

Virginia Commission on Electric Utility Regulation

February 3, 2010, 4:00 pm

4th Floor East Conference Room, General Assembly Building
Richmond, Virginia

Summary

Members Present: Senator Norment, Senator Watkins, Senator Saslaw, Senator Lucas, Delegate Kilgore, Delegate Tata, Delegate Hugo, Delegate Plum, Delegate Scott.

Senator Norment, Chair of the Commission, called the meeting to order and called forward patrons of the legislation for discussion.

S.B. 74

Senator Reynolds

Electric utility regulation. Reinstates provisions governing the authority of the State Corporation Commission (SCC) to regulate the rates for services of investor-owned electric utilities that existed prior to the enactment of the Electric Utility Restructuring Act in 1999 and of electric utility re-regulation legislation in 2007. Specifically, the measure eliminates, for rate cases initiated after January 1, 2011, rules that authorize such utilities to earn a rate of return on common equity that is not lower than the average of such returns for a majority of peer group utilities, and to recover certain costs through rate adjustment clauses. In rate cases initiated in 2011 and thereafter the SCC is directed to determine rates, terms, and conditions for the provision of generation, distribution, and transmission services for each investor-owned incumbent electric utility that are just, reasonable, and nondiscriminatory. These proceedings shall be governed by the provisions of Chapter 10 of Title 56 and shall provide fair rates of return on common equity. In such proceedings, the SCC may use any methodology to determine rates of return on common equity that it finds consistent with the public interest. The SCC is authorized to permit a utility to recover its actual costs, if the Commission finds such recovery is just, reasonable, and in the public interest, of peak-shaving programs, energy efficiency programs, participating in the renewable energy portfolio standard program, and environmental projects.

Final Disposition: After discussion, the Commission recommended that the Senate Committee on Commerce and Labor not report the legislation.

S.B. 680

Senator Puckett

Electric utility regulation. Reinstates provisions governing the authority of the State Corporation Commission (SCC) to regulate the rates for services of investor-owned electric utilities that existed prior to the enactment of the Electric Utility Restructuring Act in 1999 and of electric utility re-regulation legislation in 2007. Specifically, the measure eliminates, for rate cases initiated after January 1, 2011, rules that authorize such utilities to earn a rate of return on common equity that is not lower than the average of such returns for a majority of peer group utilities, and to recover certain costs through rate adjustment clauses. In rate cases initiated in 2011 and thereafter the SCC is directed to determine rates, terms, and conditions for the provision of generation, distribution, and

transmission services for each investor-owned incumbent electric utility that are just, reasonable, and nondiscriminatory. These proceedings shall be governed by the provisions of Chapter 10 of Title 56 and shall provide fair rates of return on common equity. In such proceedings, the SCC may use any methodology to determine rates of return on common equity that it finds consistent with the public interest. The SCC is authorized to permit a utility to recover its actual costs, if the Commission finds such recovery is just, reasonable, and in the public interest, of peak-shaving programs, energy efficiency programs, participating in the renewable energy portfolio standard program, and environmental projects.

Final Disposition: Senator Puckett presented an amendment in the nature of a substitute. After discussion, the Commission recommended that the Senate Committee on Commerce and Labor report the legislation.

H.B. 477

Delegate Carrico

Electric utilities; limit on increases in base rates. Limits any increase in the base rates charged by an investor-owned incumbent electric utility to five percent if the unemployment rate within the utility's service territory exceeds five percent. If this limitation would result in confiscatory rates, the State Corporation Commission may increase such base rates only by the amount that is required to avoid such confiscation. The measure applies to any base rate review initiated on or after July 1, 2010.

Final Disposition: Delegate Carrico withdrew the legislation.

H.B. 606

Delegate Merricks

Investor-owned electric utilities; ratemaking. Establishes a process to be used by the State Corporation Commission in conducting biennial reviews of the rates, terms, and conditions of service of investor-owned electric utilities that, as of July 1, 1999, were not bound by a rate case settlement that extended in its application beyond January 1, 2002. These utilities will not be authorized to petition the Commission for approval of rate adjustment clauses to recover certain transmission costs, deferred environmental and reliability costs, costs of peak-shaving and energy efficiency programs, costs of participation in the renewable energy portfolio standard program, costs of environmental compliance projects, and costs of new and expanded generation facilities. This category of electric utility will be able to seek recovery of such costs as part of its biennial rate review. Currently, all investor-owned electric utilities are authorized to recover these costs through rate adjustment clauses on a stand-alone basis, not more frequently than once in a 12-month period, and without regard to other costs, revenues, investments, or earnings of the utility. The existing process will continue to apply to investor-owned electric utilities that, as of July 1, 1999, were bound by a rate case settlement that extended in its application beyond January 1, 2002. **This bill is identical to H.B. 653, Delegate Armstrong.**

Final Disposition: Delegate Merricks will ask the House Committee on Commerce and Labor to roll HB 606 into HB 1308.

