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October 1, 2020

BY HAND DELIVERY

Mr. Bernard Logan, Interim Clerk
State Corporation Commission
c/o Document Control Center
Tyler Building – First Floor
1300 East Main Street
Richmond, Virginia 23219

Petition of Virginia Electric and Power Company for approval of broadband capacity pilot projects pursuant to § 56-585.1:9 of the Code of Virginia, and for approval of a rate adjustment clause, designated, Rider RBB under § 56-585.1 A 6 of the Code of Virginia
Case No. PUR-2020-00197

Dear Mr. Logan:

Please find enclosed for filing in the above-captioned proceeding an unbound original and one (1) copy of the public version of the *Petition of Virginia Electric and Power Company for approval of broadband capacity pilot projects pursuant to § 56-585.1:9 of the Code of Virginia, and for approval of a rate adjustment clause, designated, Rider RBB under § 56-585.1 A 6 of the Code of Virginia*. A confidential version of this filing is also being filed under seal under separate cover.

Please do not hesitate to contact me if you have any questions in regard to the enclosed.

Highest regards,

/s/ Joseph K. Reid, III

Joseph K. Reid, III

Enclosures

cc: William H. Chambliss, Esq. (w/o enclosures)
C. Meade Browder, Jr., Esq.
Audrey T. Bauhan, Esq.
Jontille D. Ray, Esq.
Jimmie Zhang, Esq.



**Dominion
Energy®**

**Application, Direct
Testimony, Exhibits and
Schedules of Virginia
Electric and Power
Company**

**Before the State Corporation
Commission of Virginia**

**For approval of broadband
capacity pilot projects pursuant to
§ 56-585.1:9 of the Code of
Virginia, and for approval of a rate
adjustment clause, designated,
Rider RBB under § 56-585.1 A 6 of
the Code of Virginia**

**Volume 1 of 1
PUBLIC VERSION**

Case No. PUR-2020-00197

Filed: October 1, 2020

Edward H. Baine
President
Dominion Energy Virginia

600 East Canal Street, Richmond, VA 23219
DominionEnergy.com



20101051

October 1, 2020

Clerk of the Commission
State Corporation Commission
Document Control Center
Tyler Building, First Floor
1300 East Main Street
Richmond, Virginia 23219

RE: Case No. PUR-2020-00197

Dear Clerk of the Commission:

Virginia Electric and Power Company ("Dominion Energy Virginia" or the "Company") is pleased to submit to the Virginia State Corporation Commission ("Commission") its petition for approval of its Rural Broadband Pilot Projects to extend broadband capacity to unserved areas of the Commonwealth ("Petition").

Amid today's pandemic, access to reliable, high-speed internet has never been more critical for education, healthcare and economic stability. The Company acknowledges that there is a disparity within the Commonwealth regarding access to broadband internet. In particular, rural communities are confronting the challenges of COVID-19 without reliable high-speed internet service, impacting their citizens' abilities to work from home, access virtual learning coursework, or receive online medical services.

Virginians deserve better, and we want to help be a part of the solution. This Petition provides a detailed description of the Company's plan for supporting the extension of broadband access to unserved areas in Surry County, Botetourt County, and the Northern Neck Region of Virginia.

Education, Healthcare, and Jobs

A recent State Council for Higher Education in Virginia (SCHEV) report¹ found that nearly 200,000 K-12 students and 60,000 college students across Virginia lack access to broadband at home. This inequality is particularly troubling as many school districts across Virginia – including schools within the Pilot communities – are teaching virtual, online classes thus far this school year. The study showed students living in rural areas are much less likely to have broadband internet in the home compared to urban students, with nearly 20% of rural students lacking broadband in the home, compared to less than 10% for students living in urban areas. To address this, Governor Northam recently proposed a record \$85 million to expand access to broadband for unserved communities.

On the healthcare front, providers are broadening telemedicine, which offers in-home/socially distant services to patients, along with a wide variety of services that require high-speed broadband, including sharing of medical records, remote monitoring of patients, and communicating via videoconference with medical professionals in other locations. Our state's growing senior population, as well as those with conditions that make them more vulnerable to infection, deserve access to telemedicine, which is dependent upon reliable broadband connectivity. Some

¹ <https://sites.google.com/view/schev-tempsite/home/research-reports/insights>

patients with chronic conditions that require regular telemedicine calls, rely on hotspots for now, as they wrestle with trying to access healthcare services during this pandemic.²

In addition to education and healthcare shortcomings, communities that lack high-speed broadband service are at a significant disadvantage for residential growth and attracting and retaining businesses. Finding, applying for, and keeping a job without broadband during today's pandemic has brought a new level of stress to families across Virginia who are disconnected and struggling to work on computers from home.³ Localities partnering with Dominion Energy Virginia indicate their desire to attract new businesses, experience job-creation, and increase the number of citizens with work-from-home opportunities by expanding reliable internet connectivity through the Pilot Projects outlined in this Petition.

