

COMMONWEALTH OF VIRGINIA
STATE CORPORATION COMMISSION

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PREFILED STAFF TESTIMONY

Ex Parte: In the matter of establishing regulations
for a shared solar program pursuant to
§ 56-594.3 of the Code of Virginia

Testimony of

David J. Dalton
Division of Public Utility Regulation

PUR-2020-00125

October 12, 2021

Summary of the Testimony of David J. Dalton

1 My testimony addresses Virginia Electric and Power Company's ("Dominion" or "Company")
2 proposal to establish a minimum bill ("Minimum Bill") and the methodology for calculation of the
3 bill credit ("Bill Credit") to be applied to the bills of customers participating in the Company's
4 Shared Solar Program pursuant to § 56-594.3 of the Code of Virginia and the Commission's Rules
5 Governing Shared Solar Program.¹ My testimony also addresses the Minimum Bill proposal put
6 forth jointly by the Coalition for Community Solar Access ("CCSA") and the Chesapeake Solar &
7 Storage Association ("CHESSA"). My testimony develops and sets forth two alternative proposals
8 for consideration by the Commission.

9 Regarding the Bill Credit proposed by the Company, Staff supports the use of the data from
10 FERC² Form 1, submitted annually by the Company, in calculating the Bill Credit to be applied to
11 participating customers' bills. The resulting Bill Credit Rate, consistent with the Commission's
12 findings in Case No. PUR-2020-00124, is \$0.11765 per kilowatt-hour.³

13 The Minimum Bill proposals considered in this case are:

Minimum Bill Proposals

CCSA/CHESSA	Company	Staff Alt. Option A	Staff Alt. Option B
\$7.58	\$74.28	\$10.95	\$55.10

14 Staff believes that, ultimately, the determination of the appropriate Minimum Bill is a
15 policy question for the Commission's determination. Staff, through its testimony, has endeavored
16 to fully develop the record on the matter and present the Commission with a variety of options.

¹ 20 VAC 5-340-10 *et seq.*

² The Federal Energy Regulatory Commission.

³ *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, Doc. Con. Cen. No. 210650050 (Jun. 29, 2021) at 4.

**PRE-FILED TESTIMONY
OF
DAVID J. DALTON**

**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

1 **Q. PLEASE STATE YOUR NAME AND POSITION WITH THE VIRGINIA STATE**
2 **CORPORATION COMMISSION ("COMMISSION").**

3 **A.** My name is David J. Dalton and I am a Principal Utilities Analyst with the Commission's
4 Division of Public Utility Regulation.

5 **Q. WHAT ARE YOUR PRESENT RESPONSIBILITIES?**

6 **A.** My present duties as a Principal Utilities Analyst include reviewing and analyzing public
7 utility rate and certificate applications regarding cost of service, rate design, and terms and
8 conditions of service. I am also responsible for presenting testimony as a Staff witness and
9 making alternative proposals to the Commission as appropriate.

10 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS PROCEEDING?**

11 **A.** My testimony addresses Virginia Electric and Power Company's ("Dominion" or
12 "Company") proposals to establish a minimum bill ("Minimum Bill") and to establish the
13 methodology for calculating the bill credit ("Bill Credit") to be applied to customer bills
14 pursuant to § 56-594.3 of the Code of Virginia ("Code") and the Commission's Rules
15 Governing Shared Solar Program.¹ My testimony also addresses the Minimum Bill

¹ 20 VAC 5-340-10 *et seq.*

1 proposal put forth jointly by the Coalition for Community Solar Access ("CCSA") and the
 2 Chesapeake Solar & Storage Association ("CHESSA"). Lastly, my testimony develops
 3 and sets forth two alternative proposals for consideration by the Commission.

4 **Q. CAN YOU BRIEFLY PROVIDE THE MINIMUM BILL PROPOSALS YOU**
 5 **INTEND TO DISCUSS IN YOUR TESTIMONY?**

6 **A.** Yes. Table 1, below, contains the Minimum Bill proposals from the parties in this case,
 7 including Staff's alternatives, and notes, generally, whether these proposals represent a flat
 8 fee or also contain volumetric portions within the Minimum Bill.

Table 1: Minimum Bill Proposals, Residential Customers²

Minimum Bill Proposal	\$/Month	Calculation
CCSA/CHESSA	\$7.58	Flat Fee
Company Proposal	\$74.28	Contains a volumetric calculation for a typical residential customer utilizing 1,000 kWh ³ /month
Staff Alternative Option A ⁴	\$10.95	Contains a volumetric calculation for a typical residential customer utilizing 1,000 kWh/month
Staff Alternative Option B ⁵	\$55.10	Contains a volumetric calculation for a typical residential customer utilizing 1,000 kWh/month

9 Each of these proposals, and the methodology for calculating their Bill Credits, will
 10 be discussed in more detail later in this testimony. Staff's analysis of these proposals

² The values shown in this table that include calculations based upon volumetric rates assume a customer utilizes 1,000 kilowatt-hours per month and is subscribed to 1,000 kilowatt-hours per month as part of the Shared Solar Program. To the extent customers use more or less, or are subscribed to more or less through the Shared Solar Program, the Minimum Bill would increase or decrease accordingly.

³ Kilowatt-hours.