H.B. 639

Delegate Armstrong

Investor-owned electric utility regulation. Reinstates, only for those investor-owned electric utilities that, as of July 1, 1999, were not bound by a rate case settlement adopted by the State Corporation Commission that extended in its application beyond January 1, 2002, provisions governing the authority of the State Corporation Commission (SCC) to regulate their rates. For these utilities, the measure restores major elements of the ratemaking procedures that existed prior to the enactment of the Electric Utility Restructuring Act in 1999 and of electric utility re-regulation legislation in 2007. Specifically, the measure eliminates, for rate cases initiated after January 1, 2011, rules that authorize such utilities to earn a rate of return on common equity that is not lower than the average of such returns for a majority of peer group utilities, and to recover certain costs through rate adjustment clauses. In rate cases initiated in 2011 and thereafter the SCC is directed to determine rates, terms, and conditions for the provision of generation, distribution, and transmission services for each investor-owned incumbent electric utility that are just, reasonable, and nondiscriminatory. These proceedings shall be governed by the provisions of Chapter 10 of Title 56 and shall provide fair rates of return on common equity. In such proceedings, the SCC may use any methodology to determine rates of return on common equity that it finds consistent with the public interest. The SCC is authorized to permit a utility to recover its actual costs, if the Commission finds such recovery is just, reasonable, and in the public interest, of peakshaving programs, energy efficiency programs, participating in the renewable energy portfolio standard program, and environmental projects.

Final Disposition: After discussion, the Commission made no recommendation on the legislation.

H.B. 653

Delegate Armstrong

Investor-owned electric utilities; ratemaking. Establishes a process to be used by the State Corporation Commission in conducting biennial reviews of the rates, terms, and conditions of service of investor-owned electric utilities that, as of July 1, 1999, were not bound by a rate case settlement that extended in its application beyond January 1, 2002. These utilities will not be authorized to petition the Commission for approval of rate adjustment clauses to recover certain transmission costs, deferred environmental and reliability costs, costs of peak-shaving and energy efficiency programs, costs of participation in the renewable energy portfolio standard program, costs of environmental compliance projects, and costs of new and expanded generation facilities. This category of electric utility will be able to seek recovery of such costs as part of its biennial rate review. Currently, all investor-owned electric utilities are authorized to recover these costs through rate adjustment clauses on a stand-alone basis, not more frequently than once in a 12-month period, and without regard to other costs, revenues, investments, or earnings of the utility. The existing process will continue to apply to investor-owned electric utilities that, as of July 1, 1999, were bound by a rate case settlement that extended in its application beyond January 1, 2002. **This bill is identical to H.B. 606, Delegate Merricks.**

Final Disposition: After discussion, the Commission made no recommendation on the legislation.

H.B. 1052

Delegate Armstrong

Electric utility rates; temporary and interim increases. Prevents an electric public utility from changing its rates on an interim or temporary basis, and states that the scheduled rates of such a utility shall not be changed unless and until approved by the State Corporation Commission.

Final Disposition: Delegate Armstrong will ask the House Committee on Commerce and Labor to roll HB 1052 into HB 1308.

H.B. 1190

Delegate Griffith

Electric utility regulation. Exempts any investor-owned incumbent electric utility that was, as of July 1, 1999, not bound by a rate case settlement adopted by the Commission that extended in its application beyond January 1, 2002, from the provisions of the Virginia Electric Utility Restructuring Act relating to rates and the renewable energy portfolio standard program until the utility files an integrated resources plan wherein the utility proposes to build generation facilities with a capacity greater than 200 megawatts.

Final Disposition: After discussion, the Commission made no recommendation on the legislation.

H.B. 1308

Delegate Carrico

Electric utility rates; temporary and interim increases. Prevents an electric public utility from changing its rates on an interim or temporary basis, and states that the scheduled rates of such a utility shall not be changed unless and until approved by the State Corporation Commission.

Final Disposition: Delegate Carrico presented an amendment in the nature of a substitute. After discussion, the Commission recommended that the House Committee on Commerce and Labor report the legislation.