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*Commonwealth of Virginia, ex rel. State Corporation Commission Ex Parte:
In the matter of establishing regulations for a shared solar program
pursuant to § 56-594.3 of the Code of Virginia
Case No. PUR-2020-00125*

Dear Mr. Logan:

Please find enclosed for electronic filing in the above-captioned proceeding Virginia Electric and Power Company's Rebuttal Testimony.

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

Highest regards,

/s/ Jontille D. Ray

Jontille D. Ray

Enclosures

cc: David J. DePippo, Esq.
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Timothy D. Patterson, Esq.
Service List

WITNESS REBUTTAL TESTIMONY SUMMARY

Witness: Robert J. Trexler

Title: Director – Regulation

Summary:

Mr. Trexler's rebuttal testimony responds to testimony offered by Commission Staff ("Staff") Witness David J. Dalton regarding Staff's support of the Company's methodology for calculating the bill credit rate as well as Staff's position on the Company's minimum bill proposal and alternative minimum bill proposals. He also responds to the testimony of Karl Rábago on behalf of the Coalition for Community Solar Access and Chesapeake Solar & Storage Association (together "CCSA") and CCSA's proposed methodology for calculating the bill credit rate and establishing the minimum bill.

With respect to the bill credit rate, Mr. Trexler reiterates the Company's—and Staff's—support for use of FERC Form 1 as the basis for calculating applicable bill credits. This proposal is based on the Commission's guidance in the Multi-Family Shared Solar Program (Case No. PUR-2020-00124) and would provide a uniform billing structure in these similar programs. This is preferable to CCSA's proposal to derive the bill credit rate from U.S. Energy Information Agency ("EIA") data as it is more timely and provides data by jurisdiction. Use of FERC Form 1 would also obviate the need to remove taxes before calculating the rate.

Regarding the minimum bill, Mr. Trexler supports Staff's conclusions that the minimum bill should include the components stated in Mr. Trexler's Direct Testimony. With respect to Staff's recommendation that the Administrative Charge component be subject to a formal petition and Commission proceeding rather than included in the minimum bill as of the time the Company files its tariff, Mr. Trexler notes that the Company is not opposed to setting an initial fixed fee for the Administrative Charge pending a future proceeding, but points out that Staff's alternative proposals fail, to varying degrees, to fully satisfy the statutory requirement to fully account for Program costs and minimize cost shifting. Although the Company believes its proposal better aligns with the statutory requirements and the Commission's regulations, to the extent the Commission selects one of Staff's options, Option B more closely abides by the statutory directives. If Option B were selected, the Company proposes that the Commission use its approach for calculating the costs, as described in Mr. Trexler's Direct Testimony.

The Company opposes CCSA's minimum bill proposal, as it does not include the costs of all utility infrastructure and services used to provide electric service as well as the administrative costs of the Program. It would also disproportionately shift costs to non-participating customers. CCSA's proposal also fails to apply non-bypassable charges as directed by statute, and generally fails to comply with explicit statutory requirements regarding a variety of costs that must be included in the minimum bill.

**REBUTTAL TESTIMONY
OF
ROBERT J. TREXLER
ON BEHALF OF
VIRGINIA ELECTRIC AND POWER COMPANY
BEFORE THE
STATE CORPORATION COMMISSION OF VIRGINIA
CASE NO. PUR-2020-00125**

1 **Q. Please state your name, business address, and position with Virginia Electric and**
2 **Power Company (“Dominion Energy Virginia” or the “Company”).**

3 **A. My name is Robert J. Trexler, and my business address is 120 Tredegar Street,**
4 **Richmond, Virginia 23219. I am Director of Regulation for the Company.**

5 **Q. Have you previously submitted testimony in this proceeding?**

6 **A. Yes, my pre-filed direct testimony on behalf of Dominion Energy Virginia was submitted**
7 **to the State Corporation Commission of Virginia (the “Commission”) in this proceeding**
8 **on September 21, 2021 (“Direct Testimony”).**

9 **Q. What is the purpose of your rebuttal testimony in this proceeding?**

10 **A. I am presenting testimony in further support of (1) the Company’s proposal for**
11 **establishing the bill credit rate methodology to be used in the Shared Solar Program**
12 **(“Program”); and (2) the Company’s Minimum Bill Proposal for the Shared Solar**
13 **Program.**

14 **More specifically, my rebuttal testimony addresses the testimony offered by Commission**
15 **Staff (“Staff”) Witness David J. Dalton regarding Staff’s support of the Company’s**
16 **methodology for calculating the bill credit rate and Staff’s position on the Company’s**
17 **minimum bill proposal. I also address the alternative minimum bill proposals presented**
18 **by Staff Witness Dalton. Additionally, my rebuttal testimony responds to the testimony**

1 of Karl R. Rábago on behalf of the Coalition for Community Solar Access and
2 Chesapeake Solar & Storage Association (together “CCSA”) and CCSA’s proposed
3 methodology for calculating the bill credit rate and establishing the minimum bill.

