

McGuireWoods LLP
Gateway Plaza
800 East Canal Street
Richmond, VA 23219-3916
Phone: 804.775.1000
Fax: 804.775.1061
www.mcguirewoods.com

Vishwa B. Link
Direct: 804.775.4330

McGUIREWOODS

vlink@mcguirewoods.com

201210054

PUBLIC VERSION

December 2, 2020

BY HAND DELIVERY

Mr. Bernard Logan, Interim Clerk
c/o Document Control Center
State Corporation Commission
1300 East Main Street
Tyler Building – 1st Floor
Richmond, Virginia 23219

STATE CLERK'S OFFICE
DOCUMENT CONTROL CENTER
2020 DEC -2 P 1:49

*Application of Virginia Electric and Power Company for approval of its 2020 DSM Update
pursuant to § 56-585.1 A 5 of the Cod of Virginia
Case No. PUR-2020-00274*

Dear Mr. Logan:

Enclosed for filing, please find an unbound original and one (1) copy of Virginia Electric and Power Company's Application, Direct Testimony, Exhibits, Schedules in the above-referenced matter (consisting of Public Volumes 1-3). An Extraordinarily Sensitive version is also being filed under seal under separate cover.

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

Very truly yours,

/s/ Vishwa B. Link

Vishwa B. Link

Enclosures

cc: William H. Chambliss, Esq.
C. Meade Browder, Jr., Esq.
Paul E. Pfeffer, Esq.
Audrey T. Bauhan, Esq.
Lisa R. Crabtree, Esq.
April M. Jones, Esq.



**Dominion
Energy[®]**

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

**Before the State Corporation
Commission of Virginia**

**For approval of its 2020 DSM
Update pursuant to § 56-585.1 A 5
of the Code of Virginia**

**Volume 1 of 3
PUBLIC VERSION**

Case No. PUR-2020-00274

Filed: December 2, 2020

TABLE OF CONTENTS

*Application of Virginia Electric and Power Company for approval of its 2020 DSM Update
pursuant to § 56-585.1 A 5 of the Code of Virginia
Case No. PUR-2020-00274*

VOLUME 1 of 3 (EXTRAORDINARILY SENSITIVE & CONFIDENTIAL VERSION)

Application

Direct Testimony of Nathan J. Frost

Direct Testimony of Michael T. Hubbard

Company Exhibit No. __, MTH, Schedule 1 – Fact Sheets of Existing and Active DSM Programs

Company Exhibit No. __, MTH, Schedule 2 – Fact Sheets of Proposed Phase IX Programs

Company Exhibit No. __, MTH, Schedule 3 – Simultaneous Program Matrix

Company Exhibit No. __, MTH, Schedule 4 – Phases I-VIII Summary

Company Exhibit No. __, MTH, Schedule 5 – Rebate Review and Approval Process

Company Exhibit No. __, MTH, Schedule 6 – Pre-approval Operational Procedure

Direct Testimony of Edmund J. Hall

Company Exhibit No. __, EJH, Schedule 1 – Strategist Model Process

Company Exhibit No. __, EJH, Schedule 2 – Program Assumptions
(Contains Extraordinarily Sensitive Information)

Company Exhibit No. __, EJH, Schedule 3 – System Level Assumptions

Company Exhibit No. __, EJH, Schedule 4 – Phase IX Programs Cost-Effectiveness
Individual Results

Company Exhibit No. __, EJH, Schedule 5 – Portfolio Analysis Run

Company Exhibit No. __, EJH, Schedule 6 – Individual Program Sensitivity Results

Company Exhibit No. __, EJH, Schedule 7 – Going-Forward Cost-Effectiveness
Individual Results

Direct Testimony of Jarvis E. Bates

Company Exhibit No. __, JEB, Schedule 1 – Projected Cost Summary (System Level)
(Contains Extraordinarily Sensitive Information)

Company Exhibit No. __, JEB, Schedule 2 – Program Penetrations/Participants

Company Exhibit No. __, JEB, Schedule 3 – DSM Actual Costs for Calendar Year 2019
(Contains Extraordinarily Sensitive Information)

VOLUME 2 of 3 (EXTRAORDINARILY SENSITIVE & CONFIDENTIAL VERSION)**Direct Testimony of Elizabeth Lecky**

Company Exhibit No. __, EL, Schedule 1 – Revenue Requirement for DSM Programs for
the Rate Year Ending August 31, 2022 (Contains Extraordinarily Sensitive
Information)

Company Exhibit No. __, EL, Schedule 2 – Summary of Opt-Outs/Exemptions by
Customer Class for All Riders

Direct Testimony of Christopher C. Hewett

Company Exhibit No. __, CCH, Schedule 1 – Summary of Methodology for Assignment
and Allocation of Costs to Virginia Jurisdiction

Company Exhibit No. __, CCH, Schedule 2 – Allocation Factors of the Costs of the DSM
Programs to the Customer Classes (Contains Extraordinarily Sensitive
Information)

Company Exhibit No. __, CCH, Schedule 3 – Allocation of Virginia Jurisdiction Rider
C1A, C2A, C3A, and C4A Revenue Requirements to Customer Classes

Direct Testimony of Emilia L. Catron

Company Exhibit No. __, ELC, Schedule 1 – Calculation of C1A, C2A, C3A, and C4A
Recovery Factors for the Rate Year Ending August 31, 2022

Company Exhibit No. __, ELC, Schedule 2 – Riders C1A, C2A, C3A, and C4A Peak-
Shaving kWh Charge

