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COMMONWEALTH OF VIRGINIA
HOUSE OF DELEGATES
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COMMITTEE ASSIGNMENTS:
COMMERCE AND LABOR
AGRICULTURE, CHESAPEAKE AND
NATURAL RESOURCES
PUBLIC SAFETY
RULES

July 31, 2025

State Corporation Commission

Chairman Samuel T. Towell

Commissioner Jehmal T. Hudson

Commissioner Kelsey A. Bagot

P.O. Box 1197

Richmond, Virginia 23218

Dear Commissioners,

I write today out of concern that Virginia's residential ratepayers are facing unreasonable cost-shifting as a result of surging demand from the data center industry.

Recent reporting has highlighted the growing financial burden being placed on electric customers in Virginia and other PJM states, driven by a sharp rise in capacity auction prices and an increasing dependence on imported electricity. These pressures are being fueled in large part by the unprecedented energy demands of data centers—particularly in Northern Virginia.

While data centers are an important part of our economy, the costs associated with serving their energy needs should not be disproportionately borne by families and small businesses. In the evaluation of utility rates, including proposals for cost allocation and recovery, the Code of Virginia broadly directs the Commission to ensure that rates are just and reasonable. In protecting customers from unreasonable rates, it is fair to expect the Commission to ensure the allocation of cost amongst customer classes does not unfairly shift costs from one customer type to another. This same principle can be found more explicitly stated in the Virginia Electric Utility Regulation Act in which the Commission is directed to make reasonable efforts to ensure that unreasonable

cost-shifting to nonparticipating electric utility customers does not occur. I urge the Commission to apply this same principle broadly in its ongoing rate cases, preventing residential and small business customers from being saddled with the rising cost of imported energy spurred by data center demand.

The General Assembly passed HB2084 this year with bipartisan support, calling for the creation of a separate customer class for high energy use facilities and demonstrating a clear desire for the SCC to act. That legislation took two years to pass, but it asked the Commission to use its existing authority rather than granting new authorities. The principle of preventing unreasonable cost-shifting exists in code and the General Assembly has provided new law directing the SCC to use its authority to directly examine the cost of high energy use facilities. I ask that the Commission uses its existing authority to examine the need for and implement reasonable efforts to prevent an unreasonable cost-shift to residential, small business, and other utility customers that are not the clear cause of this increase in demand.

The Commission must carefully examine the issue of cost allocation in its ongoing proceedings and take reasonable measures to ensure that residential customers are not unfairly subsidizing the infrastructure and capacity needs of the data center sector. This concern is not speculative. The 2024 JLARC report on data centers and multiple recent news reports both make clear that the growing energy demand from this industry has real consequences for ratepayers across Virginia.

It is of the utmost importance we ensure industries that are drastically increasing our demand are not passing along the cost of supply, transmission, and distribution. I appreciate your attention to this issue and respectfully urge the Commission to act in the best interest of Virginia's ratepayers.

In Service,



Michael J. Weibert
Delegate, 61st District