4 **Q. Do you have any comments in response to the testimony filed by Commission Staff**
5 **regarding the bill credit rate?**

6 A. Yes, the Company is pleased that Staff supports its proposal regarding the appropriate
7 methodology for the calculation of the bill credit rate.¹ As Staff Witness Dalton notes on
8 pages 6-7 of his testimony, the Company’s proposal is based on the Commission’s
9 guidance in Case No. PUR-2020-00124 (the “Multi-Family Shared Solar Program”),
10 where the Commission found it appropriate to use information from the Company’s
11 submission of FERC Form 1 in the calculation of applicable bill credits. Notably, both
12 programs are of similar structures and will involve many of the same non-customer
13 parties. I would expect that many of our customers will have interest in both programs.
14 Having this uniformity between the two programs is efficient and appropriate.

15 **Q. Do you have any comments in response to the testimony filed by Commission Staff**
16 **regarding the minimum bill?**

17 A. Yes. The Company is pleased that Staff does not oppose the Company’s proposal.²
18 Staff’s view is that the six categories of charges in the Company’s minimum bill proposal
19 are appropriate for inclusion in the minimum bill for Shared Solar Program subscribers.³
20 Consistent with this conclusion, the Company believes that the inclusion of all six

¹ Direct Testimony of Staff Witness David J. Dalton at 8.

² *Id.* at 14.

³ *Id.* at 10-11, 13.

1 categories is both required by and appropriate under the Shared Solar Program legislation
2 and the Commission's implementing regulations. In fact, in concluding that the six
3 categories are appropriate, Staff's discussion mirrors the applicable law.

4 As Staff notes, Va. Code § 56-594.3 D states that the "Minimum Bill 'shall include the
5 costs of all utility infrastructure and services used to provide electric service and the
6 administrative costs of the shared solar program.'"⁴ Staff continues to highlight that the
7 legislation states that the Commission "shall '(i) consider *further* costs the Commission
8 deems relevant to ensure subscribing customers pay a fair share of the costs of providing
9 electric services and (ii) minimize the costs shifted to customers not in a shared solar
10 program.'"⁵ In the Company's view, § 56-594.3 D's initial "shall include" language sets
11 a baseline of what must be included, and the following "shall consider *further* costs"
12 language requires the Commission to determine what, if any additional costs may be
13 necessary to ensure a fair share of costs are included and that cost shifting is minimized.

14 As the Staff notes, the Commission's implementing regulations are substantively similar
15 to § 56-594.3 D and provide that the minimum bill must "reflect incremental costs of the
16 shared solar program *and not otherwise recovered by the utility from participating*
17 *customers.*"⁶ Section 5-340-80 A 2 goes on to provide factors to determine the
18 incremental (or further) costs of the Shared Solar Program. In the Company's view, the
19 regulations identifying incremental costs are meant to implement the statute's
20 requirements quoted above that the minimum bill "shall include" certain costs related to

⁴ *Id.* at 9 (quoting Va. Code § 56-594.3 D).

⁵ *Id.* (emphasis added by the Company).

⁶ *Id.* (quoting 20 VAC 5-340-80 A 2) (emphasis added).

1 the provision of electric service, and that the Commission shall consider any *further* (or
 2 incremental) program-related costs not otherwise required to be included. This language
 3 led to the Company's minimum bill proposal containing the six categories of costs, which
 4 Staff also supports as appropriate under these circumstances.

5 Staff goes on to state that the "appropriateness of any specific categories of charges in the
 6 Minimum Bill is, ultimately, a policy question for the Commission."⁷ While the
 7 Company agrees that the Commission has discretion to determine any specific categories
 8 of charges in the minimum bill, the Company believes that discretion is limited by the
 9 statutory requirements and the Commission's regulations, as discussed above.