Company Exhibit No. __, ELC, Schedule 3 – Typical Bill Change

Direct Testimony of Dan Feng

VOLUME 3 of 3 (EXTRAORDINARILY SENSITIVE & CONFIDENTIAL VERSION)**Filing Schedule 46****Schedule 46A Company Witness Michael T. Hubbard**

- Statement 1 – Scope of Work for RFP for Phase IX Programs
- Statement 2 – Additional Program Description for Phase IX Programs (Contains Extraordinarily Sensitive Information)
- Statement 3 – Vendor Contracts and Change Orders (Extraordinarily Sensitive – All Pages)

Schedule 46B Company Witness Edmund J. Hall

- Statement 1 – Diagnostic Reports for Phase IX Program Cost/Benefit Model Runs (Entirely Confidential)
- Statement 2 – Diagnostic Reports for the DSM Portfolio (Entirely Confidential)
- Statement 3 – DNV GL Change Order (Extraordinarily Sensitive – All Pages)

Schedule 46C Company Witness Jarvis E. Bates

- Statement 1 – Phase II, IV, V, VI, VII, VIII, and IX System Program and Common Costs for the Rate Year (Contains Extraordinarily Sensitive Information)
- Statement 2 – Program Penetrations/Participants
- Statement 3 – Projected Program Costs for the Rate Year – System (Contains Extraordinarily Sensitive Information)
- Statement 4 – Projected Program Costs for calendar years 2021 and 2022 – System (Contains Extraordinarily Sensitive Information)
- Statement 5 – Projected Common Costs for the Rate Year (Contains Extraordinarily Sensitive Information)
- Statement 6 – Projected Common Costs for calendar years 2021 and 2022 (Contains Extraordinarily Sensitive Information)
- Statement 7 – Incremental Cost Projections for Phase IX Programs (Contains Extraordinarily Sensitive Information)
- Statement 8 – 2019 Actual DSM Expenses – System (Contains Extraordinarily Sensitive Information)
- Statement 9 – Projected Cost Summary for the Rate Year – System

Schedule 46D Company Witness Elizabeth Lecky

- Statement 1 – Revenue Requirement for Rate Year Ending August 31, 2022 (Contains Extraordinarily Sensitive Information)
- Statement 2 – Projected Revenue Requirement through 2035
- Statement 3 – Significant Accounting Procedures and Internal Controls

Schedule 46E Company Witness Christopher C. Hewett

Statement 1 – Summary of Methodology for Assignment and Allocation of Costs to Virginia Jurisdiction

Statement 2 – Allocation Factors of the Costs of the DSM Programs to the Customer Classes (Contains Extraordinarily Sensitive Information)

Statement 3 – Allocation of Total Revenue Requirement for Riders C1A, C2A, C3A, and C4A to Each Customer Class

Statement 4 – Annual Revenue Requirement by Customer Class over the Duration of the Rate Adjustment Clause

Schedule 46F Company Witness Emilia L. Catron

Statement 1 – Rate Design for the Rate Year Ending August 31, 2022

TABLE OF CONTENTS

*Application of Virginia Electric and Power Company for approval of its 2020 DSM Update
pursuant to § 56-585.1 A 5 of the Code of Virginia
Case No. PUR-2020-00274*

VOLUME 1 of 3 (PUBLIC VERSION)

Application

Direct Testimony of Nathan J. Frost

Direct Testimony of Michael T. Hubbard

- Company Exhibit No. __, MTH, Schedule 1 – Fact Sheets of Existing and Active DSM Programs
- Company Exhibit No. __, MTH, Schedule 2 – Fact Sheets of Proposed Phase IX Programs
- Company Exhibit No. __, MTH, Schedule 3 – Simultaneous Program Matrix
- Company Exhibit No. __, MTH, Schedule 4 – Phases I-VIII Summary
- Company Exhibit No. __, MTH, Schedule 5 – Rebate Review and Approval Process
- Company Exhibit No. __, MTH, Schedule 6 – Pre-approval Operational Procedure

Direct Testimony of Edmund J. Hall

- Company Exhibit No. __, EJH, Schedule 1 – Strategist Model Process
- Company Exhibit No. __, EJH, Schedule 2 – Program Assumptions
(Extraordinarily Sensitive Information Redacted)
- Company Exhibit No. __, EJH, Schedule 3 – System Level Assumptions
- Company Exhibit No. __, EJH, Schedule 4 – Phase IX Programs Cost-Effectiveness
Individual Results
- Company Exhibit No. __, EJH, Schedule 5 – Portfolio Analysis Run
- Company Exhibit No. __, EJH, Schedule 6 – Individual Program Sensitivity Results
- Company Exhibit No. __, EJH, Schedule 7 – Going-Forward Cost-Effectiveness
Individual Results

Direct Testimony of Jarvis E. Bates

- Company Exhibit No. __, JEB, Schedule 1 – Projected Cost Summary (System Level)
(Extraordinarily Sensitive Information Redacted)
- Company Exhibit No. __, JEB, Schedule 2 – Program Penetrations/Participants
- Company Exhibit No. __, JEB, Schedule 3 – DSM Actual Costs for Calendar Year 2019
(Extraordinarily Sensitive Information Redacted)

VOLUME 2 of 3 (PUBLIC VERSION)**Direct Testimony of Elizabeth Lecky**

Company Exhibit No. __, EL, Schedule 1 – Revenue Requirement for DSM Programs for the Rate Year Ending August 31, 2022 (Extraordinarily Sensitive Information Redacted)

Company Exhibit No. __, EL, Schedule 2 – Summary of Opt-Outs/Exemptions by Customer Class for All Riders