Petition Summary

The Company requests approval of the Surry, Botetourt and Northern Neck Pilots as described in more detail throughout the Company's testimony. Each of the three pilot projects are listed below showing the Internet Service Provider ("ISP") partner, total length of the middle mile fiber route and estimated cost.

- o **Surry Pilot** – RURALBAND; 43.2 miles; \$3.6 M
- o **Botetourt Pilot** – BARC Connects; 34.3 miles; \$3.5 M
- o **Northern Neck Pilot** – All Points Broadband; 217.2 miles; approximately \$21 M

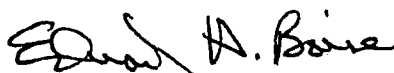
We believe the Pilot Projects support both grid transformation and telecommunication initiatives at the federal, state and local levels. Pursuant to Va. Code § 56-585.1:9 E, the Company proposes that the Pilot Projects be extended for three (3) years beyond the three (3) year minimum provided in the Broadband Statute, for a total of six (6) years. Additionally, we seek approval to recover the incremental costs of the Surry Pilot and the Botetourt Pilot through a rate adjustment clause ("RAC"), designated Rider RBB. The Company does not seek recovery of the incremental costs associated with the Northern Neck Pilot at this time and is only seeking a prudency determination for that project.

Focus on Equity & Value

No longer just an inconvenience, access to reliable internet is an absolute necessity. Yet more than 500,000 Virginians still live without easy access to high-speed broadband. Dominion Energy Virginia is in a unique position to help bridge the digital gap that exists in the Commonwealth by leveraging its infrastructure. The Company's petition filed today represents a detailed and comprehensive plan, coupled with willing partners prepared to deliver last mile service to enthusiastically waiting citizens in rural communities. These partnerships deliver exceptional value for our customers and societal benefits through increased utilization of existing infrastructure, saving time and money in delivering much-needed broadband to the areas we serve and nearby communities.

The Company respectfully requests the Commission to find the three Pilot Projects and associated costs to be both reasonable and prudent.

Sincerely,



Edward H. Baine

² https://richmond.com/opinion/editorial/editorial-accessing-health-care-without-broadband-during-a-pandemic/article_5060aade-6bd8-50f6-bd1d-ef6102504f97.html

³ https://richmond.com/opinion/editorial/editorial-keeping-a-job-without-broadband-during-a-pandemic/article_9c0c7bde-5bf2-5ea6-9f11-f89830c4dced.html

**Petition of Virginia Electric and Power Company
For approval of broadband capacity pilot projects
pursuant to § 56-585.1:9 of the Code of Virginia,
and for approval of a rate adjustment clause, designated,
Rider RBB under § 56-585.1 A 6 of the Code of Virginia**

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PETITION

201010051

COMMONWEALTH OF VIRGINIA
STATE CORPORATION COMMISSION

PETITION OF)	
)	
VIRGINIA ELECTRIC AND POWER COMPANY)	
)	Case No. PUR-2020-00197
For approval of broadband capacity pilot projects)	
pursuant to § 56-585.1:9 of the Code of Virginia,)	
and for approval of a rate adjustment clause, designated,)	
Rider RBB under § 56-585.1 A 6 of the Code of Virginia)	

**VIRGINIA ELECTRIC AND POWER COMPANY'S
PETITION AND REQUEST FOR WAIVER**

Pursuant to § 56-585.1:9 of the Code of Virginia ("Va. Code"), clause (vi) of Va. Code § 56-585.1 A 6 ("Subsection A 6" or "A 6"), Rules 10 (20 VAC 5-201-10) and 60 (20 VAC 5-201-60) of the Virginia State Corporation Commission's ("Commission") Rules Governing Utility Rate Case Applications and Annual Informational Filings (20 VAC 5-201-10 *et seq.*) ("Rate Case Rules"), Virginia Electric and Power Company ("Dominion Energy Virginia" or the "Company"), by counsel, hereby files its petition for (i) approval of pilot programs to make available and provide broadband capacity to unserved areas in Surry County, Botetourt County, and the Northern Neck region of Virginia ("Surry Pilot," "Botetourt Pilot," and "Northern Neck Pilot" respectively, and collectively the "Pilot Projects"); and (ii) establishment of a rate adjustment clause ("RAC") for the Surry Pilot and Botetourt Pilot, designated Rider RBB, for the rate year commencing August 1, 2021 through July 31, 2022 ("Rate Year") (hereinafter the "Petition"). In support of this Petition, the Company respectfully shows as follows:

I. GENERAL INFORMATION

1. Dominion Energy Virginia is a public service corporation organized under the laws of the Commonwealth of Virginia furnishing electric service to the public within its certificated service territory. The Company also supplies electric service to non-jurisdictional

customers in Virginia and to the public in portions of North Carolina. The Company is engaged in the business of generating, transmitting, distributing, and selling electric power and energy to the public for compensation. The Company is also a public utility under the Federal Power Act, and certain of its operations are subject to the jurisdiction of the Federal Energy Regulatory Commission. The Company is an operating subsidiary of Dominion Energy, Inc. (“Dominion Energy”).

2. The Company’s post office address is:

Virginia Electric and Power Company
120 Tredegar Street
Richmond, Virginia 23219

3. The addresses and telephone numbers of the attorneys for the Company are:

Audrey T. Bauhan
Dominion Energy Services, Inc.
120 Tredegar Street
Richmond, Virginia 23219
(804) 819-2029 (ATB)

Joseph K. Reid, III
Jontille D. Ray
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800 East Canal Street
Richmond, Virginia 23219-3916
(804) 775-1198 (JKR)
(804) 775-1173 (JDR)
(804) 775-7722 (JZ)

II. BACKGROUND

4. On January 17, 2019, the Commission issued its Final Order on the *Petition of Virginia Electric and Power Company, For approval of a plan for electric distribution grid transformation projects pursuant to § 56-585.1 A 6 of the Code of the Virginia*, Case No. PUR-2018-0100. In that order, the Commission approved Phase IA Telecommunications Projects of

the Company's Grid Transformation Plan.¹ These approved projects included the implementation of a Tier 2 network to be used to connect Company-owned broadband to substations and key facilities throughout the Company's service territory. The expansion of the Company's fiber network, particularly in rural areas, provides opportunities to leverage the fiber network and extend broadband capacity to unserved areas of the Commonwealth.

5. In 2019, the Virginia General Assembly enacted legislation to permit investor-owned electric utilities to petition for approval of pilot projects that provide broadband capacity in unserved areas of the Commonwealth – codified as Va. Code § 56-585.1:9 (“Broadband Statute”):

[E]ach Phase II Utility ... may submit one or more petitions to provide or make available broadband capacity to nongovernmental Internet service providers in areas of the Commonwealth unserved by broadband.²

6. The Virginia General Assembly deemed the utility's provision of broadband capacity to nongovernmental Internet service providers (“ISPs”) in unserved areas of the Commonwealth to be in public interest.³

7. To qualify as unserved by broadband under the statute, less than 10 percent of residential and commercial units in the area are capable of receiving broadband service. Broadband, in turn, is defined as “Internet access at speeds greater than 10 MBps download speed and one MBps upload speed....” The Department of Housing and Community Development for its Virginia Telecommunication Initiative (“VATI”) may by guideline modify the percentage and speeds in the definitions of “unserved by broadband” and “Broadband”

¹ *Virginia Electric and Power Company, For approval of a plan for electric distribution grid transformation projects pursuant to § 56-585.1 A 6 of the Code of the Virginia*, Case No. PUR-2018-0100, Final Order at 6-7 (Jan. 17, 2019).

² Va. Code § 56-585.1:9 A.

³ *Id.*

respectively.⁴ In June of this year, the Department of Housing and Community Development released the 2021 VATI Program Guidelines modifying the speeds defining broadband to 25 MBps download speed and 3 MBps upload speed, which conforms to the Federal Communications Commission (“FCC”) definition of broadband.⁵

8. To provide broadband capacity, the Company is permitted to own broadband capacity, lease it to a nongovernmental ISP, and provide access points that are outside the Company’s energized zone to allow connection between the Company’s broadband capacity system and the nongovernmental ISP’s system.⁶ The capacity that the Company is proposing to provide here is commonly referred to in the broadband industry as “middle mile” capacity, serving as infrastructure to connect a provider’s local network and the greater internet. The nongovernmental ISP connects to the middle mile infrastructure to provide the last mile connectivity, ultimately delivering Internet service to end-use customers.

