State Corporation Commission
2021 Fiscal Impact Statement

1. **Bill Number:** HB2160

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

2. **Patron:** Tran

3. **Committee:** Labor and Commerce

4. **Title:** Electric utilities; fair rate of return; customer bill credits.

5. **Summary:** Provides that the State Corporation Commission may, in any triennial review, establish a range above or below the authorized rate of return such that if the combined rate of return on common equity earned by the generation and distribution services is within that range, such combined return is not to be considered either excessive or insufficient, respectively. The bill provides that during a triennial review period, if a utility's earned return on its generation and distribution services falls below that range due to certain costs, the Commission is required to authorize deferred recovery for such costs. Additionally, if during a triennial review period, if a utility's earned return on its generation and distribution services falls below that range due to revenue reductions related to energy efficiency measures or other programs, the Commission is required to order an increase to the utility's rates. The bill requires that the Commission direct 100 percent of the amount that a utility earns over its fair rate of return to customers" bills. Under current law, the Commission is required to direct 70 percent of any earnings that were more than a certain percentage above the utility's fair rate of return to customers" bills. The bill provides that if, during a triennial review period, a utility has earned above its fair combined rate of return, the Commission is required to order reductions to the utility's rates it finds appropriate. Under current law, the Commission is only required to order reductions to the utility's rates if the utility earned more than a certain percentage above its fair combined rate of return. The provisions of the bill apply to all triennial reviews, including the first triennial review of Dominion Energy Virginia conducted after January 1, 2021.

6. **Budget Amendment Necessary**: No

7. **Fiscal Impact Estimates:** No fiscal impact on the State Corporation Commission

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

9. **Specific Agency or Political Subdivisions Affected:** None

10. **Technical Amendment Necessary:** No

11. **Other Comments:** None

Kbp 1/15/21