Direct Testimony of Christopher C. Hewett

Company Exhibit No. __, CCH, Schedule 1 – Summary of Methodology for Assignment and Allocation of Costs to Virginia Jurisdiction

Company Exhibit No. __, CCH, Schedule 2 – Allocation Factors of the Costs of the DSM Programs to the Customer Classes (Extraordinarily Sensitive Information Redacted)

Company Exhibit No. __, CCH, Schedule 3 – Allocation of Virginia Jurisdiction Rider C1A, C2A, C3A, and C4A Revenue Requirements to Customer Classes

Direct Testimony of Emilia L. Catron

Company Exhibit No. __, ELC, Schedule 1 – Calculation of C1A, C2A, C3A, and C4A Recovery Factors for the Rate Year Ending August 31, 2022

Company Exhibit No. __, ELC, Schedule 2 – Riders C1A, C2A, C3A, and C4A Peak-Shaving kWh Charge

Company Exhibit No. __, ELC, Schedule 3 – Typical Bill Change

Direct Testimony of Dan Feng

VOLUME 3 of 3 (PUBLIC VERSION)**Filing Schedule 46****Schedule 46A Company Witness Michael T. Hubbard**

- Statement 1 – Scope of Work for RFP for Phase IX Programs
- Statement 2 – Additional Program Description for Phase IX Programs (Extraordinarily Sensitive Information Redacted)
- Statement 3 – Vendor Contracts and Change Orders (Extraordinarily Sensitive Information Redacted)

Schedule 46B Company Witness Edmund J. Hall

- Statement 1 – Diagnostic Reports for Phase IX Program Cost/Benefit Model Runs (Confidential Information Redacted)
- Statement 2 – Diagnostic Reports for the DSM Portfolio (Confidential Information Redacted)
- Statement 3 – DNV GL Change Order (Extraordinarily Sensitive Information Redacted)

Schedule 46C Company Witness Jarvis E. Bates

- Statement 1 – Phase II, IV, V, VI, VII, VIII, and IX System Program and Common Costs for the Rate Year (Extraordinarily Sensitive Information Redacted)
- Statement 2 – Program Penetrations/Participants
- Statement 3 – Projected Program Costs for the Rate Year – System (Extraordinarily Sensitive Information Redacted)
- Statement 4 – Projected Program Costs for calendar years 2021 and 2022 – System (Extraordinarily Sensitive Information Redacted)
- Statement 5 – Projected Common Costs for the Rate Year (Extraordinarily Sensitive Information Redacted)
- Statement 6 – Projected Common Costs for calendar years 2021 and 2022 (Extraordinarily Sensitive Information Redacted)
- Statement 7 – Incremental Cost Projections for Phase IX Programs (Extraordinarily Sensitive Information Redacted)
- Statement 8 – 2019 Actual DSM Expenses – System (Extraordinarily Sensitive Information Redacted)
- Statement 9 – Projected Cost Summary for the Rate Year – System

Schedule 46D Company Witness Elizabeth Lecky

- Statement 1 – Revenue Requirement for Rate Year Ending August 31, 2022 (Extraordinarily Sensitive Information Redacted)
- Statement 2 – Projected Revenue Requirement through 2035
- Statement 3 – Significant Accounting Procedures and Internal Controls

Schedule 46E Company Christopher C. Hewett

- Statement 1 – Summary of Methodology for Assignment and Allocation of Costs to Virginia Jurisdiction
- Statement 2 – Allocation Factors of the Costs of the DSM Programs to the Customer Classes (Extraordinarily Sensitive Information Redacted)
- Statement 3 – Allocation of Total Revenue Requirement for Riders C1A, C2A, C3A, and C4A to Each Customer Class
- Statement 4 – Annual Revenue Requirement by Customer Class over the Duration of the Rate Adjustment Clause

Schedule 46F Company Witness Emilia L. Catron

- Statement 1 – Rate Design for the Rate Year Ending August 31, 2022

20200514

COMMONWEALTH OF VIRGINIA
STATE CORPORATION COMMISSION

APPLICATION OF)
)
VIRGINIA ELECTRIC AND POWER COMPANY)
) Case No. PUR-2020-00274
For approval of its 2020 DSM Update)
pursuant to § 56-585.1 A 5 of the Code of Virginia)

APPLICATION

Virginia Electric and Power Company (“Dominion Energy Virginia” or the “Company”), by counsel, hereby files and requests approval of its 2020 Demand-Side Management update (“2020 DSM Update”). This 2020 DSM Update is filed pursuant to § 56-585.1 A 5 (“Subsection A 5”) of the Code of Virginia (“Va. Code”), Rules 10 (20 VAC 5-201-10) and 60 (20 VAC 5-201-60) of the State Corporation Commission of Virginia’s (“Commission”) Rules Governing Utility Rate Case Applications and Annual Informational Filings (20 VAC 5-201-10, *et seq.*) (“Rate Case Rules”), the Commission’s Rules Governing Utility Promotional Allowances (20 VAC 5-303-10, *et seq.*) (“Promotional Allowances Rules”), the Commission’s Rules Governing Cost/Benefit Measures Required for Demand Side Management Programs (Rules 20 VAC 5-304-10, *et seq.*) (“Cost/Benefit Rules”), the Commission’s Rules Governing the Evaluation Measurement and Verification of the Effects of Utility-Sponsored Demand-Side Management Programs (20 VAC 5-318-10, *et seq.*) (“EM&V Rules”), and the directive contained in Ordering Paragraph (4) of the Commission’s July 30, 2020 Order Approving Programs and Rate Adjustment Clauses (“July 30, 2020 Final Order”) in Case No. PUR-2019-00201¹ (“2019 DSM proceeding”). The 2020 DSM Update includes, among other things, the Company’s requests for:

