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

SCC-CLERK'S OFFICE
PROCUMENT CONTROL CENTER

2022 JAN 25 P 3 51.

eryan@mcguirewoods.com

**(** 

՛๎©

(6)

บก

Elaine S. Ryan
Direct: 804.775.1090
MCGUIREWOODS

#### **PUBLIC VERSION**

January 25, 2022

### BY HAND DELIVERY

Mr. Bernard Logan, Clerk State Corporation Commission Document Control Center Tyler Building, First Floor 1300 East Main Street Richmond, Virginia 23219

Petition of Virginia Electric and Power Company, For revision of rate adjustment clause: Rider E, for the recovery of costs incurred to comply with state and federal environmental regulations, pursuant to § 56-585.1 A 5 of the Code of Virginia

Case No. PUR-2022-00006

Dear Mr. Logan:

Please find enclosed for filing in the above-captioned proceeding, an unbound original and one (1) copy of the **PUBLIC VERSION** of Virginia Electric and Power Company's Petition, Direct Testimony, Exhibits, and Schedules in the above-captioned proceeding (consisting of Public Volumes 1-3). An extraordinarily sensitive version is also being filed under seal under separate cover.

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

Highest regards,

/s/ Elaine S. Ryan

Elaine S. Ryan

**Enclosures** 

cc: William H. Chambliss, Esq. C. Meade Browder, Jr., Esq. Paul E. Pfeffer, Esq. David J. DePippo, Esq. Timothy D. Patterson, Esq.



Petition, Direct Testimony, Exhibits and Schedules of Virginia Electric and Power Company

Before the State Corporation Commission of Virginia

For revision of rate adjustment clause: Rider E, for the recovery of costs incurred to comply with state and federal environmental regulations pursuant to § 56-585.1 A 5 e of the Code of Virginia

Volume 1 of 3 PUBLIC VERSION

Case No. PUR-2022-00006

Filed: January 25, 2022

### TABLE OF CONTENTS

## PUBLIC VOLUME 1 of 3

Petition

Filing Schedule 46A	Sponsored by Company Witnesses Brandon E. Stites and Rick D. Boyd
Filing Schedule 3-5, 8	Sponsored by Company Witness C. Alan Givens
PUBLIC VOLUME 2 OF 3	
	RL, Schedule 5 Typical Bill Impact
	RL, Schedule 4 – Factor 1 Worksheet
	RL, Schedule 3 – Typical Monthly Bill Worksheet
Company Exhibit No. , CF	E for the Rate Year Ending October 31, 2023 RL, Schedule 2 – Rider E
Company Exhibit No, CF	RL, Schedule I – Allocation of the Revenue Requirement for Rider
Direct Testimony of Casey	
Direct Testimony of C. Alac Company Exhibit No, CA	AG, Public Redacted Schedule 1 – Rider E Revenue Requirement for the Rate Year Ending October 31, 2023
Direct Testimony of Thoma	<b>Q</b>
· · · <u>—</u> ·	,
	DB, Schedule 7 – Organizational Chart
	DB, Public Redacted Schedule 5 – Mt. Storm Project Cost Reports DB, Public Redacted Schedule 6 – Description of Expenditures
Company Exhibit No, RI	OB, Schedule 4 – Contractor and Owner Permits
	DB, Schedule 3 – Project Timeline
Company Exhibit No, RI	DB, Schedule 2 – 3D Diagram of Water Transport System
Company Exhibit No, RI	DB, Schedule 1 – Existing Bottom Ash Water Transport System
Direct Testimony of Rick I	D. Boyd
Company Exhibit No, BI	ES, Public Redacted Schedule 2 – Description of Expenditures
Company Exmoterio, En	Reports
Direct Testimony of Brand	on E. Stites ES, Public Redacted Schedule 1 – Chesterfield / Bremo Project Cost
Dissat Tastimona at Dans at	T. CAttan

### TABLE OF CONTENTS

Statement 1	Overview of Projected Costs by Type of Cost and Year for	
	Chesterfield, Bremo, Clover, and Mt. Storm Projects (ES	
	Information Redacted)	
Statement 2A	Projected Costs by Type of Cost and Year for Chesterfield Projects	
	(ES Information Redacted)	
Statement 2B	Documentation Supporting Projected Costs for Chesterfield	
	Projects (ES Information Redacted)	
Statement 3A	Projected Costs by Type of Cost and Year for Bremo Project (ES	
	Information Redacted)	
Statement 3B	Documentation Supporting Projected Costs for Bremo Project (ES	
	Information Redacted)	
Statement 4A	Projected Costs by Type of Cost and Year for Mt. Storm Project	
	(ES Information Redacted)	
Statement 4B	Documentation Supporting Projected Costs for Mt. Storm Project	
	(ES Information Redacted)	

