

COMMONWEALTH OF VIRGINIA
STATE CORPORATION COMMISSION

160910201

APPLICATION OF

VIRGINIA ELECTRIC AND POWER COMPANY

CASE NO. PUE-2015-00108

For approval to establish experimental companion rates, designated Rate Schedule MBR – GS-3 (Experimental) and Rate Schedule MBR – GS-4 (Experimental) pursuant to § 56-234 B of the Code of Virginia

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REGULATORY SERVICES OFFICE
ECONOMIC CONTROL CENTER

REPORT OF DEBORAH V. ELLENBERG, CHIEF HEARING EXAMINER

September 12, 2016

This case involves the application of Virginia Electric and Power Company (“Dominion Virginia Power” or “Company”) for approval of experimental companion rates, designated Rate Schedule MBR – GS-3 (Experimental) and Rate Schedule MBR – GS-4 (Experimental) pursuant to § 56-234 B of the Code of Virginia (“Code”). Upon consideration of the record in this case, I find that the proposed experimental companion market-based rates are consistent with a special contract rate previously approved by the State Corporation Commission (“Commission”), and are necessary to acquire information that is, or may be, in furtherance of the public interest. I recommend that the Commission grant the Company’s Application.

HISTORY OF THE CASE

On November 3, 2015, Dominion Virginia Power filed with the Commission an application for approval to establish experimental companion rates, designated Rate Schedule MBR – GS-3 (Experimental) and Rate Schedule MBR – GS-4 (Experimental) (collectively “MBR Rate Schedules”), pursuant to Code § 56-234 and Rule 80 of the Commission’s Rules of Practice and Procedure, 5 VAC 5-20-80, as modified by an *errata* filing on November 24, 2015, (collectively, “Application”). Dominion Virginia Power seeks an opportunity to test market-based rates, on an experimental basis, for certain high load-factor customers. The Company states that such experimental rates could gauge customer interest in market-based rates; would allow the Company to gather necessary information about market-based rate implementation with respect to customers outside of the context of a special rate contract; and is in furtherance of the public interest.

On December 10, 2015, the Commission issued an Order for Notice and Hearing that directed the Company to provide notice of the Application; established the procedural schedule for the case; scheduled a public hearing to receive evidence on the Application; and assigned the case to a Hearing Examiner to conduct all further proceedings in this matter on behalf of the Commission and to file a report.

The Office of the Attorney General’s Division of Consumer Counsel (“Consumer Counsel”) filed a notice of its intent to participate in this case. WestRock CP, LLC (“WestRock”) and EDF Renewable Development, Inc. (“EDF RD”) also filed Notices of Participation. By letter filed on March 30, 2016, WestRock informed the Commission that it would not be attending the scheduled

hearing.¹ By letter filed on April 5, 2016, EDF RD advised that it also would not be attending the scheduled hearing.²

The hearing was convened as scheduled on April 12, 2016. Kristian M. Dahl, Esquire, Jennifer D. Daglio, Esquire, and Lisa Booth, Esquire, appeared on behalf of the Company; Alisson Klaiber, Esquire, K. Beth Clowers, Esquire, and Arlen K. Bolstad, Esquire, appeared on behalf of the Staff of the Commission (“Staff”); and C. Mitch Burton, Jr., Assistant Attorney General appeared on behalf of the Consumer Counsel. As they had advised, EDF RD and WestRock did not participate in the hearing.³

SUMMARY OF THE RECORD

Dominion Virginia Power’s Direct Testimony

In support of its Application, Dominion Virginia Power filed the direct testimony of Gregory J. Morgan, director of customer rates for Dominion Virginia Power, and Michael S. Hupp, Jr., director of power generation regulated operations in the Dominion Generation business segment of the Company. A summary of the testimony of each witness is provided below.