¹*Petition of Virginia Electric and Power Company, For approval of its 2019 DSM Update pursuant to § 56-585.1 A 5 of the Code of Virginia, Case No. PUR-2019-00201, Final Order (Jul. 30, 2020).*

- (i) Approval to implement 11 new Demand-Side Management programs (individually, “DSM Program” or “Program” and collectively with other DSM Programs, the “DSM Portfolio” or “Portfolio”) as the Company’s “Phase IX” Programs;
- (ii) Approval to extend the Company’s DSM Phase II Non-residential Distributed Generation (“DG”) Program for an additional two years with no increase in its approved cost cap;
- (iii) Approval to expand the eligibility requirements for specific DSM Phase VII and Phase VIII Programs in accordance with changes established in the Virginia Clean Economy Act (“VCEA”); and
- (iv) Annual update application to continue three rate adjustment clauses (“RACs”), Riders C1A, C2A, C3A, as well as establish a new RAC, Rider C4A, for cost recovery associated with the Company’s DSM Portfolio.

In support of the Company’s 2020 DSM Update the Company respectfully states the following:

I. BACKGROUND

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 and businesses in portions of North Carolina. Dominion Energy Virginia’s electric system, consisting of facilities for generation, transmission, and distribution of electric energy, as well as associated facilities, is interconnected with the electric systems of neighboring utilities and is part of the interconnected network of electric systems

serving the continental United States. 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. By reason of its operation in Virginia and North Carolina and its interconnections with other electric utilities, the Company engages in interstate commerce.

2. The Company's name and post office address are:

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

3. The names, post office addresses and telephone number of the attorneys for the Company are:

Paul E. Pfeffer
Audrey T. Bauhan
Dominion Energy Services, Inc.
120 Tredegar Street
Richmond, Virginia 23219
(804) 787-5607 (PEP)
(804) 819-2029 (ATB)

Vishwa B. Link
Lisa R. Crabtree
April M. Jones
McGuireWoods LLP
Gateway Plaza
800 East Canal Street
Richmond, Virginia 23219
(804) 775-4330 (VBL)
(804) 775-1327 (LRC)
(804) 775-1042 (AMJ)

4. Since 2009, the Company has annually filed updates to its DSM Portfolio, including requests to implement new DSM Programs, continue or expand existing DSM Programs, and/or update cost information.

5. In its July 30, 2020 Final Order in the 2019 DSM proceeding, the Commission approved the Company's Phase VIII petition to implement 11 new DSM Programs (ten of which were "energy efficiency" ("EE") DSM programs and one of which was a "demand response" ("DR") DSM program.² The Commission approved the Phase VIII Programs for a period of five years, subject to future extensions as requested by the Company and granted by the Commission, with exception of approving the HB 2789 (Heating and Cooling/Health and Safety) Program for a period of three years.³

6. The July 30, 2020 Final Order also approved: (1) an extension of the Company's existing AC Cycling Program for additional two years; (2) the DSM Phase VII Residential Thermostat (EE) and (DR) Programs, as well as the Residential Customer Engagement Program, which were brought back to the Commission to reflect updated cost/benefit modeling; and (3) approval of the continuation of the A-line LED measures within the DSM Phase VII Residential Home Energy Assessment and Residential Efficient Marketplace Programs. Finally, the Commission approved Riders C1A, C2A, and C3A effective for usage on and after September 1, 2020.⁴ The Commission directed the Company to file its next DSM update "no later than December 3, 2020."⁵

² July 30, 2020 Final Order at 2-3, 12.

³ *Id.* at 12-13.

⁴ *Id.* at Ordering Paragraph (3).

⁵ *Id.* at Ordering Paragraph (4).

II. LEGISLATIVE UPDATE

7. The VCEA became effective on July 1, 2020, and contains several provisions that amend the laws related to DSM programs. According to Subsection A 5 c of the VCEA, a petition for energy efficiency programs shall include a “proposed budget for the design, implementation, and operation of the energy efficiency program, including anticipated savings from and spending on each program, and the Commission shall grant a final order on such petitions within eight months of initial filing.” This Subsection also includes provisions that the Commission shall allow a margin for recovery on operating expenses for energy efficiency programs until January 1, 2022, after which a margin is dependent on what the Company has proposed, what the Commission has approved, and whether the Company has met its total annual savings targets. Within this Subsection, the VCEA also repealed the opportunity to seek lost revenues through RACs.

8. The VCEA also amended which customers are eligible to participate in and required to pay for costs associated with energy efficiency programs, by removing the automatic exemption under Subsection A 5 c for large commercial and industrial customers. Moreover, the VCEA redefined a Large General Service Customer (“LGS”) as a customer that has a verifiable history of having used more than one megawatt (“MW”) of demand from a single site and directed the Commission to establish a qualification and opt-out process for eligible LGS Customers that implement energy efficiency measures at their own expense. Now, the VCEA allows LGS Customers to opt-out and request an exemption from the energy efficiency requirements provided for in Subsection A 5. The Commission initiated a rulemaking pursuant to this change in law that is currently pending in Case No. PUR-2020-00172.

9. Va. Code § 56-596.2 now requires that, of the \$870 million of projected costs of energy efficiency programs that the Company must propose between 2020-2018, at least 15% of costs be for programs designed to benefit low-income and elderly, disabled individuals, or veterans.

10. The VCEA, through Va. Code § 56-596.2, also specifies total annual energy savings targets, starting in year 2022 through 2025, with savings targets to be set by the Commission thereafter.

