

COMMONWEALTH OF VIRGINIA
STATE CORPORATION COMMISSION

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APPLICATION OF

VIRGINIA ELECTRIC AND POWER COMPANY

CASE NO. PUR-2021-00058

For a 2021 triennial review of the rates, terms and conditions for the provision of generation, distribution and transmission services pursuant to § 56-585.1 A of the Code of Virginia

ORDER MODIFYING PROCEDURAL SCHEDULE AND
FOR SUPPLEMENTAL NOTICE

On March 31, 2021, Virginia Electric and Power Company ("Dominion" or "Company") filed an application ("Application") with the State Corporation Commission ("Commission"), pursuant to § 56-585.1 A of the Code of Virginia ("Code"), for a triennial review of the Company's rates, terms and conditions for the provision of generation, distribution and transmission services.¹

On April 16, 2021, the Commission issued an Order for Notice and Hearing ("Procedural Order") that, among other things, docketed the case, directed Dominion to provide public notice of its Application, established a procedural schedule, scheduled public hearings for the purpose of receiving testimony and evidence on the Application, and provided an opportunity for interested persons to participate in the case as a respondent or file comments on the Application.

On May 18, 2021, Dominion filed a Motion for Leave to File Supplemental Direct Testimony and Filing Schedules and to Modify the Procedural Schedule ("Motion"). In its Motion, Dominion states that after filing its Application, it identified a need to adjust the

¹ On April 13, 2021, the Company filed additional information related to Schedules 1, 2, 4, and 5.

March 31, 2021 filing for a 0.9% reduction to revenues and a 1.2% reduction of load volumes for the 2017 - 2020 test periods related to a correction in the unbilled revenue calculation.² While the adjustments produce a 0.43% reduction to Dominion's earned return in the combined Earnings Test analysis and result in changes to the 2022 going forward rate analysis that show a higher revenue deficiency, the Company states the change does not alter the overall outcome of the Company's going forward ratemaking analysis, which supports no change in base rates until at least the end of the next triennial review in 2024.³

Through its Motion, Dominion seeks to correct and replace certain filing schedules and file supplemental direct testimony that explains the adjustments ("Corrected Filing").⁴ Dominion also requests an extension of all other deadlines and scheduled events in the Procedural Order by up to seven weeks, the approximate time period between the filing of the Company's initial Application and the Motion, to allow the Commission Staff ("Staff") and all other parties a full and fair opportunity to review and investigate the Application, as amended by the Corrected Filing.⁵ Further, in the Procedural Order the Commission directed Dominion to publish notice of the Application in newspapers of general circulation throughout the Company's service territory on or before May 14, 2021.⁶ Dominion acknowledges that the Corrected Filing affects the

² Motion at 2.

³ *Id.* at 3.

⁴ *Id.* at 3-4.

⁵ *Id.* at 4. Dominion also states that the calculation of the eight-month statutory deadline for the issuance of a final order by the Commission in this case, which is established in Code § 56-585.1 A 7, should start from the date of the Corrected Filing. *Id.*

⁶ The Procedural Order also directed Dominion to provide notice to governmental officials. On May 26, 2021, Dominion filed proof of notice required by the Procedural Order.

existing public notice language, and therefore moves the Commission to direct the publication of a corrected public notice.⁷

On May 19, 2021, the Commission issued an Order providing an expedited opportunity for participants to file responses to the Motion and for the Company to file a reply. Responses were received by Direct Energy Business, LLC, and Direct Energy Services, LLC; Appalachian Voices; the Office of the Attorney General's Division of Consumer Counsel; and the Staff. All of the responses either supported or did not oppose the Motion. On May 27, 2021, Dominion filed a reply in support of its Motion.

