

CURBING MONOPOLY ELECTRIC UTILITY POLITICAL INFLUENCE

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WHY IT MATTERS

Virginia's largest investor-owned utilities (IOUs), Dominion Energy and Appalachian Power, have used their monopoly status and captive customer base to influence politics in favor of shareholder profits rather than the public interest. This political influence is enabled by Virginia's status as one of only five states in the country without overall campaign contribution limits or a limit or ban on corporate contributions, thus enabling IOUs to make unlimited political donations.¹ Additionally, Virginia's code lacks explicit restrictions to consistently track and prevent the use of rate-payer funds for lobbying, trade associations, and public relations.

From 2013 to 2023, Dominion Energy spent over \$221 million to influence the political and regulatory landscape. This sum includes \$25.3 million in direct political contributions, \$39.8 million on institutional and goodwill advertising, and \$155.9 million on industry association dues.^{2,3}

Dominion and Appalachian Power also fund charitable foundations, issue advertising, and "grassroots" groups—like Power for Tomorrow and the Virginia Energy Reliability Alliance—to sway public opinion and influence regulators.⁴

These political expenditures have a real impact on Virginians, as they allow utility monopolies to exert significant influence over the laws and regulations that apply to them. For example, utilities pushed for a series of laws that prevented the State Corporation Commission from resetting electricity rates, allowing Dominion to overcharge ratepayers by an estimated \$2.9 billion from 2009-2020.^{5,6} The burden falls hardest on low-income, rural, and minority households, who spend a greater share of their income on disproportionately higher electricity bills.^{7,8}

Without reform, utilities will continue to obstruct clean energy solutions and consumer protections while shaping laws in ways that entrench their monopoly power and maximize profits.

CURRENT LANDSCAPE

Virginia grants Dominion and Appalachian Power exclusive monopoly status, with rates and profits overseen by the General Assembly and the State Corporation Commission (SCC). Despite SCC rulings determining utilities cannot charge customers for certain political expenditures and charitable contributions, several factors make preventing those charges difficult in practice.^{9,10}

The ambiguous nature and limited scope of SCC rulings provide leeway for utilities to recover lobbying and promotional initiatives from ratepayers. As the Federal Energy Regulatory Commission notes, "the line between public outreach and educational expenses and lobbying expenses [...] has not been clearly delineated."¹¹ For example, the industry association Edison Electric Institute (EEI) spends almost 70% of its expenditures on broader political activities, including "legislative advocacy; legislative policy research; regulatory advocacy; regulatory policy research; advertising; marketing; [and] public relations," but utili-

ties consider only 17% of their dues to EEI as political and unrecoverable under the Internal Revenue Code.¹² The remaining portion of the dues may be recovered. Dominion classified an average of \$15 million per year from 2017 to 2024 of such dues as non-political.¹³

Utilities have consistently attempted to recover these expenses through improper reporting. In Dominion's last four rate cases, SCC auditors found nearly \$10 million in miscategorized charges to customers.¹⁴ This includes over \$306,000 in 2023 for lobbying and charitable donations, \$5.39 million in 2021 for lobbying expenses, \$45,000 in 2015 for political purpose industry association dues, and \$3.9 million in 2013 for advertising.^{15,16,17,18}

Virginia has no laws explicitly preventing such charges, which means such rulings are enforced on a voluntary and inconsistent basis. Dominion's past attempts to improperly charge ratepayers were only found through exhaustive audits. Without express language in Virginia's code preventing the recovery of charitable and political expenses from ratepayers, the utility may attempt to pass on those costs every year.

OPPORTUNITIES

Virginia is one of only five states in the U.S. where utility monopolies can make unlimited political contributions due to the absence of either overall contribution limits or a corporate contribution ban.¹⁹ Prohibiting political donations from publicly regulated monopolies—companies that serve captive customers and are subject to state oversight—could reduce conflicts of interest and help ensure that decision makers remain accountable to the public rather than to their utility donors.

Additionally, customers would benefit from fairer electricity rates if state law expressly prohibited utilities from recovering direct and indirect costs such as:

- Lobbying at the state or federal level
- Campaign donations or election-related activity
- Industry association dues (e.g., Edison Electric Institute, Virginia Chamber of Commerce)
- Charitable contributions made to gain political favor²⁰
- Issue advertising and public relations campaigns

States like Colorado, Maine, and Connecticut have passed legislation explicitly barring utilities from recovering lobbying expenses through rates.²¹

Utilities also spend large sums of money in regulatory proceedings advocating for higher consumer electricity rates. While utilities can recover these rate case costs from customers, consumer advocates must utilize their own funds to challenge increases. Other states have sought to address this through legislation, such as a recently proposed bill in Maine that would cap the amount utilities can recover from ratepayers for legal and consulting fees during appeals for contested rate cases.²²

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Finally, transparency through itemized, public disclosures of all political, trade, and public relations expenditures, whether or not they are included in rate cases, would allow regulators to understand utility spending on political activity. If audited, publicly reported, and made searchable online, then watchdog groups, lawmakers, and the public would also be able to hold utilities accountable. Clear statutory definitions of “political activity” could help regulators enforce these rules effectively and consistently.

Together, these changes could create a regulatory and political environment more responsive to consumer needs, public health, and climate goals.

TOP TAKEAWAYS

Political campaign contributions from regulated utility monopolies create conflicts of interest in energy policymaking.

Dominion has repeatedly attempted to charge customers for political and promotional expenses—nearly \$10 million across four rate cases.

Prohibiting utilities from recovering political, charitable, and advertising costs through customer rates could align Virginia with national best practices and protect captive ratepayers.

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