11. Lastly, the VCEA through Va. Code § 56-596.2 expanded the scope of the stakeholder group to include feedback and input on (i) the development of energy efficiency programs and portfolios of programs; (ii) compliance with total annual energy savings targets and effect on integrated resource plans; (iii) recommended policy reforms to ensure maximum and cost-effective energy efficiency; and (iv) best practices for evaluation, measurement, and verification (“EM&V”) services. Section 56-596.2 also provides that a utility must use a third party evaluator to perform EM&V on total annual savings targets, and requires a third party evaluator to provide reports on its findings concurrently to the Commission and the utility.

12. In addition, as a result of the passage of House Bill (“HB”) 2789 during the 2019 General Assembly Session, and as amended in the 2020 session through HB 1656, the Company is required to submit a petition for approval to design, implement, and operate a three-year program of energy efficiency and health and safety measures providing incentives to low income, elderly, disabled individuals, or veterans. Specifically, this legislation calls for a program that would offer incentives to participants of the first component HB 2789 (Heating and Cooling/Health and Safety), as well as eligible participants that have installed heating or cooling measures from other Company-sponsored DSM Programs, for the installation of equipment to

generate electricity from sunlight. Projected and actual costs, not currently in rates, for the prescribed solar program are eligible for recovery under Va. Code § 56-585.1 A 5 g.

III. PROPOSED PHASE IX PROGRAMS

13. The Company seeks approval in this proceeding of the following 11 Phase IX Programs, which include a mixture of EE DSM Programs and a DR DSM Program as those terms are defined by Va. Code § 56-576:

- Residential Income and Age Qualifying (EE)
- Residential Water Savings (EE)
- Residential Water Savings (DR)
- Residential Smart Home (EE)
- Residential Virtual Audit (EE)
- Non-residential Agricultural (EE)
- Non-residential Building Automation (EE)
- Non-residential Building Optimization (EE)
- Non-residential Engagement (EE)
- Non-residential Enhanced Prescriptive (EE)
- HB 2789 (Solar Component) Program

The direct testimony and schedules of Company Witness Michael T. Hubbard provide details regarding these Programs and the measures included therewith, as well as the projected participation and energy and demand savings.

14. The Company seeks approval of the Phase IX Programs for a five-year period, from January 1, 2022 – December 31, 2026, subject to future extensions as requested and granted by the Commission. The Company believes a five-year approval period better aligns with the market, avoids disruptive starts and stops of the programs, and is widely supported by stakeholders as discussed in the moderator-led process. A complete five-year period to have an active program allows for a program to properly launch and gain acceptance without the potential risk of having to wind it down as it begins to gain full customer acceptance and expected deployment levels. The only exception is for the Company's proposed HB 2789 (Solar Component) Program. Consistent with the legislation requiring submittal of that Program, the Company is proposing a three-year term.

15. The proposed cost cap for the Phase IX Programs in the aggregate is approximately \$162 million. Information regarding the individual proposed cost caps for each Program, and the associated details, are provided by Company Witness Jarvis E. Bates. Consistent with previous DSM applications, the Company requests the ability to exceed the spending cap by no more than 5%.

16. Consistent with the Commission's approval of the DSM Phase VIII Programs,⁶ the Company seeks authorization to spend directly for these programs for a reasonable amount of time before and after the approval period so that the programs can run for a full five years and then have additional time built in for launch and wind-down activities.

17. The Company's Application, through the pre-filed direct testimony and exhibits of its witnesses and Filing Schedule 46, demonstrates that the Company's proposed Programs meet the guidelines specified in the Cost/Benefit Rules as well as the standards specified in the Promotional Allowances Rules. In accordance with the Cost/Benefit Rules and subject to the

⁶ July 30, 2020 Final Order at 16.

request for waiver in Paragraph 18, below, the Company has analyzed each of the proposed DSM Programs individually and as a portfolio, using the four required cost/benefit tests: the Participant Test, the Utility Cost Test, the Ratepayer Impact Measure Test, and the Total Resource Cost Test. The results of each of the tests are set forth in Company Witness Edmund Hall's pre-filed direct testimony and schedules.

18. Pursuant to the Commission's Cost/Benefit Rule 30, 20 VAC 5-304-30, the Commission may grant a waiver of strict adherence to the minimum guidelines for data input and modeling assumptions for utilities in "unusual circumstances."⁷ In this case, the Company requests a waiver of the Cost/Benefit Rules as it relates to the proposed HB 2789 (Solar Component) Program. Specifically, the HB 2789 (Solar Component) was legislatively prescribed to be part of the Company's DSM proposal; however, it is not a traditional energy efficiency or peak shaving program as those terms are defined by the Virginia Code. Accordingly, the traditional four cost/benefit tests should not be applicable without making certain forced modeling assumptions that the Company does not believe are appropriate. The Company would also note that as a Program designed to benefit low-income, elderly, veteran and disabled customers, it is deemed to be in the public interest separate and apart from cost/benefit results, which the Commission may find alleviates the need to run traditional cost/benefit tests.

IV. REQUESTS FOR APPROVAL OF DSM PROGRAM UPDATES

A. Non-residential DG Program Extension

19. The Company proposes to extend the DSM Phase II non-residential DG Program for an additional two years. The Company seeks Commission approval for this extension because the DG Program continues to be an important resource for the Company during periods

⁷ 20 VAC 5-304-30.

of peak demand. The Company is not seeking additional funds under the current cost cap for this Program, as the current level should be sufficient to cover expenses for the requested additional two years. The Company is seeking this short-term extension in order to bridge a gap between the current Program and any other future programs that are similar in nature.

