

WIRES CHARGE PHASE-OUT;
BILLING BY MUNICIPALS AND COOPERATIVES

§ 56-581.1. Competitive retail electric billing and metering.

A. Effective January 1, 2002, (i) distributors shall offer consolidated billing services to licensed suppliers, aggregators, and retail customers, and (ii) licensed suppliers and aggregators shall be permitted to bill all retail customers separately for services rendered on and after the first regular meter reading date after January 1, 2002, subject to conditions, regulations, and licensing requirements established by the Commission.

B. Effective January 1, 2003, licensed suppliers and aggregators may offer consolidated billing service to distributors and retail customers for services rendered on and after the first regular meter reading date after January 1, 2003, subject to conditions, regulations, and licensing requirements established by the Commission.

C. Upon application by a distributor or upon its own motion, the Commission may delay any element of the competitive provision of billing services to retail customers for the period of time necessary, but no longer than one year, to resolve issues arising from considerations of billing accuracy, timeliness, quality, consumer readiness, or adverse effects upon development of competition in electric service. The Commission shall report any such delays and the underlying reasons therefor to the Legislative Transition Task Force within a reasonable time.

D. The Commission shall promulgate such rules and regulations as may be necessary to implement the provisions of this section in a manner that is consistent with its Recommendation and Draft Plan filed with the Legislative Transition Task Force on December 12, 2000, to facilitate the development of effective competition in electric service for all customer classes, and to ensure reasonable levels of billing accuracy, timeliness, and quality, and adequate consumer readiness and protection. Such rules

and regulations shall include provisions regarding the licensing of persons seeking to sell, offering to sell, or selling competitive billing services, pursuant to the licensure requirements of § 56-587.

E. The Commission shall implement the provision of competitive metering services by licensed providers for large industrial and large commercial customers of investor-owned distributors on January 1, 2002, and may approve such services for residential and small business customers of investor-owned distributors on or after January 1, 2003, as determined to be in the public interest by the Commission. Such implementation and approvals shall:

1. Be consistent with the goal of facilitating the development of effective competition in electric service for all customer classes;

2. Take into account the readiness of customers and suppliers to buy and sell such services;

3. Take into account the technological feasibility of furnishing any such services on a competitive basis;

4. Take into account whether reasonable steps have been or will be taken to educate and prepare customers for the implementation of competition for any such services;

5. Not jeopardize the safety, reliability or quality of electric service;

6. Consider the degree of control exerted over utility operations by utility customers;

7. Not adversely affect the ability of an incumbent electric utility authorized or obligated to provide electric service to customers who do not buy such services from competitors to provide electric service to such customers at reasonable rates;

8. Give due consideration to the potential effects of such determinations on utility tax collection by state and local governments in the Commonwealth; and

9. Ensure the technical and administrative readiness of a distributor to coordinate and facilitate the provision of competitive metering services for its customers.

Upon the reasonable request of a distributor, the Commission shall delay the provision of competitive metering service in such distributor's service territory until January 1, 2003, for large industrial and large commercial customers, and after January 1, 2004, for residential and small business customers.

F. The Commission shall promulgate such rules and regulations as may be necessary to implement the authorization related to competitive metering services provided for in subsection E. Such rules and regulations shall include provisions regarding the licensing of persons seeking to sell, offering to sell, or selling competitive metering services, pursuant to the licensure requirements of § 56-587.

G. An incumbent electric utility shall coordinate with persons licensed to provide competitive metering service, billing services, or both, as the Commission deems reasonably necessary to the development of such competition. The foregoing shall apply to an affiliate of an incumbent electric utility if such affiliate controls a resource that is necessary to the coordination required of the incumbent electric utility by this subsection.

H. Notwithstanding the provisions of § 56-582, the Commission shall allow a distributor to recover its costs directly associated with the implementation of billing or metering competition through a tariff for all licensed suppliers, but not those that would be incurred by such utilities in any event as part of the restructuring under this Act. The Commission shall also determine the most appropriate method of recovering such costs through a tariff for such licensed suppliers; however, such method shall not unreasonably affect any customer for which the service is not made competitive.