⁴ The full calculation of Staff Alternative Option A is attached hereto as Appendix A.

⁵ The full calculation of Staff Alternative Option B is attached hereto as Appendix B.

1 focused on the rate design principles of "simplicity," "understandability," and "public
2 acceptability" as discussed in Bonbright's *Principles of Public Utility Rates*.⁶

Background

3 **Q. PLEASE PROVIDE A BRIEF SUMMARY OF THE BACKGROUND OF THE**
4 **INSTANT CASE.**

5 **A.** During the 2020 Regular Session, the General Assembly enacted Chapters 1238⁷ and 1264⁸
6 of the 2020 Virginia Acts of Assembly, which amend the Code by adding Code § 56-594.3.
7 Code § 56-594.3 B requires the Commission to establish, by regulation, a program
8 affording the Company's customers the opportunity to participate in shared solar projects
9 ("Shared Solar Program").⁹ The Code also contains guidance as to the calculation of the
10 Bill Credit applicable to customer bills, stating, in part, "Each class's applicable credit rate
11 shall be calculated by the Commission annually by dividing revenues to the class by sales,
12 measured in kilowatt hours, to that class to yield a bill credit rate for the class (\$/kWh)."¹⁰

13 Code § 56-594.3 D further requires the development of a Minimum Bill that
14 includes the costs of all utility infrastructure and services used to provide electric service

⁶ Bonbright, James C., *Principles of Public Utility Rates*, Columbia University Press, 1961, p. 291.

⁷ HB 1634.

⁸ SB 629.

⁹ Code § 56-594.3 B.

¹⁰ Code § 56-594.3 C.

1 and administrative costs of the Shared Solar Program.¹¹ Specifically, Code § 56-594.3 D
2 states:

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

13 The Commission subsequently docketed the instant case to receive comments from
14 Dominion and other interested parties concerning the Shared Solar Program and the
15 regulations necessary to establish it.¹²

16 Following the receipt of comments from interested parties and a stakeholder
17 process, conducted in November of 2020, the Commission adopted the Commission Rules
18 Governing Shared Solar Program.¹³ Additionally, the Order Adopting Rules required the
19 Company to file a Minimum Bill proposal.¹⁴ Following receipt of the Company's initial
20 Minimum Bill proposal¹⁵ and supplemental filing,¹⁶ the Commission issued an Order for

¹¹ Code § 56-594.3 B, C, and D. Code § 56-594.3 D exempts low-income customers from payment of the required Minimum Bill.

¹² Case No. PUR-2020-00125, Order Directing Comment, Doc. Con. Cen. No. 200710002 (Jul. 1, 2020), at 2-4.

¹³ Case No. PUR-2020-00125, Order Adopting Rules, 2020 S.C.C. Ann. Rept. 574 (Dec. 23, 2020), and Correcting Order, 2020 S.C.C. Ann. Rept. 578 (Dec. 23, 2020).

¹⁴ Case No. PUR-2020-00125, Order Adopting Rules at 12.

¹⁵ Case No. PUR-2020-00125, Minimum Bill Proposal of Virginia Electric and Power Company, Doc. Con. Cen. No. 210310033 (Mar. 1, 2021).

¹⁶ Case No. PUR-2020-00125, Supplemental Information Regarding Minimum Bill Proposal of Virginia Electric and Power Company, Doc. Con. Cen. No. 210410042 (Apr. 1, 2021).

1 Notice and Comment for interested parties to provide comments or request a hearing on
2 the Company's proposal.¹⁷

3 Several parties requested a hearing to determine the appropriate Bill Credit
4 calculation methodology and Minimum Bill to be charged monthly to Shared Solar
5 Program subscribing customers. On July 23, 2021, to address these issues, the Commission
6 entered an Order for Notice and Hearing, which, among other things, directed Staff to
7 investigate the proposals and file testimony on or before October 12, 2021, and set a
8 hearing date of November 3, 2021.¹⁸ A subsequent ruling from the Hearing Examiner in
9 the instant case re-scheduled the hearing to November 18, 2021.¹⁹

Bill Credit Calculation Proposals

10 **Q. DOES THE CODE PROVIDE GUIDANCE ON HOW THE BILL CREDIT**
11 **SHOULD BE CALCULATED?**

12 **A.** Yes. As previously mentioned, Code § 56-594.3 C states, in part, "Each class's applicable
13 credit rate shall be calculated by the Commission annually by dividing revenues to the class
14 by sales, measured in kilowatt-hours, to that class to yield a bill credit rate for the class
15 (\$/kWh)."

¹⁷ Case No. PUR-2020-00125, Order for Notice and Comment, Doc. Con. Cen. No. 210420089 (Apr. 14, 2021).

¹⁸ Case No. PUR-2020-00125, Order for Notice and Hearing, Doc. Con. Cen. No. 210730033 (Jul. 23, 2021) ("Order for Notice and Hearing").

¹⁹ Case No. PUR-2020-00125, Hearing Examiner's Ruling, Doc. Con. Cen. No. 210730079 (Jul. 28, 2021).

1 Q. HAS THE COMMISSION PROVIDED GUIDANCE ON HOW THE
2 CALCULATION OF THE BILL CREDIT RATE WOULD BE ACCOMPLISHED
3 IN THE INSTANT CASE?