9. The incremental costs of projects proposed and approved under the Broadband Statute, net any generated revenue, are “eligible for recovery from customers as an electric grid transformation project pursuant to clause (vi) of subdivision A 6 of § 56-585.1... filed on or after July 1, 2020”⁷ and “shall not exceed \$60 million in costs annually.”⁸ In evaluating the proposed Pilot Projects and whether an area is unserved by broadband, “the Commission shall take into account the impact of any grants or loans made to provide broadband access to the designated area.”⁹

10. Pilots established pursuant to the Broadband Statute shall continue for three years

⁴ Va. Code § 56-585.1:9 F.

⁵ <https://www.dhcd.virginia.gov/sites/default/files/Docx/vati/2021-vati-guidelines-and-criteria.pdf>

⁶ Va. Code § 56-585.1:9 C.

⁷ Va. Code § 56-585.1:9 B.

⁸ Va. Code § 56-585.1:9 A.

⁹ Va. Code § 56-585.1:9 D.

after the date the Commission approves the first petition “unless the Commission elects to extend the program or makes the pilot program permanent.”¹⁰ Upon termination of the pilot program, a utility must continue to provide broadband capacity under leases existing as of the date of termination.¹¹

III. APPROVAL OF PILOT PROJECTS AND RAC

A. Overview

11. With this Petition, the Company is seeking the approval of the Pilot Projects to extend broadband capacity in unserved areas of Surry County, Botetourt County, and the Northern Neck Region through partnerships with RURALBAND, BARC Connects, and All Points Broadband (collectively, the “ISPs”), respectively. King George, Northumberland, Richmond, and Westmoreland are the participating counties for the Northern Neck Pilot (the “Northern Neck Participating Counties”). In the Pilot Projects, the Company will install a total of approximately 295 miles of fiber optic communication cable. The Company will reserve a portion of the fiber optic cable for internal use, allowing the remaining fiber, also known as “dark fiber,” to be leased to ISPs so that they can deliver broadband service to unserved residences and businesses in Surry, Botetourt, and the Northern Neck Participating Counties.

12. The Pilot Projects will not only help accomplish the General Assembly’s goal of expanding broadband Internet service to unserved areas of the Commonwealth, but it is also expected to have a number of other benefits across the counties impacted. Broadband access supports economic development and social equity while simultaneously promoting public health, public safety, employment opportunities, and educational opportunities for citizens of the Commonwealth. These benefits are discussed in more detail in Company Witness Nathan J.

¹⁰ Va. Code § 56-585.1:9 I.

¹¹ *Id.*

Frost's pre-filed Direct Testimony.

13. The Company has significant experience in developing and operating fiber optic infrastructure. The Company has been building and maintaining fiber optic networks for approximately 40 years. Dominion Energy, Inc. currently owns and operates over 3,000 miles of fiber across Virginia, North Carolina, and South Carolina. Fiber optic cable provides high levels of performance, capacity, and security. It enables high speed, low latency data communications and is the fastest medium in which to carry broadband technology. Fiber optic cable offers much faster speeds over longer distances and is superior to DSL, cable, satellite, and other wireless technologies. These characteristics are why fiber optic cables are the industry standard for middle mile providers and the backbone infrastructure for communications worldwide.

14. For this new construction, the Company plans to install All-Dielectric Self-Supporting (ADSS) fiber cable. As Company Witness Bradley R. Carroll, Sr. discusses in his pre-filed Direct Testimony, ADSS cable is ideal for installation in distribution environments. As its name indicates, there is no support or messenger wire required, so installation is achieved in a single pass, making ADSS an economical means of building a fiber optic network.

15. The Company requests approval of the Surry, Botetourt, and Northern Neck Pilots as described in more detail throughout the Company's testimony. The Company believes the Pilot Projects support both grid transformation and telecommunication initiatives at the federal, state, and local levels. Pursuant to Va. Code § 56-585.1:9 I, the Company proposes that the Pilot Projects be extended for three (3) years beyond the three (3) year minimum provided in the Broadband Statute, for a total of six (6) years.