Gregory J. Morgan offered testimony to explain the two proposed experimental and voluntary companion rate schedules designated MBR Rate Schedules for certain qualifying high load-factor customers.⁴ He noted that the Company previously filed an application for approval of a special rate contract, containing a market-based rate for a customer with unique load characteristics and a corporate commitment to increase renewable energy supply.⁵ In developing that special rate contract, the Company recognized that other customers may be interested in a similar rate structure. The Company is, therefore, proposing the MBR Rate Schedules on a limited, experimental basis for certain qualifying high load-factor customers to gauge customer interest outside the context of the special rate contract and in furtherance of the public interest.⁶

A key provision of the proposed MBR Rate Schedules would allow qualifying customers to choose the newly designed and optional MBR Rate Schedules to reflect pricing in the PJM Interconnection, LLC (“PJM”) wholesale market. The optional MBR Rate Schedules would allow participating customers, who may be considering or actively making investments of their own in renewable generation at the wholesale level, to financially correlate their wholesale PJM electric market participation with their retail load.⁷ According to Mr. Morgan, other customers may prefer this pricing structure for other reasons and may be inclined to take some risk to achieve what they believe could be the lowest available price for electric service.

¹ Letter from WestRock dated March 30, 2016.

² Letter from EDF RD dated April 5, 2016.

³ WestRock prefiled testimony, but entered into a letter agreement with the Company in which they agreed to address the issues raised by WestRock outside of this proceeding and WestRock advised that it would not offer the prefiled testimony at the hearing. Letter agreement dated March 17, 2016, and filed with the Commission on March 28, 2016, under a cover letter from Company counsel.

⁴ Exhibit (“Ex.”) 3 (Morgan), at 2-3.

⁵ *Id.* at 4.

⁶ *Id.* at 4-5.

⁷ *Id.* at 5-6.

Other key provisions⁸ of the MBR Rate Schedules include:

- The MBR Rate Schedules contain a margin charge intended to cover any differences between the market-based rates and the actual marginal PJM costs to serve participating customers, and provide some contribution toward the Company's administrative and fixed costs;
- The MBR Rate Schedules will be available to any customers who are eligible for service under Rate Schedules GS-3 or GS-4, have a measured peak demand of five MW or more, have a qualifying average monthly load factor of at least 85%, provide a signed officer certification affidavit, and meet the additional criteria set forth in the MBR Rate Schedules;
- The MBR Rate Schedules will have a total combined participation cap of 200 MW;
- A minimum term of three years, with automatic renewals, on a year-to-year basis, subject to certain qualifications and requirements in the MBR Rate Schedules proposed to expire December 31, 2022.

Michael S. Hupp, Jr. provided testimony that discussed the technical elements of the two experimental and voluntary companion MBR Rate Schedules. He described the Company's energy desk functions relating to PJM, and discussed the technical elements of the MBR Rate Schedules that relate to PJM market and operations.⁹ Together with a margin charge, which is a \$/MWh charge tied to participating customers' monthly load factor, the principal components of the MBR Rate Schedules that reflect interactions in the PJM markets are the generation capacity charge, generation energy charge, PJM ancillary service charge, and PJM administrative charge.¹⁰

Mr. Hupp also testified that the MBR Rate Schedules will not impact how the Company's load will be bid or otherwise offered into the PJM market. The Company will continue to procure energy and capacity to serve its load requirements as it has in the past. The only distinction will be that a customer electing the applicable companion MBR Rate Schedule will be charged a rate that reflects the PJM wholesale market price. Consequently, the MBR Rate Schedules will not change the Company's load obligation procurement process or the actual costs to serve its load.¹¹

Staff Testimony

Staff filed the testimony of Gregory L. Abbott, utilities manager in the Commission's Division of Energy Regulation, and Carol B. Myers, manager with the Commission's Division of Utility Accounting and Finance.

Gregory L. Abbott agreed that the proposed experimental MBR Rate Schedules would allow the Company to test whether certain large, high load-factor customers are interested in market-based rates. Further, synchronizing the proposed experimental MBR Rate Schedules with the pricing structure of the PJM wholesale market may assist participating customers in financially integrating renewable energy into their portfolios. Mr. Abbott also noted that the Commission has

⁸ *Id.* at 6-8.

⁹ Ex. 4 (Hupp), at 2.

¹⁰ *Id.* at 3-4.

