

State Corporation Commission 2020 Fiscal Impact Statement

1. Bill Number: HB969

House of Origin	<input checked="" type="checkbox"/>	Introduced	<input type="checkbox"/>	Substitute	<input type="checkbox"/>	Engrossed
Second House	<input type="checkbox"/>	In Committee	<input type="checkbox"/>	Substitute	<input type="checkbox"/>	Enrolled

2. Patron: Ware

3. Committee: Committee Referral Pending

4. Title: Electric utility regulation; initial triennial review.

5. Summary: Establishes requirements for the first scheduled triennial review proceeding for Virginia Electric and Power Company that is scheduled to be conducted in 2021. The measure directs that such initial triennial review shall consist of a generation and distribution rate case conducted solely pursuant to Chapter 10 (§ 56-232 et seq.) of Title 56 of the Code of Virginia, rules of the State Corporation Commission, and this measure. As part of the initial triennial review, the Commission is directed to review the earnings during the utility's test period and to order credits to customers in amounts equal to any earnings during the combined test periods that are above the utility's authorized rate of return in effect on July 1, 2020, as determined in the initial triennial review. The measure authorizes the Commission to order rate adjustments and to use any methodology to determine the fair rate of return on common equity that it finds consistent with the public interest, provided that such return shall be set at a level that is sufficient to assure confidence in the utility's financial integrity, adequate to maintain and support the utility's credit and its ability to attract capital, and comparable to returns that investors in securities would expect to earn on investments of similar risk. The measure provides that any capital investments made during the combined test periods reviewed during an initial triennial review in utility owned solar or wind generation facilities or electric distribution grid transformation projects will not be applied as customer credit reinvestment offsets during such utility's initial triennial review, but any portion of such capital investments that remain undepreciated as of the utility's subsequent triennial reviews may be applied as customer credit reinvestment offsets in subsequent proceedings. The measure directs the utility to make its initial triennial review filing by March 31, 2021. Subsequent triennial reviews shall be conducted pursuant to the Virginia Electric Utility Regulation Act.

6. Budget Amendment Necessary: No.

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

8. Fiscal Implications: No fiscal impact on the State Corporation Commission.

9. Specific Agency or Political Subdivisions Affected: State Corporation Commission.

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10. Technical Amendment Necessary: No.

11. Other Comments: None.

CM 1/13/2020