NOW THE COMMISSION, upon consideration of this matter, is of the opinion that Dominion's Motion should be granted as set forth herein. Given the significant changes contained in the Corrected Filing, we find it is appropriate to provide additional time for participants to review these amendments, prepare testimony, and engage in discovery in this complex proceeding.⁸ However, we note that we must balance the request to extend the procedural schedule with the need for adequate time to review the evidence and issue a final order in this case. We further find that Dominion shall be required to provide supplemental public notice reflecting the Corrected Filing.

Accordingly, IT IS ORDERED THAT:

- (1) Dominion's Motion is granted as set forth herein.

⁷ Motion at 4-5.

⁸ For purposes of Code § 56-585.1 A 7, we find that the eight-month statutory deadline begins as of the date of the Corrected Filing, resulting in a Final Order being due on or before January 18, 2022.

(2) The September 14, 2021 public witness hearing is hereby canceled, and a new telephonic hearing for the receipt of testimony from public witnesses on the Company's

Application is scheduled as follows:

- (a) A hearing for the receipt of testimony from public witnesses on the Company's Application shall be convened telephonically at 10 a.m. on October 22, 2021, with no public witness present in the Commission's courtroom.⁹
- (b) To promote fairness for all public witnesses, each witness will be allotted five minutes to provide testimony.
- (c) On or before October 20, 2021, any person desiring to offer testimony as a public witness shall provide to the Commission (a) your name, and (b) the telephone number that you wish the Commission to call during the hearing to receive your testimony. This information may be provided to the Commission in three ways: (i) by filling out a form on the Commission's website at scc.virginia.gov/pages/Webcasting; (ii) by completing and emailing the PDF version of this form to SCCInfo@scc.virginia.gov; or (iii) by calling (804) 371-9141.¹⁰
- (d) Beginning at 10 a.m. on October 22, 2021, the Commission will telephone sequentially each person who has signed up to testify as provided above.
- (e) This public witness hearing will be webcast at scc.virginia.gov/pages/Webcasting.

(3) On October 22, 2021, if time permits following the receipt of public witness testimony, or at 10 a.m. if there are no public witnesses, the Commission, via Microsoft Teams with no party present in the Commission's courtroom, may receive opening statements from case participants and may receive uncontested exhibits into evidence. Further details will be provided by subsequent Commission Order.

⁹ The Commission will convene counsel of record in this proceeding to attend the public witness hearing virtually.

¹⁰ To the extent the Commission receives any registrations from public witnesses to testify on the originally scheduled hearing date, the Commission's Information Resources Division shall contact those witnesses and inform them that the September 14, 2021 hearing has been canceled and advise the witnesses of the opportunity to testify on the rescheduled hearing date. Should such a public witness wish to testify at the October 22, 2021 hearing, the Commission shall accept the registration as being for the October 22, 2021 hearing.

(4) The evidentiary hearing date will be extended from September 20, 2021, to October 25, 2021. The evidentiary hearing will begin at 10 a.m. and will be held either in the Commission's second floor courtroom located in the Tyler Building, 1300 East Main Street, Richmond, Virginia 23219, or by electronic means, to receive testimony and evidence offered by the Company, respondents, and the Staff. Further details on this hearing will be provided by subsequent Commission Order.

(5) The date by which any person or entity wishing to participate as a respondent in this proceeding must file a notice of participation is extended from June 23, 2021, to July 30, 2021.

(6) The date by which respondents may file any direct testimony and exhibits is extended from July 30, 2021, to September 3, 2021.

(7) The date by which Staff shall file its direct testimony and exhibits is extended from August 16, 2021, to September 17, 2021.

(8) The date by which Dominion may file any rebuttal testimony is extended from August 30, 2021, to October 1, 2021.

(9) The date by which any interested person may submit written comments on the Application is extended from September 14, 2021, to October 22, 2021.

