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HOUSE BILL NO. 2054

Offered January 14, 1997

A BILL to amend and reenact § 56-234.3 of the Code of Virginia, relating to public service companies; forecasts.

Patron—Plum

Referred to Committee on Corporations, Insurance and Banking

Be it enacted by the General Assembly of Virginia:**1. That § 56-234.3 of the Code of Virginia is amended and reenacted as follows:**

§ 56-234.3. Approval of expenditures for and monitoring of new generation facilities and projected operation programs of electric utilities.

Prior to construction or financial commitments therefor, any electric utility subject to the jurisdiction of the State Corporation Commission intending to construct any new generation facility capable of producing 100 megawatts or more of electric energy shall submit to the State Corporation Commission a petition setting forth the nature of the proposed construction and the necessity therefor in relation to its projected forecast of programs of operation. Such petition shall include (i) the utility's preliminary construction plans, (ii) the methods by which the work will be contracted, by competitive bid or otherwise, (iii) the names and addresses of the contractors and subcontractors, when known, proposed to do such work, and (iv) the plan by which the public utility will monitor such construction to ensure that the work will be done in a proper, expeditious and efficient manner. The Commission, upon receipt of the petition, shall order that a public hearing be held to assist it in accumulating as much relevant data as possible in reaching its determination for the necessity of the proposed generation facility. The Commission shall review the petition, consider the testimony given at the public hearing, and determine whether the proposed improvements are necessary to enable the public utility to furnish reasonably adequate service and facilities at reasonable and just rates. After making its determination, the Commission shall enter an order within nine months after the filing of such petition either approving or disapproving the proposed expenditure. Upon approval, the Commission shall set forth in its order terms and conditions it deems necessary for the efficient and proper construction of the generation facility.

Every electric utility capable of producing 100 megawatts or more of electric energy shall ~~annually~~ file with the Commission a ~~five and ten-year~~ projected forecast of its programs of operation, *on such terms and for such time periods as directed by the Commission*. Such a forecast shall include, but not be limited to, the anticipated required capacity to fulfill the requirements of the forecast, how the utility will achieve such capacity, the financial requirements for the period covered, the anticipated sources of those financial requirements, the research and development procedures, where appropriate, of new energy sources, and the budget for the research and development program.

In addition, the Commission shall investigate and monitor the major construction projects of any public utility to assure that such projects are being conducted in an economical, expeditious, and efficient manner.

Whenever uneconomical, inefficient or wasteful practices, procedures, designs or planning are found to exist, the Commission shall have the authority to employ, at the sole expense of the utility, qualified persons, answerable solely to the Commission, who shall audit and investigate such practices, procedures, designs or planning and recommend to the Commission measures necessary to correct or eliminate such practices, procedures, designs or planning.

Consistent with § 56-235.3, any public utility, electric or otherwise, seeking to pass through the cost of any capital project to its customers, shall have the burden of proving that such cost was incurred through reasonable, proper and efficient practices, and to the extent that such public utility fails to bear such burden of proof, such costs shall not be passed on to its customers in its rate base.

The Commission shall have the authority to approve, disapprove, or alter the utility's program in a manner consistent with the best interest of the citizens of the Commonwealth. The petitioning or filing public utility may appeal the decision of the Commission to the Supreme Court of Virginia.

INTRODUCED

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