

Lines of Business

LOB #255:

PUBLIC UTILITIES

Purpose

Public Utilities protects and advances the interests of both County residents and the County government in matters involving regulated utilities, particularly in the areas of energy and transportation. On the energy supply side, Public Utilities' primary objective is to obtain the most favorable rates, terms, and conditions of service possible. To achieve this objective, Public Utilities participates in state regulatory proceedings on behalf of County residents and participates in contract negotiations on behalf of County agencies. On the energy demand side, Public Utilities participates in efforts to reduce the energy consumption of residents, businesses, and County agencies, thereby reducing cost and avoiding greenhouse gas emissions. Public Utilities also works to ensure reasonably-priced taxicab service and trespass towing rates for County residents.

Description

The Public Utilities Line of Business is performed through four distinct but related programs that include participating in state regulatory proceedings, negotiating contracts for electric service, promoting the County's energy and sustainability initiatives, and helping ensure the provision of reasonably-priced taxicab and trespass towing service.

Public Utilities represents consumer interests before legislative, administrative, and other public and private bodies. Public Utilities monitors and participates in utility cases before the State Corporation Commission to protect the interests of homeowners and small businesses in Fairfax County. With Board of Supervisors approval, staff has developed and presented expert testimony on a range of complex regulatory issues, including return on equity, cost allocation, rate design, and billing. Staff works directly with regulated utilities to encourage policies and practices that safeguard and benefit consumer interests.

Public Utilities represents the County as a consumer of energy services. Public Utilities has served in a leadership capacity with the multi-jurisdictional Virginia Energy Purchasing Governmental Association (VEPGA) since its formation and led the VEPGA team that successfully negotiated a four-year contract with Dominion Virginia Power effective through June 30, 2018. Public Utilities represents the County in multi-jurisdictional negotiations for electric service with the Northern Virginia Electric Cooperative. Given its familiarity with these contracts for electric service, staff advises County agencies on contract provisions, meets regularly with the utilities to resolve service issues, and addresses issues that arise during the contract terms, such as street lighting options and rates.

In 2009, Public Utilities assumed responsibility for staffing the County's newly-created Energy Efficiency and Conservation Coordinating Committee (EECCC) and for managing the County's \$9.6 million federal energy efficiency and conservation block grant. Public Utilities participated in numerous EECCC, energy, and environmental initiatives, including the development of the County's greenhouse gas emissions inventory, various Environmental Improvement Program activities, Energy Action Fairfax, and the initial *FY 2015 Sustainability Initiatives* document and FY 2016 update.

Public Utilities has been involved in the oversight of the Fairfax County taxicab industry since 1982 and the County's trespass towing industry since 2005. Under this program, staff conducts annual reviews of taxicab rates and develops and presents recommendations to the Consumer Protection Commission and the Board of Supervisors on matters including applications for authority, petitions for rate changes, and the need for additional taxicab operator certificates. Public Utilities evaluates rates for trespass towing on a biennial basis.

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Benefits

Public Utilities protects and advances the interests of both County residents and the County government in matters involving regulated utilities, particularly in the areas of energy and transportation.

This program protects the property of residents and the community, particularly the interest in just and reasonable rates, by ensuring a strong and effective advocate in complex regulatory proceedings. Public Utilities saved County residents \$116 million due to utility case interventions as a result of Board of Supervisors-approved participation in utility rate cases before the State Corporation Commission (SCC) since FY 1995. This program serves the entire County.

Connecting People and Places

Public Utilities' role in overseeing the County's taxicab and trespass towing industries supports the *Connecting People and Places* County Vision Element. Public Utilities has been instrumental in promoting industry change responsive to community demand, including the introduction of electronic payment methods, improvements in vehicle fuel efficiency, and increases in the number of wheelchair-accessible taxicabs.

Public Utilities has been instrumental in promoting change within the taxicab and trespass towing industries which is responsive to community demand, including the introduction of electronic payment methods, improvements in vehicle fuel efficiency, and increases in the number of wheelchair-accessible taxicabs.

Public Utilities' energy efficiency and conservation activities encourage reductions in energy use, leading to utility savings for residents, businesses, and County agencies, as well as the avoidance of emissions associated with energy use. The program promotes environmentally sound and sustainable practices, promotes efficient resource utilization, and encourages both individuals and businesses to protect environmental resources. This program serves the entire County and also provides a Central Service/Internal function.

Exercising Corporate Stewardship

Public Utilities' negotiations with the two electric utilities serving Fairfax County supports the *Exercising Corporate Stewardship* County Vision Element. This support includes the negotiation of favorable contract terms at the lowest cost for all County government agencies, to the benefit of both agencies and County taxpayers, as well as contract interpretation. Base rates for County accounts under the current contract with Dominion Virginia Power are approximately \$1.1 million per year less than rates for comparable service provided under tariffs approved by the State Corporation Commission. This program is a Central Service/Internal function.

Mandates

Public Utilities' representation of consumer interests before judicial, legislative, administrative, and other public and private bodies is set forth in Fairfax County Code Chapter 10, *Consumer Protection*, § 10-2-8, *Represent consumer interests*.

