HOUSE BILL NO. 528 TALKING POINTS

BACKGROUND

- When a power plant closes early, the utility owner is legally entitled to recover the remaining balance on the capital costs.

- Under current law, if the Commission finds in a rate case that the utility is over-earning, the utility may unilaterally elect to recover, as a one-time expense, the remaining balance on the retired power plant instead of refunding the over-earnings to customers.

- Additionally, under current law, if the utility exercises this unilateral power and negates all potential refunds, the Commission then becomes powerless to reduce rates going forward, which means the utility will likely continue to over-earn hundreds of millions of dollars in the future.

WHAT HB 528 DOES

- HB 528 is a ratepayer protection bill.

- It returns to the State Corporation Commission the discretion to set the time period over which the utility will recover the outstanding balance on a power plant that retires early.

- Restoring this authority to the Commission allows it to consider all factors, including potential refunds, when establishing an appropriate cost recovery period.

- If the Commission regains some authority to order refunds, it may also enable the Commission to actually reduce rates going forward, potentially saving customers hundreds of millions of dollars via lower electric bills.

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