



Fiscal Impact Statement for Proposed Legislation

Virginia State Corporation Commission

Published: February 5, 2026

Senate Bill 505

Version: Introduced

Patron: Deeds

Title: Recovery of fuel and purchased power costs; cost-sharing adjustment mechanism; report.

Summary: Requires the State Corporation Commission (the Commission) to establish by regulation a cost-sharing adjustment mechanism for the recovery of a percentage of fuel costs, including the costs of purchased power, under which Appalachian Power Company and Dominion Energy Virginia share the risk of variability of such costs with their customers. Under current law, all such costs are passed through to the customer. The bill directs the Commission to conduct a proceeding to establish such cost-sharing adjustment mechanism and to consider opportunities to mitigate the impact on customer rates that are associated with fluctuations in the market or other unpredictable events that affect customer rates and various elements of a cost-sharing adjustment mechanism that is designed to align the financial incentives of an electric utility with the interests of the customers of the electric utility. The bill also includes elements to include in designing such cost-sharing adjustment mechanism and directs the Commission to complete such proceeding and submit a report to the General Assembly and the Commission on Electric Utility Regulation by September 1, 2027.

Effective Date(s): July 1, 2026

Amendment Necessary: ☒ Budget, Item 475
☐ Technical, see *Technical Note* below
☐ None

Fiscal Summary

TYPE OF IMPACT	FY2027	FY2028	FY2029	FY2030	FY2031
REVENUE					
<i>General (XXXX)</i>					
<i>Nongeneral (XXXX)</i>					
EXPENDITURES					
<i>General (XXXX)</i>					
<i>Nongeneral (0208)</i>	\$150,000				
CHANGE IN FTE					
<i>General (XXXX)</i>					
<i>Nongeneral (XXXX)</i>					

Fiscal Analysis

Revenue

When considered individually, the SCC can meet this bill's requirements with the adjustments identified in the fiscal impact summary table and within its existing funding authority. If enacted, the SCC will review operational and fiscal impacts of this legislation along with other enacted 2026 electric utility bills to determine implementation.

Expenditures

To meet the requirements of this bill, the SCC will need to hire a consultant.

Change in FTE

None.

Other Comments

None.

Technical Note

None.