(10) On or before July 16, 2021, the Company shall cause the following supplemental notice to be published as display advertising (not classified) on one occasion in newspapers of general circulation throughout the Company's service territory in Virginia:

SUPPLEMENTAL NOTICE TO THE PUBLIC OF AN APPLICATION BY
VIRGINIA ELECTRIC AND POWER COMPANY
FOR A 2021 TRIENNIAL REVIEW OF ITS
BASE RATES, TERMS AND CONDITIONS
PURSUANT TO § 56-585.1 OF THE CODE OF VIRGINIA
CASE NO. PUR-2021-00058

- **Virginia Electric and Power Company ("Dominion") filed its 2021 triennial review of its base rates, terms and conditions pursuant to § 56-585.1 of the Code of Virginia on March 31, 2021. On May 18, 2021, Dominion filed significant corrections to its March 31, 2021 filing ("Corrected Filing").**
- **As a result of the Corrected Filing, the State Corporation Commission ("Commission") extended all previously established procedural dates to provide interested persons adequate time to review the Corrected Filing and directed Dominion to file this supplemental notice of its application.**
- **While Dominion does not request an overall increase or decrease in revenues, it does propose a revenue neutral reallocation of revenues between the distribution and generation function of base rates. According to Dominion, the requested revenue reallocation would decrease the bill of a residential customer using 1,000 kilowatt hours per month by \$0.30. Retail choice customers, as well as customers taking service under Dominion's market-based rate schedules, would receive an increase in base distribution revenue allocation but would not receive a decrease in base generation charges.**
- **Due to the ongoing public health emergency related to the spread of the coronavirus, or COVID-19, the Commission will hold a telephonic hearing in this case on October 22, 2021, at 10 a.m., for the receipt of public witness testimony.**
- **An evidentiary hearing will be held on October 25, 2021, at 10 a.m., either in the Commission's second floor courtroom located in the Tyler Building, 1300 East Main Street, Richmond, Virginia 23219, or by electronic means. Further details on this hearing will be provided by subsequent Commission Order.**
- **Further information about this case is available on the SCC website at: scc.virginia.gov/pages/Case-Information.**

On March 31, 2021, Virginia Electric and Power Company ("Dominion" or "Company") filed an application with the State Corporation Commission ("Commission"), pursuant to § 56-585.1 A of the Code of Virginia ("Code"), for a triennial review of the Company's rates, terms and conditions for the provision of generation, distribution and transmission services ("March 31, 2021 Filing").

On April 16, 2021, the Commission issued an Order for Notice and Hearing ("Procedural Order") that, among other things, docketed the case, directed Dominion to provide public notice of its March 31, 2021 Filing, established a procedural schedule, scheduled public hearings for the purpose of receiving testimony and evidence on the March 31, 2021 Filing, and provided an opportunity for interested persons to file comments on the March 31, 2021 Filing or participate in the case as a respondent.

Dominion published public notice of its March 31, 2021 Filing in newspapers of general circulation throughout the Company's service territory in Virginia. After publishing its public notice, Dominion filed significant corrections to its March 31, 2021 Filing ("Corrected Filing").

The Commission subsequently issued an Order Modifying Procedural Schedule and for Supplemental Notice ("Revised Procedural Order"), wherein it extended all of the procedural dates set forth in the Procedural Order and directed Dominion to publish this supplemental notice to provide the public with information concerning the March 31, 2021 Filing, as amended by the Corrected Filing (collectively, "Application").

According to the Company, its Application presents three principal issues for the Commission's determination: (i) review of the Company's cost of service and earnings during the four successive 12-month periods ending December 31, 2020 ("Triennial Review Period") and a finding of whether there are any past earnings available for reinvestment or customer bill credits; (ii) a determination of whether rates for generation and distribution services should remain stable for the upcoming triennial review period or change, taking into account earnings test results, the Company's level of investment in qualifying projects, the statutory prohibition on a rate increase in this case under Code § 56-585.1 A 8 ("Subsection A 8"), and the present functional alignment of these rates; and (iii) a determination of the Company's prospective fair rate of return on common equity ("ROE") in accordance with Code § 56-585.1 A 2.