B. Expansion of the Eligibility Requirements for Non-Residential DSM Programs

20. With the VCEA changing the law from an automatic exemption to an opt-out process for large general service customers and the demand threshold changing from 500 kW to 1 MW, the Company believes changes in program cost recovery and eligibility are also appropriate to allow large customers to participate in certain of the Company's non-residential programs. Specifically, the Company proposes to expand eligibility requirements for the following DSM Phase VII and Phase VIII Programs: Non-residential Lighting Systems and Controls, Non-residential Heating and Cooling Efficiency, Non-residential Window Film and Non-residential Small Manufacturing Programs. These Programs were designed such that eligibility was capped at 500 kW—consistent with the statute in effect under the Grid Transformation and Security Act ("GTSA"). With the change in the VCEA discussed above whereby customers over 500 kW are no longer exempt from paying for energy efficiency programs, the Company believes changing eligibility for applicable non-residential programs is also appropriate. In other words, if these larger customers are going to begin paying for Phase VII and VIII energy efficiency programs as of the beginning of the proposed Rate Year, they should also be eligible to participate in the non-residential programs available through those DSM Phases.

**V. APPROVAL OF UPDATED RIDERS C1A, C2A, C3A,
AND PROPOSED RIDER C4A**

A. Rate Year

21. The Company presents a rate year of September 1, 2021 through August 31, 2022, (“Rate Year”) for the updated Riders C1A, C2A, C3A, and the proposed Rider C4A.

B. Assignment and Allocation of Costs

22. The costs for the DSM Programs may be viewed primarily in two categories: direct (Program costs) and indirect (Common costs). The estimated Program costs include costs primarily based on signed vendor contracts for the approved Programs and estimated costs based updated vendor pricing information for the proposed Phase IX Programs. Costs that are part of the implementation of Programs that are not specifically associated with any individual DSM Program are Common costs and include certain customer communication costs, Energy Conservation department labor costs, dues and association costs, customer service, and external vendor costs. The Company proposes to determine cost responsibility in the same manner as the Commission approved in the 2019 DSM proceeding. The approach for determining jurisdictional responsibility is first to assign Program costs to the jurisdiction based upon participation in the Programs, and second to allocate Common costs to the jurisdiction based on the jurisdiction’s Program costs, both capital and expenses, compared to total Program costs for the system. Customer class responsibility is determined by allocating costs to the customer classes on the basis of an average and excess production demand factor. The pre-filed direct testimony of Company Witness Christopher C. Hewett presents the manner in which Program costs and Common costs will be assigned or allocated to the Virginia Jurisdiction using appropriate factors.

C. Revenue Requirement Request

23. The cost components of Riders C1A, C2A, C3A, and C4A are comprised of operating expenses projected to be incurred during the Rate Year⁸ and a Monthly True-Up Adjustment comparing actual costs for the 2019 calendar year to the actual revenues collected during the same period. Detailed costs were used to calculate the requested revenue requirement for Riders C1A, C2A, C3A, and C4A for the proposed Rate Year. The calculation of the revenue requirement is discussed in the pre-filed direct testimony of Company Witness Elizabeth Lecky.

24. The projected Rate Year operating expenses from September 1, 2021 through August 31, 2022, are included for recovery on a current basis during the Rate Year. A margin is authorized to be recovered effective for qualifying expenditures. For purposes of the Rate Year, pursuant to Va. Code § 56-585.1 a 5 c, the margin “shall be equal to the general rate of return on common equity determined as described in subdivision A 2 of [§ 56-585.1].” The Company utilized a 9.2% return on equity (“ROE”) for purposes of calculating the projected Rate Year operating expenses, with the exception of the proposed Phase IX HB 2789 (Solar Component) Program, consistent with the Commission’s order issued November 21, 2019, in Case No. PUR-2019-00050. The HB 2789 (Solar Component) Program is proposed under Subsection A 5 g rather than Subsection A 5 c. Thus, it is the Company’s understanding that Subsection A 5 g does not authorize a margin on operations and maintenance expenses. Accordingly, the Company has not included such costs in the calculation of the revenue requirement. Moreover, no such margin, however, is authorized by Subsection A 5 for the Rider C1A peak-shaving programs (*i.e.*, the EV Pilot Program, the Non-residential DG Program, the Residential Smart

⁸ The Electric Vehicle (“EV”) Pilot Program closed on November 30, 2018; therefore, there are no projected costs for the Rate Year.

Thermostat Management Program (DR), the Residential Electric Vehicle Program (DR), and the Residential Water Savings Program (DR)), and none has been included on those projected operating expenses in this filing.

25. The revenue requirement also includes a True-up of 2019 calendar year costs associated with Phase II, III, IV, V, and VI, and VII DSM Programs and EV Pilot Program through a Monthly True-Up Adjustment. The actual 2019 calendar year expenditures are used to calculate a 2019 actual revenue requirement and then compared to the actual 2019 revenues to produce the Monthly True-Up Adjustment. For purposes of the margin authorized to be recovered for qualifying expenditures during the 2019 calendar year, the Company utilized a 9.2% ROE for the period of January 1, 2019 through November 20, 2019, per the Commission's Final Order in Case No. PUR-2017-00038; and also utilized a 9.2% ROE for the period of November 21, 2019 through December 31, 2019, per the Commission's Final Order in Case No. PUR-2019-00050.

26. Company Witness Lecky's pre-filed direct testimony details the projected Subsection A 5 costs, differentiated between capital and expense, and Riders C2A, C3A, and C4A costs qualifying for the margin as provided for under Subsection A 5. In addition, Company Witness Lecky depicts the revenue requirement separately for Rider C1A, C2A, C3A, and Rider C4A.