B. Surry County

16. With this Petition, the Company seeks the approval of the Surry Pilot, through which it will provide broadband capacity to RURALBAND in unserved areas of Surry County, Virginia. According to the Federal Communications Commission ("FCC") data sheets, 96% of Surry County is considered unserved from a broadband perspective. To provide broadband capacity, the Company is proposing to install 144-strand ADSS fiber for approximately 26.7 miles along the trunk line or the Company's main distribution line and 72-strand ADSS fiber for approximately 16.5 miles on the lateral lines or the Company's distribution tap lines. Along the trunk line and laterals, the Company will provide RURALBAND with access points. At each access point, a coil bracket and splice enclosure are required so the Company can extract the number of strands to be leased by RURALBAND. RURALBAND expects to lease 24 fiber strands from the Company so that it can deliver high-speed Internet access to the residences and businesses in Surry County.

17. The Company chose to partner with RURALBAND after RURALBAND responded to the Company's Request for Information ("RFI") in August 2019 announcing its interest in pursuing partnership opportunities under Va. Code § 56-585.1:9 with nongovernmental ISPs. RURALBAND has significant experience in constructing and operating broadband networks to expand access to underserved rural communities. Moreover, RURALBAND also received funding through the FCC's Connect America Fund Phase II ("CAF II") Auction and the Virginia Telecommunications Initiative ("VATI") to provide broadband access to unserved areas in the Surry County. Company Witness Casey Logan's pre-filed Direct Testimony provides additional details regarding RURALBAND and its role in the Surry Pilot.

18. The total estimated capital costs are approximately \$3.6 M for the estimated 43.2

route miles of middle mile fiber for the Surry Pilot. Of that total cost, approximately \$2.5 M is considered incremental and included in the RAC calculation.

C. Botetourt County

19. With this Petition, the Company seeks the approval of the Botetourt Pilot, under which it will provide broadband capacity to BARC Connects in unserved areas of Botetourt County, Virginia. To provide broadband capacity, Dominion Energy Virginia plans to install 144-count ADSS fiber along the trunk line for approximately 18.5 miles and 72-count ADSS fiber along the lateral lines for 15.8 miles. Along the trunk line and laterals, the Company will provide BARC Connects with access points and at each access point, a coil bracket and splice enclosure are required so the Company can extract the number of strands at each location requested by BARC Connects. BARC Connects' fiber design and engineering firm is still in the process of completing the final design, which will dictate the number of fiber strands needed to provide last mile service. It will, however, be no less than a single buffer tube or twelve (12) fiber strands on any given circuit. The fiber strands will be leased by buffer tube, so always in multiples of twelve, so that BARC Connects can deliver high-speed Internet access to the residences and businesses in Botetourt County.

20. BARC Connects also responded to the Company's August 2019 RFI, and the Company chose to partner with BARC Connects in part because of its experience in deploying broadband services in areas similar to Botetourt County. BARC Connects has also won numerous national awards and recognitions for its broadband service and initiatives. In August of 2018, BARC Connects was awarded funds through VATI and FCC's CAF II Auction for broadband expansion to several unserved areas, including portions of Botetourt County. Company Witness Michael J. Keyser's pre-filed Direct Testimony provides additional details

regarding BARC Connects and its role in the Botetourt Pilot.

21. The estimated capital costs are approximately \$3.5 M for the estimated 34.3 route miles of middle mile fiber in the Botetourt Pilot. Of that total cost, approximately \$2.6M is considered incremental and included in the RAC calculation.

D. Northern Neck Counties

22. Dominion Energy Virginia, All Points Broadband (the nongovernmental ISP) and Northern Neck Electric Cooperative (“NNEC”) have developed a framework where All Points Broadband (“All Points”) will lease middle mile dark fiber from the Company in Stafford, King George, Westmoreland, Richmond, and Northumberland Counties. All Points Broadband will serve as, and be responsible for building the last mile of fiber in Stafford, King George, Westmoreland, Richmond, and Northumberland Counties for both Dominion Energy Virginia and Northern Neck Electric Cooperative customers.

23. The Company plans to install 144-count ADSS fiber along the trunk lines for approximately 116.6 miles and 72-count ADSS fiber along the lateral lines for approximately 100.6 miles throughout the Northern Neck region. Along that route, the Company will provide All Points with access points to be determined at the conclusion of All Points detailed engineering phase later in 2020 or early 2021. At each access point, a coil bracket and splice enclosure are required so that the Company can extract the strands at each location requested by All Points to deliver broadband service to unserved areas in the Northern Neck Participating Counties.

