

## State Corporation Commission 2007 Fiscal Impact Statement

**1. Bill Number** HB2119

**House of Origin**    ☒ Introduced    ☐ Substitute    ☐ Engrossed

**Second House**    ☐ In Committee    ☐ Substitute    ☐ Enrolled

**2. Patron**        Marshall, R.G.

**3. Committee**    Counties, Cities and Towns

**4. Title**            Underground electric transmission lines.

**5. Summary/Purpose:** Underground electric transmission lines. Authorizes a locality in or adjacent to the Eighth Planning District to enter into an agreement with an electric utility that has proposed an overhead transmission line of 450 kV or more whereby the utility will construct the line underground and the additional cost of underground installation will be paid by the locality. The locality is authorized to create a special rate district and assess its customers in the special rate district a tax to recover its payments to the electric utility. The measure also authorizes the locality to create a stock corporation and provides that the electric utility will distribute to the corporation shares of its capital stock with a value equal to the additional cost of the underground installation that was paid by the locality.

**6. Fiscal Impact Estimates:** Not quantifiable (See response to 8 below)

**7. Budget amendment necessary:** Not aware of any.

**8. Fiscal implications:** For needed transmission facilities, overhead construction is the current standard industry practice throughout the United States, with very limited exceptions. Typically, the underground construction of transmission facilities is significantly more expensive (several times more) than the construction of viable overhead transmission alternatives. Accordingly, a broad statutory predetermination of an underground preference or requirement of transmission facilities potentially will result in a significant financial impact on the public segment that shoulders the burden for the additional cost of locating facilities underground, most likely either Virginia's electric utility ratepayers or tax payers of specific localities. Additionally, depending on the specific circumstances and nature of a project, underground transmission facilities may raise technical reliability issues that may or may not be able to be addressed in a satisfactory manner with varying amounts of additional investment.

**9. Specific agency or political subdivisions affected:** State Corporation Commission, localities in or adjacent to Eighth Planning District

**10. Technical amendment necessary:** Not aware of necessity.

**11. Other comments:** Transmission planning and selection involves highly complex technical issues. The decisions resulting from this process in Virginia have critically important ramifications with respect to the reliable provision of affordable retail service across Virginia, as well as the region. In turn, reasonably – priced, dependable electric service is critically important to both the general welfare of citizens within the Commonwealth and the health of economic development within the State.

**Date:** 1/11/07 / tel

cc: Secretary of Commerce and Trade