## **PUBLIC VOLUME 3 of 3**

Filing Schedule 46B	Sponsored by Company Witness C. Alan Givens
Statement 1	Rider E Revenue Requirement for the Rate Year Ending October 31, 2023 (ES Information Redacted)
Statement 2	Annual Revenue Requirement for Rate Years 2022-2051
Statement 3	Documentation Supporting Filing Schedule 46B, Statement 2 for the Bremo Project
Statement 4	Documentation Supporting Filing Schedule 46B, Statement 2 for the Chesterfield Projects (ES Information Redacted)
Statement 5	Documentation Supporting Filing Schedule 46B, Statement 2 for the Clover Project
Statement 6	Documentation Supporting Filing Schedule 46B, Statement 2 for the Mt. Storm Project (ES Information Redacted)
Filing Schedule 46C	Sponsored by Company Witness Casey R. Lawson
Statement 1	Allocation of the Revenue Requirement and the Rate Design for the Rate Year Ending October 31, 2023
Statement 2	Annual Revenue Requirement by Class for Rate Years 2022-2051

### TABLE OF CONTENTS

### **EXTRAORDINARILY SENSITIVE VOLUME 1 of 3**

Petition

Direct Testimony of Brandon E. Stites
Company Exhibit No, BES, Extraordinarily Sensitive Schedule 1 – Chesterfield / Bremo Project Cost Reports
Company Exhibit No, BES, Extraordinarily Sensitive Schedule 2 – Description of Expenditures
Direct Testimony of Rick D. Boyd
Company Exhibit No, RDB, Schedule 1 – Existing Bottom Ash Water Transport System
Company Exhibit No, RDB, Schedule 2 – 3D Diagram of Water Transport System
Company Exhibit No, RDB, Schedule 2 = 3D Diagram of Water Transport System  Company Exhibit No, RDB, Schedule 3 = Project Timeline
Company Exhibit No, RDB, Schedule 4 – Contractor and Owner Permits
Company Exhibit No, RDB, Schedule 4 = Contractor and Owner 1 errits  Company Exhibit No, RDB, Extraordinarily Sensitive Schedule 5 - Mt. Storm Project Cost
Reports
Company Exhibit No, RDB, Extraordinarily Sensitive Schedule 6 – Description of Expenditures
Company Exhibit No, RDB, Schedule 7 – Organizational Chart
Direct Testimony of Thomas M. Effinger
Direct Testimony of C. Alan Givens
Company Exhibit No, CAG, Extraordinarily Sensitive Schedule 1 - Rider E Revenue Requirement for the Rate Year Ending October 31, 2023
Direct Testimony of Casey R. Lawson
Company Exhibit No, CRL, Schedule 1 - Allocation of the Revenue Requirement for Ride E for the Rate Year Ending October 31, 2023
Company Exhibit No, CRL, Schedule 2 – Rider E
Company Exhibit No, CRL, Schedule 3 – Typical Monthly Bill Worksheet
Company Exhibit No, CRL, Schedule 4 – Factor 1 Worksheet
Company Exhibit No, CRL, Schedule 5 – Typical Bill Impact

#### TABLE OF CONTENTS

#### **EXTRAORDINARILY SENSITIVE VOLUME 2 OF 3**

Filing Schedule 3-5, 8	Sponsored by Company Witness C. Alan Givens	
Filing Schedule 46A	Sponsored by Company Witnesses Brandon E. Stites and Rick D. Boyd	
Statement 1	Overview of Projected Costs by Type of Cost and Year for Chesterfield, Bremo, Clover, and Mt. Storm Projects (Contains ES Information)	
Statement 2A	Projected Costs by Type of Cost and Year for Chesterfield Projects (Contains ES Information)	
Statement 2B	Documentation Supporting Projected Costs for Chesterfield Projects (Contains ES Information)	
Statement 3A	Projected Costs by Type of Cost and Year for Bremo Project (Contains ES Information)	
Statement 3B	Documentation Supporting Projected Costs for Bremo Project (Contains ES Information)	
Statement 4A	Projected Costs by Type of Cost and Year for Mt. Storm Project (Contains ES Information)	
Statement 4B	Documentation Supporting Projected Costs for Mt. Storm Project (Contains ES Information)	