4 A. The Commission adopted the Rules Governing Shared Solar Program, which provide that
5 the Commission shall establish the annual bill credit rate for the various subscribers' rate
6 classes but did not specify the methodology for doing so.²⁰

7 Q. HAS THE COMMISSION PROVIDED GUIDANCE IN OTHER CASES THAT
8 MAY BE APPLICABLE TO THIS CASE?

9 A. Yes. Staff notes that in Case No. PUR-2020-00124 ("Multi-Family Shared Solar
10 Program"),²¹ the Commission found it appropriate to use information from the Company's
11 submission of FERC²² Form 1 in the calculation of applicable Bill Credits.²³ The
12 subsequent Bill Credit rate calculated from this data is \$0.11765/kWh.²⁴

13 Q. WHY MIGHT THIS GUIDANCE BE RELEVANT IN THE INSTANT CASE?

14 A. Generally, both the Multi-Family Shared Solar Program and Shared Solar Program create
15 programs affording the Company's customers the opportunity to participate in shared solar

²⁰ Order for Notice and Hearing at 5-6.

²¹ *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, Doc. Con. Cen. No. 210650050, Order (Jun. 29, 2021) ("Multi-Family Shared Solar Program Order").

²² The Federal Energy Regulatory Commission.

²³ Multi-Family Shared Solar Program Order at 3-4.

²⁴ *Id* at 4.

1 projects. The Code governing the Multi-Family Shared Solar Program also provides
 2 guidance regarding the calculation of the Bill Credit and states that such calculation shall
 3 occur annually.²⁵

4 **Q. DOES STAFF BELIEVE THIS GUIDANCE MAY BE RELEVANT TO THE**
 5 **INSTANT CASE FOR ANOTHER REASON?**

6 **A.** Yes. Company witness Trexler states that the Company intends to use the total revenues
 7 and sales from FERC Form 1 to calculate the applicable Bill Credit rates for the Shared
 8 Solar Program.²⁶ Staff notes that this is the same data that the Commission has found to
 9 be appropriate in the calculation of the Bill Credit rates in the Multi-Family Shared Solar
 10 Program. Company witness Trexler also states:

11 To ensure consistency in the administration of the Multi-Family
 12 [Shared Solar Program] and Shared Solar Programs, the Company
 13 encourages the Commission to adopt this bill credit rate
 14 methodology for the Shared Solar Program as well.²⁷

15 As noted above, the subsequent bill credit rate calculated in this manner
 16 is \$0.11765/kWh.

17 **Q. DOES STAFF HAVE ANY COMMENT ON THE COMPANY'S PROPOSED**
 18 **METHODOLOGY FOR THE BILL CREDIT CALCULATION?**

²⁵ Code § 56-585.1:12 D. Staff notes, however, that Code § 56-585.1:12 D states, in part, "The Commission shall annually calculate the applicable bill credit rate as the effective retail rate of the customer's rate class, **which shall be inclusive of all supply charges, delivery charges, demand charges, fixed charges, and any applicable riders or other charges to the customer.**" (Emphasis added). Staff acknowledges that this language differs from Code § 56-594.3 C.

²⁶ Case No. PUR-2020-00125, Direct Testimony of Robert J. Trexler ("Trexler Direct") at 4.

²⁷ *Id* at 5.

1 A. Yes. Given the guidance provided in Code § 56-594.3 C, the Commission's ruling Case
2 No. PUR-2020-00124, and the Company's proposal regarding the appropriate methodology
3 for the calculation of the bill credit, Staff believes that it would be appropriate to use the
4 data from FERC Form 1 and supports the use of the resulting bill credit rate of
5 \$0.11765/kWh.

6 **Q. DOES STAFF HAVE ANY FURTHER COMMENTS REGARDING THE BILL**
7 **CREDIT CALCULATION?**

8 A. Yes. Staff again notes that Code § 56-594.3 C states, in part, "[e]ach class's applicable
9 credit rate shall be calculated by the Commission annually by dividing revenues to the class
10 by sales, measured in kilowatt hours, to that class to yield a bill credit rate for the class
11 (\$/kWh)." Staff believes that this may have some implication for the calculation of the
12 Minimum Bill, which will be discussed later in this testimony.

Minimum Bill Proposals

13 **Q. WHAT IS STAFF'S UNDERSTANDING OF A "MINIMUM BILL"?**

14 A. Staff understands the term "Minimum Bill" to represent the minimum amount to be charged
15 to a customer, regardless of usage. The purpose of a Minimum Bill is to ensure that each
16 customer makes an appropriate contribution toward the system's fixed costs. Given this
17 definition, a Minimum Bill may typically be considered to be a fixed amount. However,
18 Staff recognizes that, in the instant case, there may be volumetric charges that may be
19 appropriate for inclusion in the Minimum Bill.

