § 501(c)(3)
11 or 26 U.S.C. § 501(c)(4), as they existed on January 1, 2025;

12 (D)(i) A public utility employee in the form of
13 compensation or reimbursement.

14 (ii) For each employee listed under subdivision
15 (b)(1)(D)(i) of this section, the list shall include:

16 (a) The employee's job title;

17 (b) A job description sufficient to describe
18 the employee's responsibilities;

19 (c) Each activity described under subdivision
20 (a)(2) of this section in which the employee engaged;

21 (d) A description sufficient to describe the
22 employee's nature of that work;

23 (e) The total annual compensation for the
24 employee;

25 (f) The percentage of annual compensation paid
26 for work associated with the activities described under subdivision (a)(2) of
27 this section;

28 (g) The percentage of annual compensation
29 recoverable from ratepayers; and

30 (h) All uniform system of account codes to
31 which compensation was recorded for the employee; and

32 (E) Public utility affiliates, including a separate line
33 item for each payment to a public utility affiliate for activities described
34 under subdivision (a)(2) of this section;

35 (2) A list of all expenses paid to vendors; and

36 (3)(A) A list of covered business units of the public utility.

1 (B) For each covered business unit, the public utility
2 shall include a list of employees who work in that covered business unit.

3 (C) For each employee, the public utility shall include:

4 (i) The employee's job title;

5 (ii) A job description sufficient to describe the
6 employee's responsibilities; and

7 (iii) Whether or not the employee conducted an
8 activity that is described under subdivision (a)(2) of this section.

9 (c)(1) For an employee who conducted an activity described under
10 subdivision (a)(2) of this section, the report required under subdivision
11 (a)(1) of this section shall list:

12 (A) Each activity described in subdivision (a)(2) of this
13 section in which the employee engaged;

14 (B) A description sufficient to describe the nature of
15 that work;

16 (C) The total annual compensation paid for work associated
17 with the activities described under subdivision (a)(2) of this section;

18 (D) The percentage of annual compensation recoverable from
19 ratepayers; and

20 (E) All uniform system of account codes to which
21 compensation was recorded for the employee.

22 (2) An itemized list required under subdivision (c)(1) of this
23 section shall include:

24 (A) The billing amount;

25 (B) The billing date;

26 (C) The identity of the payee;

27 (D) An explanation of the expense sufficient to describe
28 its purpose; and

29 (E) Any other itemized information deemed relevant by the
30 Legislative Council.

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32
33 Referred requested by the Arkansas Senate

34 Prepared by: ANS/AMS