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HOUSE BILL NO. 1002

Offered January 14, 2026
Prefiled January 14, 2026

A BILL to amend and reenact §§ 56-245.1:4 and 56-585.6 of the Code of Virginia, relating to electric utilities; disconnection procedures for nonpayment; Percentage of Income Payment Program; eligibility.

Patron—Tran

Committee Referral Pending

Be it enacted by the General Assembly of Virginia:

1. That §§ 56-245.1:4 and 56-585.6 of the Code of Virginia are amended and reenacted as follows:

§ 56-245.1:4. Notice procedures for nonpayment; disconnecting utility service.

A. ~~Each utility subject to the provisions of~~ *As used in this section, "utility" has the same meaning as provided in* § 56-245.1:3.

B. Each utility shall provide to each of its residential customers a copy of its disconnection for nonpayment policy (i) at any time a new residential account is established, (ii) when any disconnection for nonpayment of bills or fees is scheduled by including a copy of the policy with such notice, or (iii) by publishing the disconnection policy on the utility's website. Each ~~such~~ utility shall provide all required notices in ~~English and Spanish~~ *any language that meets the threshold for having election materials printed in that language pursuant to § 24.2-128*. Such required notices shall include information regarding payment plans and state, federal, or utility energy assistance programs.

~~B.~~ *C.* Each utility ~~subject to the provisions of this section~~ shall deliver notice of nonpayment of bills or fees to its residential customers prior to disconnection by using at least two of the following methods: (i) mail, (ii) email, (iii) text message, (iv) phone call, or (v) door hanger.

~~C. Utility disconnections~~ *D. No utility shall disconnect a residential customer* due to the nonpayment of bills or fees ~~are prohibited for residential customers~~ until the customer's account is 60 days in arrears *or prior to making reasonable efforts to offer bill payment assistance, arrange a payment plan, or provide information to the customer for other bill payment assistance or energy savings programs*. After each missed payment, the utility shall provide notice pursuant to subsection ~~B~~ *C* and make contact with the customer and offer bill payment assistance, arrange a payment plan, or provide information to the customer for other bill payment assistance or energy savings programs.

~~D.~~ *E.* No electric or gas utility shall require a deposit of more than 25 percent of the arrearage amount for service, exclusive of nonpayment fees, penalties, or interest, in order to restore service to any residential customer where such utility received funding from the Department of Social Services for such customer through the Home Energy Assistance Program pursuant to § 63.2-805 within the last 12 months. A customer is eligible for this provision once every three years.

§ 56-585.6. Universal service fee; Percentage of Income Payment Program and Fund.

A. The Commission shall, after notice and opportunity for hearing, initiate a proceeding to establish the rates, terms, and conditions of a non-bypassable universal service fee to fund the Percentage of Income Payment Program (PIPP). Such universal service fee shall be allocated to retail electric customers of a Phase I and Phase II Utility on the basis of the amount of kilowatt-hours used and be established at such level to adequately address the PIPP's objectives to (i) reduce the energy burden of eligible participants by limiting electric bill payments directly to no more than six percent of the eligible participant's annual household income if the household's heating source is anything other than electricity, and to no more than 10 percent of an eligible participant's annual household income on electricity costs if the household's primary heating source is electricity; (ii) reduce the amount of electricity used by the eligible participant's household through participation in weatherization or energy efficiency programs and energy conservation education programs; and (iii) reduce the amount of energy, regardless of primary heating source, used by the eligible participant's household through participation in weatherization or energy efficiency programs and energy conservation education programs. ~~The~~ *Until December 31, 2026, the* annual total cost of any programs implemented pursuant to clauses (i), (ii), and (iii) shall not exceed costs, including administrative costs, in the aggregate of (a) $25 million for any Phase I Utility or (b) $100 million for any Phase II Utility in any rate year in which such program costs are incurred.

B. The Commission shall determine the reasonable administrative costs for the investor-owned utility to collect the universal service fee and remit such funds to the Percentage of Income Payment Fund established in subsection ~~E~~ *F*, and any other administrative costs the investor-owned utility may incur in complying with the PIPP, and shall determine the proper recovery mechanism for such costs. A Phase I and Phase II Utility shall not be eligible to earn a rate of return on any equity or costs incurred to comply with the program

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requirements or implementation. The Commission shall initiate proceedings to provide for an annual true-up of the universal service fee within 60 days of the commencement of the PIPP and on an annual or semiannual basis thereafter. As part of any annual true-up case, each Phase I and Phase II Utility shall report to the Commission any data or forecasting required by the Commission regarding the participation by PIPP participants in utility energy reduction programs.

C. *Beginning January 1, 2027, any retail electric customer of a Phase I or Phase II Utility with a household income at or below 400 percent of the federal poverty guidelines shall be eligible for participation in PIPP.*

D. The Department of Social Services (the Department), in consultation with, as it deems necessary, the Department of Housing and Community Development, shall adopt rules or establish guidelines for the adoption, implementation, and general administration of the PIPP and the Percentage of Income Payment Fund established in subsection ~~E~~ *F*, consistent with this section. Such rules or guidelines shall include exemptions for terms of program participation or energy use reduction as the Department deems appropriate. The PIPP shall commence no later than one year after the Department publishes such rules or guidelines. Each Phase I and Phase II Utility shall cooperate with the requests of the Department in the implementation and administration of the PIPP. The Commission shall promulgate any rules necessary to ensure that (i) funds collected from each utility's universal service fee are directed to the Percentage of Income Payment Fund and (ii) utilities receive adequate compensation from the Fund, on a timely basis, for all reasonable costs of the PIPP, including costs associated with bill payment credits for eligible customers.

~~D.~~ *E.* In carrying out the PIPP's objective of electricity usage reductions, PIPP-eligible customers may, to the extent reasonably possible, utilize existing energy efficiency or related programs approved by the Commission for a Phase I and Phase II Utility and existing and available federal, state, local, or nonprofit programs. The Department may review the needs of PIPP-eligible customers and whether gaps remain in serving such customers that are not already served by existing and available federal, state, local, or nonprofit programs to meet the energy reduction obligations of this section. The Department shall report the results of such analysis and review to the Chairs of the House Committee on Labor and Commerce and the Senate Committee on Commerce and Labor no later than November 1, 2022.

~~E.~~ *F.* There is hereby created in the state treasury a special nonreverting fund to be known as the Percentage of Income Payment Fund, referred to in this section as "the Fund." The Fund shall be established on the books of the Comptroller. All funds collected from each Phase I and Phase II Utility's universal service fee shall be paid into the state treasury and credited to the Fund. Interest earned on moneys in the Fund shall remain in the Fund and be credited to it. Any moneys remaining in the Fund, including interest thereon, at the end of each fiscal year shall not revert to the general fund but shall remain in the Fund. Moneys in the Fund shall be used solely for the purposes of implementation and administration of the PIPP, including any associated start-up costs. Expenditures and disbursements from the Fund shall be made by the State Treasurer on warrants issued by the Comptroller upon written request signed by the Commissioner of the Department of Social Services or by order of the Commission in conjunction with a true-up proceeding.

2. That no later than January 1, 2027, the Department of Social Services, in consultation with the Department of Housing and Community Development as needed, shall update its rules and guidelines for the implementation of the Percentage of Income Payment Program and Fund, as created by § 56-585.6 of the Code of Virginia, as amended by this act, to reflect the eligibility requirements of this act.