Local government negotiation of rates, terms, and conditions of electric service is authorized by Code of Virginia Ann. Title 56, *Public Service Companies*, Chapter 10, *Heat, Light, Power, Water and Other Utility Companies Generally*, § 56.234 and § 56.232.E, *Duty to furnish adequate service at reasonable and uniform rates*, which exempt from state regulation the rates charged by public utilities for service furnished to any municipal corporation.

Local oversight of taxicab service is authorized by Code of Virginia Ann. Title 46.2, *Motor Vehicles*, Chapter 20, *Regulation of Passenger Carriers*, § 46.2-2067, *Local regulation of number of taxicabs*. Fairfax County Code Chapter 84.1, *Public Transportation*, requires that the Department of Cable and Consumer Services (DCCS) exercise specific oversight responsibilities.

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Local oversight of trespass towing fees is authorized by Code of Virginia Ann. Title 46.2, *Motor Vehicles*, Chapter 12, *Abandoned, Immobilized, Unattended and Trespassing Vehicles; Parking*, § 46.2-1233, *Localities may regulate towing fees*. DCCS duties regarding trespass towing are set forth in Fairfax County Code § 82-5-32, *Removal, immobilization, and disposition of Vehicles unlawfully parked on private or County property*.

Trends and Challenges

Trends and challenges affecting the Public Utilities Line of Business primarily reflect state legislative activity.

Beginning in 2007 and continuing through 2015, amendments to Code of Virginia Ann. Title 56, *Public Service Companies*, have narrowed the scope of regulatory oversight involving energy utilities that provide service in Fairfax County. These amendments have the effect of supplanting the utility rate case, in which customer rates are set after a comprehensive review of utility earnings, revenues, and expenses. For example, Dominion Virginia Power (Dominion) is now permitted to seek expedited approval of rate adjustment clauses (RACs) that recover a wide range of project-specific costs outside of a rate case. These and other piecemeal approaches to ratemaking create more opportunities for utilities to recover excess costs, to the detriment of ratepayers. The revised regulatory landscape is altering the way in which Public Utilities can represent the interests of County residents in utility proceedings.

Public Utilities' negotiation of electric contracts, particularly with Dominion, is affected by these amendments to Title 56. Historically, the negotiation of multi-year contracts corresponded with Dominion's multi-year rate reviews before the State Corporation Commission. The introduction of RACs has introduced complexities, however, because Dominion's requests to establish or update a RAC now occur throughout the contract term. Given its leadership position in VEPGA, Public Utilities expects to have a significant role in addressing this and other negotiating challenges.

Public Utilities' oversight of taxicab service has been affected by state legislative activity. Amendments to Code of Virginia Ann. Title 46.2, *Motor Vehicles*, enacted in 2015, authorize Transportation Network Companies (TNCs) to provide on-demand, for-hire transportation services traditionally provided by taxicabs. The amendments also prohibit local regulation of TNCs, including the imposition of public-interest requirements currently applicable to taxicabs, such as wheelchair-accessibility. TNC activity in the County may warrant revisions to Fairfax County Code Chapter 84.1, *Public Transportation*, pertaining to the certification and regulation of taxicabs.

Public Utilities' efforts to promote energy efficiency and conservation are likely to increase in scope and significance as the federal and state governments take steps to address carbon emissions, particularly those associated with fossil-fuel power generation. In an August 3, 2015 statement, the Governor of Virginia expressed support for working with stakeholders to accomplish the objectives of reducing carbon emissions, creating the next generation of clean energy jobs, and building the new Virginia economy.

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Resources

Category	FY 2014 Actual	FY 2015 Actual	FY 2016 Adopted
LOB #255: Public Utilities			
FUNDING			
<u>Expenditures:</u>			
Compensation	\$117,879	\$122,948	\$123,773
Benefits	25,860	34,096	53,136
Operating Expenses	21,500	14,945	23,400
Total Expenditures	\$165,239	\$171,989	\$200,309
Total Revenue	\$0	\$0	\$0
POSITIONS			
Authorized Positions/Full-Time Equivalents (FTEs)			
<u>Positions:</u>			
Regular	2 / 2	2 / 2	2 / 2
Total Positions	2 / 2	2 / 2	2 / 2

Metrics

Metric Indicator	FY 2013 Actual	FY 2014 Actual	FY 2015 Actual	FY 2016 Estimate	FY 2017 Estimate
Cumulative County savings due to utility case intervention (in millions)	\$115M	\$116M	\$116M	\$117M	\$117M
Number of local, state, or federal testimonies and comments submitted	11	13	13	10	10

Cumulative County savings due to utility case intervention

Public Utilities saved County residents \$116 million due to utility case interventions as a result of Board of Supervisors-approved participation in utility rate cases before the State Corporation Commission (SCC) since FY 1995. When this metric was established, the prevailing regulatory model was the “utility rate case,” in which rates for all customer classes are set after a comprehensive review of utility revenues and expenses. Increasingly, that single review is being replaced with a series of cases in which the utility seeks approval of bill riders, rate adjustment clauses, adjustments, and tracking mechanisms. Given the evolving regulatory framework, Public Utilities’ ability to achieve the level of savings that has historically been realized will depend on the types of utility rate cases before the SCC.

Number of local, state, or federal testimonies and comments submitted

The number of written comments, testimonies, or other material presented or submitted in federal, state, or local proceedings reflect the significant amount of staff time, including time to research the topic, analyze the specific issue(s), and draft and finalize the document.