1 **Q. DOES THE CODE PROVIDE GUIDANCE ON THE COMPOSITION OF THE**
2 **MINIMUM BILL FOR SHARED SOLAR SUBSCRIBERS?**

3 **A.** Yes. As previously stated, Code § 56-594.3 D states the Minimum Bill "shall include the
4 costs of all utility infrastructure and services used to provide electric service and
5 administrative costs of the shared solar program." The Code continues that the
6 Commission may modify the Minimum Bill over time and states that the Commission shall
7 "(i) consider further costs the Commission deems relevant to ensure subscribing customers
8 pay a fair share of the costs of providing electric services and (ii) minimize the costs shifted
9 to customers not in a shared solar program."²⁸ Code 56-594.3 D also exempts low-income
10 customers from paying the Minimum Bill.

11 **Q. DO THE COMMISSION'S RULES GOVERNING SHARED SOLAR PROGRAM**
12 **PROVIDE GUIDANCE ON THE COMPOSITION OF THE MINIMUM BILL?**

13 **A.** Yes. 20 VAC 5-340-80 addresses the Minimum Bill Composition. Staff notes that the
14 language in 20 VAC 5-340-80 A 1 is substantively the same as that found in Code
15 § 56-594.3 D. 20 VAC 5-340-80 A 2 states, in part:

16 The minimum bill components established as set forth in
17 subdivision 1 of this subsection and updated as deemed necessary
18 by the commission shall be limited to such costs as determined by
19 the commission to be just and reasonable based on evidence
20 provided by the parties to the evidentiary hearing process. Such
21 costs must reflect incremental costs of the shared solar program and
22 not otherwise be recovered by the utility from participating
23 subscribers.

²⁸ Code § 56-594.3 D.

1 20 VAC 5-340-80 A 2 also provides a list of factors for consideration by the
2 Commission in determining whether proposed costs are incremental to the Shared Solar
3 Program and are thus eligible for inclusion in the minimum bill. These are:

- 4 a. The extent to which the costs are utility infrastructure and services used to
5 provide electric service for the shared solar program;
- 6 b. The extent to which the costs are administrative costs of the shared solar
7 program;
- 8 c. Whether including the cost in the minimum bill is necessary to ensure
9 subscribing customers pay a fair share of the costs of providing electric services
10 to the subscribers;
- 11 d. Whether including the cost in the minimum bill will minimize costs shifted to
12 customers not in a shared solar program; and
- 13 e. Whether including the cost in the minimum bill is otherwise consistent with the
14 requirements of § 56-594.3 of the Code of Virginia.²⁹

15 **Q. PLEASE IDENTIFY THE TYPES OF CHARGES THAT, IN STAFF'S OPINION,**
16 **MAY BE APPROPRIATE FOR INCLUSION IN THE MINIMUM BILL FOR**
17 **SHARED SOLAR PROGRAM SUBSCRIBERS.**

18 **A.** Generally, in Staff's view, there may be six broad categories of charges that could be
19 included in the Minimum Bill for Shared Solar Program subscribers:

- 20 1. The basic customer charge ("Basic Customer Charge");
- 21 2. Non-bypassable charges ("Non-Bypassable Charges") as required for
22 compliance with various sections of the Virginia Clean Economy Act

²⁹ 20 VAC 5-340-80.2.

("VCEA"),³⁰ Code § 56-585.6 ("Rider PIPP"),³¹ Code § 10.1-1402.03 ("Rider CCR"),³² and Code § 56-585.1:9 ("Rider RBB"),³³

- 3. Transmission charges ("Transmission Charges");
- 4. Distribution charges ("Distribution Charges");
- 5. Administrative charges ("Administrative Charges"); and
- 6. Generation charges ("Generation Balancing Services Charges").

The extent to which these charges are included in each of the various Minimum Bill proposals will be discussed later in this testimony. Staff believes that the appropriateness of including any specific categories of charges in the Minimum Bill is, ultimately, a policy question before the Commission. As such, the discussion below is intended to fully develop the record in this case and provide options to the Commission for its consideration.

Q. WHAT IS THE MINIMUM BILL PROPOSED BY CCSA AND CHESSA?

A. The Minimum Bill proposed by CCSA and CHESSA includes two of the six broad categories discussed above. CCSA and CHESSA propose that Shared Solar Program subscribers, regardless of customer class, pay their Basic Customer Charge, as identified in the appropriate tariff, and a \$1 Administrative Charge on a monthly basis.³⁴ For the

³⁰ Chapter 1193 of the 2020 Acts of Assembly.

³¹ Chapter 1193 of the 2020 Acts of Assembly. Staff notes that Code § 56-585.6 A states that the Percentage of Income Payment Program shall be a "non-bypassable universal service fee."

³² Chapter 1193 of the 2020 Acts of Assembly. Staff notes that Code § 10.1-1402.03 H states that costs associated with the handling of coal combustion residuals shall be allocated to all customers of a utility as a "non-bypassable charge."

³³ Chapter 1193 of the 2020 Acts of Assembly. Staff notes that Code § 56-585.1:9 states that costs associated with expansion of broadband service shall be eligible for recovery as a "non-bypassable charge."

³⁴ Case No. PUR-2020-00125, Comments of the Coalition for Community Solar Access and the Chesapeake Solar & Storage Association, Doc. Con. Cen. No. 210450003 (Apr. 30, 2021) at 11-12.

1 Residential customer class, this would be the Basic Customer Charge of \$6.58 plus an
 2 Administrative Charge of \$1, for a total Minimum Bill of \$7.58. This Minimum Bill
 3 proposal would permit customers to offset the entirety of the volumetric portion of their
 4 bills.

