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**SENATE BILL NO. 907**

Offered January 12, 2011

Prefiled January 10, 2011

A *BILL to amend the Code of Virginia by adding a section numbered 56-585.4, relating to rates of investor-owned electric utilities; inclining block rate schedules.*

Patrons—McEachin and Marsden; Delegates: Carr, Hope and Surovell

Referred to Committee on Commerce and Labor

**Be it enacted by the General Assembly of Virginia:****1. That the Code of Virginia is amended by adding a section numbered 56-585.4 as follows:**

*§ 56-585.4. Inclining block rate schedules.*

*In any proceeding under this title in which the Commission is asked to approve a proposal by an electric utility to modify an existing residential retail rate structure or to offer a new residential retail rate structure, the Commission shall consider:*

*1. The extent to which such proposed rates encourage conservation and the efficient use of electricity by incorporating inclining block rate schedules that charge higher rates for consumption that exceeds a certain amount per billing period;*

*2. The extent to which the utility expands the desired effect of its inclining block rate schedule by incorporating three or more blocks and by incorporating elements that are currently fixed rate, such as rate riders for fuel or new construction, and a portion of the monthly customer charge;*

*3. The extent to which the utility incorporates consumer awareness of the new rate structure and helps customers (i) make informed choices and decisions with respect to efficiency investments in energy-saving appliances, home improvements, and other purchases and (ii) change their behavior in ways that will reduce electricity consumption and electric utility bills; and*

*4. As part of such inclining block rate schedules, the Commission, if requested by the utility, shall allow for the recovery of revenue reductions related to a decrease in energy consumption directly attributed to the new schedules. The Commission shall allow such recovery only to the extent that the Commission determines such energy decrease has not been recovered through margins from incremental off-system sales as defined in § 56-249.6 or through a recovery for revenue reductions related to energy efficiency programs as authorized in subdivision A 5 c of § 56-585.1.*

**2. That the State Corporation Commission shall encourage each investor-owned electric utility to file a proposal to offer its residential customers a standard tariff under which rates reflect inclining block rate schedules that charge higher rates for consumption over a certain amount per billing period for the seven non-heating months of April through October and flat rates for the five heating months of November through March by publishing guidelines that provide design standards for inclining block rates. Such guidelines shall be published no later than January 1, 2012. Any such tariff offered by a utility shall be revenue neutral to the utility.**

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