

CURBING ELECTRIC UTILITIES' POLITICAL INFLUENCE

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EXECUTIVE SUMMARY

Virginia's electric utilities have an undeniable influence in shaping energy policy through their monopoly status and unrestricted financial contributions to lawmakers. Dominion Energy, Virginia's largest utility monopoly and largest corporate donor,¹ gives unlimited money directly to the lawmakers in charge of regulating them. This flawed system drowns out the voices of everyday Virginians and opens the door for Dominion Energy to regulate itself. It is time we shift more political power to Virginians by banning political contributions from electric utilities to the very lawmakers responsible for regulating them.

CHALLENGE

Virginia grants investor-owned electric utilities, Dominion Energy and Appalachian Power Company, a monopoly in their respective service territories. In exchange for a captive customer base, Virginians are entitled to diligent regulation and oversight by the General Assembly. Instead, Virginia's abysmal lack of campaign finance and ethics laws permits Virginia's utility monopolies to pour millions of dollars into Virginia politics each year. These electric utilities give large sums to the chairs of powerful legislative committees. Under current law, legislators are free to use these campaign funds for their personal benefit. For example, there are no prohibitions from using campaign funds to pay your mortgage, buy a car, or pay your child's college tuition. Further, lawmakers can own stock in these corporations and vote on measures that can potentially increase their personal wealth.

Virginia's electric utility monopolies alone have donated \$27.7 million² to Virginia legislators and committees since 1996 to influence public policy in their favor. Utilities often wield the influence and political power these contributions bring against the interests of Virginians. Specifically, Dominion and Appalachian Power often lobby against more distributed and affordable renewable energy measures like rooftop solar and stronger regulatory oversight from the State Corporation Commission (SCC). As a result, Virginians pay some of the highest electric bills in the nation, which disproportionately impacts low-income households and historically marginalized communities.³ Additionally, Virginia's captive customers have no choice but to subsidize their electricity provider's political spending every time they pay their monthly bills.

This severe power imbalance and system of self-regulation make it difficult, if not impossible, for Virginians to have a meaningful say in energy policies that directly impact them.

SOLUTION

Virginians would benefit from a more equitable and fair legislative process that ends what is essentially legalized corruption by banning political contributions from publicly regulated utilities. Publicly regulated utilities are a specific set of 60 corporations in Virginia that provide public services - electricity, gas, water, and sewer - and have been granted a monopoly by the state. Over half the country bans these kinds of political contributions in some form and 22 states ban corporate contributions altogether.⁴ Prohibiting public utility monopolies from contributing to the political campaigns and committees of lawmakers would help restore balance to Virginians' political power by shrinking the outsized influence of electric utilities on the legislative process.

Further, legislators should be prohibited from using campaign funds for personal use as recommended by the Joint Subcommittee to Study Comprehensive Campaign Finance Reform. Virginia is behind nearly all other states and the Federal Government in banning the personal use of campaign funds. There is currently nothing stopping a legislator or candidate from using campaign funds to buy a vacation house or a country club membership. Virginians have a right to be assured by statute that their elected officials are not personally profiting from running for office.

POLICY RECOMMENDATIONS

Prohibit public utility monopolies in Virginia from contributing to the political campaigns and committees of the government officials who are tasked with regulating them.

Ban members of the General Assembly from owning stock in any public investor-owned electric utility.

Prohibit General Assembly members from using campaign contributions for personal use.

Richmond in a Fog
Photo by Lucas Manweiler