5 CCSA and CHESSA also state that, in the future and to the extent the Company
 6 demonstrates and can reasonably allocate actual incremental billing system costs
 7 associated with serving Shared Solar Program subscribers, the Company should be
 8 permitted to request recovery of such costs as part of the Minimum Bill.³⁵

9 **Q. DOES STAFF HAVE ANY COMMENT ON THE CCSA AND CHESSA**
 10 **PROPOSED MINIMUM BILL?**

11 **A.** Yes. Staff notes that this proposal does not include any Non-Bypassable Charges which
 12 will be required for compliance with various portions of the VCEA through the mandatory
 13 Renewable Portfolio Standard ("RPS") Program. Specifically, Code § 56-585.5 F states,
 14 in part:

15 All costs incurred by a Phase I or Phase II Utility related to
 16 compliance with the requirements of [the RPS Program]...shall be
 17 recovered from all retail customers in the service territory of a Phase
 18 I or Phase II Utility as a non-bypassable charge, irrespective of the
 19 generation supplier of such customer.

20 The VCEA also provides specific provisions for which customers are exempt from
 21 various portions of the Non-Bypassable Charges.³⁶ Similarly, and as previously noted,
 22 Riders PIPP and CCR are designated as non-bypassable charges in their relevant Code

³⁵ *Id.*

³⁶ Code §§ 56-585.1:11 C 3, 56-585.5 G, and 56-585.5 H.

1 sections. To the extent that the Commission determines that Shared Solar Program
2 subscribers are required to pay the Non-Bypassable Charges within the Code, Staff has
3 developed Staff Alternative Option A, discussed later in this testimony.

4 **Q. WHAT IS THE COMPANY'S MINIMUM BILL PROPOSAL?**

5 **A.** The Company's Minimum Bill proposal explicitly quantifies five of the six broad
6 categories discussed above; specifically:

- 7 1. Basic Customer Charge, to be recovered as part of the Company's
8 proposed Delivery Charge;³⁷
- 9 2. Non-Bypassable Charges, to be collected as part of the Company's
10 proposed Generation Balancing Services Charge;³⁸
- 11 3. Transmission Charges, to be recovered as part of the Company's
12 proposed Delivery Charge;³⁹
- 13 4. Distribution Charges, to be recovered as part of the Company's proposed
14 Delivery Charge;⁴⁰ and
- 15 5. Generation Balancing Services Charges to be recovered through the
16 Company's proposed Generation Balancing Services Charges.⁴¹

17 The Company's Minimum Bill proposal, which includes the charge categories
18 identified above, totals **\$74.28**.⁴² Staff notes that the Company's proposed Generation
19 Balancing Services Charges portion of its Minimum Bill proposal appears to include some

³⁷ See Company's response to Staff Interrogatory No. 1-10, attached hereto as part of Attachment No. DJD-1.

³⁸ Trexler Direct at 14-15.

³⁹ *Id.* at 10-12.

⁴⁰ *Id.*

⁴¹ *Id.* at 13-18.

⁴² *Id.* at 20.

1 level of generation in excess of the Non-Bypassable Charges.⁴³ Should the Commission
2 determine that the inclusion of the recovery of such costs through the Minimum Bill is
3 appropriate, Staff is unopposed to the Company's Minimum Bill proposal.

4 **Q. DOES THE COMPANY'S MINIMUM BILL PROPOSAL INCLUDE**
5 **ADMINISTRATIVE CHARGES?**

6 **A.** Company witness Trexler states, on pages 18-19 of his testimony, that the Company
7 intends to include Administrative Charges in its Minimum Bill, but, at this time, the
8 Company has not fully identified or quantified these amounts. Staff notes that the
9 Company's response to Staff Interrogatory No. 1-2 states that "while it may be premature
10 to set a specific administrative cost to [Shared Solar Program subscribers] at this time...the
11 Company does anticipate that [the Administrative Charges] could be in the \$10 to \$20 per
12 month range."⁴⁴ The interrogatory response notes that the final monthly rate for the
13 Administrative Charges would be independent of subscription size. The Company
14 proposes that the Administrative Charges be finalized in the Company's filing of the actual
15 Shared Solar Program tariff.⁴⁵

16 **Q. DOES STAFF HAVE ANY CONCERNS REGARDING THE COMPANY'S**
17 **PROPOSED MINIMUM BILL IN LIGHT OF THESE ANTICIPATED**
18 **ADMINISTRATIVE CHARGES?**

⁴³ *Id.* at 20, footnote 4.

⁴⁴ *See* Company's response to Staff Interrogatory No. 1-2, attached hereto as part of Attachment No. DJD-1.

⁴⁵ Trexler Direct at 19.

1 A. Yes. First, Staff notes that, given the uncertainty of the amount of the Administrative
2 Charges, the Company's actual Minimum Bill proposal, including Administrative Charges,
3 could be as much as **\$94.28** per month.

4 Second, Staff does not support the Company's proposal to set the Administrative
5 Charges when the Company files the tariff pages for the Shared Solar Program. Staff
6 believes that it is appropriate for the Administrative Charges to be subject to a formal
7 petition, investigation, litigation, and a finding of fact as to their reasonableness rather than
8 proposed and reviewed informally after the Commission's issuance of an Order in this case.