Earnings Review

Dominion states that, for the combined Triennial Review Period, the Company earned a 10.42% ROE on its generation and distribution operations on a Virginia jurisdictional basis, relative to the allowed ROE of 9.2% approved by the Commission in Case No. PUR-2019-00050. The Company states that after consideration of certain outstanding customer balances required to be forgiven pursuant to recent legislative enactments, its earnings fell within the authorized earnings band. In the event the Commission reaches a different determination as to the earnings test results and calculates a higher level of available earnings that exceeds the debt forgiveness amounts, the Company states that it elects to apply, pursuant to Subsection A 8, offsetting investments in the Coastal Virginia Offshore Wind demonstration project equal to such available earnings, and then to the extent necessary, to apply offsetting investments in the customer information platform and in advanced metering infrastructure ("AMI") equal to such remaining available earnings, up to the Company's total eligible Virginia jurisdictional customer credit reinvestment offsets ("CCROs") investments of \$309 million.

Based on its financial results, Dominion states that its base rates will remain stable until at least the end of the next triennial review in 2024 because the law precludes an increase and the Company's aggregate approved CCRO investments over the Triennial Review Period exceed earnings available for sharing from that period.

ROE

The Company requests the Commission approve a 10.80% authorized ROE to be applied prospectively to its generation and distribution services. Dominion asserts that its current cost of equity falls within a range of 10.50% to 11.50%, and the requested 10.8% falls below the midpoint of the range. The Application states that the requested ROE also falls within the lower boundaries of the Company's calculation of the prescribed statutory peer group range of 10.33% to 11.83%. The Company asserts that it forecasts capital investment exceeding \$28 billion over the next five years, \$23 billion of which will be used to support investment such as customer growth, solar build out, storage deployment, nuclear subsequent license renewal, and the first utility scale off-shore wind project built in federal waters. Further, the Company states that its need and ability to undertake these substantial investments is directly related to the

determination of an adequate and reasonable ROE in this case. Longer term, the Company states it anticipates investments related to compliance with the Virginia Clean Economy Act alone may approach \$40 billion over the next 15 years.

Revenue Apportionment and Rate Design

Although the Company does not propose an increase or decrease to overall revenues, the Company proposes to re-balance the rates of return between the generation and distribution functions by a revenue neutral transfer of approximately \$300 million between those functions. Dominion states this transfer is needed to mitigate cost shifting between bundled service customers and retail choice customers. According to the Company, presently, base distribution rates are not sufficient to recover distribution costs, meaning that retail choice customers are not paying rates that result in revenues sufficient to recover the distribution costs incurred to serve them. The Company further states that revenue changes are allocated to the customer classes with the goal of moving each class closer to parity. While revenue neutral to the Company, this transfer may not be neutral to all customers on their bills, and could result in: (i) an increase, (ii) a decrease, or (iii) no change to the customer's bills. Based on the Company's analysis, its re-balancing proposal and revenue apportionment proposal would result in an \$0.30 reduction in the monthly bill of a residential customer using 1,000 kilowatt hours per month. If approved, retail choice customers, as well as customers taking service under the Company's market-based rate schedules ("market-based rate customers"), will receive an increase in base distribution revenue allocation, but will not receive a decrease in base generation charges, as retail choice customers do not take generation service from the Company and the market-based rate customers take service at market-based rates for generation service.

The Company proposes that the revised tariffs become effective for usage on and after the first day of the month that is no more than 60 days after the date of the Commission's Final Order in the proceeding but no earlier than January 1, 2022.

AMI

As part of this proceeding, the Company states it is requesting a Commission determination that its investments in AMI from 2017 to 2020, including 310,000 smart meters and associated infrastructure, are reasonable and prudent. In

connection with AMI, the Company is also proposing a change to its tariff regarding the smart meter opt-out policy and associated fees. Currently, residential customer accounts in good standing may opt-out of smart meter installation upon request and at no expense. The Company's new policy would continue to permit accounts in good standing to opt-out, but would impose a one-time initial fee of \$52.24, and an ongoing monthly fee of \$36.19, which the Company states are intended to recover the incremental costs of a customer opting-out of smart meter installation. Customers that have opted-out of a smart meter in the past would not be subject to the one-time initial fee of \$52.24, but would be required to either opt-in to a smart meter at no charge or become subject to the ongoing monthly fee of \$36.19. Customers receiving electric service on any time-varying or demand rate and customers who generate electricity are ineligible to opt-out of smart meter installation because detailed energy usage data is required to bill these customers.