¹¹ *Id.* at 4.

approved a similar rate structure for a special contract rate,¹² and approval of the experimental MBR Rate Schedules in this case would alleviate Staff's concerns about rate discrimination.¹³ Staff, therefore, recommended that the Commission find the proposed experimental MBR Rate Schedules to be in the public interest.¹⁴

Mr. Abbott recommended the Company be required to file a report at the conclusion of the experiment, or with any requests for extension of the experiment beyond December 31, 2022.¹⁵ He identified several data points that should be included in any such report, and those items were included in the Stipulation and Recommendation ("Stipulation") executed by Staff and the Company as described below.

Carol B. Myers provided testimony that included the following findings and recommendations:

- The MBR Rate Schedules will not have an impact on ratepayers who do not elect to take service pursuant to the MBR Rate Schedules during the Transitional Rate Period from January 1, 2015, through December 31, 2019;¹⁶
- Under current law, when biennial reviews resume for the two consecutive test periods beginning January 1, 2020, the MBR Rate Schedules most likely will have an impact on the Company's other ratepayers because the accounting for revenues and costs associated with the MBR Rate Schedules, as proposed by the Company, will impact the determination of the Company's base rate earnings in an earnings test and, therefore, impact whether customer bill credits are due pursuant to § 56-585.1 A 8 of the Code and the amount of any such credits due;¹⁷
- In order to fully analyze the impact of the MBR Rate Schedules on the Company's base rate earnings and to ensure that the MBR Rate Schedules are not contrary to the public interest, Staff recommended that the Commission direct the Company to maintain certain revenue and cost information to be presented in its next biennial review proceeding, in annual updates to the Commission on the MBR Rate Schedules, and in a report at the conclusion of the MBR Rate Schedules,¹⁸ all of which the Company agreed to in the Stipulation; and
- Staff also recommended that the Commission direct the Company to track all costs, gains, losses, or any other financial impacts associated with any risk management transactions the Company enters into to hedge variability associated with the MRR Rate Schedules, by month, by transaction, and by FERC account. Staff recommended that the Commission direct the Company to present such data in its next biennial review proceeding, in annual

¹² *Application of Virginia Electric and Power Company, For approval of special rates, terms and conditions pursuant to § 56-235.2 of the Code of Virginia and new rate schedules SCR – GS-3 and SCR – GS-4, Case No. PUE-2015-00103, Final Order (Jan. 19, 2016).* Therein, the Commission approved the Company's request for a special rate contract with Vadata, Inc., a high load-factor Virginia jurisdictional customer ("Vadata Special Rate Contract"). The Vadata Special Rate Contract established a market-based rate like the experimental MBR Rate Schedules proposed by the Company in this proceeding.

¹³ Ex. 5 (Abbott), at 8-9.

¹⁴ *Id.* at 9.

¹⁵ *Id.*

¹⁶ Ex. 6 (Myers), at 5.

¹⁷ *Id.* at 6.

¹⁸ *Id.* at 7.

updates to the Commission on the experimental MBR Rate Schedules, and in a report at the conclusion of the MBR Rate Schedules,¹⁹ all of which the Company again agreed to in the Stipulation.

Dominion Virginia Power's Rebuttal Testimony

By letter dated March 28, 2016, the Company advised that it had reached an agreement with WestRock to discuss issues raised in WestRock's prefiled testimony outside of the context of this proceeding, and further that the Company did not oppose the findings and recommendations in Staff's testimony. Dominion Virginia Power, therefore, advised the Commission that since there were no remaining issues in this proceeding, it did not intend to file rebuttal testimony.

Stipulation

On April 8, 2016, Dominion Virginia Power and Staff filed a Stipulation, attached hereto, that resolved all issues in this proceeding.²⁰ The Consumer Counsel did not join in, but did not object to, the Stipulation between the Company and Staff.²¹

In the Stipulation, the Company agreed to file a report within ninety (90) days of the conclusion of the effective period for the MBR Rate Schedules, or in the alternative, the Company agreed to file a report with any request to extend should the Company seek to extend the MBR Rate Schedules beyond their proposed conclusion date of December 31, 2022. That report will include: (1) total revenues by year for each account served under the MBR Rate Schedules; (2) total revenues that would have been collected by year for each account served under the MBR Rate Schedules assuming that the accounts were instead billed under Rate Schedules GS-3 and GS-4; (3) the rate of return on rate base for Rate Schedules GS-3 and GS-4 customer classes, both including and excluding the accounts served under the MBR Rate Schedules.²²

