

SENATE BILL NO. _____ HOUSE BILL NO. _____

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Structure & Transition Draft Supplement, incorporating 12/29/98 Drafting Group activity.

Drafting note: This draft covers the two issues in the Structure & Transition decision tree postponed from the 12/17 drafting group meeting to the 12/29 meeting: rate caps (S & T tree, pg. 5), and nonbypassable wires charges (S & T pg. 22). Additionally, the drafting group at its 12/29 meeting gave the Legislative Transition Task Force additional responsibilities (S & T pg. 29); thus, § 56-594 is amended to show the additional duties.

§ 56-579.1 Rate caps. [S & T pg. 5, generally].

A. The Commission shall establish **capped rates** [should be defined], effective January 1, 2001 and, unless extended as provided hereafter, expiring on January 1, 2005 for each service territory of every incumbent utility as follows:

1. A capped rate shall be established for bundled electric transmission, distribution and generation services applicable to customers receiving (i) default service, or (ii) supplier of last resort service.

2. A capped rate for electric generation services, only, shall also be established for the purpose of effecting customer choice for those retail customers authorized and opting to purchase generation services from a supplier other than the incumbent utility during this period, and any extensions thereof.

B. The Commission may adjust such capped rates in connection with (i) utilities' recovery of fuel costs pursuant to § 56-249.6, and (ii) emergency conditions as provided in § 56-245.

1 C. 1. The Commission may, by order, annually extend any capped rate authorized
2 under this section beyond January 1, 2005, in any incumbent utility's service territory if the
3 Commission determines that **effective competition [should be defined]** for the sale of
4 electric generation services does not exist within such service territory.

5 2. The Commission shall report any capped rate extension orders made pursuant to
6 this section and the reasons therefor, to the Legislative Transition Task Force within thirty
7 days of any such order.

8 §56-592. Nonbypassable wires charges **[S & T, pg. 22, generally]**.

9 A. The Commission shall develop appropriate mechanisms maximizing and promoting
10 competition pursuant to this chapter, for assessing per kWh-based charges against retail
11 customers in conjunction with allocating (i) such stranded costs as may be determined
12 pursuant to § 56-591.1, or (ii) any **transition costs [should be defined]** allocated to retail
13 customers under any other provision of this chapter.

14 B. **[S & T, pg. 22, generally; language suggested in concept by drafting group]**
15 The Commission shall also develop such alternative costs-allocating mechanisms as may be
16 required to permit any retail customer to pay its appropriate share of any just and reasonable
17 net stranded costs or transition costs, if any, on an accelerated basis upon a finding that such
18 method of payment is not (i) prejudicial to the incumbent utility or its ratepayers, or (ii)
19 inconsistent with the development of effective competition.

20 § 56-594. Legislative Transition Task Force established **[S & T pg. 29, column 2,**
21 **bullets 1-4, plus additional language adopted, in concept, by drafting group on 12/17**
22 **and 12/29]**.

23 A. A legislative transition task force is hereby established to work collaboratively with
24 the Commission in conjunction with the phase-in of retail competition within the
25 Commonwealth.

26 B. The transition task force shall consist of ten members, with six members from the
27 House of Delegates and four members from the Senate. Appointments shall be made and

1 vacancies filled by the Speaker of the House of Delegates and the Senate Committee on
2 Privileges and Elections, as appropriate.

3 C. The task force members shall be appointed to begin service on and after July 1,
4 1999, and shall continue to serve until July 1, 2005. They shall (i) monitor the work of the
5 Virginia State Corporation Commission in implementing this chapter, receiving such reports as
6 the Commission may be required to make pursuant thereto; (ii) examine utility worker
7 protection during the transition to retail competition; generation, transmission and distribution
8 systems reliability concerns; energy assistance programs for low-income households; and
9 energy efficiency programs; and (iii) annually report to the Governor and each session of the
10 General Assembly during their tenure concerning the progress of each stage of the phase-in
11 of retail competition, offering such recommendations as may be appropriate for legislative and
12 administrative consideration.

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