

State Corporation Commission 2007 Fiscal Impact Statement

1. Bill Number SB1191

House of Origin ☒ Introduced ☐ Substitute ☐ Engrossed

Second House ☐ In Committee ☐ Substitute ☐ Enrolled

2. Patron Reynolds

3. Committee Commerce and Labor

4. Title Electric utility restructuring.

5. Summary/Purpose: Electric utility restructuring. Extends the period during which rates for electric service are capped from December 31, 2010, until July 1, 2013. The measure also provides that, upon the end of the capped rate period, rates for default service provided by distributors will be based on prudently incurred costs, rather than on prices in competitive regional electricity markets. Other provisions clarify that the capped rates and default service rates for utilities that have divested their generation assets will be determined in a manner consistent with the terms of the orders of the State Corporation Commission approving the transfer of such assets. The measure also revises the criteria for adjustments to capped rates to provide that, rather than being allowed to recover increases in transmission and distribution reliability and environmental costs through single-issue proceedings, after July 1, 2007, certain utilities may seek to recover increased costs through annual full rate cases.

6. Fiscal Impact Estimates are: Not available. Impacts are expected to be minimal.
See Item 8.

7. Budget amendment necessary: No.

8. Fiscal implications: The bill will impose some additional workload on the Virginia State Corporation Commission. However, the additional workload is expected to be minimal and will likely be handled with existing personnel and resources. The bill may have a significant impact on the revenues received by electric utilities and costs borne by electric consumers. Precise estimates of such impacts are not available.

9. Specific agency or political subdivisions affected: Virginia State Corporation Commission

10. Technical amendment necessary: No.

11. Other comments: None.

Date: 01/17/07 / CW

cc: Secretary of Commerce and Trade