The Company also agreed to maintain the following information and present it in the next biennial review proceeding, in annual updates to the Commission on the MBR Rate Schedules, and in a final report at the conclusion of the MBR Rate Schedules: (1) calculations of rate adjustment clause, fuel, and base rate revenues for each customer account taking service pursuant to the MBR Rate Schedules, by month, for calendar years 2016 through 2022; (2) calculations of rate adjustment clause, fuel, and base rate revenues for each customer account taking service pursuant to the MBR Rate Schedules as though such accounts took service under Rate Schedule GS-3 or Rate Schedule GS-4, by month, for calendar years 2016 through 2022; (3) general ledger data separately showing the monthly base rate revenue journal entries recorded due to the difference between the revenues produced by the MBR Rate Schedules and the revenues that would have been produced by the Rate Schedules GS-3 and GS-4 (the "base rate revenue variance"), for the periods that data necessary to calculate such difference is available; and (4) to the extent the Company needs an additional employee(s) to support the MBR Rate Schedules, the cost data for such new employee(s) and the percentage of each new employee's time devoted to the MBR Rate Schedules, by month, including

¹⁹ *Id.* at 8-9.

²⁰ Ex. 7 (Stipulation).

²¹ Burton, Transcript ("Tr."), at 15.

²² Ex. 7 (Stipulation), at 2-3.

a breakdown of each employee’s fully-loaded cost, by type of cost (*i.e.* salary, benefits, incentives, etc.).²³

The Company and Staff also agreed that the Stipulation does not dictate any specific regulatory accounting treatment of any revenues or costs in future proceedings.²⁴

DISCUSSION

The MBR Rate Schedules offer optional market-based rates structured to reflect pricing in the PJM wholesale market for qualifying customers who would otherwise be served under Rate Schedule GS-3 or Rate Schedule GS-4.²⁵ To be eligible customers must:

- (1) be currently taking electric service under Rate Schedule GS-3 or Rate Schedule GS-4;
- (2) have a measured peak demand of five megawatts or more during at least three billing months in the current and previous eleven billing months;
- (3) have a billing history with the Company of at least twelve consecutive billing months in the current and previous eleven billing months; and
- (4) have a qualifying average monthly load factor of at least 85%.

The rate components of the MBR Rate Schedules²⁶ include the following:

- (1) Generation Capacity Charge;²⁷
- (2) Generation Energy Charge;²⁸
- (3) PJM Ancillary Service Charge;
- (4) PJM Administrative Charge;²⁹ and
- (5) Margin Charge.³⁰

As proposed, the MBR Rate Schedules would be limited to a total combined participation cap of 200 MW and a minimum term of three years. The Company also proposes that the MBR Rate Schedules would expire on December 31, 2022.

²³ *Id.* at 3-4.

²⁴ *Id.* at 4.

²⁵ Ex. 2 (Application), at 3-4.

²⁶ Ex. 4(Hupp), at 3-4.

²⁷ The customer’s estimated peak load will be applied to the PJM cleared capacity price for the applicable deliver zone to determine that customer’s capacity cost under the MBR Rate Schedules.

²⁸ The customer’s hourly energy consumption will be matched to and multiplied against the respective hourly Day Ahead Locational Marginal Price (“LMP”) for that customer’s load account(s) on the MBR Rate Schedules. In the current market environment the Day Ahead LMP would be the Dominion Zone LMP as published by PJM.

²⁹ Relative to both the PJM Ancillary Service Charge and the PJM Administrative Charge, the customer will also be responsible for a load weighted share of the Company’s PJM ancillary service costs and administrative fees which will be determined by calculating the Dominion Load Serving Entity (“DOM LSE”) total net charges in relation to total DOM LSE load which was served and applying that rate to such customer’s volume for the same period.

³⁰ A dollar per MWh fee tied to the customer’s monthly load factor, and is intended to cover any differences between the designed market-based rate and the actual marginal PJM costs to serve customers electing to migrate from Rate Schedule GS-3 and GS-4. Ex. 3 (Morgan), at 4.

