

State Corporation Commission 2016 Fiscal Impact Statement

1. Bill Number: SB85

House of Origin Introduced Substitute Engrossed
Second House In Committee Substitute Enrolled

2. Patron: Garrett

3. Committee: Commerce and Labor

4. Title: Public utility; regulation of rates and service, procedure of the State Corporation Commission.

5. Summary: Public utility regulation. Requires the State Corporation Commission (SCC) to make information relating to (i) salaries and other remuneration paid by a public utility to its executive officers, (ii) payments or transfers by a public utility to its parent corporation, and (iii) the content of communications between the employees of the SCC and representatives of public utility companies open to inspection and copying by any citizen of the Commonwealth. If the SCC redacts any portion of any material or document on grounds that such redacted portion is confidential, it shall identify the general nature of the redacted portion. The measure makes water and sewer companies subject to the SCC's rules regarding meetings and communications between SCC commissioners and any party, or between commissioners and staff concerning any fact or issue arising out of a proceeding involving the regulation of rates, charges, services, or facilities of a utility. The measure requires the SCC, when setting rates relating to the use of water or sewer systems, to set the rates for use by a group of customers served by common facilities in a contiguous geographic area on the basis of the costs of serving that group alone and without reference to the costs of serving any other group of customers. The measure requires the SCC, when addressing approval of special rates, contracts, incentives, or other alternative regulatory plans, to consider its effect on reliability of all utility services rather than only electric service. The measure requires the SCC, before approving public utility rates under Chapter 10 of Title 56, to ensure that such action protects the public interest, will not unreasonably prejudice or disadvantage any customer or class of customers, and will not jeopardize the continuation of reliable public utility service. The SCC is required to fix rates that are just, reasonable, compensatory, and not unfairly discriminatory. In every such proceeding, the SCC will be required to consider the value and quality of the service and the cost of providing the service, and shall not allow the inclusion of contributions in aid of construction in the rate base of any public utility during a rate proceeding, impute prospective future contributions in aid of construction against the utility's investment in property used and useful in the public service, or impute accumulated depreciation on such contributions in aid of construction to reduce the rate base. The measure requires the SCC to include in its order and opinion in any public utility rate case involving water and wastewater treatment services a written explanation of certain specified conclusions. The measure eliminates the requirement that a public utility publish

notice of a proposed rate increase in a newspaper and requires that the public utility provide each customer with notice of the proposed increase by mail or electronically, with such notice to be given in time to allow the customer to participate in the rate case proceedings. The measure provides that a public utility may bill its customers for service either by first class mail or electronically, as selected by the customer in accordance with a procedure to be approved by the SCC. The measure also establishes a procedure for the SCC, upon petition by customers, to revoke the certificate of public convenience and necessity of a public utility providing water service.

- 6. Budget Amendment Necessary:** None
- 7. Fiscal Impact Estimates:** No fiscal impact on the State Corporation Commission
- 8. Fiscal Implications:** None on the State Corporation Commission
- 9. Specific Agency or Political Subdivisions Affected:** State Corporation Commission
- 10. Technical Amendment Necessary:** No
- 11. Other Comments:** None

1/8/16 B. Stephens