Other Tariff Changes

The Company proposes to update the basic customer charge in Residential Rate Schedule 1 from \$6.58 to \$8.44. In addition, the Company proposes changes to its existing tariffs that include the following: (i) withdraw Rate Schedule CS – Curtailable Service, Rate Schedule SG – Standby Generator, and Rider J – Interruptible Electric Water Heating Service Residential Customers; (ii) add clarifying language to certain tariffs to recognize the applicability of demand-based rates in distribution-related riders; (iii) modify the language in existing tariffs to address the applicability of non-bypassable charges; (iv) modify restrictive tariff language from Rate Schedule 24 – Outdoor Lighting Service Solid State Outdoor Lighting; (v) change the term of contract for Rider EDR – Economic Development Rate; (vi) modify certain language in Rate Schedule 10 – Large General Service; (vii) modify the determination of distribution demand tariff language in certain rate schedules; (viii) include standby charges in Rate Schedule 1S applicable to eligible residential customers with installed capacity of more than 15 kilowatts; (ix) modify Rider REC – Renewable Energy Certificate Purchase Program to reflect updated renewable energy certificate sources and pricing; and (x) update Rider D – Tax Effect Recovery to reflect the proposed changes in this proceeding. The Company is also proposing changes to the process whereby contract minimums are established for customer billing purposes and revisions to the Company's Commission-approved Line Extension Plan.

The foregoing is not an exhaustive list of all the proposals contained in the Company's Application. Interested persons are encouraged to review Dominion's Application and supporting documents in full for details about these and other proposals.

TAKE NOTICE that the Commission may apportion revenues among customer classes and/or design rates in a manner differing from that shown in the Application and supporting documents and thus may adopt rates that differ from those appearing in the Company's Application and supporting documents.

In its Revised Procedural Order, the Commission canceled the procedural dates set forth in the April 16, 2021 Procedural Order and established new procedural dates as provided below.

On October 22, 2021, at 10 a.m., the Commission will hold a telephonic hearing for the purpose of receiving the testimony of public witnesses, with no public witness present in the Commission's courtroom. On or before October 20, 2021, any person desiring to offer testimony as a public witness shall provide to the Commission (a) your name, and (b) the telephone number that you wish the Commission to call during the hearing to receive your testimony. This information may be provided to the Commission in three ways: (i) by filling out a form on the Commission's website at scc.virginia.gov/pages/Webcasting; (ii) by completing and emailing the PDF version of this form to SCCInfo@scc.virginia.gov; or (iii) by calling (804) 371-9141. This public witness hearing will be webcast at scc.virginia.gov/pages/Webcasting.

On October 25, 2021, at 10 a.m., either in the Commission's second floor courtroom located in the Tyler Building, 1300 East Main Street, Richmond, Virginia 23219, or by electronic means, the Commission will convene a hearing to receive testimony and evidence offered by the Company, any respondents, and the Commission's Staff on the Company's Application. Further details on this hearing will be provided by subsequent Commission Order.

The Commission has taken judicial notice of the ongoing public health emergency related to the spread of the coronavirus, or COVID-19, and the declarations of emergency issued at both the state and federal levels. In accordance therewith, all pleadings, briefs, or other documents required to be served in this matter should be submitted electronically to the extent authorized by

5 VAC 5-20-150, *Copies and format*, of the Commission's Rules of Practice and Procedure ("Rules of Practice"). Confidential and Extraordinarily Sensitive Information shall not be submitted electronically and should comply with 5 VAC 5-20-170, *Confidential information*, of the Rules of Practice. For the duration of the COVID-19 emergency, any person seeking to hand deliver and physically file or submit any pleading or other document shall contact the Clerk's Office Document Control Center at (804) 371-9838 to arrange the delivery.

