

COMMONWEALTH OF VIRGINIA  
STATE CORPORATION COMMISSION  
AT RICHMOND, JANUARY 19, 2016

SCC-CLERK'S OFFICE  
DOCUMENT CONTROL CENTER

2016 JAN 19 P 2:54

15012076

APPLICATION OF

VIRGINIA ELECTRIC AND POWER COMPANY

CASE NO. PUE-2015-00103

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

FINAL ORDER

On September 21, 2015, Virginia Electric and Power Company d/b/a Dominion Virginia Power ("Dominion Virginia Power" or "Company"), pursuant to § 56-235.2 of the Code of Virginia, filed with the State Corporation Commission ("Commission") an application ("Application") for approval of a special rate and contract for electric service ("Special Rate Contract"). The Company also filed an Energy Management Services Agreement ("EMSA") with its Application for the Commission's consideration.

On September 18, 2015, Dominion Virginia Power and Vadata, Inc. ("Vadata"), entered into a Special Rate Contract. Vadata is a high-load factor, Virginia jurisdictional customer of Dominion Virginia Power. Vadata is a subsidiary of Amazon.com, Inc., and an affiliate of Amazon Web Services.<sup>1</sup>

In its Application, Dominion Virginia Power states that the Special Rate Contract would provide Vadata with a newly-designed and optional market-based rate, structured to reflect pricing in the PJM Interconnection, L.L.C. ("PJM") wholesale market, for Vadata's qualifying load accounts.<sup>2</sup> According to the Company, Vadata's objective of integrating more renewable

---

<sup>1</sup> Exhibit ("Ex.") 2 (Application) at 1, 3.

<sup>2</sup> *Id.* at 4.

energy into its portfolio and desire to manage costs like a wholesale market participant led to the proposed market-based rate that is included in the Special Rate Contract.<sup>3</sup>

The Special Rate Contract comprises: (i) a base contract proposed for an initial term extending through December 31, 2020, and continuing thereafter by automatic one-year renewals, unless otherwise terminated with notice; and (ii) two companion market-based rate schedules, designated Rate Schedule SCR – GS-3 and Rate Schedule SCR – GS-4 (collectively, "SCR Rate Schedules"), for the Company's provision of electric service to Vadata's qualifying current or future accounts.<sup>4</sup> To qualify to transfer to the SCR Rate Schedules, Vadata's accounts must: (i) be eligible for Rate Schedule GS-3 or Rate Schedule GS-4; (ii) have peak demand of 5 megawatts or more; and (iii) meet the additional criteria set forth in the Special Rate Contract.<sup>5</sup> According to the Application, Vadata will determine whether to transfer accounts to the SCR Rate Schedules on an individual account basis.<sup>6</sup>

On September 18, 2015, Dominion Virginia Power and Vadata also entered into an EMSA for the Company's provision to Vadata of certain incidental non-tariff market management services, including wholesale energy scheduling and settlement services, and other wholesale energy management services relating to the wholesale activities of Vadata and its affiliates in the PJM market.<sup>7</sup> According to the Application, the EMSA will allow Vadata, at its

---

<sup>3</sup> *Id.* at 3. In its Application, Dominion Virginia Power states that Amazon Web Services, and by extension Vadata, has made a long-term corporate commitment ultimately to achieve 100% renewable energy usage for its global infrastructure footprint, with a short-term goal of increasing its renewable energy usage to at least 40% by the end of 2016. *Id.*

<sup>4</sup> *Id.*

<sup>5</sup> *Id.* at 3-4.

<sup>6</sup> *Id.* at 4.

<sup>7</sup> *Id.* at 1, 8-9.

option, to have one entity – the Company – manage both Vadata's wholesale transaction activities in PJM and its retail electric service and billing under the Special Rate Contract.<sup>8</sup>

On October 9, 2015, the Commission entered an Order for Notice and Hearing, which, among other things, docketed the Application; required Dominion Virginia Power to publish notice of its Application; gave interested persons the opportunity to comment on, or participate in, the proceeding; scheduled a public hearing; directed the Commission's Staff ("Staff") to investigate the Application and file testimony; and appointed a Hearing Examiner to conduct all further proceedings in this matter.

On November 16, 2015, the Office of the Attorney General's Division of Consumer Counsel filed a notice of participation.<sup>9</sup> On November 17, 2015, Staff filed testimony on the Application.<sup>10</sup> On December 1, 2015, Dominion Virginia Power and Staff (collectively, "Stipulating Parties") filed a proposed Stipulation and Recommendation ("Stipulation"), which, if approved, would resolve all outstanding issues in this proceeding. The hearing was convened as scheduled on December 15, 2015. At the hearing, the Company and Staff presented the proposed Stipulation. No other party at the hearing opposed approval of the Stipulation.<sup>11</sup>

The Stipulation provides in part that: (i) the tariff revenues collected from Vadata under the SCR Rate Schedules will fund all Commission-approved generation rate adjustment clauses and fuel charges (collectively, "Riders"), and, to the extent that such revenues ever become insufficient to fund Vadata's share of the Riders fully, such insufficiency will be booked as a

---

<sup>8</sup> *Id.* at 9.

