

26103508D

1 **HOUSE BILL NO. 770**

2 Offered January 14, 2026

3 Prefiled January 13, 2026

4 *A BILL to amend and reenact §§ 56-234 and 56-264.3 of the Code of Virginia, relating to public utilities;*
5 *water and sewerage companies; discounted rates for low-income customers.*

6 Patron—Herring

7 Committee Referral Pending

8 **Be it enacted by the General Assembly of Virginia:**9 **1. That §§ 56-234 and 56-264.3 of the Code of Virginia are amended and reenacted as follows:**10 **§ 56-234. Duty to furnish adequate service at reasonable and uniform rates.**11 A. It shall be the duty of every public utility to furnish reasonably adequate service and facilities at
12 reasonable and just rates to any person, firm or corporation along its lines desiring same. Notwithstanding
13 any other provision of law:14 1. A telephone company shall not have the duty to extend or expand its facilities to furnish service and
15 facilities when the person, firm or corporation has service available from one or more alternative providers of
16 wireline or terrestrial wireless communications services at prevailing market rates; and17 2. A telephone company may meet its duty to furnish reasonably adequate service and facilities through
18 the use of any and all available wireline and terrestrial wireless technologies; however, a telephone company,
19 when restoring service to an existing wireline customer, shall offer the option to furnish service using
20 wireline facilities.21 For purposes of subdivisions 1 and 2, the Commission shall have the authority upon request of an
22 individual, corporation, or other entity, or a telephone company, to determine whether the wireline or
23 terrestrial wireless communications service available to the party requesting service is a reasonably adequate
24 alternative to local exchange telephone service.25 The use by a telephone company of wireline and terrestrial wireless technologies shall not be construed to
26 grant any additional jurisdiction or authority to the Commission over such technologies.27 For purposes of subdivision 1, "prevailing market rates" means rates similar to those generally available to
28 consumers in competitive areas for the same services.29 B. It shall be the duty of every public utility to charge uniformly therefor all persons, corporations or
30 municipal corporations using such service under like conditions. However, no provision of law shall be
31 deemed to preclude voluntary rate or rate design tests or experiments, or other experiments involving the use
32 of special rates, where such experiments have been approved by order of the Commission after notice and
33 hearing and a finding that such experiments are necessary in order to acquire information which is or may be
34 in furtherance of the public interest. The Commission's final order regarding any petition filed by an
35 investor-owned electric utility for approval of a voluntary rate or rate design test or experiment shall be
36 entered the earlier of not more than six months after the filing of the petition or not more than three months
37 after the date of any evidentiary hearing concerning such petition. The charge for such service shall be at the
38 lowest rate applicable for such service in accordance with schedules filed with the Commission pursuant to
39 § 56-236. But, subject to the provisions of § 56-232.1, nothing contained herein or in § 56-481.1 shall apply
40 to (i) schedules of rates for any telecommunications service provided to the public by virtue of any contract
41 with, (ii) for any service provided under or relating to a contract for telecommunications services with, or (iii)
42 contracts for service rendered by any telephone company to, the state government or any agency thereof, or
43 by any other public utility to any municipal corporation or to the state or federal government. The provisions
44 hereof shall not apply to or in any way affect any proceeding pending in the State Corporation Commission
45 on or before July 1, 1950, and shall not confer on the Commission any jurisdiction not now vested in it with
46 respect to any such proceeding.47 C. The Commission may conclude that competition can effectively ensure reasonably adequate retail
48 services in competitive exchanges and may carry out its duty to ensure that a public utility is furnishing
49 reasonably adequate retail service in its competitive exchanges by monitoring individual customer complaints
50 and requiring appropriate responses to such complaints.51 D. An electric utility formed under or subject to Chapter 9.1 (§ 56-231.15 et seq.) may meet its duty to
52 furnish reasonably adequate service through unregulated sales of electric power directly from one or more of
53 its affiliates to any customer located within the cooperative's certificated service territory that contracts for
54 electric utility services to serve a demand that is reasonably expected to exceed 90 megawatts.55 E. Notwithstanding the provisions of this section, a public utility engaged in the business of furnishing
56 water or sewerage facilities may propose and the Commission may approve rates and tariff provisions that

INTRODUCED

HB770

59 provide discounted service to customers with an annual household income equal to or less than the greater of
60 (i) an amount equal to 80 percent of the median income of the area in which the household is located, as
61 reported by the Department of Housing and Urban Development, and (ii) 200 percent of the Federal Poverty
62 Level. The utility may recover the costs of providing such discounted service through its rates for commercial
63 and industrial customers.

64 **§ 56-264.3. Cost allocation and rate design.**

65 A. The provisions of this section shall apply in any proceeding in which the Commission is required to
66 determine, pursuant to § 56-234, if (i) rates charged by water and sewerage companies with fewer than
67 10,000 customer accounts, inclusive of their subsidiaries, are reasonable and just and (ii) customers using
68 water and sewerage services under like conditions are being charged uniformly for such services.

69 B. Any rate application or proposal submitted to the Commission that would allocate the revenue
70 requirement of a water or sewerage company with fewer than 10,000 customer accounts, inclusive of their
71 subsidiaries, among more than one class of customers shall be supported by a class cost-of-service study that
72 is designed to allocate revenues on the basis of cost causation and to assign credit for contributions in aid of
73 construction, not previously addressed in a utility acquisition transaction or the most recent approved rate
74 case application, to the customer class that made the contributions.

75 C. In setting rates, the Commission shall not find that any allocation of the revenue requirement to a
76 particular class of customers that is greater than the portion of the revenue requirement that can be attributed
77 to that class on the basis of a cost-of-service study of the type described in subsection B is just and reasonable
78 (i) unless the allocation is otherwise supported by substantial evidence or (ii) except as provided in
79 subsection E.

80 D. In any proceeding pursuant to § 56-234 regarding the rates charged by water and sewerage companies,
81 the revenues to be produced by rates as designed for any particular class of customers shall not provide an
82 anticipated return on equity more than 25 percent greater or less than the return on equity used to set rates for
83 the company as a whole, (i) unless otherwise supported by clear and convincing evidence or (ii) except as
84 provided in subsection E. The effect of this provision on class rate design shall not be considered in
85 establishing the return on equity used to set rates for the company as a whole.

86 E. Notwithstanding the provisions of this section or the duty of a water or sewerage company to furnish
87 adequate service at reasonable and uniform rates as described in § 56-234, such a company may propose
88 and the Commission may approve rates and tariff provisions that provide discounted service to customers
89 with an annual household income equal to or less than the greater of (i) an amount equal to 80 percent of the
90 median income of the area in which the household is located, as reported by the Department of Housing and
91 Urban Development, and (ii) 200 percent of the Federal Poverty Level. The company may recover the costs
92 of providing such discounted service through its rates for commercial and industrial customers.