These high load-factor market-based rates are essentially the same as already approved for the Vadata Special Rate Contract, which was addressed on an expedited basis, to get that rate in place for Vadata, Inc., which operates a high load-factor technology data center. The current proposal is essentially the same rate structure, but is proposed as a rate experiment to be available to other interested customers. The Company recognizes that the rate is not for everyone, and in the Company's experience, most customers prefer a stable fixed rate, and so these experimental rates are limited to those larger customers that can better manage potential risks and volatility.³¹ The Company observed that much of the economic growth in Virginia, particularly in Northern Virginia, has been, and is expected to continue to be, driven by the technology sector. These proposed market-based rates would provide flexibility to that technology industry, and the Company and Staff believe this experiment is necessary to acquire information in furtherance of the public interest, to gauge customer interest, and assess the volatility of the rates and corresponding impacts on bills.³² The Company also intends to analyze the metering and billing processes to see if there are ways to improve the rate offering, and to evaluate the impacts of rate variances to determine if it should offer risk management transactions to manage impacts. The Company also represents that the timing of this experimental offering is ideal in that the first four years of the experimental MBR Rate Schedules will be in the Transitional Rate Period, as defined by Code § 56-585.1:1, and the final years will be included in the next biennial review test period during which time the Commission will review the Company's base rates.³³

The MBR Rate Schedules are experimental offerings. As such, the applicable Code provision is Code § 56-234 B which provides in relevant part:

It shall be the duty of every public utility to charge uniformly therefor all persons, corporations or municipal corporations using such service under like conditions. However, no provision of law shall be deemed to preclude voluntary rate or rate design tests or experiments, or other experiments involving the use of special rates, where such experiments have been approved by order of the Commission after notice and hearing and a finding that such experiments are necessary in order to acquire information which is or may be in furtherance of the public interest.

The Stipulation resolves any issues that were raised in this proceeding, is supported by the Company and Staff, and is not opposed by the Consumer Counsel. The Stipulation addresses specific information that the Company will track, collect, and report during the experiment. Further, because Dominion Virginia Power's rates are frozen through December 31, 2019, during the first four years of the MBR Rate Schedules, the Company's ratepayers will not bear the risk of variances between market rates and retail base rates as observed by Staff Witness Myers.

The proposed experimental companion rate structures are substantially the same as the Vadata Special Rate Contract that the Commission already approved, and the MBR Rate Schedules create a similar option for other high load-factor customers who may elect a market-based rate. The Company's evidence demonstrates the experimental MBR Rate Schedules are necessary to acquire

³¹ Dahl, Tr., at 9-10.

³² *Id.* at 7-8.

³³ *Id.* at 11.

information in furtherance of the public interest, and, thus, are in accordance with the standard established in Code § 56-234 B.

FINDINGS AND RECOMMENDATIONS

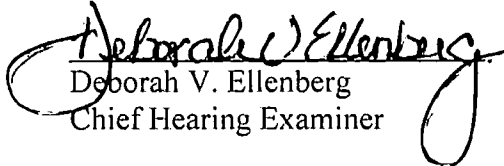
Based on the record developed in this proceeding and the unopposed Stipulation, I find that the Stipulation should be adopted and that the proposed experimental MBR Rate Schedules should be approved as necessary in order to acquire information which is in furtherance of the public interest. Accordingly, **I RECOMMEND** the Commission enter an order that:

1. **ADOPTS** the finding of this Report; and
2. **DISMISSES** this case from the Commission's docket of active cases.

COMMENTS

The parties are advised that pursuant to Commission Rule 5 VAC 5-20-120 C of the Commission's Rules of Practice and Procedure, any comments to this Report must be filed with the Clerk of the Commission in writing, in an original and fifteen copies, within five business days from the date hereof. The mailing address to which any such filing must be sent is Document Control Center, P.O. Box 2118, Richmond, Virginia 23218. Any party filing such comments shall attach a certificate to the foot of such document certifying that copies have been mailed or delivered to all counsel of record and any such party not represented by counsel.