9 **Q. WHAT IS STAFF'S PROPOSED STAFF ALTERNATIVE OPTION A?**

10 A. Staff Alternative Option A includes the Basic Customer Charge, Non-Bypassable Charges,
11 and Administrative Charges, as discussed above. Staff Alternative Option A calculates the
12 Non-Bypassable Charges by multiplying a customer's monthly usage by the appropriate
13 Non-Bypassable Charges⁴⁶ rates. Table 2, below, is an illustrative example of this
14 methodology for a typical Residential customer, utilizing 1,000 kWh per month and
15 subscribed to the Shared Solar Program for 1,000 kWh per month:

⁴⁶ Staff notes that the number and cost of the Non-Bypassable Charges is likely to increase over time as the Company continues to incur costs for compliance with various portions of the VCEA and for Riders PIPP, CCR, and RBB.

Table 2: Staff Alternative Option A Minimum Bill⁴⁷

Charge Type	Charge Amount (\$)	\$/1,000 kWh Customer*
Basic Customer Charge	\$6.58/Fixed	\$6.58
Rider RPS	\$0.000182/kWh	\$0.18
Rider CE	\$0.00019/kWh	\$0.19
Rider PIPP	\$0.000027/kWh	\$0.03
Rider CCR ⁴⁸	\$0.00294/kWh	\$2.94
Rider RBB ⁴⁹	\$0.000027/kWh	\$0.03
Admin. Charges	\$1.00/Fixed	\$1.00
Total:**		\$10.95
* Values are rounded to the nearest whole cent.		
**Values may not sum exactly due to rounding.		

1 As noted previously, Company witness Trexler states that while it is known that the
2 Company will incur a variety of costs to administer the Shared Solar Program, the
3 Administrative Charges have not been fully developed at this time.⁵⁰ As such, at this time,
4 Staff believes that it may be appropriate to add \$1 to the resulting total to recover expected
5 administrative costs the Company may incur, pending future demonstration and petition by
6 the Company for recovery of incurred costs for program administration and approval of
7 such costs for recovery by the Commission. This is consistent with the CCSA and
8 CHESSA proposal. Thus, the Minimum Bill calculated using Staff Alternative Option A
9 would be **\$10.95**.

10 Staff agrees with the CCSA and CHESSA Minimum Bill proposal that the
11 Company should be permitted to update the Administrative Charges portion of the

⁴⁷ Assumes a typical Residential customer utilizing 1,000 kWh/month and subscribed to 1,000 kWh/month through the Shared Solar Program.

⁴⁸ Rider CCR is pending before the Commission in Case No. PUR-2021-00045 at the time of this writing. Staff notes that, in that case, Staff did not oppose the revised proposed rate. This rate reflects the revision contained in the Supplemental Schedule 5, page 3.

⁴⁹ Rider RBB is pending before the Commission in Case No. PUR-2020-00197 at the time of this writing.

⁵⁰ Trexler Direct at 18-19.

1 Minimum Bill, regardless of which proposal is selected, upon incurring actual costs,
2 demonstrating their reasonableness, and receiving approval from the Commission for their
3 recovery. As such, the Administrative Charges portion of the bill may change in the future.

4 **Q. WHAT IS STAFF ALTERNATIVE OPTION B?**

5 **A.** Staff alternative Option B was developed in response to the Company's assertion that
6 Shared Solar Program subscribers will continue using the utility's transmission and
7 distribution infrastructure in the delivery of the subscriber's received electricity.⁵¹
8 Specifically, Staff Alternative Option B includes the Basic Customer Charge, Non-
9 Bypassable Charges, and Administrative Charges as found in Staff Option A, above, and
10 also includes Transmission and Distribution Charges. The Transmission and Distribution
11 Charges are calculated by multiplying a customer's usage by the applicable Base and Rate
12 Adjustment Clause ("RAC") rates, as approved in the Company's tariff. Table 3, below, is
13 an illustrative calculation of a Minimum Bill for a typical residential customer utilizing
14 1,000 kWh per month and subscribed to 1,000 kWh of solar generation per month through
15 the Shared Solar Program:

⁵¹ *Id* at 11-12.

Table 3: Staff Alternative Option B Minimum Bill⁵²

Charge Type	Charge Name	Charge Amount (\$)	\$/1,000 kWh Res. Customer*
Cust. Chg.	Basic Cust. Chg.	\$6.58/Fixed	\$6.58
Non-Bypassable Charges	Rider RPS	\$0.000182/kWh	\$0.18
	Rider CE	\$0.00019/kWh	\$0.19
	Rider PIPP	\$0.000027/kWh	\$0.03
	Rider CCR ⁵³	\$0.002944/kWh	\$2.94
	Rider RBB ⁵⁴	\$0.000027/kWh	\$0.03
Base Distribution Charges	Base Distribution, First 800 kWh	\$0.021086/kWh	\$16.87
	Base Distribution, Usage > 800 kWh	\$0.011943/kWh	\$2.39
Distribution RAC Charges	Rider C1A	\$0.000025/kWh	\$0.03
	Rider C2A	\$0.000036/kWh	\$0.04
	Rider C3A	(\$0.00018)/kWh	(\$0.18)
	Rider C4A	\$0.001417/kWh	\$1.42
	Rider GT ⁵⁵	\$0.01169/kWh	\$1.17
	Rider U	\$0.002136/kWh	\$2.14
Base Trans. Chgs.	Base Transmission	\$0.0097/kWh	\$9.70
Trans. RAC Chgs.	Rider T1	\$0.010591/kWh	\$10.59
Admin. Chg.	Admin. Charge	\$1.00/Fixed	\$1.00
	Total:**		\$55.10
* Values are rounded to the nearest whole cent.			
** Values may not sum exactly due to rounding.			

