


Commonwealth of Virginia  
**STATE CORPORATION COMMISSION**  
DIVISION OF PUBLIC UTILITY REGULATION

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2021 JUL 30 P 1:27

**MEMORANDUM**

DATE: July 30, 2021  
TO: Document Control Center  
FROM: Madria Barnes, Division of Public Utility Regulation   
RE: Virginia Electric and Power Company - 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.

Attached is 1 comment with attachment submitted to the Commission for consideration. Please enter in the case jacket for Case No. PUR-2021-00058.

Thank you.

Ms. Sally Hudson

Attachment

**NOT FOR DISTRIBUTION**

**Madria Barnes**

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**From:** do-not-reply@scc.virginia.gov  
**Sent:** Thursday, July 22, 2021 8:56 AM  
**To:** PUR\_Comments  
**Cc:** eryan@mcguirewoods.com  
**Subject:** Comment for PUR-2021-00058  
**Attachments:** General Assembly request for rate-year analysis.pdf

Case Number PUR-2021-00058  
First Name Sally  
Last Name Hudson  
Organization House of Delegates  
Address Line 1 PO Box 2375  
Address Line 2  
City Charlottesville  
State VA  
Zip Code 22902  
Phone Number (434) 202-6842  
Email Address DelSHudson@house.virginia.gov

**Comments** Dear Commissioners Jagdmann, Hudson, and Navarro, Enclosed is a letter signed by 18 members of the General Assembly that outlines some specific requests for analysis as part of the 2021 triennial review for Dominion Energy Virginia. The requested information would assist the General Assembly in drafting future legislation that ensures reliable energy service at a fair price for Virginia ratepayers. We greatly appreciate the Commission's expertise and effort in this weighty undertaking, and we look forward to our continued partnership. With gratitude, Senator Creigh Deeds Senator Ghazala Hashmi Senator Jennifer McClellan Delegate Dawn Adams Delegate Betsy Carr Delegate Joshua Cole Delegate Kelly Convirs-Fowler Delegate Dan Helmer Delegate Patrick Hope Delegate Sally Hudson Delegate Mark Keam Delegate Kaye Kory Delegate Sam Rasoul Delegate Danica Roem Delegate Ibraheem Samirah Delegate Shelly Simonds Delegate Suhas Subramanyam Delegate Lee Ware



COMMONWEALTH OF VIRGINIA

House of Delegates

RICHMOND

210730173

July 21, 2021

Dear Commissioners Jagdmann, Hudson, and Navarro,

We, the undersigned members of the General Assembly, are writing to request your assistance in assessing the potential impact of proposed legislation on the price Virginians pay for energy.

We're motivated by a well-documented fact: Dominion Energy ("Dominion") has a track record of overcharging customers and inflating planning costs:

- Dominion's own financial disclosures show the company overcharged customers by \$100-\$300M above its authorized rate of return every year between 2015 and 2018.<sup>1</sup>
- In February 2021, the Commission rejected Dominion's latest Integrated Resource Plan, concluding that the proposed plan was not "reasonable and in the public interest" (p. 5).
- In April 2021, the Commission found Dominion had again failed to conduct least-cost planning to implement the Renewable Portfolio Standard for the Virginia Clean Economy Act (p. 6).

We understand that the Clean Economy Act will transform Virginia's energy sector and require costly investments. That's why we're committed to ensuring Dominion's energy projects are no more costly than they have to be to ensure reliable service. Toward that end, the Virginia House passed several bills during the 2021 session to restore the Commission's authority to align Dominion's rates with its cost of service:

- (a) Three of the bills (HB 1914, HB2049, and HB2160) eliminated tools that utilities use to avoid refunding overcharges to customers.
- (b) Three of the bills (HB 1835, HB1984, and HB2200) restored the Commission's discretion to set rates under a traditional cost-of-service model.

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<sup>1</sup>"Status Report: Implementation of the Virginia Electric Utility Regulation Act Pursuant" (2016, 2017, 2018, 2019).

The Senate Commerce and Labor Committee did not approve any of these measures, citing concerns about the uncertainty of the legislation's impact on Dominion's 2021 rate case. Consequently, the Commission's authority to set rates for 2022 onward remains bound by the provisions in §56-585.1.

We are writing to you now in hopes that you can help resolve the General Assembly's uncertainty and inform future legislation. We would like to request that the Commission address the following questions in its analysis for the 2021 rate case:

1. What would the potential refunds be if the Commission were not:
  - bound by a "per books" account of period costs;
  - required to approve customer credit reinvestment offsets; and
  - required to permit the utility to keep 30 percent of over-earnings?
  
2. What rates would the Commission set if it were:
  - able to set the rate of return without reference to the statutory peer group; and
  - required to ensure that rates were just and reasonable while allowing the utility the opportunity to recover its costs plus its authorized rate of return?

We are mindful that there is precedent for the requested analysis. In Dominion's 2013 rate case, the Commission conducted a prospective analysis and concluded that existing rates would generate \$280M in excess revenue each year.<sup>2</sup> We believe that a similar analysis is warranted this year.

If the Commission does conclude that future rates should be lower than the Commission currently has authority to implement, the General Assembly could authorize the Commission to set those proper rates in 2022. We are asking the Commission to undertake this analysis now, at the beginning of the 2021 triennium, so that all parties have a fair opportunity to present their best case for what future rates would be under the traditional cost-of-service model used for every other utility in Virginia. We hope that fully litigating these questions now will avoid unnecessary future delay should the General Assembly choose to restore the Commission's traditional ratemaking authority in the future.

This is Dominion's first rate case since 2015 and the first since the passage of the VCEA. The utility is retiring nearly a billion dollars in fossil-fuel-fired power plants and embarking on a new era in energy investments. The massive scale and time horizon for these investments warrants a full analysis that ensures reliable service at a fair price for Virginia ratepayers.

We greatly appreciate the Commission's expertise and effort in this weighty undertaking, and we look forward to our continued partnership.

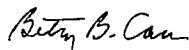
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<sup>2</sup>On p. 3: "(1) the Company requires approximately \$4.87 billion in annual revenues to recover its cost of service and earn a fair return; and (2) the Company's current rates are designed to produce approximately \$5.15 billion in annual revenues."

With gratitude,



Del. Dawn Adams  
District 68



Del. Betsy Carr  
District 69



Del. Joshua Cole  
District 28



Del. Kelly Convirs-Fowler  
District 21



Del. Dan Helmer  
District 40



Del. Patrick Hope  
District 47



Del. Sally Hudson  
District 57



Del. Mark Keam  
District 35



Del. Kaye Kory  
District 38



Del. Sam Rasoul  
District 11



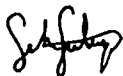
Del. Danica Roem  
District 13



Del. Ibraheem Samirah  
District 86



Del. Shelly Simonds  
District 94



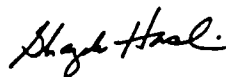
Del. Suhas Subramanyam  
District 87



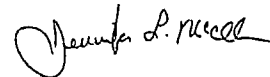
Del. Lee Ware  
District 65



Sen. Creigh Deeds  
District 25



Sen. Ghazala Hashmi  
District 10



Sen. Jennifer McClellan  
District 9