#### **EXTRAORDINARILY SENSITIVE VOLUME 3 of 3**

Filing Schedule 46B	Sponsored by Company Witness C. Alan Givens
Statement 1	Rider E Revenue Requirement for the Rate Year Ending October 31, 2023 (Contains ES Information)
Statement 2	Annual Revenue Requirement for Rate Years 2022-2051
Statement 3	Documentation Supporting Filing Schedule 46B, Statement 2 for the Bremo Project
Statement 4	Documentation Supporting Filing Schedule 46B, Statement 2 for the Chesterfield Projects (Contains ES Information)
Statement 5	Documentation Supporting Filing Schedule 46B, Statement 2 for the Clover Project
Statement 6	Documentation Supporting Filing Schedule 46B, Statement 2 for the Mt. Storm Project (Contains ES Information)

#### TABLE OF CONTENTS

Filing Schedule 46C	Sponsored by Company Witness Casey R. Lawson
<b>5</b>	

Statement 1 Allocation of the Revenue Requirement and the Rate Design for

the Rate Year Ending October 31, 2023

Statement 2 Annual Revenue Requirement by Class for Rate Years 2022-2051

Petition

#### COMMONWEALTH OF VIRGINIA

#### STATE CORPORATION COMMISSION

PETITION OF	)	
VIRGINIA ELECTRIC AND POWER COMPANY	)	Casa No. DUD 2022 00006
	)	Case No. PUR-2022-00006
For revision of rate adjustment clause: Rider E,	)	
for the recovery of costs incurred to comply	)	
with state and federal environmental regulations pursuant	)	
to § 56-585.1 A 5 e of the Code of Virginia	)	

# VIRGINIA ELECTRIC AND POWER COMPANY'S RIDER E ANNUAL UPDATE FILING AND REQUEST FOR LIMITED WAIVER

Pursuant to § 56-585.1 A 5 e ("Subsection A 5 e" or "A 5 e") of the Code of Virginia ("Va. Code"), the directive contained in Ordering Paragraph (6) of the Final Order issued by the State Corporation Commission of Virginia ("Commission") on September 3, 2021 in Case No. PUR-2021-00013, and the Commission's Rules Governing Utility Rate Applications and Annual Informational Filings (the "Rate Case Rules"), Virginia Electric and Power Company ("Dominion Energy Virginia" or the "Company"), by counsel, hereby submits this annual update filing with respect to its environmental rate adjustment clause ("RAC" or "Rider"), designated Rider E ("2022 Annual Update" or "Update") for the recovery of costs incurred to comply with state and federal environmental regulations at the Company's Chesterfield Power Station, Bremo Power Station, and Mt. Storm Power Station.

The Company further requests limited waiver of certain of the Rate Case Rules.

Specifically, pursuant to Rule 10 E of the Rate Case Rules, 20 VAC 5-204-10 E, and for the reasons stated herein, the Company requests a limited waiver of the requirements of Rule 90 of

<sup>&</sup>lt;sup>1</sup> Petition of Virginia Electric and Power Company For revision of rate adjustment clause: Rider E, for the recovery of costs incurred to comply with state and federal environmental regulations pursuant to § 56-585.1 A 5 e of the Code of Virginia, Case No. PUR-2021-00013, Final Order (Sep. 3, 2021) ("2021 Rider E Final Order"). Hereinafter referred to as "2021 Rider E proceeding."

<sup>&</sup>lt;sup>2</sup> 20 VAC 5-204-10 et seq.

the Rate Case Rules, 20 VAC 5-204-90, with respect to portions of Filing Schedule 46 as it relates to the provision of "economic analyses, contracts, studies, investigations, results from requests for proposals, cost benefit analyses . . . ."

In support of its petition and request for limited waiver (collectively, the "Petition"), the Company respectfully shows as follows:

#### **GENERAL INFORMATION**

- l. Dominion Energy Virginia is a public service corporation organized under the laws of the Commonwealth of Virginia furnishing electric service to the public within its certificated service territory. The Company also supplies electric service to non-jurisdictional customers in Virginia and to the public in portions of North Carolina. The Company is engaged in the business of generating, transmitting, distributing, and selling electric power and energy to the public for compensation. The Company is also a public utility under the Federal Power Act, and certain of its operations are subject to the jurisdiction of the Federal Energy Regulatory Commission. The Company is an operating subsidiary of Dominion Energy, Inc. ("Dominion Energy").
  - 2. The Company's post office address is:

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

3. The addresses and telephone numbers of the attorneys for the Company are:

Paul E. Pfeffer
David J. DePippo
Dominion Energy Services, Inc.
120 Tredegar Street
Richmond, Virginia 23219
(804) 787-5607 (PEP)
(804) 819-2411 (DJD)