1 Q. DOES STAFF HAVE ANY FURTHER COMMENTS REGARDING THE
2 MINIMUM BILL CALCULATION?

3 A. Yes. As previously noted, Code § 56-594.3 C requires that the Commission calculate the
4 Bill Credit annually. As such, the Commission may find it appropriate to update the

⁵² Assumes a typical Residential customer utilizing 1,000 kWh/month and subscribed to 1,000 kWh/month through the Shared Solar Program.

⁵³ Rider CCR is pending before the Commission in Case No. PUR-2021-00045 at the time of this writing. Staff notes that, in that case, Staff did not oppose the revised proposed rate. This rate reflects the revision contained in the supplemental testimony of Company witness Paul B. Haynes, Supplemental Schedule 5, page 3.

⁵⁴ Rider RBB is pending before the Commission in Case No. PUR-2020-00197 at the time of this writing.

⁵⁵ Rider GT is pending before the Commission in Case No. PUR-2021-00083 at the time of this writing.

1 Minimum Bill on an annual basis also, particularly if the Company's Minimum Bill
2 proposal, Staff Alternative Option A, or Staff Alternative Option B are found to be the
3 appropriate Minimum Bill calculation methodology.

4 **Q. WHY MAY IT BE APPROPRIATE FOR THE COMMISSION TO ANNUALLY**
5 **UPDATE THE MINIMUM BILL CALCULATION?**

6 **A.** In the case of Staff Alternative Options A and B, as previously noted, it is likely that the
7 number of and rates for existing Non-Bypassable Charges will increase annually. As such,
8 the Commission may find it appropriate to update the Minimum Bill calculation to reflect
9 new Non-Bypassable Charges or adjust the rates for existing Non-Bypassable Charges.

10 In the case of the Company's Minimum Bill proposal, there are several values⁵⁶
11 used in the calculation of the Company's Minimum Bill which will change on an annual
12 basis. As such, the Commission may find it appropriate to update these values in the
13 calculation of the Minimum Bill to be charged to Shared Solar Program subscribers.

Conclusions

14 **Q. PLEASE SUMMARIZE STAFF'S CONCLUSIONS IN THIS CASE.**

15 **A.** Staff supports the Company's Bill Credit proposal, consistent with the bill credit rate
16 approved by the Commission in Case No. PUR-2020-00124, to utilize data from FERC
17 Form 1 in the calculation of the Bill Credit. Staff notes that the resulting Bill Credit is
18 \$0.11765 per kWh.

⁵⁶ For example, Staff notes that the Generation Balancing Services Charges proposed by the Company uses actual PJM Interconnection L.L.C. Base Residual Auction results and a forecast of the On-Peak DOM Zone energy price, both of which will change annually. Trexler Direct at 16-17.

1 Regarding the Minimum Bill proposals presented herein, Staff believes that,
2 ultimately, the determination of the appropriate Minimum Bill is a policy question for the
3 Commission's determination. Staff, through its testimony, has endeavored to fully develop
4 the record on the matter and present the Commission with a variety of options, including
5 those proposed by the CCSA and CHESSA and the Company.

6 Regarding the appropriateness of updating the Minimum Bill calculation on an
7 annual basis, Staff believes that, if the Commission determines the Company's Minimum
8 Bill proposal, Staff's Alternative Proposal A, or Staff's Alternative Proposal B is the
9 appropriate methodology for calculating the Minimum Bill in the instant case, it may be
10 appropriate to update the Minimum Bill calculation annually. This annual update, should
11 the Commission determine it to be appropriate, would address the annual changes in
12 several variables used in these Minimum Bill calculations.

13 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

14 **A. Yes, it does.**

ATTACHMENT NO. DJD-1

Virginia Electric and Power Company
Case No. PUR-2021-00125
Virginia State Corporation Commission Staff
Staff First Set

The following response to Question No. 2 of the First Set of Interrogatories and Requests for Production of Documents propounded by the Staff of the State Corporation Commission received on August 26, 2021 has been prepared under my supervision.

Robert J. Trexler
Director - Regulation
Virginia Electric and Power Company

Question No. 2

Please provide an estimate of expected administrative costs for administering the Shared Solar Program. If the Company is unable to provide a specific estimate, provide an estimate of the expected magnitude (cents, dollars, tens of dollars) of the administrative costs for administering the Shared Solar Program.

Response:

See the Company's March 1, 2021 filing of the Minimum Bill Proposal, specifically Section III.C. Although the Company is still reviewing the process in which it could best accommodate the Shared Solar program within its billing functions, including the forthcoming customer information platform, the Company has estimated and proposed a cost of billing the similar Multi-Family Shared Solar program.