10 **Q. Staff expresses some concern about the uncertainty of the amount of the**
 11 **Administrative Charge, and the timing of its approval by the Commission. Do you**
 12 **have any comments?**

13 A. Yes. Staff expresses some concern regarding the uncertainty of the amount of the
 14 administrative charges to be included in the minimum bill. In particular, Staff does not
 15 support the Company's proposal to establish the Administrative Charge to be included in
 16 the minimum bill at the time the Company files its tariff for the Program. Staff believes
 17 the Administrative Charge component should be "subject to a formal petition,
 18 investigation, litigation, and a finding of fact as to their reasonableness rather than
 19 proposed and reviewed informally after the Commission's issuance of an Order in this
 20 case."⁸

⁷ *Id.* at 11.

⁸ *Id.* at 15.

1 As discussed in more detail on pages 18-19 in my Direct Testimony, at this early stage,
2 the exact amount of the Administrative Charge is unknown and cannot yet be estimated.
3 Significantly, the Company intends to use the forthcoming customer information
4 platform ("CIP") to the greatest extent possible to automate processes to support the
5 Program and reduce costs. However, the CIP is still being developed and the associated
6 incremental costs for this Program are not yet known. Additionally, data transfer
7 protocols also have not been established with subscriber organizations, which are likely
8 to result in additional administrative costs. Moreover, in the Order Adopting Rules, the
9 Commission ordered the Company to file its tariffs related to the Program within sixty
10 (60) days of the implementation of the CIP, or by July 1, 2023. Therefore, it seems
11 premature to set the costs of the Administrative Charge almost two (2) years in advance
12 of the statute's Program implementation timeline.

13 The Company, however, is not opposed to an initial fixed fee of \$1 pending a future
14 proceeding, as proposed by Staff in its two options, and by CCSA.⁹ This addresses the
15 initial estimated personnel costs for administration of the program, but not the expected
16 total of administrative charges. While an annual update to the minimum bill may not be
17 necessary, the Company is not opposed to seeking Commission approval to update the
18 minimum bill to address changes to the Administrative Charge and components of the
19 minimum bill as needed.

⁹ *Id.* at 16, 18. See also Direct Testimony of Karl R. Rábago at 28.

1 **Q. Do you have any preliminary comments in response to the testimony of CCSA**
2 **Witness Rábago?**

3 A. Yes, as an initial matter, and as discussed above, the Commission should consider and
4 evaluate the Company's proposals for establishing the bill credit rate methodology and
5 minimum bill proposal for the Program in the context of the applicable Virginia statute,
6 Va. Code § 56-594.3, the Commission's implementing regulations, and the
7 Commission's previous guidance. Most relevant, § 56-594.3 D states:

8 The Commission shall establish a minimum bill, which *shall include* the
9 costs of *all* utility infrastructure and services used to provide electric service
10 and administrative costs of the shared solar program. The Commission may
11 modify the minimum bill over time. In establishing the minimum bill, the
12 Commission shall (i) consider *further costs* the Commission deems relevant
13 to ensure subscribing customers pay a fair share of the costs of providing
14 electric services and (ii) minimize the costs shifted to customers not in a
15 shared solar program. Low-income customers shall be exempt from the
16 minimum bill. (emphasis added)

17 As discussed in more detail below, CCSA's minimum bill proposal fails to comply with
18 the explicit statutory requirements that (i) the minimum bill include the costs of all utility
19 infrastructure and services used to provide electric service and administrative costs of the
20 Shared Solar Program; and (ii) the Commission ensure that subscribing customers pay a
21 fair share of the costs of providing electric services and minimize the costs shifted to
22 customers not in a shared solar program.¹⁰ Instead, as discussed below, CCSA ignores
23 the plain language of the statute, and looks to statutes and shared solar programs in other
24 states. The statutes and programs in other states have no application to this proceeding.

¹⁰ Va. Code § 56-594.3 D.

1 **Q. How is your rebuttal testimony organized?**

2 A. My rebuttal testimony is organized as follows:

3 I. CCSA's Proposed Bill Credit Rate Methodology

4 II. Staff's Alternative Minimum Bill Proposals

5 III. CCSA's Minimum Bill Proposal & Criticisms of the Company's Proposal

6 **I. CCSA's Proposed Bill Credit Rate Methodology**

7 **Q. CCSA recommends that the Commission establish the applicable bill credit rates**
8 **based on the most recently posted U.S. Energy Information Agency ("EIA") data.**

9 **Do you have a response to this recommendation?**

10 A. Yes. While the Company had previously stated the bill credit rates could be derived from
11 the EIA data, the Company noted that utility and consumption taxes must be removed.
12 These taxes are payments collected on behalf of and passed to the respective
13 governmental entities to whom they belong and are not Company revenue.¹¹

14 **Q. Please explain why the Company now proposes to use FERC Form 1 data to**
15 **determine the applicable bill credit rate.**

16 A. On June 29, 2021, the Commission issued its Order in the Multi-Family Shared Solar
17 Program docket ("Multi-Family Order").¹² In the Multi-Family Order, the Commission
18 ordered the initial Multi-Family Shared Solar bill credit rate to be 11.765 cents per kWh.
19 Although the Commission found that either the data published by the EIA or the FERC
20 Form 1 data filed with the Commission would be publicly available data by which a bill

¹¹ See Virginia Electric and Power Company's Response to Motion for Clarification of the Bill Credit Rates for the Shared Solar Program at 3-4, filed on May 10, 2021 in this proceeding.