Elaine S. Ryan
Timothy D. Patterson
McGuireWoods LLP
Gateway Plaza
800 East Canal Street
Richmond, Virginia 23219-3916
(804) 775-1090 (ESR)
(804) 775-1069 (TDP)

#### BACKGROUND

4. Va. Code § 56-585.1 A 5 e permits utilities to petition the Commission for approval of a RAC to recover the costs of compliance with state and environmental laws and regulations. Specifically, it provides in relevant part:

A utility may at any time, after the expiration or termination of capped rates, but not more than once in any 12-month period, petition the Commission for approval of one or more rate adjustment clauses for the timely and current recovery from customers of . . . [p]rojected and actual costs of projects that the Commission finds to be necessary . . . to comply with state or federal environmental laws or regulations applicable to generation facilities used to serve the utility's native load obligations.

- 5. Subsection A 5 e provides further: "The Commission shall approve such petition if it finds that such costs are necessary to comply with such laws or regulations . . . ."
- 6. On August 5, 2019, by its Final Order in Case No. PUR-2018-00195, the Commission approved the Company's Petition for a rate adjustment clause, designated Rider E, pursuant to Subsection A 5 e, to recover costs incurred to comply with state and federal environmental regulations at the Company's Chesterfield, Mt. Storm, and Clover Power Stations. The Commission further directed the Company to "file its next annual Rider E application on or after January 2, 2020."

<sup>&</sup>lt;sup>3</sup> Petition of Virginia Electric and Power Company For approval of a rate adjustment clause, designated Rider E, for the recovery of costs incurred to comply with state and federal environmental regulations pursuant to § 56-585.1 A 5 e of the Code of Virginia, Case No. PUR-2018-00195. Final Order at Ordering Paragraph (4), (Aug. 5, 2019) ("2018 Rider E Final Order").

- 7. The Company subsequently filed an annual update to Rider E in the 2020 Annual Update proceeding (Case No. PUR-2020-00003), at which time it also sought recovery for three additional projects located at the Chesterfield Power Station and the Bremo Power Station. The Commission approved the Company's Petition by its Final Order issued on September 4, 2020.
- 8. The Company filed its 2021 Annual Update to Rider E on January 19, 2021 in Case No. PUR-2021-00013 ("2021 Annual Update"), which provided updated on environmental projects that were ongoing or had been completed at Chesterfield Power Station, Bremo Power Station, Mt. Storm Power Station, and Clover Power Station. The Commission approved the Company's Petition by its Final Order issued on September 3, 2021.<sup>5</sup>
- 9. Pursuant to the directives of the Commission's 2021 Rider E Final Order, the Company files this annual Rider E Update to inform the Commission of the status of the environmental projects located at the Chesterfield Power Station, including the Chesterfield Integrated Ash ("CHIA") Project and the additional projects approved in the 2020 Annual Update, as well as the environmental projects at the Bremo and Mt. Storm Power Stations, and their projected expenditures. The Company further seeks Commission approval, pursuant to Subsection A 5 e, to recover on a timely and current basis its actual and projected costs of one additional project at Mt. Storm Power Station that is necessary to comply with state and federal environmental laws and regulations, as described herein. In addition, the Company provides the proposed cost allocation, rate design, and accounting treatment for service rendered during a proposed rate year commencing November 1, 2022 and extending through October 31, 2023 ("Rate Year") as related to proposed Rider E.

<sup>&</sup>lt;sup>4</sup> Petition of Virginia Electric and Power Company For revision of rate adjustment clause: Rider E, for the recovery of costs incurred to comply with state and federal environmental regulations pursuant to  $\S$  56-585.1 A 5 e of the Code of Virginia, Case No. PUR-2020-00003, Final Order (Sep. 4, 2020).

10. As in the 2021 Rider E proceeding, the Company continues to seek to recover three general categories of costs that have been incurred to comply with state and federal environmental laws and regulations: (1) asset retirement obligation ("ARO") expenses associated with existing assets that must be closed; (2) newly constructed assets and associated expenses; and (3) ARO expenses associated with the newly constructed assets.

#### PROJECT AND EXPENDITURES UPDATE

#### A. Chesterfield Power Station

- CHIA Project at Chesterfield Power Station that was approved for recovery in the 2018 Rider E Final Order, as well as the two additional projects that were approved for recovery as part of the 2020 Rider E proceeding. The CHIA Project's remaining scope includes the Low Volume Waste Water Treatment System ("LVWWTS"). The additional approved projects at the Chesterfield Power Station include: (i) closure of the Lower Ash Pond after ash removal is complete; and (ii) closure of the Upper Ash Pond after ash removal is complete; and (collectively, the "Chesterfield Environmental Projects").
- 12. With regard to the CHIA Project, work was completed on the Equalization Basin Emergency Spillway. As discussed in the 2021 Rider E filing, the capacity and height of the impoundment relative to the area outside of the Equalization Basin requires that it have an emergency spillway capable of passing a 0.5 Probable Maximum Precipitation ("PMP"), in accordance with the Virginia Department of Conservation and Recreation's ("DCR") regulations. The work has been completed, associated land disturbance permits have been closed, and the spillway is ready, if needed, to support a large storm.