<sup>9</sup> On December 8, 2015, EDF Renewable Development, Inc. ("EDF") filed a motion for leave to intervene out of time. However, on December 10, 2015, EDF filed to withdraw this motion.

<sup>10</sup> On November 18, 2015, Staff filed corrected copies of its testimony to provide for extraordinarily sensitive information contained in the testimony of Staff witness Carol B. Myers.

<sup>11</sup> *See* Tr. at 17-18.

reduction to base rate revenues; (ii) approval of the Special Rate Contract will be limited to an initial five-year term through December 31, 2020, and extension beyond this five-year period will require Commission approval; (iii) in support of any application to extend the Special Rate Contract beyond the initial five-year term, the Company agrees to file certain documentation, including total revenues collected by year for each account served under the SCR Rate Schedules, total revenues that would have been collected by year for each account served under the SCR Rate Schedules assuming the accounts were instead billed by the appropriate Rate Schedule GS-3 or GS-4 charges, the rate of return on rate base for the accounts served under the SCR Rate Schedules, and the rate of return on rate base for the GS-3 and GS-4 customer classes, both including and excluding the accounts served under the SCR Rate Schedules; (iv) in future class cost of service studies, the Company agrees to allocate costs separately to accounts served under the SCR Rate Schedules; (v) certain information will be maintained by the Company and presented in the Company's next biennial review proceeding and in any application to extend the Special Rate Contract beyond the initial five-year term, including calculations of Riders and base rate revenues for Vadata accounts taking service under the SCR Rate Schedules for calendar years 2016-2020, calculations of Riders and base rate revenues for Vadata accounts taking service under the SCR Rate Schedules as though such accounts took service under Rate Schedule GS-3 or GS-4 for calendar years 2016-2020, general ledger data separately showing the monthly base rate revenue journal entries recorded due to the difference between the revenues produced by the SCR Rate Schedules and the revenues that would have been produced by Rate Schedule GS-3 or GS-4, and cost data for any new employee the Company needs to add to support the SCR Rate Schedules; (vi) certain information related to the EMSA will be maintained by the Company and presented in the Company's next biennial review proceeding and in any

application to extend the Special Rate Contract beyond the initial five-year term, including a detailed calculation of EMSA revenues, general ledger data showing recordation of EMSA revenues, and detailed support for EMSA-related costs; and (vii) the Stipulating Parties agree that nothing in the Stipulation dictates the regulatory accounting treatment of any revenues or costs in future biennial reviews or other proceedings.<sup>12</sup>

On December 31, 2015, the Report of Alexander F. Skirpan, Jr., Senior Hearing Examiner ("Hearing Examiner's Report" or "Report") was issued. In his Report, the Hearing Examiner found that "the proposed Special Rate Contract and the Stipulation are in the public interest."<sup>13</sup> Therefore, the Hearing Examiner found that the Stipulation should be adopted and the Special Rate Contract, as modified by the Stipulation, should be approved.<sup>14</sup>

NOW THE COMMISSION, upon consideration of the record in this case, the Hearing Examiner's Report, and the applicable laws and statutes, is of the opinion and finds that the Stipulation is reasonable and should be adopted.

Accordingly, IT IS ORDERED THAT:

- (1) The findings and recommendations of the Hearing Examiner's Report are hereby adopted.
- (2) The Stipulation is reasonable and shall be adopted.
- (3) This case is dismissed from the Commission's docket and placed in closed status in the records maintained by the Clerk of the Commission.

---

<sup>12</sup> Ex. 10 (Stipulation) at 2-4.

<sup>13</sup> Report at 14.

<sup>14</sup> *Id.*

160120078

AN ATTESTED COPY hereof shall be sent by the Clerk of the Commission to: Lisa S. Booth, Esquire, Dominion Resources Services, Inc., 120 Tredegar Street, Riverside 2, Richmond, Virginia 23219; Kristian M. Dahl, Esquire, and Jennifer D. Daglio, Esquire, McGuireWoods LLP, Gateway Plaza, 800 East Canal Street, Richmond, Virginia 23219; and C. Meade Browder, Jr., Senior Assistant Attorney General, Division of Consumer Counsel, Office of the Attorney General, 900 East Main Street, Second Floor, Richmond, Virginia 23219. A copy also shall be delivered to the Commission's Office of General Counsel and Divisions of Energy Regulation and Utility Accounting and Finance.

