

**Department of Planning and Budget  
2026 General Assembly Session  
State Fiscal Impact Statement**

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**ORIGINAL**

**Bill Number:** HB884 E **Patron:** Herring  
**Bill Title:** Electric utilities; Percentage of Income Payment Program; eligibility.

**Bill Summary:** As engrossed, amends the Percentage of Income Payment Program (PIPP), which provides electric bill payment assistance to eligible customers, to include participation by any retail electric customer of Dominion Energy Virginia or Appalachian Power with a household income at or below 200 percent of the federal poverty guidelines. As engrossed, the bill further amends PIPP to limit an eligible participant’s electric bill payments directly to (i) no more than three percent of the eligible participant’s annual household income if the household’s heating source is anything other than electricity, and (ii) no more than five percent of the eligible participant’s household income if the household’s primary heating source is electricity; current law limits such payments to six percent and ten percent of annual household income, respectively. The bill finally directs the Department of Social Services to update its rules and guidelines related to PIPP to reflect the eligibility provisions of the bill. The bill has a delayed enactment date of January 1, 2027.

**Budget Amendment Necessary:** Yes **Items Impacted:** Item 328, Item 330, Item 334  
**Explanation:** The Department of Social Services will require additional nongeneral fund appropriation and positions beginning in FY 2027 to comply with the requirements of this legislation, attributable to Items 328 (Central Administration and Quality Assurance for Benefit Programs), 330 (Local Staff and Operations), and 334 (Financial Assistance for Supplemental Assistance Services). Additionally, updates to budget language in Item 334 will be required to reflect the bill’s removal of the service cost cap in § 56-585.6 of the Code of Virginia.

**Fiscal Summary:** The engrossed legislation will require significant nongeneral fund expenditures on the part of the Department of Social Services (DSS) for which they are not currently appropriated, largely related to anticipated changes to program participation and associated benefit costs. The changes to benefit payments relative to annual household income may be subject to final approval by the State Corporation Commission (SCC) and are accordingly set out from other anticipated costs. The reported fiscal impact is variable and is largely dependent on the number of newly eligible households that may elect to participate in the program. See tables and fiscal analysis below.

**Nongeneral Fund Expenditure Impact:**

<u>Agency</u>	<u>FY2026</u>	<u>FY2027</u>	<u>FY2028</u>	<u>FY2029</u>	<u>FY2030</u>	<u>FY2031</u>
DSS (765) Eligibility Changes, Local Staffing, and Other Costs	-	\$26,946,798 - \$122,277,019	\$50,852,506 - \$233,837,368	\$50,852,506 - \$233,837,368	\$50,852,506 - \$233,837,368	\$50,852,506 - \$233,837,368
DSS (765) Benefit Payment Changes	-	\$19,695,968 - \$62,394,547	\$39,391,935 - \$124,789,093	\$39,391,935 - \$124,789,093	\$39,391,935 - \$124,789,093	\$39,391,935 - \$124,789,093

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<b>TOTAL</b>	-	\$46,642,766 - \$184,671,566	\$90,244,441 - \$358,626,461	\$90,244,441 - \$358,626,461	\$90,244,441 - \$358,626,461	\$90,244,441 - \$358,626,461
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**Nongeneral Fund Revenue Impact:**

<u>Agency</u>	<u>FY2026</u>	<u>FY2027</u>	<u>FY2028</u>	<u>FY2029</u>	<u>FY2030</u>	<u>FY2031</u>
DSS (765) Eligibility Changes, Local Staffing, and Other Costs	-	\$26,946,798 - \$122,277,019	\$50,852,506 - \$233,837,368	\$50,852,506 - \$233,837,368	\$50,852,506 - \$233,837,368	\$50,852,506 - \$233,837,368
DSS (765) Benefit Payment Changes	-	\$19,695,968 - \$62,394,547	\$39,391,935 - \$124,789,093	\$39,391,935 - \$124,789,093	\$39,391,935 - \$124,789,093	\$39,391,935 - \$124,789,093
<b>TOTAL</b>	-	<b>\$46,642,766 - \$184,671,566</b>	<b>\$90,244,441 - \$358,626,461</b>	<b>\$90,244,441 - \$358,626,461</b>	<b>\$90,244,441 - \$358,626,461</b>	<b>\$90,244,441 - \$358,626,461</b>