- 13. The project forecast for LVWWTS is approximately \$2.1 million above the original budget. Only the Soft Cost category is projected to exhibit a variance greater than 5% from the original project budget.
- 14. With respect to the Chesterfield Pond Closures, at the Lower Ash Pond, the interim cover continues to be maintained after being placed in service in the third quarter of 2019. Maintenance and inspections have been conducted in accordance with procedures set by the Virginia Department of Environmental Quality ("VDEQ"). Instrumentation placed in the interim cover continues to provide data which is reported monthly, as required by the CCR Rule. At the Upper Ash Pond, work was completed on the emergency spillway project allowing up to a 0.9 PMP Storm event to safety pass across the Upper Ash Pond. The Company has also continued to manage erosion and sediment issues across the footprint of the pond in accordance with all permits and regulations.
- 15. As described in more detail in the testimony of Company Witness Stites, since filing the 2021 Annual Update, during routine inspections, the Company discovered operational issues with the toe drain systems associated with the Upper Ash Pond. Following an engineering evaluation of potential solutions, the Company concluded that installation of an interceptor trench was the best solution. This interceptor trench, which measures approximately 5,000 feet long, 35 feet deep, and 3 feet wide, will be constructed on the southern half of the Upper Ash Pond's dam crest. The project is designed to allow any waters from within the pond to be "intercepted" and conveyed to an interior perimeter channel where the water is managed under Virginia Pollutant Discharge Elimination System ("VPDES") Individual Permit (Outfall 005). The installation of the trench and its support systems is underway and is slated for completion in

- 2022. This solution is necessary to prevent an unpermitted discharge in violation of the Clean Water Act.
- 16. The project forecast for the Lower Ash Pond is approximately \$170,000 above the original budget. The Soft Cost category is projected to exhibit a variance greater than 5% from the original project budget. The revised project forecast for the Upper Ash Pond is approximately \$35.1 million. This change is primarily the result of adding the interceptor trench scope to the Upper Ash Pond project, which is responsible for \$17.5 million in added costs. The Soft Cost, Construction and Equipment, and Interceptor Trench categories are projected to exhibit variances greater than 5% from the original project budget.

#### B. Bremo Power Station

- 17. Company Witness Stites provides the status of construction for the Bremo Power Station East Pond Outfall project ("East Pond Outfall") that was approved for recovery in the 2020 Rider E proceeding.
- 18. Work at the East Pond Outfall was deemed essentially complete on November 20,2020. Discharges into the East Pond Outfall commenced on that date.
- 19. The project cost forecast for the East Pond Outfall is approximately \$427,000 above the original budget, but this does not represent a material change from the 2021 Annual Update. The Soft Cost and Construction and Equipment categories are projected to exhibit variances greater than 5% from the original project budget.

#### C. Mt. Storm Power Station

20. Company Witness Boyd presents a new project at the Mt. Storm Power Station for recovery—the Bottom Ash Water Transport Project ("Mt. Storm Environmental Project"), which will replace the current discharge system for bottom ash transport water, which is now

prohibited by the U.S. Environmental Protection Agency's revised Steam Electric Power Generating Effluent Guidelines ("Effluent Guidelines" or "ELG Rule"), with a new, Effluent Guidelines-compliant system that will recirculate bottom ash transport water in a closed loop, separating the bottom ash for removal.

- 21. The Bottom Ash Water Transport Project conversion includes the complete design, engineering, procurement, fabrication, material delivery, construction of all plant modifications, and improvements necessary to convert Units 1, 2, and 3 bottom ash and economizer ash systems from a sluiced wet ash hydrobin system to a closed loop dewatering recirculation system. The project is being completed in two phases. Phase 1 work was completed at the end of 2019. Phase 2 was delayed pending resolution of the ELG Rule, which underwent several revisions. Following issuance of the 2015 ELG Final Rule, the Company coordinated with the West Virginia Department of Environmental Protection ("WCDEP") and December 21, 2021 was set as the compliance target date. Following additional legal challenges, revisions were promulgated in 2020. Following issuance of the 2020 ELG Final Rule, the Company again coordinated with WVDEP and requested approval of March 31, 2024 as the target project completion date.
- 22. The total estimated capital cost for the project is approximately \$119.7 million, excluding financing costs.