¹² See *Commonwealth of Virginia, ex rel., State Corporation Commission, Ex Parte: In the matter of establishing regulations for a multi-family shared solar program pursuant to § 56-585.1:12 of the Code of Virginia*, Case No. PUR-2020-00124, Order (June 29, 2021) ("Multi-Family Order").

credit rate could be calculated, the Commission agreed with Old Dominion Power d/b/a Kentucky Utilities ("KU-ODP"), that FERC Form 1 is "more timely and provides data by jurisdiction, and because both Dominion and KU-ODP submit Virginia-specific FERC Form 1 information to the Commission each March, using the FERC Form 1 data to calculate the bill credit rate is *preferable*."¹³ The Commission also noted that the use of FERC Form 1 data would "obviate the need to remove taxes from the data before calculating the bill credit rate, as Dominion argues would be necessary if the EIA data were used."¹⁴ Based on the Commission's guidance in the Multi-Family Order, along with the methodological consistency between the Shared Solar and Multi-Family programs, the Company believes FERC Form 1 data specific to the Virginia jurisdiction should be used to determine the applicable bill credit rate. As discussed above, Staff agrees.¹⁵ CCSA's recommendation to use the EIA data should be rejected.

Q. On page 18 of his testimony, CCSA Witness Rábago states that FERC Form 1 data fails to meet the statute's requirement to use the "revenues to the class." Do you have any comments?

A. Yes. The Company is puzzled by how Witness Rábago can say that FERC Form 1 data falls short of the statutory requirements. As Witness Rábago points out, the words of the statute specifically say to use the "revenues to the class."¹⁶ The page in FERC Form 1 from which the Commission established the bill credit in the Multi-Family Shared Solar

¹³ Multi-Family Order at 3-4 (emphasis added).

¹⁴ Multi-Family Order at 4 n.9.

¹⁵ Direct Testimony of Staff Witness David J. Dalton at 6-8.

¹⁶ Va. Code § 56-594.3 C.

1 Program is in fact for the operating revenues of the Company for the Virginia
2 Jurisdiction.

3 **Q. Do you have any final comments regarding the bill credit rate methodology?**

4 A. Yes. Two shared solar programs have been established with similar designs and program
5 structures. The bill credit in both the Multi-Family and Shared Solar Programs provide
6 for the establishment of a bill credit based upon the "effective retail rate of the customer's
7 rate class, which shall be inclusive of all supply charges, delivery charges, demand
8 charges, fixed charges, and any applicable riders or other charges to the customer" and
9 "revenues," respectively.¹⁷ FERC Form 1 data clearly meets these requirements.

10 Even though these are separate programs, I would expect that many of our customers will
11 have interest in both programs. Additionally, subscriber organizations might operate
12 facilities in both programs. Finally, for ease of operation and to avoid confusion when a
13 customer calls the Company's customer service center for questions related to their
14 "shared solar" subscription, using the same bill credit in both programs makes the most
15 sense. As I stated in my Direct Testimony, to ensure consistency in the administration of
16 the Multi-Family and Shared Solar Programs, the Company encourages the Commission
17 to adopt this bill credit rate methodology for the Shared Solar Program as well.¹⁸ Indeed,
18 CCSA previously acknowledged the value in consistency between the two programs.¹⁹

¹⁷ Va. Code § 56-585.1:12 D and Va. Code § 56-594.3 C.

¹⁸ Direct Testimony at 5.

¹⁹ In its Motion for Clarification of the Bill Credit Rates for the Multi-Family Shared Solar Program and the Shared Solar Program, CCSA and CHESSA stated that "[f]or clarify and consistency between the programs, CCSA and CHESSA request that the Commission clarify that the applicable bill credit rates for the Shared Solar Program and the Multi-Family Shared Solar Program will be calculated the same way based on the same publicly available information from the EIA." Motion at 3, ¶ 4.

