

State Corporation Commission 2007 Fiscal Impact Statement

1. Bill Number HB1649

House of Origin ☒ Introduced ☐ Substitute ☐ Engrossed

Second House ☐ In Committee ☐ Substitute ☐ Enrolled

2. Patron Cole

3. Committee Commerce and Labor

4. Title Transmission lines; restrictions on SCC for underground location thereof.

5. Summary/Purpose: Underground location of transmission lines. Establishes a presumption that bars the State Corporation Commission from issuing a certificate allowing the installation of an overhead electrical transmission line of 150 kilovolts or more within 500 feet of any school building or residential dwelling or in any area where such an overhead transmission line would unduly impair scenic vistas that are essential to the economic vitality of the affected locality. The presumption may be rebutted by demonstrations that constructing the transmission line underground would not be technologically feasible and that a viable alternative route does not exist. If the Commission approves the underground installation of the line, the costs would be recoverable through the utility's rates. If the locality obligates itself to reimburse the utility for the incremental costs of undergrounding the transmission line, the Commission may approve the underground installation of the line even if it does not find that its overhead installation would impair scenic vistas.

6. Fiscal Impact Estimates are: Potentially significant, but not quantifiable. (See response to 8. below)

7. Budget amendment necessary: Not aware of necessity.

8. Fiscal implications: For needed transmission facilities, overhead construction is the current standard industry practice throughout the United States, with very limited exceptions. Typically, the underground construction of transmission facilities is significantly more expensive (several times more) than the construction of viable overhead transmission alternatives. Accordingly, a broad statutory predetermination of an underground preference or requirement of transmission facilities potentially will result in a significant financial impact on the public segment that shoulders the burden for the additional cost of locating facilities underground, most likely either Virginia's electric utility ratepayers or tax payers of specific localities. Additionally, depending on the specific circumstances and nature of a project, underground transmission facilities may raise technical reliability issues that may or may not be able to be addressed in a satisfactory manner with varying amounts of additional investment.

9. Specific agency or political subdivisions affected: State Corporation Commission, Localities.

10. Technical amendment necessary: Not aware of necessity.

11. Other comments: Transmission planning and selection involves highly complex technical issues; and the decisions resulting from this process in Virginia have critically important ramifications with respect to the reliable provision of affordable retail service across Virginia, as well as the region. In turn, reasonably-priced, dependable electric service is critically important to both the general welfare of citizens within the Commonwealth and the health of economic development within the State.

Date: 01/11/07 / tl

cc: Secretary of Commerce and Trade