#### ACCOUNTING UPDATE

23. Consistent with the Commission's November 18, 2021 Final Order in the Company's 2021 Triennial Review Proceeding in Case No. PUR-2021-00058, the Company is utilizing the approved ROE of 9.35% for the period subsequent to the date of that Final Order. In addition, the capital structure used in the calculation of the revenue requirement reflects the

methodology proposed by the Commission Staff ("Staff") and approved by the Commission in that Final Order. For the time periods prior to the Final Order in Case No. PUR-2021-00058, the Company is utilizing a ROE of 9.2%, as approved by the Commission in its November 21, 2019 Final Order in the Company's 2019 ROE Proceeding, Case No. PUR-2019-00050.<sup>6</sup> For the time periods prior to the Final Order in Case No. PUR-2019-00050, the Company is utilizing a ROE of 9.2%, as approved by the Commission in its Final Order on November 29, 2017 in the Company's 2017 ROE Proceeding, Case No. PUR-2017-00038.<sup>7</sup>

- 24. The revenue requirement calculation for the continuation of the Rider E RAC is described in detail in Company Witness C. Alan Givens's testimony.
- 25. The proposed Rate Year for this proceeding is November 1, 2022 through October 31, 2023. The three key components of the revenue requirement are the Projected Cost Recovery Factor, the Allowance for Funds Used During Construction ("AFUDC") Cost Recovery Factor, and the Actual Cost True-Up Factor.
- 26. In calculating the Projected Cost Recovery Factor, the Company proposes to reflect the projected net plant balances as of the month-end immediately preceding the Rate Year (i.e., as of October 31, 2022) in determining the rate base and calculating the financing costs on the rate base. Similarly, the revenue requirement reflects plant related depreciation expenses, asset retirement cost ("ARC") depreciation expenses, and ARO accretion expenses incurred over the 12-month period leading up to the Rate Year. In addition, the Projected Cost Recovery Factor will include certain ongoing operation and maintenance ("O&M") costs related to these

<sup>&</sup>lt;sup>6</sup> Application of Virginia Electric and Power Company For the determination of the fair rate of return on common equity pursuant to § 56-585.1:1 C of the Code of Virginia, Case No. PUR-2019-00050, Final Order (Nov. 21, 2019) ("2019 ROE Proceeding").

<sup>7</sup> Application of Virginia Electric and Power Company For the determination of the fair rate of return on common

<sup>&</sup>lt;sup>7</sup> Application of Virginia Electric and Power Company For the determination of the fair rate of return on common equity to be applied to its rate adjustment clauses, Case No. PUR-2017-00038, Final Order (Nov. 29, 2017) ("2017 ROE Proceeding").

environmental projects/facilities. Finally, the Company is proposing to amortize certain deferred costs related to the new Mt. Storm Bottom Ash Water Transport Project (including financing costs) incurred prior to the November 1, 2022 through October 31, 2023 Rate Year.

- 27. The Allowance for Funds Used During Construction ("AFUDC") Cost Recovery Factor represents the amortization over the Rate Year beginning November 1, 2022, of the actual and projected AFUDC related to the Mt. Storm Bottom Ash Water Transport Project through October 31, 2022 i.e., the day immediately prior to the date (November 1, 2022) when the related new Rider E rates go into effect.
- 28. The Actual Cost True-Up Factor will either credit to, or recover from, customers any over-/under- recovery of costs from the most recently completed and available calendar year. Actual revenues during calendar year 2020 are compared to actual costs incurred during 2020, and any difference in these amounts becomes the Actual Cost True-Up Factor either credited to, or recovered from, customers through the total revenue requirement requested for recovery during the Rate Year in this 2022 Annual Update. The Actual Cost True-Up Factor requested for recovery in the November 1, 2022 through October 31, 2023 Rate Year is \$26,000, \$26,934,000, \$8,000 and \$1,947,000 for Bremo, Chesterfield, Clover and Mt. Storm respectively.
- 29. The Company is requesting recovery of a Projected Cost Recovery Factor amount of \$58,932,000, an AFUDC Cost Recovery Factor of \$13,385,000, and an Actual Cost True-Up Factor amount of \$28,915,000, for a total combined revenue requirement amount of \$101,233,000 for the Rate Year beginning November 1, 2022.