Respectfully submitted,


Deborah V. Ellenberg
Chief Hearing Examiner

Document Control Center is requested to mail or deliver a copy of the above Report to: Lisa S. Booth, Esquire, Dominion Resources Services, Inc., 120 Tredegar Street, RS-2, Richmond, Virginia 23219; Kristian M. Dahl, Esquire, and Jennifer D. Daglio, Esquire, McGuireWoods LLP, Gateway Plaza, 800 E. Canal Street, Richmond, Virginia 23219; Bruce A. Grabow, Esquire, and Michael D. Bednarek, Esquire, Locke Lord LLP, 701 Eighth Street NW, Ste 700, Washington, DC 20004; Irene A. Kowalczyk, Esquire, WestRock Company, 7 Penn Plaza, Ste 1606, New York, NY 10001; Donald J. Sipe, Esquire, and Nathan R. Fennessy, Esquire, Preti Flaherty, 45 Memorial Circle, P. O. Box 1058, Augusta, ME 04332; Peter W. Brown, Esquire, Preti Flaherty, P. O. Box 1318, Concord, NH 03302; and C. Meade Browder, Jr., Senior Assistant Attorney General, and C. Mitch Burton, Jr., Assistant Attorney General, Office of the Attorney General, Division of Consumer Counsel, 202 N. Ninth Street, Richmond, Virginia 23219.

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ATTACHMENT

COMMONWEALTH OF VIRGINIA
STATE CORPORATION COMMISSION

APPLICATION OF)
)
VIRGINIA ELECTRIC AND POWER COMPANY)
) Case No. PUE-2015-00108
For approval to establish experimental companion rates,)
designated Rate Schedule MBR - GS-3 (Experimental) and)
Rate Schedule MBR - GS-4 (Experimental) pursuant)
to § 56-234 B of the Code of Virginia)

STIPULATION AND RECOMMENDATION

WHEREAS, on November 3, 2015, Virginia Electric and Power Company (the “Company”), by counsel, filed with the State Corporation Commission of Virginia (“Commission”) an application for Commission approval to establish experimental companion rates, designated Rate Schedule MBR - GS-3 (Experimental) and Rate Schedule MBR - GS-4 (Experimental) (collectively, the “MBR Rate Schedules”) pursuant to § 56-234 B of the Code of Virginia and Rule 80 of the Commission’s Rules of Practice and Procedure, 5 VAC 5-20-10-80, and which application was modified by the *errata* filing on November 24, 2015 (collectively, the “Application”); and

WHEREAS, on December 10, 2015, the Commission issued an Order for Notice and Hearing (the “Procedural Order”), and pursuant to Ordering Paragraph (9) directed that any person or entity may participate as a respondent in this proceeding by filing a Notice of Participation on or before February 12, 2016; and

WHEREAS, Office of the Attorney General, Division of Consumer Counsel (“OAG”), EDF Renewable Development, Inc. (“EDF”), and WestRock CP, LLC (“WestRock”) filed notices of participation in this docket; and

WHEREAS, Ordering Paragraph (11) of the Procedural Order directed respondents to file

testimony on or before February 29, 2016, and the OAG and EDF did not file testimony in this proceeding; and

WHEREAS, although Respondent Witness Irene Kowalczyk filed direct testimony on behalf of WestRock on February 29, 2016, WestRock filed a letter with the Commission on March 30, 2016, explaining that, given a letter agreement between WestRock and the Company that was filed with the Commission on March 28, 2016, WestRock does not intend to offer Ms. Kowalczyk's testimony into the record or otherwise participate in the evidentiary hearing to be convened on April 12, 2016; and

WHEREAS, no other parties filed notices of participation, testimony or written comments in this proceeding; and

WHEREAS, in accordance with Ordering Paragraph (12) of the Procedural Order, Commission Staff ("Staff") witnesses Gregory L. Abbott and Carol B. Myers filed testimony and exhibits on March 15, 2016; and

WHEREAS, pursuant to Ordering Paragraph (13) of the Procedural Order, the Company filed a letter on March 28, 2016, informing the Commission that it did not oppose the findings and recommendations in Staff's testimony and, therefore, did not intend to file rebuttal testimony or exhibits; and