**Position Impact:**

<u>Agency</u>	<u>FY2026</u>	<u>FY2027</u>	<u>FY2028</u>	<u>FY2029</u>	<u>FY2030</u>	<u>FY2031</u>
DSS (765) Eligibility Changes, Local Staffing, and Other Costs	-	2.0	2.0	2.0	2.0	2.0
<b>TOTAL</b>	-	<b>2.0</b>	<b>2.0</b>	<b>2.0</b>	<b>2.0</b>	<b>2.0</b>

**Fiscal Analysis:** This bill proposes a significant expansion to the Percentage of Income Payment Program (PIPP) by expanding eligibility to any retail customer of Dominion Energy or Appalachian Power with a household income at or below 200 percent of the federal poverty guidelines. Further, the bill amends PIPP to limit an eligible participant’s electric bill payments directly to (i) no more than three percent of the participant’s annual household income if the household’s heating source is anything other than electricity, and (ii) no more than five percent of the participant’s household income if the household’s primary heating source is electricity; current law limits such payments to six percent and ten percent of the participant’s annual household income, respectively.

It is expected that the expansion of this program will impact benefits administration, benefit costs, and local staff responsibilities at the Department of Social Services (DSS) and local departments of social services (LDSS).

**Expanded Eligibility**

Currently, there are 34,854 participants in the Percentage of Income Payment Program (PIPP). By expanding the eligibility criteria to include retail electric customers with a household income at or below 200 percent of the federal poverty guidelines, DSS estimates that 401,538 more households will be eligible for participation in PIPP.

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Presently, 13 percent of qualifying households under the current eligibility criteria choose to participate in PIPP. DSS assumes that the participation rate of eligible households will remain unchanged under the new eligibility criteria. If 13 percent of the 401,538 newly eligible households elect to participate in PIPP, this would mean that the program would serve 52,200 new households. It is unknown what factors may currently be driving the lower participation rate. However, it is possible that under the expanded criteria a higher percentage of eligible households may choose to participate. For illustrative purposes, this analysis will assess costs associated with possible PIPP participation rates between 13 percent and 60 percent (between 52,200 and 240,923 households, respectively).

Currently, the average PIPP benefits per household are \$883 annually. Accordingly, the potential annual nongeneral fund increase required to support benefits for 52,200 new households is estimated at \$46,092,600 per year, while the potential nongeneral fund increase to benefit costs for 240,923 households is estimated at \$212,735,009 per year. This estimate is halved in FY 2027 to account for the bill's delayed implementation date of January 1, 2027. This estimate does not account for any changes to percentage of income payment limitations and corresponding impacts to benefit payments as outlined in the engrossed bill; those changes are discussed in the following section.

**Benefit Payment Changes**

As engrossed, this bill also makes changes to the current electric bill payment limits for PIPP participants by limiting a participant's electric bill payments directly to (i) no more than three percent of the participant's annual household income if the household's heating source is anything other than electricity, and (ii) no more than five percent of the participant's household income if the household's primary heating source is electricity; current law limits such payments to six percent and ten percent of the participant's annual household income, respectively.

As stated above, the current average PIPP benefit payment per household is \$883 annually. For the purposes of this analysis, it is assumed that this average is representative of average PIPP payments for households using electric or non-electric primary heating sources.