24. All Points also responded to the Company’s August 2019 RFI, and the Company chose to partner with All Points in part because of its experience in deploying broadband services in areas that are predominantly semi-rural and rural. In March of 2020, All Points,

Dominion Energy Virginia, the Northern Neck Electric Cooperative (“NNEC”) and each of the Northern Neck Participating Counties entered into a Memorandum of Understanding. The Participating Counties subsequently engaged All Points to complete a rural broadband planning process that was partially funded by the Department of Housing and Community Development. This planning process was overseen by a management committee consisting of the County Administrators from each of the four Participating Counties, senior leadership from the Planning District Commission, and representatives from All Points, Dominion Energy Virginia, and NNEC. The objective of this regional effort was the development of a comprehensive strategy that would ensure that 100% of presently unserved locations in all four Participating Counties receive access to high quality broadband. The result of these collaborative efforts is the Northern Neck Pilot. Company Witness James G. Carr’s pre-filed Direct Testimony provides additional details regarding All Points and its role in the Botetourt Pilot.

25. Final design has not been completed for the Northern Neck Pilot. However, working with All Points, the Company has identified a route across five (5) counties in the Northern Neck region totaling approximately 217 miles. Based upon the Company’s previous experience and the detailed designs provided for the two (2) other Pilot Projects, the Company anticipates average capital costs of \$100k per mile. The Company therefore estimates capital costs in the range of \$21 M for the Northern Neck Pilot.

26. The Company does not seek recovery of the incremental costs associated with the Northern Neck Pilot at this time and is only seeking a prudence determination in this proceeding.

E. Revenue Requirement

27. For purposes of this Petition and consistent with the Commission’s November 21, 2019 Final Order in the Company’s 2019 ROE Proceeding in Case No. PUR-2019-00050, the

Company is utilizing the approved ROE of 9.2% for the period subsequent to the date of that Final Order until such time that the Commission authorizes a new ROE.

28. The Company is seeking the approval of a RAC for the Surry Pilot, Botetourt Pilot, and related facilities, designated Rider RBB. The Company will use the lease revenues it receives from the ISPs to offset the costs of the Pilot Projects. Company Witness John C. Ingram provides the revenue requirement for the RAC recovery, including components of the revenue requirement in his pre-filed Direct Testimony.

29. The Company's RAC revenue requirement in this proceeding includes the Projected Cost Recovery Factor. Beginning with the next RAC filing expected to be made in 2021, the revenue requirement will also include the Actual Cost True-Up Factor. There will not be an Allowance for Funds Used During Construction ("AFUDC") Cost Recovery Factor in Rider RBB filings as provided for in the Company's A 6 Generation RACs. Capital costs for the Pilot Projects are being closed directly to plant-in-service in the month incurred, consistent with the Company's longstanding practice for distribution massed assets. Therefore, the Pilot Projects will not have Construction Work in Progress ("CWIP") balances requiring the accrual of AFUDC.

30. The Projected Cost Recovery Factor calculation for the Surry and Botetourt Pilot Projects results in the operating income necessary for recovery of projected financing costs based on the expected investment balances at the beginning of the Rate Year, as well as recovery of O&M costs, plant depreciation expense, in addition to the amortization of deferred costs including financing costs incurred prior to this initial Rate Year.

31. No Actual Cost True-Up Factor is included in this initial proceeding because this filing represents the initial request for cost recovery. It is anticipated that any true-up for

calendar year 2020 will be included in a 2021 update filing for implementation during an August 1, 2022 to July 31, 2023 Rate Year. At that time, and for years beyond, the Actual Cost True-Up Factor will recover from, or credit to, customers any under/over recovery of costs from the most recently completed calendar year.

32. This request utilizes the end-of-test period capital structure and cost of capital pursuant to Va. Code § 56-585.1 A 10 and is consistent with the Commission's Order on Staff's Motion in Limine dated July 14, 2009 in Case No. PUE-2009-00019. The calculation of the end-of-period capital structure and cost of capital excludes certain adjustments to the Company's common equity balance, in accordance with the Commission's September 4, 2020 Final Order in the Company's 2020 Rider E annual update proceeding in Case No. PUR-2020-00003. For purposes of setting rates during the Rate Year, the end-of-test-period capital structure and cost of capital is the Company's December 31, 2019 year-end capital structure and year-end cost of capital ("Cost of Capital").

33. The Company is deferring depreciation expense, certain O&M costs, and financing costs on rate base calculated up to the beginning of the initial Rate Year and is proposing to recover them over the Rate Year in this current filing, consistent with past practice for other Company A5 and A6 RACs.

34. The specific calculations of the revenue requirement and its components are discussed in more detail in the testimony of Company Witness Ingram. For the Rate Year beginning August 1, 2021, the Company is requesting recovery of a total revenue requirement of \$1.2 million.