#### RATE DESIGN UPDATE

30. Rider E identifies the rates in cents per kilowatt-hour or dollars per kilowatt, that will apply to each Company rate schedule approved by the Commission pursuant to Va. Code §

- 56-235.2. If approved as proposed, Rider E would be effective for usage on and after November 1, 2022.
- 31. Company Witness Casey R. Lawson provides the calculation of Factor 1 using the Average and Excess Methodology to allocate cost responsibility to the Virginia jurisdiction in this proceeding, which is the same allocation methodology that was approved in the 2021 Rider E proceeding.
- 32. The implementation of the proposed Rider E on November 1, 2022 will increase the residential customer's monthly bill, based on 1,000 kWh per month, by \$0.70. Typical monthly bill impacts for customers receiving service on Residential Schedule 1, General Service Schedules GS-1, GS-2, GS-3, and GS-4, and Church Schedule 5C are provided to present the proposed Rider E at several representative levels of consumption or demand.

# SUPPORTING TESTIMONY, FILING SCHEDULE 46, AND LIMITED REQUEST FOR WAIVER OF FILING SCHEDULE 46 REQUIREMENTS

33. In support of this 2021 Annual Update, Dominion Energy Virginia presents the pre-filed direct testimony and exhibits of the following witnesses: Brandon E. Stites, Rick D. Boyd, Thomas N. Effinger, C. Alan Givens, and Casey R. Lawson.

#### A. Filing Schedules 3, 4, 5, and 8

- 34. Rule 60 of the Rate Case Rules provides that rate adjustment clause "applications requiring an overall cost of capital shall include Schedules 3, 4, 5, and 8." The Company is filing with this Petition, Filing Schedules 3, 4, 5, and 8, as follows. These filing schedules are sponsored by Company Witness Givens.
- 35. Filing Schedules 3 and 3A provide the capital structure and cost of capital statements applicable to Rider E. Filing Schedule 4 provides schedules of long-term debt, preferred stock, investment tax credits, and other component of ratemaking capital for the filing.

Filing Schedule 5 provides the schedule of short-term debt, revolving credit agreements, and similar short-term financing arrangements. Filing Schedule 8 provides the proposed cost of capital statement for Rider CCR.

#### B. Filing Schedule 46

- 36. Rule 60 of the Rate Case Rules provides that an application filed pursuant to Subsection A 5 "shall include Schedule 46 as identified and described in 20 VAC 5-204-90, which shall be submitted with the utility's direct testimony." The Company is filing with this Petition, Filing Schedule 46, as follows:
- A. Company Witnesses Stites and Boyd co-sponsor Filing Schedule 46A, consisting of Statements 1 through 4. Mr. Stites sponsors the information in Filing Schedule 46A concerning the approved CHIA Project and the Chesterfield Pond Closures, as well as the East Pond Outfall project at Bremo Power Station. Mr. Boyd sponsors Filing Schedule 46A concerning the Mt. Storm Bottom Ash Water Transport Project. Consistent with the Company's other RAC rider filings, Filing Schedule 46A provides only project cost information that has changed since the 2021 Rider E proceeding. Filing Schedule 46A, Statement I (contains public and extraordinarily sensitive information), provides a schedule summarizing all projected/actual costs, as well as cost estimates for capital and operations and maintenance ("O&M") expenses, by type of cost and month / year, as available, associated with the Environmental Projects. Filing Schedule 46A, Statement 2 (contains public and extraordinarily sensitive information), provides a schedule of all projected/actual costs, as well as cost estimates for capital and O&M expenses, by type of cost and year associated with the Chesterfield Environmental Projects. Filing Schedule 46A, Statement 3 (contains public and extraordinarily sensitive information), provides a

schedule of all projected/actual costs, as well as cost estimates for capital and O&M expenses, by type of cost and year associated with the Bremo East Pond Outfall. Filing Schedule 46A, Statement 4 (contains public and extraordinarily sensitive information), provides a schedule of all projected/actual costs, as well as cost estimates for capital and O&M expenses, by type of cost and year associated with the Mt. Storm Environmental Project.

- B. Company Witness Givens sponsors Filing Schedule 46B, consisting of Statements 1 through 6. Filing Schedule 46B, Statement 1, provides the annual revenue requirement calculation for the rate year ending October 31, 2023. Filing Schedule 46B, Statement 2, provides the projected annual revenue requirement over the duration of the RAC. Filing Schedule 46B, Statements 3 6, provide the detailed support by each Project location in support of statement 2.
- C. Company Witness Lawson sponsors Filing Schedule 46C, consisting of Statements 1 and 2. Filing Schedule 46C, Statement 1, provides detailed information relative to the Company's methodology for allocating the revenue requirement among the rate classes and the design of the class rates. Filing Schedule 46C, Statement 2, provides the annual revenue requirement by class over the duration of the RAC.

