VIRGINIA ACTS OF ASSEMBLY — CHAPTER

An Act to amend the Code of Virginia by adding a section numbered 56-235.11, relating to water utilities; retail rates of affiliated entities.

[S 1492]

Approved

Be it enacted by the General Assembly of Virginia:

1. That the Code of Virginia is amended by adding a section numbered 56-235.11 as follows:

§ 56-235.11. Retail rates of affiliated water utilities.

A. As used in this section, unless the context requires a different meaning:

"Affiliate" of a specific water utility or a water utility "affiliated" with a specific water utility means a water utility that directly or indirectly through one or more intermediaries controls, is controlled by, or is under common control with the water utility specified.

"Control," including the terms "controlling," "controlled by," and "under common control with," means direct or indirect possession of the power to direct or cause the direction of the management and policies of a water utility through the ownership of an equity interest. Control shall be presumed to exist with respect to another water utility if any water utility directly or indirectly owns, controls, or holds with the power to vote 50 percent or more of the equity interest of the other water utility.

"Rates" includes rates, tolls, charges, or schedules.

"Subsidiary" of a specified water utility means an affiliate directly or indirectly controlled by that water utility through one or more intermediaries.

"Water utility" means an investor-owned public utility authorized to furnish water or water and sewer service within a certificated service territory in the Commonwealth except any such investor-owned public utility for which the Commission has approved, after July 1, 2009, and prior to July 1, 2017, a consolidated rate structure consisting of four or more rate groups for the same class of service and in one or more subsequent orders has approved additional consolidation of such rate groups.

"Water utility network" means a water utility and all other water utilities that the water utility is an affiliate of, is affiliated with, controls, is controlled by, is under common control with, or is a subsidiary of. "Water utility network" also means, with respect to a water utility that is authorized to furnish water or water and sewer service within multiple certificated service territories in the Commonwealth, all of the certificated service territories that the water utility is certificated to serve.

B. In any proceeding commenced on and after July 1, 2017, to establish or approve the rates of a water utility that is in a water utility network, the Commission shall ensure that the rates of each water utility in the water utility network are not unjustly discriminatory by ensuring that equal fixed and volumetric rates are charged for each customer class of each water utility that is in the water utility network.

C. Upon the commencement of a proceeding described in subsection B, the Commission shall make each water utility that is a member of the applicable water utility network a party to the proceeding and may review each member water utility's rates . In such proceeding:

1. The Commission shall review the rates of each member of the applicable water utility network and adjust such water utility's rates in order to implement the provisions of subsection B; and

2. The Commission is authorized to aggregate the revenues and costs of the water utilities that are members of the applicable water utility network.