27. The Company requests recovery of the Rate Year Projected Revenue Requirement for Rider C1A in the amount of \$3,629,164. This amount, combined with the Monthly Rider C1A True-up Adjustment of (\$2,473,677), provides the Rider C1A total revenue requirement of \$1,155,487. For Rider C2A, the Rate Year Projected Revenue Requirement of \$2,935,551 is combined with the Monthly Rider C2A True-up Adjustment of (\$1,101,854) to provide the Rider

C2A total revenue requirement of \$1,833,697. For Rider C3A, the Rate Year Projected Revenue Requirement of (\$237,150) is combined with the Monthly Rider C3A True-up Adjustment of (\$7,667,471) to provide the Rider C3A total revenue requirement of (\$7,904,620). For Rider C4A, the Rate Year Projected Revenue Requirement constitutes the Rider C4A total revenue requirement of \$83,035,266, there is no Monthly True-Up Adjustment for Rider C4A. Thus, for Riders C1A, C2A, C3A, and C4A, the combined revenue requirement in this proceeding totals \$78,119,830.

D. Rate Design

28. The Riders C1A, C2A, C3A, and C4A, which are sponsored by Company Witness Emilia L. Catron, identify the rates, in cents per kilowatt-hour (“kWh”), that will apply to each Company Rate Schedule. If approved as proposed, the Riders C1A, C2A, C3A, and C4A will be applicable for billing purposes with a rate effective date for usage on or after the latter of September 1, 2021, or the first day of the month which is at least fifteen (15) days following the date of any Commission order approving Riders C1A, C2A, C3A, and C4A.

29. The implementation of the proposed Riders C1A, C2A, C3A, and C4A will decrease the residential customer’s monthly bill, based on 1,000 kWh usage per month, by \$0.10. Company Witness Catron’s testimony provides typical bill changes for customers served under Residential Schedule 1, General Service Schedules GS-1, GS-2, and Church Rate Schedule 5C, showing the impact that the updated Riders C1A, C2A, C3A, and C4A will have on customer bills, at representative levels of consumption. This is because Exempt customers would likely not receive service under one of these rate schedules and, therefore, all riders will apply. However, for customers served under Rate Schedules GS-3 and GS-4, typical bill changes are provided to show the impact of the Rider C1A alone, and the impact of Riders C1A, C2A, and

C4A combined. Typical bill changes that reflect only the impact of Rider C1A alone would be applicable to customers that were previously opted out or Exempt from C2A and opt out of C4A, as those opt outs are able to occur in the future.

VI. SUPPORTING TESTIMONY, FILING SCHEDULE 46 AND REQUEST FOR WAIVER

30. The Company's Application is supported by the pre-filed direct testimonies of Company Witnesses Nathan J. Frost, Michael T. Hubbard, Edmund J. Hall, Jarvis E. Bates, Elizabeth Lecky, Christopher C. Hewett, Emilia L. Catron, and Dan Feng.

31. Section 20 VAC 5-201-60 of the Rate Case Rules provides that an application filed pursuant to Subsection A 5 "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."

A. Request for Waiver of Filing Schedule 45 Requirements

32. 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). Specifically, the Company has requested in this Application that the general ROE of 9.2% be used to calculate the revenue requirement, as directed by the Commission's Final Order in Case No. PUR-2019-00050. 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 (*i.e.*, November 21, 2019) of the Commission's Final Order. To promote judicial economy and efficiency of case administration, the Company requests a waiver of Filing Schedule 45's filing requirements in this proceeding. For these reasons, and pending consideration of its procedural request, the Company respectfully requests that the 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 Application.

B. Filing Schedule 46

33. The Company is filing with this Application Filing Schedule 46 as follows:

A. Filing Schedule 46A, consisting of Statements 1-3, is sponsored by Company Witness Hubbard. Filing Schedule 46A, Statement 1 provides the scope of work that serves as the basis of the RFP for the proposed Phase IX DSM Programs. Filing Schedule 46A, Extraordinarily Sensitive Statement 2 contains detailed program design information the Phase IX Programs. Filing Schedule 46A, Extraordinarily Sensitive Statement 3 contains the vendor contracts and change orders executed since the Company's last DSM filing.

B. Filing Schedule 46B, consisting of Statements 1-3, is sponsored by Company Witness Hall. Confidential Statement 1 provides the diagnostic reports associated with the Phase IX Program cost/benefit model runs; Confidential Statement 2 contains the diagnostic reports for the going-forward cost/benefit model runs; and Extraordinarily Sensitive Statement 3 contains a change order for DNV GL. Due to the voluminous nature of Confidential Statement 1, the Company is providing Confidential Statement 1 in electronic format only.⁹

C. Filing Schedule 46C, consisting of Statements 1-9, is sponsored by Company Witness Bates. Extraordinarily Sensitive Statement 1 provides Phase II, IV, V, VI, VII, VIII, and IX System Program costs and Common costs for the Rate Year; Statement 2 provides Phase II, IV, V, VI, VII, VIII, and IX Program penetrations; Extraordinarily Sensitive Statement 3 provides System Phase II, IV, V, VI, VII, VIII, and IX Program cost details for the

⁹ The materials contained within Statement 1 are not required under the Rate Case Rules and, therefore, the Company is not seeking a waiver for hard copy production.