II. Staff's Alternative Minimum Bill Proposals

Q. Staff presents two alternative minimum bill options for the Commission's consideration, Staff Alternative Option A ("Option A") and Staff Alternative Option B ("Option B").²⁰ Starting with Option A, how does the Company view this option?

A. Option A includes the basic customer charge, non-bypassable charges based on a volumetric rate and a customer's subscription, and administrative charges. Because the Administrative Charge has not been fully developed at this time, Staff includes a \$1 fixed fee to recover expected administrative costs the Company may incur, pending future proceedings establishing the exact amount of such costs.²¹ As discussed above, the Company would accept the \$1 fixed fee for the Administrative Charge at this time, subject to being updated as the Program and the Company's CIP systems develop.

Nevertheless, this option does not meet the statutory requirements that the minimum bill include the costs of all utility infrastructure and services used to provide electric service and administrative costs of the Shared Solar Program, as required by § 56-594.3 D. It also does not ensure that subscribing customers pay a fair share of the costs of providing electric services and minimize the costs shifted to customers not in a shared solar program, as the Commission also must consider when determining any further necessary costs.²² In particular, it does not account for transmission charges, distribution charges beyond the basic customer charge, or generation charges, all of which will be necessary to provide electric service to Shared Solar customers. Under this option, these costs will

²⁰ Direct Testimony of Staff Witness David J. Dalton at 2.

²¹ *Id.* at 16.

²² Va. Code § 56-594.3 D.

1 be shifted to and borne by non-participants. The statute expressly provides that such an
2 outcome should be avoided.

3 **Q. What is the Company's position on Option B?**

4 A. Option B includes the charges previously described for Option A, but importantly,
5 includes all distribution and transmission charges, reducing the amount of costs shifted to
6 customers not in the Shared Solar Program. As compared to Option A, Option B comes
7 closer to satisfying the statutory requirements, but still results in Shared Solar customers
8 not paying for certain generation services they are receiving, and shifting those associated
9 costs to non-participants.

10 The Company's approach to the minimum bill reflects its opinion that the structure of the
11 Program is such that a participating customer subscribes to a portion of the output of a
12 solar facility that is not located on the customers' premises or able to serve any of the
13 customer's load directly. Instead, the output of the solar facility is sold into the larger
14 grid system and the subscribing customers have paid the subscribing organization for the
15 right to be assigned a portion of that generation, the assignment of which is recognized as
16 a bill credit for that energy sold into the grid. The generation is not serving any of the
17 customer's load directly in real time (in contrast to, for example, a net metering facility
18 located behind the meter on a customer's property), and because of the nature of solar
19 generation, does not cover the customer's load whenever the solar facility is not
20 generating (*e.g.*, night, cloudy days, when the facility is down for repair or maintenance).
21 Thus, at all times, the Company is providing generation service to the participating
22 customer. The Company therefore believes that its proposal better aligns with the
23 statutory requirements and the Commission's regulations.

1 **Q. Staff Alternative Option B appears to assume that a customer's subscription is for**
2 **its total monthly usage. How does Staff Alternative Option B play out if a**
3 **customer's subscription is for less than the customer's monthly usage?**

4 **A.** Before presenting its options, Staff states that the minimum bill "may typically be
5 considered to be a fixed amount," but notes that there may be volumetric charges that are
6 appropriate.²³ While the Company would agree that certain parts of the minimum bill
7 can be fixed (for example, the Administrative Charge of \$1 discussed above), the
8 remaining four categories of charges, however, are linked to customer usage associated
9 with their Program subscription, and thus, should be volumetric. To this end, the
10 Company seeks approval of the portions of the proposed minimum bill that would be
11 fixed, as well as the structure of the proposal to implement the bill on a volumetric basis
12 customer-by-customer for the other charge categories.

13 With this in mind, the Company has interpreted Option B such that it would be based on
14 the usage associated with the Program subscription. Otherwise, it would appear to create
15 an issue regarding the calculation of distribution and transmission services²⁴ if, and when,
16 customers choose a subscription that is less than their total monthly usage. That is, for
17 such customers whose subscription is less than their total monthly usage, the Company
18 would be providing the distribution and transmission services for the portion of such
19 customers' usage that remains unsubscribed to the Program, and this portion would not
20 be offset by the bill credit. However, for the usage associated with the Program
21 subscription, in the Company's proposal and in the Company's interpretation of the

²³ Direct Testimony of Staff Witness David J. Dalton at 8.

²⁴ This same issue would apply to generation services, if that category was included in Staff's Option B.

