SUPPORT HB 2049

Topic: Electric utilities; customer credit reinvestment offsets.
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Reasons to support HB 2049:

- Virginians pay the 6th highest energy bills in the country, bills that are considered unaffordable for 75% of Virginia households based on federal energy burden standards.
- Dominion Energy has overcharged customers by at least $502 million since 2017. As the country continues to face an ongoing public health and economic crisis, Virginians deserve this money back now more than ever. Customer Credit Reinvestment Offsets are a roadblock for ratepayers to get full refunds of overcharges and have lower energy rates.

Overview:

This bill allows utilities to build new infrastructure projects and fully recover the costs of those projects from ratepayers but eliminates a yet-untested cost recovery mechanism, the Customer Credit Reinvestment Offset (CCRO), to prevent utilities from using already-approved projects to deny customer refunds and prevent rate reductions moving forward.

What the bill does

1. Enables utilities to build new infrastructure projects and guarantees that the utilities can recover the full cost of those projects - plus a guaranteed profit - through either base rates or rate adjustment clauses (RACs).
2. Rolls back a third, yet-untested cost recovery mechanism, the Customer Credit Reinvestment Offset (CCRO).
   a. CCROs are designed to allow utilities to instantaneously recover all of the costs for large infrastructure projects by using customer overcharges to instantly pay themselves back for new investments.
   b. This is a departure from normal capital investing, which sees utilities recover their costs over time.
3. Allows the SCC to issue refunds when customers are overcharged.
   a. Removing the CCRO mechanism is crucial to guaranteeing customer refunds because CCROs allow a utility to keep the money it has overcharged customers to pay itself back for capital investments.
   b. Without this change, customers could lose the over $500 million they have been overcharged by Dominion Energy since 2017 (2020 SCC Annual Report).
4. Increases the SCC's ability to lower energy prices moving forward.
   a. The SCC is legally only allowed to lower a utility's future rates if it finds that the utility was overcharging its customers in the past.
   b. Because CCROs allow utilities to "disappear" past overcharges, if all of a utility's overearnings are used up by CCROs, then the SCC cannot lower future rates.

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