

State Corporation Commission 2023 Fiscal Impact Statement

1. Bill Number: HB1637

House of Origin ☐ Introduced ☐ Substitute ☐ Engrossed

Second House ☐ In Committee ☐ Substitute ☒ Enrolled

2. Patron: Webert

3. Committee: Passed both Houses.

4. Title: Electric utilities; pilot program for underground transmission or distribution lines; additional projects.

5. Summary: The bill requires the State Corporation Commission to approve one additional application filed between January 1, 2023, and October 1, 2023, as a qualifying project to be constructed in whole or in part underground, as part of the existing pilot program for underground transmission lines. The bill requires that the added qualifying project be a newly proposed 230-kilovolt line underground line and that (i) an engineering analysis demonstrates that it is technically feasible to place the proposed line, in whole or in part, underground; (ii) the governing body of each locality in which a portion of the proposed line will be placed underground indicates, by resolution, general community support for the project and that the governing body supports the transmission line to be placed underground; (iii) a project has been filed with the Commission or is pending issuance of a certificate of public convenience and necessity by October 1, 2023; (iv) the estimated additional cost of placing the proposed line, in whole or in part, underground does not exceed \$40 million or, if greater than \$40 million, the cost does not exceed 2.5 times the cost of placing the same line overhead, assuming accepted industry standards for undergrounding to ensure safety and reliability; if the public utility, the affected localities, and the Commission agree, a proposed underground line whose cost exceeds 2.5 times the cost of placing the line overhead may also be accepted into the pilot program; (v) the public utility requests that the project be considered as a qualifying project under the pilot program; and (vi) the primary need of the project is for purposes of grid reliability or grid resiliency or to support economic development priorities of the Commonwealth, including the economic development priorities and the comprehensive plan of the governing body of the locality in which at least a portion of line will be placed, and not to address aging assets that would have otherwise been replaced in due course.

Additionally, the bill adds one project to place underground an electric distribution mainline as part of a transportation infrastructure improvement project incorporating transit that has been initially accepted for partial funding of at least \$250 million pursuant to a federal program. The substitute bill provides that such project is qualified to be placed underground if (i) the estimated additional cost of placing the proposed mainline, in whole or in part, underground does not exceed \$40 million or, if greater than \$40 million, the cost does

not exceed 2.5 times the cost of placing the same line overhead, assuming accepted industry standards for undergrounding to ensure safety and reliability; if the public utility, the affected localities, and the Commission agree, a proposed underground line whose cost exceeds 2.5 times the cost of placing the line overhead may also be accepted into the pilot program and (ii) the public utility requests that the project be considered as a qualifying project under this section. The provisions of the bill related to the underground distribution mainline expire on July 1, 2028.

6. Budget Amendment Necessary: No

7. Fiscal Impact Estimates: Final. See Item 8.

8. Fiscal Implications: No fiscal impact on the State Corporation Commission. The State Corporation Commission can manage the anticipated work with existing staff and resources.

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

10. Technical Amendment Necessary: None

11. Other Comments: No.