



CLEAN  
VIRGINIA

# HOW DOMINION'S MONOPOLY HURTS VIRGINIAN BUSINESSES

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HOW THE "DOMINION TAX" COSTS BUSINESSES BIG AND SMALL... AND HOW TO LOWER COMMERCIAL ENERGY BILLS

## Dominion's Tax on Businesses:

- As average monthly bills in the Southeast decreased between 2015 and 2017, energy bills for Dominion's customers **increased more than 7%** during the same period.
  - This is particularly bad in southwestern Virginia - in APCO's service territory, commercial energy bills are up 77% since 2006.
- Clean Virginia's analysis on the "Dominion Tax" found that the average commercial business in Dominion's service territory pays over **\$750 per year** more than necessary because of Dominion's lobbying efforts and oversized political power.
- To make things worse, electricity usage by businesses in Virginia has been flat for years, meaning even if your company used the same amount of energy as the previous year, your energy bills are almost certainly still going up.
  - This hidden tax on businesses hasn't resulted in noticeably better service or reliability--it's just gone to Dominion and APCO's bottom line.
- As a result, Virginia has the **10th highest commercial energy bills** in the country and rates continue to climb.

## How Dominion Cheats Its Customers:

- New laws passed in 2015 and 2018 ensure that Dominion will earn an annual rate of return of 13%-14% (or more), compared to their traditional rate of return of 9-10%.
  - As a result, in 2017 Dominion earned **\$365 million in excess profits** (i.e. in addition to their normal profit level).
    - This does not include their 14% guaranteed rate of return on the Atlantic Coast Pipeline, which they will receive regardless of whether they sell a single unit of natural gas in Virginia.
- Where does this money go?
  - Directly to shareholders, corporate executives, and to subsidize lobbyists, political donations, and other forms of influence-peddling.
  - Reinvested into potential infrastructure boondoggles with little return on investment for ratepayers--a process called "gold-plating."

## How to End the "Dominion Tax" on Business:

### • SCC Reform

- Return rate cutting and refund power to the SCC in 2019 by moving up the next rate case review.
- Restore rate cases to a biennial basis, which will help bring down commercial energy rates.
- Abolish the "peer group analysis" the SCC uses to determine fair rates of return. This system of benchmarking to other utilities' rates of return simply incentivizes all utilities to inflate their bottom lines together. The SCC should go back to traditional "cost of equity" analysis, which is simply the amount of profit needed to attract private investment, a traditionally cheaper measurement Virginia has used in the past.

### • Transparency Reforms and Protections

- Require annual audits of utility financials of all years dating back to 2015 and every year into the future, regardless of whether the information is for a rate case.
- To ensure non-essential spending is not subsidized by ratepayers, require dollar-for-dollar refunds on lobbying fees, political donations, and other non-essential spending.

### • End the "pay-to-play" nature of utility regulation by curbing ratepayer subsidization of influence-peddling.

- Prohibit campaign contributions from utilities and their affiliates to candidates and party committees.

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- 22 states already ban all corporate contributions to candidates, which have been ruled Constitutional by the United States Supreme Court and 3 additional states have bans on money from regulated utility monopolies.
- New York and New Jersey explicitly ban their utilities from making campaign contributions.
  - Prohibit campaign contributions from all registered lobbyists.
- North Carolina and Tennessee already ban elected officials from accepting donations from lobbyists.

### How to Create Downward Pressure on Energy Bills:

- Give businesses the right to buy and sell energy as they see fit, subject to SCC oversight.
- Decentralize energy production and give localities the right to produce and sell their own energy.
- Require regulated utilities to hit low-hanging efficiency benchmarks. (Dominion currently ranks 50th out of the 51 large utilities nationwide on energy efficiency).
- Give businesses the right to download their own energy data from smart meters currently being deployed by Dominion and APCO.