State Corporation Commission 2025 General Assembly Session State Fiscal Impact Statement

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Bill Number: SB850 Patron: Surovell

Bill Title: Water utilities and wastewater utilities; eligible infrastructure replacement and

enhancement; cost recovery.

Bill Summary: Permits a water or wastewater utility to petition the State Corporation Commission (Commission) for the approval of an eligible infrastructure replacement and enhancement plan, as defined in the bill. As introduced, this bill was a recommendation of the State Water Commission.

Each water or wastewater utility that receives approval for an eligible infrastructure replacement and enhancement (EIRE) rider shall provide a proposed earnings test in each annual informational filing or base rate proceeding filed with the State Corporation Commission (the Commission) on or before December 1, 2030. The Commission's review of such earnings test in any such filing or proceeding shall be conducted for informational purposes only; shall not be used to approve, deny, or adjust a proposed EIRE rider or adjustment; and shall be in addition to and separate from the Commission's review of such utility's earnings and base rates.

On or before December 1, 2030, the Commission shall provide a status report on the implementation of Chapter 31 (§ <u>56-626</u> et seq.) of Title 56 of the Code of Virginia, as created by this act, to the Chairs of the House Committee on Labor and Commerce, the Senate Committee on Commerce and Labor, and the State Water Commission. Such report shall include the results of the earnings test required by this enactment.

The provisions of this act shall expire on July 1, 2035.

Budget Amendment Necessary: No Items Impacted: None

Explanation: Not applicable.

Fiscal Summary: The fiscal impact on the State Corporation Commission (SCC) is indeterminate.

Fiscal Analysis: The legislation creates a new section of the Code, Eligible Infrastructure Replacement and Enhancement (EIRE) for water utility or wastewater utility projects and requires the SCC to approve or deny a utility's initial petition for approval of an EIRE plan within 180 days after receipt of such. For approved plans that a utility wishes to amend, the SCC is required to approve or deny such amendments within 120 after receipt. In cases where the SCC denies a plan or amended plan, the utility can refile within 60 days and then the SCC is required to approve or deny the resubmission within 60 days. In cases where a utility files an EIRE in conjunction with a rate case, the time periods listed for SCC review do not apply.

It is unknown the impact that this legislation will have on SCC workload. If utilities file an initial or amended EIRE outside of a rate case filing, this will result in an increase to SCC staff workload and will require additional

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staffing resulting in an additional cost to the SCC. An increase in the Commission's non-general fund appropriation would be needed for any increased costs.

Other: None