I. The Commission shall adjust the rates for any noncompetitive services provided by a distributor so that such rates do not reflect costs associated with or properly allocable to the service made subject to competition. Such adjustment may be

accomplished through unbundled rates, bill credits, the distributor's tariffs for licensed suppliers, or other methods as determined by the Commission.

J. Municipal electric utilities shall not be required to provide consolidated billing services to licensed suppliers, aggregators or retail customers. Municipal electric utilities and utility consumer services cooperatives shall not be required to undertake coordination of the provision of consolidated ~~or direct~~ billing services by suppliers and aggregators; however, the exemptions set forth in this subsection shall not apply if any such municipal electric utility or utility consumer services cooperative, or its affiliate, offers competitive electric energy supply to retail customers in the service territory of any other Virginia incumbent electric utility. The Commission may permit any municipal electric utility or utility consumer services cooperative that pursues such competitive activity to maintain such exemption upon application to the Commission demonstrating good cause for relief. In addition, upon petition by a utility consumer services cooperative, the Commission may approve the provision of competitive metering services by licensed providers for large industrial and large commercial customers of such cooperative on or after January 1, 2002, and for residential and small business customers of such cooperative on or after January 1, 2003, as determined to be in the public interest by the Commission consistent with the criteria set forth in subsection E.

§ 56-583. Wires charges.

A. To provide the opportunity for competition and consistent with § 56-584, the Commission shall calculate wires charges for each incumbent electric utility, effective upon the commencement of customer choice, which shall be the excess, if any, of the incumbent electric utility's capped unbundled rates for generation over the projected market prices for generation, as determined by the Commission; however, where there is such excess, the sum of such wires charges, the unbundled charge for transmission and ancillary services, the applicable distribution rates established by the Commission and the above projected market prices for generation shall not exceed the capped rates

established under § 56-582 A 1 applicable to such incumbent electric utility. The Commission shall adjust such wires charges ~~not more frequently than~~ annually and shall seek to coordinate adjustments of wires charges with any adjustments of capped rates pursuant to § 56-582. The magnitude of any approved wires charge adjustment shall be reduced by a cumulative amount of 20% each successive year in order to promote a gradual transition to full retail competition. No wires charge shall be less than zero. The projected market prices for generation, when determined under this subsection, shall be adjusted for any projected cost of transmission, transmission line losses, and ancillary services subject to the jurisdiction of the Federal Energy Regulatory Commission which the incumbent electric utility (i) must incur to sell its generation and (ii) cannot otherwise recover in rates subject to state or federal jurisdiction.

B. Customers that choose suppliers of electric energy, other than the incumbent electric utility, or are subject to and receiving default service, prior to the expiration of the period for capped rates, as provided for in § 56-582, shall pay a wires charge determined pursuant to subsection A based upon actual usage of electricity distributed by the incumbent electric utility to the customer (i) during the period from the time the customer chooses a supplier of electric energy other than the incumbent electric utility or (ii) during the period from the time the customer is subject to and receives default service until capped rates expire or are terminated, as provided in § 56-582.

C. The Commission shall permit any customer, at its option, to pay the wires charges owed to an incumbent electric utility on an accelerated or deferred basis upon a finding that such method is not (i) prejudicial to the incumbent electric utility or its ratepayers or (ii) inconsistent with the development of effective competition, provided that all deferred wires charges shall be paid in full by July 1, 2007.

D. A supplier of retail electric energy may pay any or all of the wires charge owed by any customer to an incumbent electric utility. The supplier may not only pay

such wires charge on behalf of any customer, but also contract with any customer to finance such payments. Further, on request of a supplier, the incumbent electric utility shall enter into a contract allowing such supplier to pay such wires charge on an accelerated or deferred basis. Such contract shall contain terms and conditions, specified in rules and regulations promulgated by the Commission to implement the provisions of this subsection, that fully compensate the incumbent electric utility for such wires charge, including reasonable compensation for the time value of money.