1 Staff's Option B, the minimum bill would be established and based upon the amount of
2 the Program subscription for purposes of calculating the volumetric charges related to
3 distribution and transmission services. Thus, under Option B, for partial-load
4 subscriptions, a disconnect is created between actual services rendered and billed by the
5 Company outside of the Shared Solar Program on one hand, and those services related to
6 administering the Program and subject to the minimum bill and bill credit on the other.

7 **Q. Do you have any additional thoughts on Option B?**

8 A. Yes, I understand what Staff has proposed in Option B and how it calculated the
9 Distribution and Transmission charges in Table 3 of Witness Dalton's testimony.
10 However, the Company approached this slightly differently. As described in my Direct
11 Testimony on pages 10-12, the Company took the approach of calculating an average
12 rate/kWh to apply for distribution and transmission, for residential, commercial, and
13 industrial customers as noted in Table 1 of my Direct Testimony. This was done to
14 address a few things, including addressing partial subscriptions, block rates, and demand
15 charge rates in the non-residential rate schedules. For a subscription that differs from the
16 customer's usage in a particular month, a rate is needed to multiply by the subscription to
17 determine the minimum bill related to the subscription. The rates in Table 1, while not
18 exactly what a customer would otherwise pay on their principal tariff, would (1) be
19 reflective of those costs, (2) be easily explained to customers because they would be set
20 for an annual period, and (3) would be based upon the same information used for the bill
21 credit. The Company believes that this approach addresses the issue discussed above.
22 Thus, assuming the Commission found Option B compliant with the statutory scheme
23 and legislative intent, the Company would propose that the Commission consider the

1 Company's approach for calculating those costs.

2 **II. CCSA's Minimum Bill Proposal & Criticisms of the Company's Proposal**

3 **Q. Please briefly explain CCSA's minimum bill proposal?**

4 A. CCSA proposes to have a minimum bill that consists of the applicable basic
5 customer charge plus \$1 for administrative costs.²⁵

6 **Q. What is Staff's view of CCSA's minimum bill proposal?**

7 A. As Staff notes, CCSA's proposed minimum bill provides for only two of the six
8 categories Staff and the Company believe are appropriate for inclusion.²⁶ It does not
9 include, for example, non-bypassable charges required by the Virginia Clean Economy
10 Act ("VCEA") and other legislative enactments.²⁷ Staff states that the VCEA provides
11 for certain exceptions to paying non-bypassable charges, and the Company agrees.²⁸ The
12 Company notes that participants in the Shared Solar Program are not among those
13 excepted under the VCEA, or under any other statute.

14 **Q. Do you have any comments regarding CCSA's minimal bill proposal?**

15 A. Yes. Beyond Staff's evaluation, CCSA's minimum bill proposal wholly misses the mark.
16 The basic customer charge is only designed to provide recovery for a limited set of
17 distribution-related, customer costs and does not come close to costs of all the utility
18 infrastructure and services used to provide electric service. Moreover, as noted by

²⁵ Direct Testimony of Karl R. Rábago at 26-27.

²⁶ Direct Testimony of Staff Witness David J. Dalton at 11-12.

²⁷ *Id.* at 12-13.

²⁸ *Id.*

Commission Staff, CCSA's proposal does not include non-bypassable charges which are mandated by statute unless an exemption applies.²⁹

CCSA's minimum bill proposal fails to comply with the explicit statutory requirements that (i) the minimum bill include the costs of all utility infrastructure and services used to provide electric service and administrative costs of the Shared Solar Program; and (ii) the Commission ensure that subscribing customers pay a fair share of the costs of providing electric services and minimize the costs shifted to customers not in the Shared Solar Program.³⁰ In fact, in his testimony, CCSA Witness Rábago acknowledges that CCSA's minimum bill proposal would shift approximately \$25 million in costs per year to non-participating customers.³¹ The Commission previously found cost-shifting of up to \$65 million over a 10-year period to customers to be unacceptable.³² Based on its own numbers, CCSA's proposal would shift approximately \$250 million over a 10-year period to non-participating customers.

Q. Mr. Rábago offers several criticisms of the Company proposal. In particular, he states that the Company's proposal includes costs that are not incremental. Do you have any comment?

A. Yes. As I stated before, the Company's proposal is designed, in accordance with the language in the statute, to establish a minimum bill which is required to include the costs of all utility infrastructure and services used to provide electric service and administrative costs of the Shared Solar Program, as well as those additional costs necessary to ensure

²⁹ See Va. Code §§ 56-585.1:9, 56-585.1:11 C 3, 56-585.5 G, and 56.585.5 H.

³⁰ Va. Code § 56-594.3 D.

³¹ Direct Testimony of Karl R. Rábago at 36.

