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SENATE BILL NO. 253

AMENDMENT IN THE NATURE OF A SUBSTITUTE

(Proposed by the Senate Committee on Commerce and Labor
on February 9, 2026)

(Patron Prior to Substitute—Senator Lucas)

A BILL to amend and reenact § 56-585.1:2 of the Code of Virginia, relating to electric utilities; pilot program for energy assistance and weatherization for certain individuals; cost recovery for certain electrical facilities.

Be it enacted by the General Assembly of Virginia:

1. That § 56-585.1:2 of the Code of Virginia is amended and reenacted as follows:

§ 56-585.1:2. Pilot program for energy assistance and weatherization.

Notwithstanding the provisions of §§ 56-249.6 and 56-585.1:

Each Phase I and II Utility shall conduct a pilot program for energy assistance and weatherization for low income low-income, elderly, and disabled individuals in their respective service territories in the Commonwealth. Each pilot program shall be funded by the utility and shall commence September 1, 2015. Each Phase I Utility shall continue such pilot program at no less than the existing levels of funding as of July 1, 2018; \$1 million and no more than \$1.5 million for each year that the utility provides such service. Each Phase II Utility shall continue such pilot program at no less than \$13 \$156 million and no more than \$204 million for the time period beginning July 1, 2026, and ending July 1, 2038, with an annual minimum of \$13 million for each year the utility is providing such service. The funding for the pilot programs established pursuant hereto for energy assistance and weatherization for low-income, elderly, and disabled individuals in the service territory in the Commonwealth of each respective utility shall continue until the earlier of amendment or repeal of this section or July 1, 2028 2038. Each such utility shall report on the status of its pilot program, including the number of individuals served thereby and the amount of annual expenditures for such program, to the Governor, the State Corporation Commission, the Chairman Chair of the House Committee on Labor and Commerce and, the Chairman Chair of the Senate Committee on Commerce and Labor, and the Commission on Electric Utility Regulation by July 1, 2016, and of each year thereafter.

2. That notwithstanding any provision of subdivision A 6 of § 56-585.1 of the Code of Virginia, a Phase II Utility, as defined in subdivision A 1 of § 56-585.1 of the Code of Virginia, may recover costs associated with any petition for cost recovery made pursuant to clause (iv) of such subdivision A 6 that has been approved by the State Corporation Commission (the Commission) as of December 1, 2038, provided that, in connection with any such petition filed by the Phase II Utility between July 1, 2026, and March 1, 2038, the total costs for tap line conversion that are to be deemed reasonable, prudently incurred, and approved for recovery by the Commission pursuant to such petition shall not exceed an average cost per mile of tap lines converted, exclusive of financing costs, of \$900,000, and no such petition shall seek an annual incremental increase in the level of investments associated with such petition that exceeds four percent of the Phase II Utility's distribution rate base, as such rate base was determined for the most recently ended 12-month test period in the Phase II Utility's most recently concluded biennial review proceeding prior to the filing of such petition.

3. That a Phase II Utility, as defined in subdivision A 1 of § 56-585.1 of the Code of Virginia, shall propose to the State Corporation Commission (the Commission), in a petition filed on or before July 1, 2026, and in any proceeding to determine rates for generation and distribution services pursuant to subdivision A 3 of § 56-585.1 of the Code of Virginia commencing after January 1, 2027, and before July 1, 2033, that (i) all net costs of electric generating capacity incurred by the Phase II Utility on a total system basis as a result of capacity procurement requirements imposed by the regional transmission entity of which the Phase II Utility is a member shall be directly assigned to the Phase II Utility's customer class or classes serving customers with a contracted or measured electric demand of 25 megawatts or greater and an anticipated or measured average annual electric load factor of 75 percent or greater, and shall not be assigned to any other customer class of the Phase II Utility, with such costs applying as a non-bypassable charge to any such customer that has received electric supply service from the Phase II Utility at any time on or after January 1, 2026, and (ii) all financing costs related to distribution infrastructure investments required to interconnect new customers with a contracted or measured electric demand of 25 megawatts or greater and an anticipated or measured average annual electric load factor of 75 percent or greater that are incurred by the Phase II Utility prior to the energization of such facilities shall be directly assigned to the Phase II Utility's customer class or classes under which such customers have contracted or elected to receive electric service, and shall not be assigned to any other customer class of the Phase II Utility. The Commission shall issue its final order on such petition on or before November 1, 2026, with any changes to customer rates for generation and distribution services effective for the 2027 rate year commencing January 1, 2027. The

60 Commission shall limit its considerations and determinations in the proceeding to the class cost
61 allocation issues identified in this enactment and shall not reconsider other issues litigated in the Phase
62 II Utility's prior biennial review proceeding. In evaluating proposals by the Phase II Utility pursuant to
63 this enactment, as well as other customer class cost allocation issues and methodologies in future
64 biennial review proceedings, the Commission shall consider the goal of mitigating any rate increases to
65 the broad customer base of the Phase II Utility that are associated with connecting and serving high-
66 load, high load factor customers, in addition to any other factors the Commission determines to be in
67 the public interest.

68 4. That any customer of a Phase II Utility, as defined in subdivision A 1 of § 56-585.1 of the Code of
69 Virginia, that, as of January 1, 2026, maintained a full-time equivalent employment workforce engaged
70 in manufacturing or industrial activities of at least 200 individuals at facilities located within the Phase
71 II Utility's service territory at a single or contiguous customer account location that is subject to
72 migration to a principle rate schedule of the Phase II Utility applicable to customers with a contracted
73 or measured electric demand of 25 megawatts or greater and an anticipated or measured average
74 annual electric load factor of 75 percent or greater as of January 1, 2027, may, by providing notice to
75 the Phase II Utility on or before July 1, 2026, elect to remain on its existing default rate schedule or any
76 applicable voluntary rate schedule. Any such election shall be on a one-time basis and shall not be
77 revocable at any time prior to December 31, 2033.

78 5. That this Act shall be referred to as the Fair and Affordable Electric Rates and Reliability Act.