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## SENATE BILL NO. 1014

Offered January 11, 2017

Prefiled January 4, 2017

A *BILL to amend and reenact § 56-265.13:4 of the Code of Virginia and to amend the Code of Virginia by adding a section numbered 56-262.1, relating to water public utilities; rate increases.*

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Patron—Ebbin

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Referred to Committee on Commerce and Labor

**Be it enacted by the General Assembly of Virginia:**

**1. That § 56-265.13:4 of the Code of Virginia is amended and reenacted and that the Code of Virginia is amended by adding a section numbered 56-262.1 as follows:**

**§ 56-262.1. Water utilities; rate surcharges.**

*Notwithstanding any provision of this chapter to the contrary:*

1. *The Commission shall not authorize a public utility that provides water facilities or service and that is subject to the provisions of this chapter to increase the approved rates, fees, or charges that the utility is authorized by the Commission to charge its customers through the use of a surcharge for non-revenue-generating infrastructure replacement or similar surcharge pursuant to which the utility utilizes an automatic rate adjustment feature to increase its rates, fees, or charges; and*

2. *The rates, fees, and charges that the Commission has approved for such a utility to charge its customers for water facilities or service shall not be authorized to increase above the amounts thereof that have been specified in an order of the Commission unless the Commission specifically increases such amounts in an order entered by the Commission in a rate case under § 56-235.2.*

**§ 56-265.13:4. Rates and services.**

A. A small water or sewer utility shall be required to furnish reasonably adequate services and facilities, subject to the regulation of the Commission. The charges made by any small water or sewer utility for any service rendered shall be (i) uniform as to all persons or corporations using such service under like conditions and (ii) nondiscriminatory, reasonable and just. Every charge for service found to be otherwise shall be unlawful. Reasonable and just charges for service within the meaning of this section shall be the lowest charges as shall produce sufficient revenues to pay all lawful and necessary expenses incident to:

1. The operation of the system, including maintenance costs, operating charges, and interest charges on bonds or other obligations;

2. The providing for the liquidation of bonds or other evidence of indebtedness and the attraction of capital;

3. The providing of adequate funds to be used as working capital, as well as reasonable reserves and funds for making replacements, which may be escrowed and used only as working capital if the Commission so directs as a result of a proceeding conducted pursuant to § 56-265.13:6;

4. The providing for the payment of taxes that may be assessed against the small water or sewer utility or its property; and

5. Compensation of owners of the utility for their capital or property invested in the system, if any, and for their time and other resources expended in the operation of the system not otherwise recovered under subdivisions 1 through 4 of this section.

*B. Notwithstanding any provision of this chapter to the contrary:*

1. *The Commission shall not authorize a small water utility to increase the approved rates, fees, or charges that the utility is authorized by the Commission to charge its customers for service through the use of a surcharge for non-revenue-generating infrastructure replacement or similar surcharge pursuant to which the utility utilizes an automatic rate adjustment feature to increase its rates, fees, or charges; and*

2. *The rates, fees, and charges that the Commission has approved for a small water utility to charge its customers for service shall not be authorized to increase above the amounts thereof that have been specified in an order of the Commission unless the Commission specifically increases such amounts in an order entered by the Commission following a hearing conducted as provided in § 56-265.13:6.*

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