³² See *Wal-Mart Stores East, LP v. State Corp. Comm'n*, 299 Va. 57, 66 (2020).

1 subscribing customers pay a fair share of the costs of providing electric services and to
2 minimize the costs shifted to customers not in the Shared Solar Program. Specifically,
3 and as discussed above in my general comments regarding Staff's testimony, § 56-594.3
4 D requires certain costs to be included as part of the minimum bill, and then directs the
5 Commission to consider further, additional costs not otherwise recovered by the utility
6 that should be included as part of the minimum bill to ensure participants pay their fair
7 share of the costs and prevent cost shifting. CCSA cannot overlook or obviate the clear
8 command of the statute by focusing on one word in isolation from the Commission's
9 implementing regulations.

10 The Company proposes a minimum bill that encompasses utility infrastructure and
11 services used to provide electric service and administrative costs of the Shared Solar
12 Program as outlined in the statute and the Rules. As set forth in my Direct Testimony,
13 the Program does not have its own delivery component. Subscribing customers rely on
14 the utility's transmission and distribution infrastructure for their electricity usage
15 associated with its Program subscription in the same way as if they were not a Shared
16 Solar Subscriber.

17 The Distribution and Transmission Service Charges are designed to recover the
18 distribution and transmission-related costs associated with a customer's subscribed usage.
19 Absent the Distribution and Transmission Service Charges, participating customers
20 would pay \$0 for transmission and distribution-related costs for their electricity usage
21 associated with their subscription, thereby resulting in incremental costs borne by the
22 Company, and ultimately non-participating customers. In other words, the Distribution

1 and Transmission Services Charges encompass the otherwise shifted power delivery costs
2 associated with customers' program subscriptions.

3 These distribution and transmission-related costs are reasonable because they are
4 intended to cover services necessary for the provision of electricity to participating
5 customers. Moreover, it would be unreasonable for non-participating customers to pay
6 for any distribution and transmission-related costs related to a participating customer's
7 subscription.

8 Additionally, the Company's minimum bill proposal includes a Generation Balancing
9 Service Charge to address generation and balancing costs, or the costs of generation
10 supply service to provide electricity to subscribers who must still receive electric service
11 around the clock despite also receiving a bill credit related to the sale of solar generation
12 through their Shared Solar subscription. The intermittent nature of the solar generating
13 facilities of the Program dictates that customers must rely on the grid and its generation
14 sources to guarantee continuous electric service because Shared Solar generation does not
15 generally match a subscriber's entire usage on a continuous basis. The forgoing, of
16 course, assumes, for the sake of simplicity, that the electricity generated by program
17 resources directly serves participating customers, when in fact it does not. In fact, as
18 discussed above, the solar generating resource from which they are subscribing is located,
19 in most cases, miles away and possibly even on the other side of the state. The Shared
20 Solar facility will be connected to the grid, and serve as a general grid resource, with
21 participating customers in the Program receiving credits related to its production and
22 performance. Under this arrangement, participating customers rely on the Company's
23 entire generation resource mix to ensure continuous electric service.

1 Thus, in the Program context, even when the facilities are operating, the energy does not
2 go directly from the generator to the customer; rather the system receives an avoided cost
3 benefit for the energy those facilities produce and inject into the grid. And because the
4 Shared Solar generator is not always operating and likely not matching the subscriber's
5 electrical usage at all times (for example, during nighttime, cloudy days, winter days,
6 facility outages, etc.), subscribers will rely on utility system generation for all or part of
7 their energy needs every day.³³

8 Absent the Generation Service Charge and the avoided cost credit (*i.e.*, generation
9 balancing charge), participating customers would pay \$0 for generation-related costs for
10 their electricity usage associated with their subscription, thereby resulting in incremental
11 costs borne by the Company, and ultimately non-participating customers. These
12 generation balancing service costs are reasonable because they are intended to cover
13 service necessary for the provision of electricity to participating customers. Moreover, it
14 would be unreasonable for non-participating customers to pay for any generation-related
15 costs related to a participating customer's subscription. The most straightforward
16 mechanism for addressing generation balancing is to calculate it as the higher of (i) the
17 customer's generation service charge based upon Commission-approved rates net of
18 avoided cost benefit credits; or (ii) the sum of the Commission-approved non-bypassable
19 charges as outlined in the Company's Proposal.³⁴

³³ Direct Testimony at 13.

³⁴ Direct Testimony at 14-17.

