

SUPPORT HB 2160

Topic: Electric utilities; fair rate of return; customer bill credits

Bill Chief Patron: [Kathy K.L. Tran](#)

Reasons to support HB 2160:

- Virginians pay the 6th highest energy bills in the country, bills that are considered unaffordable for 75% of 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.

Overview:

As regulated utility monopolies benefit from no competition, the State Corporation Commission (SCC) is tasked with establishing their fair – but not unlimited – authorized profit margin. However, Virginia is the only state in the country whose legal code mandates that specific utilities – Dominion Energy and Appalachian Power (APCo) – receive profit bonuses tacked onto this authorized profit margin. These bonuses are not tied to performance, but rather are granted to the utilities *as a reward for overcharging their customers*. This bill removes provisions that allow utilities to keep customer overcharges as bonuses and instead restores SCC authority to fully refund 100% of overcharges back to customers.

What the Bill Does

1. Eliminates provision that allows utilities to keep a bonus profit of 0.7% above their authorized profit, or return on equity (ROE).
 - a. Under current law, Dominion and APCo get an automatic profit bonus of 0.7% tacked onto whatever profit margin the SCC sets.
 - b. Virginia is the only state in the country with a mandatory “earnings band” or “earnings collar” like this written into law.
 - c. Unless changed, this provision would allow Dominion to keep \$136 million of customer overcharges (based on overcharges determined in the 2020 SCC Annual Report).
2. Eliminates provision that allows Dominion to pocket an additional 30% of customer overcharges above the 0.7% earnings collar.
 - a. Under current law, if a utility’s revenue exceeds the 0.7% profit bonus, they are further allowed to keep 30% of customer overcharges as a bonus.
 - b. Unless changed, this provision would allow Dominion to keep \$110 million of customer overcharges (based on overcharges determined in the 2020 SCC Annual Report).

Eliminating these two provisions **will prevent Dominion from pocketing \$246 million** of the \$502.7 million it has overcharged Virginians since 2017.



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