

State Corporation Commission 2015 Fiscal Impact Statement

1. **Bill Number:** SB1349

House of Origin Introduced Substitute Engrossed
Second House In Committee Substitute Enrolled

2. **Patron:** Wagner

3. **Committee:** Floor Substitute, 2/5/15

4. **Title:** Electric utility regulation; suspension of reviews of earnings.

5. **Summary:** Electric utility regulation; suspension of reviews of earnings. Bars the State Corporation Commission (SCC) from conducting a biennial review of the rates, terms, and conditions for any service of Dominion Virginia Power for the five test periods beginning January 1, 2015, and ending December 31, 2019; and for Appalachian Power Company for the four test periods beginning January 1, 2014 and ending December 31, 2017. Dominion Virginia Power will file a biennial review in 2015 covering the test periods ending December 31, 2013 and 2014; however, the Commission is limited to a review of historic earnings and determination of whether refunds are due customers. Return on equity will not be reviewed in Dominion Virginia Power's 2015 biennial review. The Commission is barred from adjusting Dominion Virginia Power's rates until the conclusion of the 2022 biennial review and Appalachian Power's rates until the conclusion of the 2020 biennial review, with the exceptions of (i) rate adjustment clauses (§ 56-585.1 A 4, 5, and 6), (ii) fuel and purchased power costs (§ 56-249.6), and (iii) if an emergency exists (§56-245).

The SCC is directed to conduct proceedings in 2016 and 2018 for Appalachian Power and in 2017 and 2019 for Dominion Virginia Power to determine what constitutes the utility's fair rate of return on common equity for use in connection with rate adjustment clauses. The measure also requires each electric utility to file updated integrated resource plans annually starting in 2015; currently, such updates are required to be filed biennially.

Dominion Virginia Power shall not recovery from customers 50% of the prior period deferred fuel expense recovery balance on its books as of December 31, 2014.

The SCC and the Department of Environmental Quality are each to submit reports, including recommendations, to the Governor and General Assembly annually, beginning December 1, 2015, addressing § 111(d) of the federal Clean Air Act.

6. **Budget Amendment Necessary:** No.

7. **Fiscal Impact Estimates:** None on the State Corporation Commission.

- 8. Fiscal Implications:** None on the State Corporation Commission.
- 9. Specific Agency or Political Subdivisions Affected:** State Corporation Commission;
Department of Environmental Quality.
- 10. Technical Amendment Necessary:** None at this time.
- 11. Other Comments:** None at this time.