F. Rider RBB Rate Design and Allocation

35. Company Witness Robert E. Miller's testimony provides information concerning

rate design, including the proposed Rate Year (August 1, 2021 – July 31, 2022) and allocation. Since the pilot programs will be conducted in Surry County and Botetourt County, the incremental costs will be assigned to the state of Virginia and allocated to the Virginia jurisdiction and Virginia non-jurisdiction classes (with consideration for possible assignment to FERC delivery points). As explained by Company Witness Frost, the Company will be deploying dark fiber across the counties of Surry and Botetourt. The plant costs for these pilots will be in the general plant FERC accounts 391 and 397 and categorized as distribution related. Currently, in the cost of service, general plant FERC account 397 categorized as distribution-related is allocated on distribution plant. According to discussions with the Company's Distribution Grid Planning and Asset Management Department, the Company will utilize the fiber optic network described in this filing to improve electric service in Surry and Botetourt Counties. Based on this information regarding the distribution system in Virginia, the appropriate allocation factor would be based on the Company's distribution plant installed in Virginia.

36. The Company has calculated the Rider RBB rates in a manner similar to that approved by the Commission for the Company's most recently-decided Rider U Proceeding (Case No. PUR-2019-00046) with two exceptions: i) there is no exemption for large general service classes, and ii) there is no adjustment to the sales forecast to remove federal customers' load and usage. Previously, the load and kWh usage for federal customers had been removed from the Virginia Jurisdiction customer classes for the purpose of designing rates. The Company's forecasting group this year advised that such an adjustment is no longer needed as the forecast now adjusts for the federal customer load and kWh usage.

37. As in the 2019 Rider U proceeding, retail choice customers' load and usage is

included for the purpose of designing the Rider RBB rates. Company Witness Miller details the methodology, Rider RBB customer allocation and pricing, and the assignment of Rider RBB distribution plant to the Virginia Jurisdiction in his testimony. Company Witness Miller also identifies the rates in cents per kilowatt-hour that will apply to each applicable Company Rate Schedule. The Company respectfully requests for billing purposes, a rate effective date for usage on and after the first day of the month that is at least fifteen (15) calendar days following the date of any Order of the Commission approving the Pilot Projects.

38. The implementation of the proposed Rider RBB on August 1, 2021, will increase the residential customer's monthly bill, based on 1,000 kWh per month, by \$0.03. Company Witness Miller's testimony provides typical monthly bill increases for customers receiving service on Residential Schedule 1, General Service Schedules GS-1, GS-2, GS-3, and GS-4, and Church Schedule 5C at several representative levels of consumption or demand.

IV. PRE-FILED DIRECT TESTIMONY AND EXHIBITS SUPPORTING FILING SCHEDULE 46

39. The Company's request for approval of the Pilot Projects in this Petition is supported by the pre-filed direct testimony of Company Witnesses Nathan J. Frost, Bradley R. Carroll, Sr., Casey Logan, Michael J. Keyser, James G. Carr, John C. Ingram, and Robert E. Miller.

40. Rule 60 of the Rate Case Rules provides that an application filed pursuant to Subsection A 6 "shall include Schedules 45 and 46 as identified and described in 20 VAC 5-201-90, and which shall be submitted with the utility's direct testimony." The Company is filing with this Petition, Filing Schedule 46, as follows:

A. Filing Schedule 46A, Statement 1, sponsored by Company Witness Nathan J.

Frost, provides schedules of actual and projected O&M and capital expenditures

by type of cost and year associated with Rider RBB. In addition, Schedule 46A, Statement 2 contains the SAP backup for actual costs through August 2020.

Filing Schedule 46A, Statement 3 provides the documentation supporting these O&M and capital costs proposed to be recovered through Rider RBB. Consistent with the Company's request for waiver below, the Company has provided the Statement 3 documents in electronic format only.

B. Filing Schedule 46B, Statement 1, sponsored by Company Witness John C.

Ingram, provides the annual revenue requirement for the Rate Year ending July 31, 2022. Filing Schedule 46B, Statement 1, also satisfies the project financing requirement of subsection (f) of Filing Schedule 46. In addition, Filing Schedule 46B, Statement 2, provides the annual revenue requirement over the duration of Rider RBB, and Filing Schedule 46B, Statement 3 provides documentation supporting Statement 2. Lastly, Filing Schedule 46B, Statement 4, provides a detailed description of all significant accounting procedures and internal controls that the Company has instituted to identify all costs associated with Rider RBB.

