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**SENATE BILL NO. 505**  
**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 Deeds)

A *BILL to direct the Commission to examine the efficacy and sufficiency of fuel and purchased power cost risk mitigation practices by certain electric utilities.*

**Be it enacted by the General Assembly of Virginia:**

*1. § 1. That in the next annual applications of a Phase I and Phase II Utility, as those terms are defined in subsection A 1 of § 56-585.1 of the Code of Virginia, filed pursuant to § 56-249.6 of the Code of Virginia on or after July 1, 2026, and in such annual filings thereafter as determined by the State Corporation Commission (the Commission), the Commission shall examine the efficacy and sufficiency of fuel and purchased power cost risk mitigation practices by the Phase I or Phase II Utility. As part of such examination, the Commission shall also consider national best practices for fuel cost management, including fuel cost-sharing mechanisms and hedging strategies, the consultant's report on Opportunities for Performance-Based and Alternative Regulatory Tools in Virginia in Case No. PUR 2024-00152, and other information it deems appropriate to promote such mitigation while maintaining reliable electric service. The Commission shall also examine and quantify the extent to which renewable generation owned or contracted by the Phase I or Phase II Utility offsets fuel and purchased power costs. The Commission shall consider whether it has sufficient authority to regulate the reasonableness and prudence of fuel and purchased power procurement methods and to establish new risk-mitigation strategies. The Commission shall include any legislative recommendations it finds necessary to effectively regulate fuel and purchased power cost risk, while maintaining electric service reliability, in the applicable annual report required pursuant to subsection B of § 56-596 of the Code of Virginia.*

SENATE SUBSTITUTE

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