150120078  
559220048

STATE CORPORATION  
COMMISSION  
RECEIVED  
DEC 15 2015

Case No. PUE-2015-00103  
Sponsor: APPLICANT  
Exhibit No. 10

Witness: NONE  
Bailiff: SHERMAN MCLAUGHLIN, JR

160120076  
151120076

COMMONWEALTH OF VIRGINIA  
STATE CORPORATION COMMISSION

APPLICATION OF )  
 )  
VIRGINIA ELECTRIC AND POWER COMPANY )  
 ) Case No. PUE-2015-00103  
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 )

STIPULATION AND RECOMMENDATION

WHEREAS, on September 21, 2015, Virginia Electric and Power Company (the "Company"), by counsel, filed with the State Corporation Commission of Virginia ("Commission") an application for Commission approval of a Special Rate and Contract for Electric Service (the "Special Rate Contract") entered into on September 18, 2015 by and between the Company and Vadata, Inc. ("Vadata" or the "Customer"), which contains two companion rate schedules designated Rate Schedule SCR – GS-3 and Rate Schedule SCR – GS-4 (collectively, the "SCR Rate Schedules"), and which was modified by the *errata* filing on October 29, 2015 (collectively, the "Application"); and

WHEREAS, on October 9, 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 November 17, 2015; and

WHEREAS, on November 16, 2015, Office of the Attorney General, Division of Consumer Counsel ("OAG") filed a notice of participation, but no other parties filed notices of participation in this docket; and

WHEREAS, Ordering Paragraph (11) of the Procedural Order directed each respondent





160120076  
151230022

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

(c) The rate of return ("ROR") on rate base for the accounts served under the SCR Rate Schedules; and

(d) The ROR on rate base for the GS-3 and GS-4 customer classes, both including and excluding the accounts served under the SCR Rate Schedules.

(3) The Company agrees to allocate costs separately to accounts served under the SCR Rate Schedules in future Class Cost of Service Studies filed with the Commission.

(4) The Company agrees to maintain the following information and present such information with an application to extend the Special Rate Contract beyond the initial five-year term, and in its next biennial review proceeding:

(a) Calculations of rate adjustment clause, fuel, and base rate revenues for Vadata accounts taking service under the SCR Rate Schedules, by month, for calendar years 2016 through 2020;

(b) Calculations of rate adjustment clause, fuel, and base rate revenues for Vadata accounts taking service under the SCR Rate Schedules as though such accounts took service under Rate Schedule GS-3 or GS-4, by month, for calendar years 2016 through 2020;

(c) General ledger data separately showing the monthly base rate revenue journal entries recorded due to the difference between the revenues produced by the SCR Rate Schedules and the revenues that would have been produced by the Rate Schedules GS-3 or GS-4, for the periods that data necessary to calculate such difference is available; and

(d) In the event the Company needs to add an additional employee(s) to

support the SCR Rate Schedules, cost data for such new employee(s), and the percentage of such new employee(s) time devoted to the SCR Rate Schedules, by month. The cost data will include a breakdown of the fully-loaded cost by type of cost, such as salary, benefits and incentives, for each new employee(s).

(5) With respect to the Energy Management Services Agreement ("EMSA") submitted with the Application, the Company agrees to maintain the following information related to the EMSA for calendar years 2016 through 2020 and present such information with an application to extend the Special Rate Contract beyond the initial five-year term, and in its next biennial review proceeding:

- (a) A detailed calculation of EMSA revenues, by month;
- (b) General ledger data showing recordation of EMSA revenues, by month;

and

- (c) Detailed support for EMSA-related costs, by type of cost and by month.

(6) 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

160120076  
2007091412

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

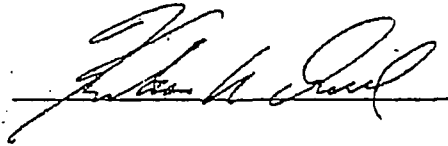
By: 

160120076  
151224342

CERTIFICATE OF SERVICE

I hereby certify that on this 1st day of December 2015, a true and accurate copy of the foregoing filed in Case No. PUE-2015-00103 was hand delivered, emailed or mailed first class postage pre-paid to the following:

C. Meade Browder, Jr., Esq.  
C. Mitch Burton, Jr., Esq.  
Office of the Attorney General  
Division of Consumer Counsel  
900 E. Main Street, 2<sup>nd</sup> Fl.  
Richmond, VA 23219

A handwritten signature in cursive script, appearing to read "J. M. Paul", is written over a horizontal line.