C. Filing Schedule 46C, Statement 1, sponsored by Company Witness Robert E.

Miller, provides the allocation of the revenue requirement and the rate design for the Rate Year ending July 31, 2022. In addition, Filing Schedule 46C, Statement 2, provides the annual revenue requirement by class over the duration of Rider RBB.

V. REQUEST FOR WAIVER OF FILING SCHEDULE 45 AND 46 REQUIREMENTS

41. The Company, for good cause shown and pursuant to 20 VAC 5-201-10 E, respectfully requests that the Commission waive, in part, the requirements under Rules 60 and 90 of the Rate Case Rules with respect to Filing Schedule 45 (Return on Equity Peer Group Benchmark). On November 21, 2019, the Commission approved in Case No. PUR-2019-00050, an ROE of 9.2%. Pursuant to Va. Code § 56-585.1:1 C 3, the ROE determined in that proceeding applies to all Subsection A 5 and A 6 RACs effective as of the date of the Commission's final order therein. The Company requests that the general ROE of 9.2% approved in No. PUR-2019-00050, be used to calculate the revenue requirement of Rider RBB. To promote judicial economy and efficiency of case administration, the Company therefore respectfully requests that Commission waive, for good cause shown, the requirements of 20 VAC 5-201-60 and 20 VAC 5-201-90 with respect to the submission of Filing Schedule 45 with this Petition.

42. The Company, for good cause shown and pursuant to 20 VAC 5-201-10 E, additionally respectfully requests that the Commission waive, in part, the requirements under Rules 60 and 90 of the Rate Case Rules with respect to paper copies of certain Filing Schedule 46 materials. Specifically, the Rate Case Rules require the Company provide all documents, contracts, studies, investigations or correspondence that support projected costs proposed to be recovered via the rate adjustment clause. The supporting documentation responsive to this requirement is voluminous and, often, not easily reviewed in hard copy (paper) format. The Company will make these documents available via an e-room contemporaneously with this filing, with immediate access available to Commission Staff. The Commission has granted this

waiver for the Company's various rider updates filed on June 1, 2020.¹² Should the Commission deny this request, the Company asks for a reasonable allowance of time to print the requisite filing copies of this material and submit it to the Commission prior to the Company's petition being deemed incomplete.

VI. REQUEST FOR CONFIDENTIAL TREATMENT

43. The pre-filed direct testimony and accompanying schedules in support of this Petition contain confidential information as designated therein. A non-public version of this filing is being made under seal. Because portions of the Company's filing contain such confidential and/or redacted information, in compliance with Rule 10 F of the Rate Case Rules and Rule 170 of the Procedural Rules, 20 VAC 5-201-10 F and 5 VAC 5-20-170, this filing is accompanied by a separate Motion for Entry of a Protective Ruling, including a form of Proposed Protective Ruling, filed by the Company under separate cover but contemporaneously with this Petition.

VII. COMPLIANCE WITH RULE 10 OF THE RATE CASE RULES

44. The Company's Petition for approval of Rider RBB complies with the requirements contained in Rule 10 of the Rate Case Rules. In accordance with Rule 10 A, Dominion Energy Virginia filed with the Commission on May 1, 2020, the Company's notice of intent to file this Petition under Va. Code § 56-585.1 A 6. Copies of this Petition, to the extent required by Rule 10 J, along with the additional information required by Rule 10 J, have been served upon the persons addressed in that Rule. A complete copy of this Petition has been served upon the Office of the Attorney General's Division of Consumer Counsel in conformity with Rule 10 J. Also included with and following this Petition, pursuant to Rule 10, is a table of

¹²See e.g., *Application of Virginia Electric and Power Company For the revision of rate adjustment clause: Rider R, Bear Garden Generating Station*, Case No. PUR-2020-00101, Order for Notice and Hearing at 7 (June 16, 2020).

contents of this filing, including exhibits and schedules.

WHEREFORE, Dominion Energy Virginia respectfully requests that the Commission:

- (1) approve the Pilot Projects under Va. Code § 56-585.1:9;
- (2) approve the proposed Rider RBB under Va. Code § 56-585.1 A 6, subject to future Rider RBB proceedings and true-ups, effective for usage on and after August 1, 2021;
- (3) grant the Company's requested waivers; and
- (4) grant such other and further relief as it deems just and proper.

Respectfully submitted,

VIRGINIA ELECTRIC AND POWER COMPANY

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