

1 **Code of Virginia**

2 **Title 56 – Public Service Companies**

3 **Chapter 26 – Natural Gas - Steps to Advance Virginia’s Energy Plan (SAVE) ACT**

6 **56-700 Definitions.**

7 **56-701 Filing of petition with Commission to establish or amend a SAVE plan;**
8 **recovery of certain costs; procedure.**

11 **56-700. Definitions.**

12 As used in this chapter:

13 (a) "Commission" means the State Corporation Commission;

14 (b) "natural gas utility" means any investor-owned public service company engaged in
15 the business of furnishing natural gas service to the public;

17 (c) "natural gas utility facility replacement project" means the replacement of storage,
18 peak shaving, transmission or distribution facilities used in the delivery of natural gas or
19 supplemental or substitute forms of gas sources by a natural gas utility;

21 (d) "eligible infrastructure replacement" means natural gas utility facility replacement
22 projects that:

24 (1) enhance safety and/or reliability by reducing system integrity risks associated with
25 customer outages, corrosion, equipment failures, material failures, natural forces or
26 other outside force damage.

27 (2) do not increase revenues by directly connecting the infrastructure replacement to
28 new customers;

29 (3) reduce greenhouse gas emissions; and
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(4) were not included in the natural gas utility's rate base in its most recent rate case using the cost of service methodology set forth in § 56-235.2 or the natural gas utility's rate base included in the rate base schedules filed with a performance based regulation plan authorized by § 56-235.6 if the plan did not include the rate base;

(e) "SAVE" means Steps to Advance Virginia's Energy Plan

(f) "SAVE plan" means a plan filed by a natural gas utility that identifies proposed eligible infrastructure replacement projects and a SAVE rider.

(g) "investment" means costs incurred on eligible infrastructure replacement projects including planning, development and construction costs; costs of infrastructure associated therewith; and an allowance for funds used during construction. In calculating the allowance for funds used during construction, the Commission shall use the natural gas utility's actual regulatory capital structure as calculated utilizing the weighted average cost of capital, including the cost of debt and cost of equity used in determining the natural gas utility's base rates in effect during the construction period of the eligible infrastructure replacement project.

(h) "eligible infrastructure replacement recoverable costs" includes the following:

(1) return on the investment; in calculating the return on the investment, the Commission shall use the natural gas utility's regulatory capital structure as calculated utilizing the before income tax weighted average cost of capital, including the cost of debt, cost of equity and bad debt gross up factor used in determining the natural gas utility's base rates in effect during the construction period of the eligible infrastructure replacement project ;

(2) depreciation, in calculating depreciation, the Commission shall use the natural gas utility's current depreciation rates;

(3) property taxes; and

(4) carrying costs on the over/under recovery of the eligible infrastructure replacement recoverable costs outlined in § 56-700(h); in calculating the carrying costs, the Commission shall use the natural gas utility's regulatory capital structure as calculated utilizing the before income tax weighted average cost of capital, including the cost of debt, cost of equity and bad debt gross up factor used in determining the natural gas utility's base rates in effect during the construction period of the eligible infrastructure replacement project.

(i) "SAVE rider" means a recovery mechanism that will allow for recovery of the eligible infrastructure replacement recoverable costs through a separate mechanism from the customer rates established in a rate case using the cost of service methodology set forth in § 56-235.2 or a performance-based regulation plan authorized by § 56-235.6.

56-701 Filing of petition with Commission to establish or amend a SAVE plan; recovery of certain costs; procedure.

(a) (1) Notwithstanding any provisions of law to the contrary, a natural gas utility shall have the option to file a SAVE plan as provided in this chapter. Such a plan shall provide for a timeline for completion of the proposed eligible infrastructure replacement projects and a schedule for recovery of the related eligible infrastructure replacement recoverable costs through the SAVE rider and demonstrate that the plan is prudent and reasonable. The Commission may approve such a plan after such notice and opportunity for hearing as the Commission may prescribe, subject to the provisions of this chapter.

(2) The Commission shall approve or deny, within 180 days, a natural gas utility's initial application for a SAVE plan. A plan filed pursuant to this section shall not require the filing of rate case schedules. The Commission shall approve or deny, within 120 days, a natural gas utility's application to amend a previously approved plan. If the Commission denies such a plan or amendment, it shall set forth with specificity the reasons for such denial and the utility shall have the right to refile, without prejudice, an amended plan or amendment within 60 days, and the Commission shall thereafter have 60 days to approve or deny the amended plan or amendment. The time period for Commission review provided for in this subsection shall not apply if the SAVE plan is filed in conjunction with a rate case using the cost of service methodology set forth in Section 56-235.2 or a performance-based regulation plan authorized by Section 56-235.6.

(3) no other revenue requirement or ratemaking issues may be examined in consideration of the application filed pursuant to the provisions of § 56-700 through 56-701,

(b) At the end of each twelve-month period the SAVE rider is in effect, the natural gas utility shall reconcile the difference between the recognized eligible infrastructure replacement recoverable costs and the amounts recovered under the SAVE rider and shall submit the reconciliation and a proposed SAVE rider adjustment to the Commission to recover or refund the difference, as appropriate, through an adjustment to the SAVE rider. The Commission shall approve or deny, within 90 days, a natural gas utility's proposed SAVE rider adjustment.

(c) (1) A natural gas utility that has implemented a SAVE rider pursuant to the provisions of § 56-700 through 56-701, and amendments thereto, shall file revised rate schedules to reset the SAVE rider to zero when new base rates and charges that incorporate eligible infrastructure replacement recoverable costs previously reflected in the currently effective SAVE rider become effective for the natural gas utility following a Commission order establishing customer rates in a rate case using the cost of service methodology set forth in § 56-235.2 or a performance-based regulation plan authorized by § 56-235.6.

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2 (d) Costs recovered pursuant to the provisions of § 56-700 through 56-701 shall be in
3 addition to all other costs that the natural gas utility is permitted to recover, shall not be
4 considered an offset to other Commission-approved costs of service or revenue
5 requirements, and shall not be included in any computation relative to a performance-
6 based regulation plan revenue sharing mechanism.