The Company anticipates an administrative charge to the Subscribers of the Shared Solar program for billing and credit tracking. Since the Shared Solar program is a couple of years away from implementation, it may be premature to set a specific administrative cost to the Subscribers at this time, but the Company does anticipate that could be in the \$10 to \$20 per month range. This monthly rate would be independent of subscription size.

Additionally, the Company anticipates an administrative charge to the Subscriber Organizations of the Shared Solar program. For more information on this, please see the Company's response to Staff Set 1-4.

Virginia Electric and Power Company
Case No. PUR-2021-00125
Virginia State Corporation Commission Staff
Staff First Set

The following response to Question No. 10 of the First Set of Interrogatories and Requests for Production of Documents propounded by the Staff of the State Corporation Commission received on August 26, 2021 has been prepared under my supervision.

Robert J. Trexler
Director - Regulation
Virginia Electric and Power Company

Question No. 10

Please refer to the Company's Supplemental Information Regarding Minimum Bill Proposal filing, dated April 1, 2021, specifically at page 9.

- (a) Does the "Generation Balancing Service Charge" include the Company's Fuel Factor Rate Adjustment Clause? If so, please provide a break-out of this amount. If not, please identify what the Fuel Factor charge would be for a typical residential customer utilizing 1,000 kilowatt-hours ("kWh") per month would be.
- (b) Does the Company intend for the Fuel Factor charge to be able to be offset by the customer's credit accrued through participation in the Shared Solar Program?
- (c) Please identify which category or categories of charges (Distribution Charge, Transmission Charge, and Generation Balancing Services Charge) identified therein that the Customer Charge would fall within and quantify the amount of Customer Charge in each category.

Response:

- (a) Yes. In this example the Company utilized the rate in effect at the time of the submission, which was \$0.017021/kWh.
- (b) The Company intends to give the customer a market-based avoided cost credit against the generation related charges (including fuel) as part of the minimum bill calculation.
- (c) The Basic Customer Charge would fall within the Distribution category of charges in the minimum bill calculation. The Basic Customer Charge would be as billed in accordance with the Commission approved tariffs.

APPENDIX A

Appendix A

Staff Alternative Option A

Typical Residential Customer utilizing 1,000 kWh/month and subscribed to 1,000 kWh

Charge Type	Charge Name	Rate (\$/kWh)	Volume	Bill Amount (\$)
Distribution Charges	Base Distribution, 800 kWh or Less	0	800	0
	Base Distribution, > 800 kWh	0	200	0
	Rider C1A	0	1,000	0
	Rider C2A	0	1,000	0
	Rider C3A	0	1,000	0
	Rider C4A	0	1,000	0
	Rider GT ¹	0	1,000	0
	Rider U	0	1,000	0
Trans. Chgs.	Base Transmission	0	1,000	0
	Rider T1	0	1,000	0
Non-Bypassable Charges	Rider CCR ²	0.00294	1,000	2.944
	Rider CE	0.00019	1,000	0.19
	Rider PIPP	2.7E-05	1,000	0.027
	Rider RPS	0.00018	1,000	0.182
	Rider RBB ³	2.7E-05	1,000	0.027
Volumetric Total:				3.37
Basic Customer Charge:				\$6.58
Administrative Charges:				\$1.00
Total Minimum Bill:				\$10.95

Notes:

¹ Rider GT is pending before the Commission in Case No. PUR-2021-0083.

² Rider CCR is pending before the Commission in Case No. PUR-2021-00045.

³ Rider RBB is pending before the Commission in Case No. PUR-2020-00197.

APPENDIX B

Appendix B

Staff Alternative Option B

Typical Residential Customer utilizing 1,000 kWh/month and subscribed to 1,000 kWh

Charge Type	Charge Name	Rate (\$/kWh)	Volume	Bill Amount (\$)	
Distribution Charges	Base Distribution, 800 kWh or Less	0.02109	800	16.8688	
	Base Distribution, > 800 kWh	0.01194	200	2.3886	
	Rider C1A	2.5E-05	1,000	0.025	
	Rider C2A	3.6E-05	1,000	0.036	
	Rider C3A	-0.00018	1,000	-0.18	
	Rider C4A	0.00142	1,000	1.417	
	Rider GT ¹	0.00117	1,000	1.169	
	Rider U	0.00214	1,000	2.136	
	Trans. Chgs.	Base Transmission	0.0097	1,000	9.700
		Rider T1	0.01059	1,000	10.591
Rider CCR ²		0.00294	1,000	2.944	
Rider CE		0.00019	1,000	0.19	
Non-Bypassable Chgs.	Rider PIPP	2.7E-05	1,000	0.027	
	Rider RPS	0.00018	1,000	0.182	
	Rider RBB ³	2.7E-05	1,000	0.027	
Volumetric Total:				47.5214	
Basic Customer Charge:				\$6.58	
Administrative Charges:				\$1.00	
Total Minimum Bill:				\$55.10	

Notes:

¹ Rider GT is pending before the Commission in Case No. PUR-2021-00083.

² Rider CCR is pending before the Commission in Case No. PUR-2021-00045.

³ Rider RBB is pending before the Commission in Case No. PUR-2020-00197.