Pursuant to 5 VAC 5-20-140, *Filing and service*, of the Commission's Rules of Practice, the Commission has directed that service on parties and the Commission's Staff in this matter shall be accomplished by electronic means. Please refer to the Commission's Order for Notice and Hearing for further instructions concerning Confidential or Extraordinarily Sensitive Information.

An electronic copy of the public version of the Company's Application may be obtained by submitting a written request to counsel for the Company, Elaine S. Ryan, Esquire, McGuire Woods LLP, Gateway Plaza, 800 East Canal Street, Richmond, Virginia 23219, or eryan@mcguirewoods.com.

On or before October 22, 2021, any interested person may file comments on the Application by following the instructions on the Commission's website: scc.virginia.gov/casecomments/Submit-Public-Comments. All comments shall refer to Case No. PUR-2021-00058.

On or before July 30, 2021, any person or entity wishing to participate as a respondent in this proceeding may do so by filing a notice of participation at scc.virginia.gov/clk/efiling. Such notice of participation shall include the email addresses of such parties or their counsel. The respondent simultaneously shall serve a copy of the notice of participation on counsel to the Company. Pursuant to 5 VAC 5-20-80 B, *Participation as a respondent*, of the Commission's Rules of Practice, any notice of participation shall set forth: (i) a precise statement of the interest of the respondent; (ii) a statement of the specific action sought to the extent then known; and (iii) the factual and legal basis for the action. Any organization, corporation, or government body participating as a respondent must be represented by counsel as required by 5 VAC 5-20-30, *Counsel*, of the Rules of Practice. All filings shall refer to Case No. PUR-2021-00058.

On or before September 3, 2021, each respondent may file with the Clerk of the Commission at scc.virginia.gov/clk/efiling and serve on the Commission Staff, the Company, and all other respondents, any testimony and exhibits by which the respondent expects to establish its case, and each witness's testimony shall include a summary not to exceed two pages. In all filings, respondents shall comply with the Commission's Rules of Practice, including 5 VAC 5-20-140, *Filing and service*, and 5 VAC 5-20-240, *Prepared testimony and exhibits*. All filings shall refer to Case No. PUR-2021-00058.

Any documents filed in paper form with the Office of the Clerk of the Commission in this docket may use both sides of the paper. In all other respects, except as modified by the Commission's Order for Notice and Hearing, all filings shall comply fully with the requirements of 5 VAC 5-20-150, *Copies and format*, of the Commission's Rules of Practice.

The public version of the Company's Application and other documents filed in this case, the Commission's Rules of Practice and the Commission's Order for Notice and Hearing may be viewed at: scc.virginia.gov/pages/Case-Information.

VIRGINIA ELECTRIC AND POWER COMPANY
d/b/a DOMINION ENERGY VIRGINIA

(11) The Company shall serve each official listed in 20 VAC 5-204-10 J 1 with (i) a statement that a copy of the complete public version of the Corrected Filing may be obtained at no cost by making a request therefor in writing to a specified Company official and (ii) a copy of this Order Modifying Procedural Schedule and for Supplemental Notice, consistent with 20 VAC 5-204-10 J 2.

(12) On or before July 30, 2021, the Company shall file proof of the supplemental notice and service required by Ordering Paragraphs (10) and (11) above, including the name, title, address, and electronic mail address (if applicable) of each official served, with the Clerk of the State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218-2118, or by filing electronically at scc.virginia.gov/clk/efiling/.

(13) In all other respects, the April 16, 2021 Procedural Order remains in full force and effect.

(14) This matter is continued.

A COPY hereof shall be sent electronically by the Clerk of the Commission to all persons on the official Service List in this matter. The Service List is available from the Clerk of the Commission.