NOW THEREFORE, in order to resolve any remaining issues, the Company and Staff now hereby stipulate, agree and recommend that the Commission issue an order in this docket approving this Stipulation and Recommendation (this "Stipulation") as follows:

(1) The Company agrees to file a report within ninety (90) days of the conclusion of the MBR Rate Schedules. In the alternative, should the Company wish to extend the MBR Rate Schedules beyond the proposed conclusion date of December 31, 2022, the Company agrees to

file a report with such proposal. In either event, the report should include the following information, in addition to the information to be included in the annual updates and final report as proposed in the Company's Application:

(a) Total revenues collected by year for each account served under the MBR Rate Schedules;

(b) Total revenues that would have been collected by year for each account served under the MBR Rate Schedules assuming that the accounts were instead billed by the appropriate Rate Schedule GS-3 or Rate Schedule GS-4 charges; and

(c) The rate of return ("ROR") on rate base for Rate Schedule GS-3 and Rate Schedule GS-4 customer classes, both including and excluding the accounts served under the MBR Rate Schedules.

(2) The Company agrees to maintain the following information and present such information in its next biennial review proceeding, in annual updates to the Commission on the MBR Rate Schedules, and in a report to be filed at the conclusion of the MBR Rate Schedules:

(a) Calculations of rate adjustment clause, fuel, and base rate revenues for each customer account taking service pursuant to the MBR Rate Schedules, by month, for calendar years 2016 through 2022;

(b) Calculations of rate adjustment clause, fuel, and base rate revenues for each customer account taking service pursuant to the MBR Rate Schedules as though such accounts took service under Rate Schedule GS-3 or Rate Schedule GS-4, by month, for calendar years 2016 through 2022;

(c) General ledger data separately showing the monthly base rate revenue journal entries recorded due to the difference between the revenues produced by the MBR Rate

Schedules and the revenues that would have been produced by the Rate Schedule GS-3 and Rate Schedule GS-4 (*i.e.*, the “base rate revenue variance”), for the periods that data necessary to calculate such difference is available; and

(d) To the extent that the Company needs to add an additional employee(s) to support the MBR Rate Schedules, the cost data for such new employee(s) and the percentage of each new employee’s time devoted to the MBR Rate Schedules, by month, including a breakdown of each employee’s fully-loaded cost, by type of cost (*i.e.* salary, benefits, incentives, etc).


(3) The Company and Staff agree that nothing in this Stipulation dictates the regulatory accounting treatment of any revenues or costs in future biennial reviews or other proceedings.

WHEREFORE, the undersigned parties agree that the Stipulation represents a compromise for the purposes of settlement of the issues in this case and balancing of many interests, and none of the signatories to this Stipulation necessarily agrees with the treatment of any particular item, any procedure followed, or the resolution of any particular issue in agreeing to this Stipulation other than as specified herein, except as required to implement the provisions of this Stipulation, and the parties agree that the resolution of the issues herein, taken as a whole, and the disposition of all other matters set forth in this Stipulation are in the public interest. In the event the Commission does not accept and approve all aspects of this Stipulation, the undersigned parties respectfully request notice allowing them ten (10) days within which to attempt to reach a modified stipulation that addresses the Commission’s concerns. If no such modified stipulation is reached within ten (10) days, the Stipulation shall terminate and the

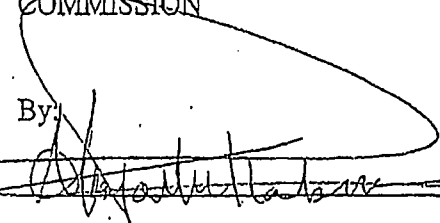
signatories shall reserve their rights to participate fully in all relevant proceedings notwithstanding their agreement on the terms of this Stipulation.

Respectfully submitted,

VIRGINIA ELECTRIC AND POWER COMPANY

By:  _____

THE STAFF OF THE STATE CORPORATION COMMISSION

By:  _____

160910201

CERTIFICATE OF SERVICE

I hereby certify that on this 8th day of April 2016, a true and accurate copy of the foregoing filed in Case No. PUE-2015-00108 was hand delivered, emailed or mailed first class postage pre-paid to the following:

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