

STATE CORPORATION COMMISSION

July 10, 1970

TO ALL ELECTRIC UTILITIES OPERATING IN VIRGINIA

UNDERGROUND ELECTRIC DISTRIBUTION FACILITIES

Since the Commission's order of April 15, 1970, concerning promotional allowances and underground electric service, the Engineering Division has received several inquiries from utilities asking what general policies are applicable to underground service. On September 19, 1968, the Chief Engineer - Electric Utilities sent out a letter on behalf of the Commission outlining the position of the Commission at that time concerning underground lines.

Since that time at least three local governments have enacted ordinances requiring new distribution lines to be installed underground. Several other local governments have expressed interest in such ordinances. In view of the recent changes in the promotional programs of electric utilities and the continuing interest in underground electric distribution, we believe it is desirable to summarize the Commission's position on the question of underground electric lines.

The Commission believes that underground electric distribution is desirable and in the public interest. In some areas of the State the public has indicated its desire and willingness to pay for placement of all new electric distribution lines underground. We do not believe that a burden should be put on all ratepayers to pay for underground lines in one part of a utility's service area. Whenever lines are placed underground, the customer or customers who receive the benefits and advantages of the underground service should pay for it. When a utility is required by governmental authority to place

facilities underground, the utility may, in order to prevent an unjust burden on its other ratepayers, submit a plan for the Commission's approval to charge the customers in the affected jurisdiction with part or all of the excess cost of the underground distribution facilities over the cost of overhead lines. Because of the diverse economic, geographic, geologic conditions in the various areas of the State, we do not believe that state-wide regulations concerning the installation of underground electric distribution facilities are appropriate at this time.

Where underground service is feasible, the utility should have a plan on file with the Commission setting forth the conditions under which the customer can obtain underground service. The service should be installed, owned and maintained by the utility to the point of metering, which will normally be on an outside wall of the customer's building. The utilities should make every effort to make the cost of underground service as low as possible. Charges for underground service should be based on the difference in cost of providing underground service over the cost of overhead service. The charge may be determined on an individual basis or may be based on average costs. Charges should be supportable.

Last year more than 26,000 underground services were installed in Virginia. This, in itself, shows that there is a public demand for underground service. We believe that the continuing interest in problems of the environment and aesthetics require that utilities exert every effort to make underground service available.

H. Lester Hooker
Chairman

Jesse W. Dillon
Commissioner

Ralph P. Catterall
Commissioner