

# VIRGINIA ACTS OF ASSEMBLY -- 1996 SESSION

## CHAPTER 19

*An Act to amend and reenact §§ 56-76 and 56-77 of the Code of Virginia, relating to public service companies; regulation of relations with affiliated interests; exemption.*

[H 957]

Approved February 29, 1996

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

**1. That §§ 56-76 and 56-77 of the Code of Virginia are amended and reenacted as follows:**

§ 56-76. Definitions.

The term "public service company" when used in this chapter shall mean every person, firm, corporation or association, or their lessees, trustees or receivers, other than a municipal corporation, now or hereafter engaged in business in this Commonwealth as a public utility and subject to regulation as to rates and service by the State Corporation Commission under the provisions of Chapter 10 (§ 56-232 et seq.) of this title *and, subject to the conditions specified therein, such companies as specified by the Commission pursuant to subsection C of § 56-77*; however, the term shall not include and the provisions of this chapter shall not be deemed to refer to transportation companies subject directly or indirectly to the control of the Interstate Commerce Commission.

The term "affiliated interest" when used in this chapter shall mean and include the following:

1. Every corporation, partnership, association, or person owning or holding directly or indirectly ten percent or more of the voting securities of any public service company engaged in any intrastate business in this Commonwealth.

2. Every corporation, partnership, association, or person, other than those specified in subdivision 1 hereof, in any chain of successive ownership of ten percent or more of voting securities, the chain beginning with the holder or holders of the voting securities of such public service company.

3. Every corporation, partnership, association, or person ten percent or more of whose voting securities are owned by any person, corporation, partnership, or association owning ten percent or more of the voting securities of such public service company or by any person, corporation, association, or partnership in any such chain of successive ownership of ten percent or more of voting securities.

4. Every corporation, partnership, association, or person with which such public service company has a management or service contract.

5. Every corporation in which two or more of the corporate directors are common to those of such public service company, or which is managed or supervised by the same individual, group or corporation.

6. Every corporation or person which the Commission may determine as a matter of fact after investigation and hearing is actually exercising any substantial influence over the policies and actions of such public service company even though such influence is not based upon stockholding, stockholders, directors or officers to the extent specified in this section.

7. Every person or corporation which the Commission may determine as a matter of fact after investigation and hearing is actually exercising such substantial influence over the policies and action of such public service company in conjunction with one or more other corporations or persons with which or whom they are so connected or related by ownership or blood relationship or by action in concert that when taken together they are affiliated with such public service company within the meaning of this section even though no one of them alone is so affiliated.

But no such person or corporation shall be considered as affiliated within the meaning of this section if such person or corporation shall not have had transactions or dealings other than the holding of stock and the receipt of dividends thereon with such public service company during the two-year period next preceding.

§ 56-77. Certain contracts must be approved by the Commission.

A. No contract or arrangement providing for the furnishing of management, supervisory, construction, engineering, accounting, legal, financial, or similar services, and no contract or arrangement for the purchase, sale, lease or exchange of any property, right or thing, other than those above enumerated, or for the purchase or sale of treasury bonds or treasury capital stock made or entered into between a public service company and any affiliated interest shall be valid or effective unless and until it shall have been filed with and approved by the Commission. It shall be the duty of every public service company to file with the Commission a verified copy of any such contract or arrangement, regardless of the amount involved, and the general rule herein referred to shall remain in full force and effect as to all other public service companies.

B. *The Commission may, in its discretion and upon petition of the public service company or upon the Commission's own action, choose to exempt a public service company from all or any part of the*

*requirements imposed by subsection A if the Commission determines that such an exemption is in the public interest. In addition to exemptions for individual public service companies, the Commission may adopt rules implementing exemptions from all or any part of the requirements imposed by subsection A. The Commission may revoke any exemptions granted under this subsection if it finds that such action is in the public interest.*

*C. Notwithstanding the provisions of § 56-481.2, the Commission, after giving notice and an opportunity for a hearing, may, in its discretion, require any company certificated to provide, and engaged in the provision of, local exchange telephone service to meet the requirements of subsection A.*