#### B. Limited Request for Waiver of Filing Schedule 46 Requirements

37. The Company, for good cause shown and pursuant to 20 VAC 5-204-10 E, additionally respectfully requests that the Commission waive, in part, the requirements under Rules 60 and 90 of the Rate Case Rules with respect to paper copies of certain Filing Schedule 46 materials. Specifically, the Rate Case Rules require the Company to provide key documents, including economic analyses, contracts, studies, investigations, results from requests for

proposals, and cost benefit analyses that support projected costs proposed to be recovered via the rate adjustment clause. The supporting documentation responsive to this requirement is voluminous and not easily reviewed in hard copy (paper) format. Accordingly, the Company seeks waiver of the requirement to file 12 hard copies of this information. Instead, the Company proposes to provide this documentation to Commission Staff and any other future case participants in electronic format, and provide the Commission with one hard copy and three electronic copies on compact discs ("CDs"). The Company will make the electronic documents available via an e-room contemporaneously with this filing, with immediate access available to Commission Staff. This request is consistent with the Commission's recent orders granting similar limited waivers. Should the Commission deny this request, the Company asks for a reasonable allowance of time to print the requisite filing copies of this material and submit it to the Commission prior to the Company's application being deemed incomplete.

## REQUEST FOR CONFIDENTIAL TREATMENT AND ADDITIONAL PROTECTIVE TREATMENT OF EXTRAORDINARILY SENSITIVE INFORMATION

38. The Company's Petition contains confidential and extraordinarily sensitive information, as designated therein. Because portions of the Company's Petition contain such confidential and extraordinarily sensitive information, in compliance with Rule 10 F and Rule 170, 20 VAC 5-204-10 F and 5 VAC 5-20-170, this filing is accompanied by a separate Motion for Entry of a Protective Order and Additional Protective Treatment, including a Proposed Protective Order, filed contemporaneously with this Petition.

<sup>&</sup>lt;sup>8</sup> Application of Virginia Electric and Power Company. For revision of rate adjustment clause: Rider BW, Brunswick County Power Station, for the Rate Years commencing September 1, 2022, and September 1, 2023, Case No. PUR-2021-00239, Order for Notice and Hearing at 6 (Oct. 25, 2021); see also Petition of Virginia Electric and Power Company, For approval of its annual RPS Development Plan under § 56-585.5 D 4 of the Code of Virginia and related requests, Order Granting Limited Reconsideration at 2 (Aug. 26, 2021).

#### COMPLIANCE WITH RULE 10 OF THE RATE CASE RULES

39. The Company's 2022 Annual Update for approval of Rider E complies with the requirements contained in Rule 10 of the Rate Case Rules. In accordance with Rule 10 A, Dominion Energy Virginia filed with the Commission on November 1, 2021, the Company's notice of intent to file this Petition under Va. Code § 56-585.1 A 5 e. Copies of this Petition, to the extent required by Rule 10 J, along with the additional information required by Rule 10 J, have been served upon the persons addressed in that Rule. A complete copy of this Petition has been served upon the Office of the Attorney General's Division of Consumer Counsel in conformity with Rule 10 J. Also included with and following this Petition, pursuant to Rule 10, is a table of contents of this filing, including exhibits and schedules.

WHEREFORE, Dominion Energy Virginia respectfully requests that the Commission (1) approve the proposed Rider E under Va. Code § 56-585.1 A 5 e subject to future Rider E proceedings and true-ups, effective for usage on and after November 1, 2022; (2) approve the proposed revenue requirement, cost allocation, rate design, and accounting treatment for the Environmental Projects for the Rate Year November 1, 2022, through October 31, 2023; (3) grant the Company's requested waiver as to portions of Filing Schedule 46; and (4) grant such other and further relief as it deems just and proper.

Respectfully submitted,

VIRGINIA ELECTRIC AND POWER COMPANY

By:	/s/ Elaine S. Ryan	

Paul E. Pfeffer
David J. DePippo
Dominion Energy Services, Inc.
120 Tredegar Street
Richmond, Virginia 23219
(804) 787-5607 (PEP)
(804) 819-2411 (DJD)
paul.e.pfeffer@dominionenergy.com
david.j.depippo@dominionenergy.com

Elaine S. Ryan
Timothy D. Patterson
McGuireWoods LLP
Gateway Plaza
800 East Canal Street
Richmond, Virginia 23219-3916
(804) 775-1090 (ESR)
(804) 775-1069 (TDP)
eryan@mcguirewoods.com
tpatterson@mcguirewoods.com

Counsel for Virginia Electric and Power Company

January 25, 2022