

SENATE BILL NO. 646
Offered January 10, 2018
Prefiled January 10, 2018

A BILL to amend and reenact § 56-249.6 of the Code of Virginia, relating to public utilities; fuel cost recovery; contracts for natural gas pipeline capacity.

Patrons—McPike and Petersen

Background

- Natural gas pipeline companies make money by selling firm capacity on their pipelines
- Regulated utilities purchase firm capacity on a variety of pipelines to ensure diverse supply of natural gas
- Regulated utilities pass on 100% of the costs of those pipeline contracts to their customers, regardless of how much they use the reserved capacity on any particular pipeline
- Dominion already has many contracts with pre-existing pipelines
- Dominion has also signed a 20-year, multi-billion dollar contract with its affiliate for firm capacity on the Atlantic Coast Pipeline
- Dominion has admitted to the Virginia State Corporation Commission that it has never studied whether it needs the additional Atlantic Coast Pipeline capacity to keep customers' lights on¹
- Dominion admitted to the Virginia State Corporation Commission that it intends to recover from its customers 100% of the Dominion/Atlantic Coast Pipeline contract, regardless of how much Dominion actually uses the Atlantic Coast Pipeline²
- Unrebutted testimony at the State Corporation Commission concludes that the Dominion/Atlantic Coast Pipeline contract will increase customer costs between \$1.6 and \$2.3 billion over the next 20 years³

Legislation

- The bill protects customers from paying for unnecessary pipeline capacity by directing the State Corporation Commission to conduct a proceeding to determine the proper amount of capacity a utility should have under contract to ensure reliability and shifting the risk and cost of any capacity contracts above that amount off of customers and onto shareholders

¹ *In re: Virginia Electric and Power Company's Integrated Resource Plan filing*, Case No. PUR-2017-00051, Hearing Transcript at 78-80 (Sept. 25, 2017), available at <http://www.scc.virginia.gov/docketsearch/DOCS/3hv%4001!.PDF>.

² *Application of Virginia Electric and Power Company - To revise its fuel factor pursuant to Va. Code § 56-249.6*, Case No. PUR-2017-00058, Hearing Transcript at 45-49 (June 14, 2017), available at <http://www.scc.virginia.gov/docketsearch/DOCS/3f%25k01!.PDF>.

³ *In re: Virginia Electric and Power Company's Integrated Resource Plan filing*, Case No. PUR-2017-00051, Direct Testimony and exhibits of Gregory Lander at 2, 10-21 (August 11, 2017), available at <http://www.scc.virginia.gov/docketsearch/DOCS/3gy601!.PDF>.