

Virginia Politics

Lawmakers craft bipartisan bills to end Dominion rate freeze, promise rebates

By Gregory S. Schneider
January 19, 2018

RICHMOND — Legislators unveiled bipartisan bills Friday to overhaul the controversial utility rate freeze that has shielded Dominion Energy from review since 2015 and issue rebates to customers who overpaid during that time.

The legislation would once again subject the state's largest utility to rate reviews by the Virginia State Corporation Commission, but it would set those reviews every three years instead of every other year, as had been the state's practice, according to two lawmakers who are co-sponsoring the House and Senate versions of the bill.

Utility customers would get rebates of about \$130 million in overpayments that Dominion collected during the years of the rate freeze, said Sen. Richard L. Saslaw (D-Fairfax), who is co-sponsoring the Senate version of the bill along with Sen. Frank W. Wagner (R-Virginia Beach). Customers of the much smaller Appalachian Power in Southwest Virginia would see about \$10 million in rebates.

Dominion customers would also see rates reduced by a total of \$100 million a year in savings that the utility projects from the recent federal overhaul of corporate taxes, Saslaw said. And Dominion would no longer receive the \$25 million a year it had been granted in credits for converting several coal-fired plants into woodchip-burning facilities.

If the utility is found to overcharge customers in future years, though, the SCC would not order rebates to customers but instead could order Dominion to invest the extra earnings in a variety of areas, Saslaw said. Those include alternative energy production, hardening the grid against cyberattacks and weatherization programs for low-income customers.

In addition, the bill would offer an incentive to Dominion to invest in 4,000 megawatts of new solar energy production.

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A House version of the bill sponsored by Del. Terry G. Kilgore (R-Scott) is substantially the same and called the Grid Transformation and Security Act of 2018.

The complex package of legislation was immediately hailed by Dominion, with whom lawmakers consulted as they drew up the bill.

"Customer bills would drop 6 percent immediately," said Dominion spokesman David Botkins, who said the plan had "\$1 billion in customer benefits" though its long-term rate decreases.

But some consumer advocacy groups were not pleased, citing the way the plan would limit future rebates and postpone future rate reviews, among other elements.

"This is a major step backwards for consumers, further reduces the authority and independence of the SCC, and provides only pennies on the dollar for the excess profits already earned in 2015 and 2016," said Steve Haner, lobbyist for the Virginia Poverty Law Center.

Dominion became an issue in last year's races for governor and for House of Delegates seats because of its long history of political influence and generous campaign contributions.

The rate freeze, enacted in 2015 when Dominion said it needed protection from the unpredictable costs of then-President Obama's Clean Power Plan, drew fierce criticism as an example of special treatment for the regulated utility.

State Sen. Chap Petersen (D-Fairfax City) introduced bills last year and earlier this week to undo the rate freeze, but both were shot down in committee.

On Wednesday, Del. Sam Rasoul (D-Roanoke) made a speech on the House floor calling for an end to the rate freeze, which he called "a corrupt law." He was among more than a dozen delegates who pledged last year not to accept donations from Dominion.

Saslaw said he expects the bill to have broad support on both sides of the aisle.

"I think everybody's going to like it," he said, "except maybe Sam Rasoul, because I didn't put Dominion out of business."


Rasoul and Petersen held off on reacting to the bill Friday, saying they needed to read it carefully to understand what's in it.

They sent a letter to Gov. Ralph Northam requesting that the SCC review the bill and determine its potential impact on consumers before the legislature acts.

"We need to revisit the rate freeze and SCC's involvement," Northam said Friday. He had not yet reviewed the legislation, he said, but has been discussing the issue with legislators.

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Greg Schneider covers Virginia from the Richmond bureau. He was The Washington Post's business editor for more than seven years, and before that served stints as deputy business editor, national security editor and technology editor. He has also covered aviation security, the auto industry and the defense industry for The Post. [Follow](#) 

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