Rate Year; Extraordinarily Sensitive Statement 4 provides System proposed Phase II, IV, V, VI, VII, VIII, and IX Program cost details for calendar years 2021 and 2022; Extraordinarily Sensitive Statement 5 provides DSM System Common cost details for the Rate Year; Extraordinarily Sensitive Statement 6 provides DSM System Common cost details for calendar years 2021 and 2022; Extraordinarily Sensitive Statement 7 provides five years of incremental cost projections associated with the proposed Phase IX programs; Extraordinarily Sensitive Statement 8 provides the 2019 calendar year Phase II, III, IV, V, VI, and Phase VII Program Costs, Common and EV Pilot actual costs; and Statement 9 supports the assignment of Common costs among DSM Programs.

D. Filing Schedule 46D, Statements 1-3, is sponsored by Company Witness Lecky. Extraordinarily Sensitive Statement 1 provides an annual revenue requirement for the Rate Year ending August 31, 2022; Statement 2 provides the annual revenue requirement over 15 years (regardless of whether those costs are included in base rates or in a rider); and Statement 3 provides a detailed description of all significant accounting procedures and internal controls that the Company has instituted to identify all costs associated with Riders C1A, C2A, C3A, and C4A.

E. Filing Schedule 46E, Statements 1-4, is sponsored by Company Witness Hewett. Statement 1 provides the assignment and allocation of Program and Common costs to the Virginia Jurisdiction; Extraordinarily Sensitive Statement 2 provides the allocation factors of the costs of the DSM Programs to the customer classes; Statement 3 provides the allocation of the revenue requirement for the Rate Year ending August 31, 2021; and Statement 4 provides the annual revenue requirement by class over the duration of Riders C1A, C2A, C3A, and C4A.

20220831

F. Filing Schedule 46F, Statement 1, sponsored by Company Witness Catron, provides the rate design for Riders C1A, C2A, C3A, and C4A for the Rate Year ending August 31, 2022.

C. Request for Waiver of Filing Schedule 46 Requirements

34. 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. Even with the limitation of only including those materials that are new since the prior DSM Update, the supporting documentation responsive to this requirement is voluminous and, often, not easily reviewed in hard copy (paper) format. Accordingly, and after consultation with certain members of the Commission Staff, the Company seeks waiver of the requirement to file this information in hard copy. Instead, the Company proposes to provide this documentation to Commission Staff and any other future case participant in electronic format only. The Company will make these documents available via an e-room contemporaneously with this filing, with immediate access available to Commission Staff. 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 application being deemed incomplete. Documents subjects to this waiver are Filing Schedule 46A, Statement 3 and Filing Schedule 46B, Statement 3 (all extraordinarily sensitive).

**VII. REQUEST FOR CONFIDENTIAL TREATMENT AND
ADDITIONAL PROTECTIVE TREATMENT OF
EXTRAORDINARILY SENSITIVE INFORMATION**

35. The Company's Application contains, at points so designated, Confidential and Extraordinarily Sensitive information, which is being filed under seal and subject to the Company's Motion for Protective Ruling and Additional Protective Treatment filed coincident hereto. Because portions of the Company's Application contain such Confidential and Extraordinarily Sensitive information, in compliance with Rule 10 F of the Rate Case Rules and Rule 170 of the Commission's Rules of Practice and Procedure, 20 VAC 5-201-10 F and 5 VAC 5-20-170, this filing is accompanied by a separate Motion for Protective Ruling and Additional Protective Treatment, including a form Proposed Protective Ruling, filed contemporaneously with this Application.

VIII. COMPLIANCE WITH RULE 10 OF THE RATE CASE RULES

36. The Company's Application complies with the requirements contained in Rule 10 of the Rate Case Rules. In accordance with Rule 10 A, 20 VAC 5-201-10 A, the Company filed with the Commission on September 28, 2020, the Company's notice of intent to file this Application under Va. Code § 56-585.1 A 5. Copies of this Application, to the extent required by Rule 10 J of the Rate Case Rules, along with the additional information required by Rule 10 J, are simultaneously with this filing being served upon persons addressed in that Rule. A complete copy of the Public Version of this Application, along with testimony and supporting schedules, has been served upon the Division of Consumer Counsel of the Office of the Attorney General, in conformity with Rule 10 J.

WHEREFORE, Dominion Energy Virginia respectfully requests that the Commission:

- (1) Approve the proposed Phase IX Programs, with the exception of the HB 2789 (Solar Component) Program, for implementation over a period of five years from January 1, 2022 – December 31, 2026;
- (2) Approve the proposed Phase IX HB 2789 (Solar Component) Program for implementation over a period of three years from January 1, 2022 – December 31, 2024;
- (3) Approve the proposed Phase IX Program cost caps and the ability to exceed the cost caps by no more than 5%;
- (4) Approve the proposed extension of the Company's DSM Phase II Non-residential DG Program for an additional two years, with no increase in its approved cost cap;
- (5) Approve the Company's proposed expansion of the eligibility requirements for specific DSM Phase VII and Phase VIII Programs according to the changes established in the VCEA;
- (6) Approve the proposed revenue requirement, cost allocation, rate design, and accounting treatment for service rendered on and after September 1, 2021;
- (7) Approve the Company's request to continue Riders C1A, C2A, C3A, and establish the proposed Rider C4A to be effective for billing purposes on the latter of September 1, 2021, or the first day of the month which is at least fifteen (15) days following the date of any Commission order approving Riders C1A, C2A, C3A, and C4A;
- (8) Approve the Company's Phase IX Program EM&V Plans;
- (9) Approve the Company's request for a waiver of the Cost/Benefit Rules as it relates to the HB 2789 (Solar Component) Program, waiver of the Filing Schedule 45 filing requirement, and limited waiver of Filing Schedule 46; and