The U.S. Energy Information Administration estimated that the average monthly electric bill per household in Virginia in 2024 was approximately \$149, for a total of \$1,788 per year. When accounting for the current average PIPP payment of \$883, this would mean that the remainder of the bill (\$905) would be roughly equal to six percent of a participant's annual household income for a home utilizing a non-electric primary heating source, and ten percent of a participant's annual household income for a home utilizing an electricity-based primary heating source. Under the provisions of the bill, the participant would only be required to make bill payments equal to three percent and five percent of their household income, respectively, resulting in a cost shift to the PIPP program of approximately \$452.50 per participating household. This cost shift would be applied to current participants (34,854 households) as well as any new households participating in the program under the expanded eligibility created by the bill (between 52,200 and 240,923 households, respectively). The annual impact of the increased benefit payments is estimated between \$39,391,935 (34,854 current households + 52,200 new households) and \$124,789,093 (34,854 current households + 240,923 new

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households). This estimate is halved in FY 2027 to account for the bill's delayed implementation date of January 1, 2027.

Revenue to support PIPP benefit payments is generated through the collection of a Universal Service Fee from all Dominion Energy and Appalachian Power Company (APCO) retail customers. In order to sustain the significant cost increases related to benefit payments that are anticipated as a result of this legislation, the PIPP Universal Service Fee would also need to be increased, resulting in additional costs to retail customers. Increases to the Universal Service Fee are approved by the State Corporation Commission.

**Local Staff Workload**

Additional local departments of social services (LDSS) staff will be required to handle expected increases in administrative workload associated with an increase in PIPP participants. For all new participants, local staff will perform intake, case management, internal monitoring, respond to customer inquiries, provide outreach and work directly with Energy Assistance Program vendors regarding billing for services provided to customers.

As stated above, this analysis estimates that between 52,200 and 240,923 new households will be added to the program. Based on existing caseload ratios, it is expected that 42 new full-time (FTE) local staff (52,200 new cases/1,245 average number of cases per worker) and 6 new supervisor/manager FTEs (one supervisor per seven staff for 42 FTEs) would be needed for LDSS to support 52,200 households (48 total positions), and that 194 new local staff FTEs (240,923 new cases/1,245 average cases per worker) and 28 new supervisor/manager FTEs (one supervisor per seven staff for 194 FTEs) would be needed for LDSS to support 240,923 households (222 total positions).

The estimated costs for 48 positions, including salaries, benefits, and onboarding costs, are \$3,629,021 in FY 2027 and \$4,508,263 starting in FY 2028; the estimated costs for 222 total positions are \$15,638,037 in FY 2027 and \$20,850,716 starting in FY 2028. The position costs for FY 2027 are adjusted for three quarters of the year to allow for onboarding and training prior to the implementation of program changes. These position costs will be supported by PIPP special funds.

**Central Office Staff and Information Technology Upgrades**

DSS reports that they will also need two program consultants at the DSS central office to (i) develop and provide training to LDSS staff; (ii) monitor PIPP reports and address issues with local workers; (iii) review existing policy and develop new policy as necessary; (iv) participate in Virginia Case Management System (VaCMS) release testing and readiness calls; (v) work with utilities to clarify information and provide training; (vi) develop workshops for relevant meetings; and (vii) respond to increased calls from customers pertaining to questions and complaints. The cost of salaries, benefits, and non-personal services for both positions, including one-time onboarding costs in FY 2027, is estimated at \$196,477 in FY 2027 and \$251,643 in FY 2028 and subsequent years. The position costs for FY 2027 are adjusted for three quarters of the year to allow for onboarding and training prior to the implementation of program changes. These position costs will be supported by PIPP special funds.

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Finally, given the additional changes to benefit payments required by the engrossed legislation, DSS reports that one-time updates will be required for the Virginia Case Management System (VaCMS), which is the electronic case management portal used in administration of the PIPP program. Necessary modifications include updates to tables, internal and client-facing references to benefit and payment limits, mass changes for eligibility re-evaluation, and ad hoc reporting capabilities. The one-time cost for these upgrades is estimated at \$75,000 in FY 2027 and will be supported by PIPP special funds.

**Other:** n/a