1 **Q. Witness Rábago indicates that utility infrastructure costs associated with the**
2 **operation of the generator are recovered through the up-front and on-going**
3 **interconnection costs assessed on the Shared Solar facilities. Do you agree?**

4 A. No. Costs that generators pay to upgrade the system are related solely to allowing the
5 generator to interconnect to the system without causing the system damage. These are
6 wholly unrelated to infrastructure costs the utility incurs to serve customers daily,
7 including those with a Shared Solar subscription.

8 **Q. Do you have any additional comments on Witness Rábago's comments regarding**
9 **whether the Company's inclusion of Distribution, Transmission and Generation**
10 **Balancing Service costs are incremental?**

11 A. Yes. Witness Rábago specifically says that the minimum bill should not recover utility
12 costs that are not caused by the Shared Solar Program.³⁵ As I just described, without the
13 minimum bill as proposed by the Company, the Shared Solar Program will indeed place
14 utility costs on non-participants that would otherwise not occur. Further, as discussed
15 above, the incremental costs are in addition to the costs the statute already requires to be
16 included—that is, costs related to providing electric service, such as the standard
17 distribution, transmission, and generation services necessary to do so.

³⁵ Direct Testimony of Karl R. Rábago at 23.

1 **Q. Does Witness Rábago address the Company's proposal that the non-low-income**
2 **customer's minimum bill generation balancing service charges should be no less**
3 **than the non-bypassable charges?**

4 **A.** Yes. Witness Rábago's testimony states that non-bypassable charges should not be
5 included in the minimum bill because they are not incremental Program costs. He also
6 asks the Commission to reject the idea that low-income customers should still pay the
7 non-bypassable charges even though they are exempt from the minimum bill. The
8 Company does not agree. Although I am not a lawyer, it is my understanding that non-
9 bypassable charges are mandated by statute and applicable to all customers regardless of
10 the source of their generation unless they qualify for an exemption. Consistent with my
11 discussion above, I am not aware of any statute exempting participants in the Shared
12 Solar Program from any non-bypassable charges.

13 **Q. Witness Rábago also states that the bill credit is just a credit on the bill, and in**
14 **simple terms, the level of Shared Solar output does not reduce the subscriber's**
15 **charges for electric service, only the final amount of the bill.³⁶ Do you have any**
16 **comments?**

17 **A.** Yes. When a customer looks at their bill, this is in fact how it appears. However, it is
18 extremely important to understand and remember what the statute says. The Commission
19 is to establish a minimum bill, which shall include the costs of all utility infrastructure
20 and services used to provide electric service and administrative costs of the Shared Solar
21 Program, as well as any additional costs to ensure subscribing customers pay a fair share
22 of the costs of providing electric services and to minimize the costs shifted to customers

³⁶ Direct Testimony of Karl R. Rábago at 25, 21.

1 not in the Shared Solar Program. Witness Rábago indicates that the bill credit is a *post*
2 *hoc* adjustment to the bill amount based on the statutory bill credit rate. Additionally, he
3 also points out that any differences between the bill value of the Shared Solar credits and
4 the value of injected energy from Shared Solar facilities as a cost of purchased power
5 should be addressed outside of the minimum bill. Fundamentally, you must look at the
6 statute as a whole. Without the minimum bill, you will shift costs to non-participants. If
7 you say the bill credit *post hoc* pays the customer's bill, you cannot ignore the fact that
8 the money comes from somewhere. By increasing the purchased power costs, you are
9 still shifting costs to non-participants, which the statute clearly indicates should be
10 minimized; the Company's proposal creates the minimum bill for this reason. The
11 statute, by design, provides for costs associated with low-income subscribers to be shifted
12 to non-participants, but was clear that otherwise, subscribers should pay a minimum bill.

13 **Q. CCSA asserts that the minimum bill should be a fixed amount.³⁷ Do you agree?**

14 **A.** No. As discussed above, the Company does not think the statute requires nor does it
15 make sense for the minimum bill solely to be a fixed amount. Based on Staff's
16 testimony, it appears that Staff agrees with the Company. Further, there is nothing in the
17 statute requiring a customer to have a subscription at 100% of their average annual usage.
18 It does not seem reasonable that a small usage residential customer pays a minimum bill
19 at a much higher percentage compared to their subscription than the residential customer
20 with higher than average usage.

³⁷ *Id.* at 28.

- 1 Q. Does this conclude your pre-filed rebuttal testimony?
- 2 A. Yes, it does.

CERTIFICATE OF SERVICE

I hereby certify that on this 19th day of October 2021, a true and accurate copy of the foregoing filed in Case No. PUR-2020-00125 was delivered by hand, email or mail first class postage pre-paid to the following:

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