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HOUSE BILL NO. 420

Offered January 14, 2026

A BILL to amend and reenact § 56-88.1 of the Code of Virginia, relating to public utilities; acquisition or disposition of control of a public utility; reopening rate proceeding under certain circumstances.

Patrons—Cole, N.T. and Shin

Referred to Committee on Labor and Commerce

Be it enacted by the General Assembly of Virginia:**1. That § 56-88.1 of the Code of Virginia is amended and reenacted as follows:****§ 56-88.1. Acquisition or disposition of control of a public utility.**

A. No person, whether acting alone or in concert with others, shall, directly or indirectly, acquire or dispose of control of:

1. A public utility within the meaning of this chapter, or all of the assets thereof, without the prior approval of the Commission. Any person proposing an acquisition or disposition for which Commission approval is required by this section shall seek such approval pursuant to the procedure of § 56-90; or

2. A telephone company, or all of the assets thereof, without the prior approval of the Commission. In determining whether to grant approval, the Commission shall consider only the financial, managerial, and technical resources to render local exchange telecommunications services of the person acquiring control of or all of the assets of the telephone company.

The Commission shall, after the filing of a completed application, approve or disapprove the requested acquisition or disposition within 60 days. The 60-day period may be extended by Commission order for a period not to exceed an additional 120 days. The application shall be deemed approved if the Commission fails to act within 60 days or any extended period ordered by the Commission.

B. Any such acquisition or disposition of control without prior approval shall be voidable by the Commission. In addition, the Commission is authorized to revoke any certificate of public convenience and necessity it has issued, order compliance with this chapter, or take such other action as may be appropriate within the authority of the Commission.

C. For purposes of this section, "control" means (i) the acquisition of 25 percent or more of the voting stock or (ii) the actual exercise of any substantial influence over the policies and actions of any public utility or telephone company.

D. This section shall not apply to any company engaged in the business of generating electricity whose rates and services are not regulated by the State Corporation Commission.

E. Notwithstanding any other provision of law, if an application is filed with the Commission for approval of the acquisition or disposition of control involving a public utility and such application is filed within 24 months after the entry of a final order in a rate increase proceeding, the Commission may, on its own initiative or upon petition of any interested person, reopen such rate increase proceeding in accordance with the following:

1. Such proceeding shall be limited to determining whether the proposed transaction materially affects (i) the utility's cost of service; (ii) its capital structure, cost of capital, or authorized return on equity; (iii) synergy savings, efficiencies, or cost reductions expected to result from the transaction; (iv) any acquisition premium, purchase accounting adjustment, or transaction-related cost proposed to be recovered from customers; or (iv) any other material change in circumstances directly resulting from the proposed transaction that renders the rates established in the prior order unjust or unreasonable. The Commission shall not reconsider issues unrelated to the transaction.

2. The Commission may consolidate the reopened rate proceeding with the proceeding on the acquisition or disposition of control application or may conduct the proceedings separately. The Commission may suspend the effective date of any rate adjustment proposed in a reopened proceeding and may issue such interim or temporary orders as the public interest requires.

3. A public utility for which a rate proceeding is reopened shall file any transaction-adjusted cost-of-service studies, pro forma revenue and expense adjustments, testimony, or schedules that the Commission prescribes.

4. The Commission shall issue a final order in any such reopened rate proceeding within nine months of the date of the order reopening the rate proceeding, unless extended for good cause shown.

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