

COMMONWEALTH OF VIRGINIA
STATE CORPORATION COMMISSION
AT RICHMOND, FEBRUARY 8, 2022

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APPLICATION OF

VIRGINIA ELECTRIC AND POWER COMPANY

CASE NO. PUR-2021-00114

For revision of rate adjustment clause:
Rider S, Virginia City Hybrid Energy Center,
for the rate years commencing April 1, 2022, and
April 1, 2023

FINAL ORDER

On June 8, 2021, Virginia Electric and Power Company ("Dominion" or "Company") filed with the State Corporation Commission ("Commission") a biennial update of the Company's rate adjustment clause, Rider S ("Application") pursuant to § 56-585.1 A 6 of the Code of Virginia. Through its Application, the Company seeks to recover costs associated with the Virginia City Hybrid Energy Center ("VCHCEC"), a 600 megawatt nominal coal-fueled generating plant and associated transmission interconnection facilities located in Wise County, Virginia.¹

On June 28, 2021, the Commission issued an Order for Notice and Hearing in this case that, among other things, docketed the Application; scheduled public hearings on the Application; required Dominion to publish notice of its Application; gave interested persons the opportunity to comment on, or participate in, the case; and appointed a Hearing Examiner to conduct all further proceedings in this matter on behalf of the Commission.²

¹ Ex. 2 (Application) at 1; Ex. 4 (Lee Direct) at 1.

² On October 19, 2021, Commission Staff ("Staff") filed a Motion to Modify Procedural Schedule ("Motion"), in which Staff sought an extension of the dates for prefiled respondent, Staff and rebuttal testimony, written public comments, and the evidentiary hearing. The Hearing Examiner granted the Motion in a Hearing Examiner's Ruling dated October 20, 2021.

Notices of participation were filed by the Sierra Club, Appalachian Voices, and the Office of the Attorney General's Division of Consumer Counsel ("Consumer Counsel"). The Sierra Club filed testimony on November 24, 2021. Staff filed testimony on December 8, 2021. On December 20, 2021, Dominion filed rebuttal testimony. The Commission received several written comments from interested persons in support of the Application.³

Due to the ongoing public health concerns related to the spread of the virus that causes COVID-19, a telephonic public witness hearing was scheduled for December 14, 2021, but was canceled because no public witness signed up to testify at the hearing.⁴

On January 4, 2022, Dominion, the Sierra Club, and Staff (collectively, "Stipulating Participants") filed a Proposed Stipulation and Recommendation ("Stipulation"), which resolved all issues raised by the Stipulating Participants in the case.⁵ More specifically, the Stipulation states: (i) a total revenue requirement for the rate year April 1, 2022 through March 31, 2023 ("Rate Year 1") of \$191.532 million, and a total revenue requirement for April 1, 2023 through March 31, 2024 ("Rate Year 2") of \$191.292 million, should be approved;⁶ (ii) the Company, within nine months of the Final Order in this case, will prepare and file an analysis of a possible pathway towards economic viability for VCHEC on a going-forward basis, which will include, at a minimum, the analysis and discussion detailed in

³ Comments were received from Senator Todd E. Pillion, Delegate William C. Wampler III, Delegate Israel O'Quinn, Delegate Terry G. Kilgore, Michael Hatfield, William H. Payne II, and Michael J. Quillen.

⁴ December 14, 2021 Hearing Examiner's Ruling.

⁵ Ex. 14 (Stipulation) at 1.

⁶ The Stipulating Participants assert that the actual revenue requirements for Rate Year 1 and Rate Year 2 are higher than the amounts requested in the Application and noticed to the public, but the Company will limit its recovery in this case to the noticed amounts (\$191.532 million for Rate Year 1 and \$191.292 million for Rate Year 2), with any difference between these amounts and the actual revenue requirements being addressed as part of the true-up in a future Rider S update filing. *Id.* at 1-2.

the proposed Stipulation ("VCHEC Analysis"); (iii) Dominion will forgo life-extension related spending at VCHEC after Rate Year 1 and Rate Year 2 until it has completed and filed the VCHEC Analysis and a long-term decision about VCHEC's continued operation has been made; (iv) the Stipulating Participants agree the costs associated with the completion of cells 2A and 3B of the Curley Hollow Landfill coal combustion residuals ("CCR") facility are reasonable and prudent; (v) the Company agrees not to commence construction of new or additional CCR containment facilities at VCHEC unless and until it determines the additional capacity is required and such construction is reasonable and prudent; (vi) the Company will maintain records created in the normal course of business regarding VCHEC dispatch decisions and will disclose such documentation through discovery in future Rider S update proceedings; and (vii) the Company, at its discretion, may seek annual, rather than biennial, approval of Rider S for the recovery of costs associated with VCHEC.⁷

The evidentiary hearing was convened virtually, with no party present in the Commission's courtroom, on January 6, 2022. The Company, Appalachian Voices, the Sierra Club, Consumer Counsel, and Staff participated at the hearing. At the hearing, Consumer Counsel and Appalachian Voices stated they did not oppose approval of the proposed Stipulation.⁸

On January 24, 2022, the Hearing Examiner issued the Report of Michael D. Thomas, Senior Hearing Examiner ("Report"). As stated in the Report, the Hearing Examiner found the Stipulation to be fair, reasonable, and in the public interest.⁹ Further, the Hearing Examiner

⁷ *Id.* at 1-3.

⁸ Tr. 20-21, 24.

⁹ Report at 19.

recommended the Commission enter an order that: (i) adopts the findings in the Report; (ii) adopts the Stipulation; (iii) approves a total Rider S revenue requirement for Rate Year 1 of \$191.532 million, consisting of an Actual Cost True-Up Factor of (\$1.425) million and a Projected Cost Recovery Factor of \$192.957 million; (iv) approves a total Rider S revenue requirement for Rate Year 2 of \$191.292 million, consisting of a Projected Cost Recovery Factor of \$191.292 million; (v) permits the Company to true-up any difference in the noticed Rider S revenue requirement in this case and the actual Rider S revenue requirement in a future Rider S proceeding; and (vi) retains jurisdiction over this matter for the sole purpose of receiving the VCHEC Analysis required by the Stipulation.¹⁰

NOW THE COMMISSION, upon consideration of this matter, adopts the findings and recommendations set forth in the Hearing Examiner's Report and finds that a total revenue requirement of \$191.532 million for Rate Year 1, consisting of an Actual Cost True-Up Factor of (\$1.425) million and a Projected Cost Recovery Factor of \$192.957 million, and a total revenue requirement of \$191.292 million for Rate Year 2, consisting of a Projected Cost Recovery Factor of \$191.292 million, should be approved for Rider S.

Accordingly, IT IS ORDERED THAT:

- (1) The findings and recommendations set forth in the Report are hereby adopted.
- (2) The Stipulation is approved.
- (3) Dominion shall file a report, as described in the Stipulation, in this docket within nine months from the date of this Final Order.
- (4) Rider S, as approved herein with an updated revenue requirement in the amount of \$191.532 million, shall become effective for service rendered on and after April 1, 2022.

¹⁰ *Id.* No participant filed comments opposing the findings or recommendations set forth in the Report.

Rider S, as approved herein with an updated revenue requirement in the amount of \$191.292 million, shall become effective for service rendered on and after April 1, 2023.

(5) The Company forthwith shall file a revised Rider S and supporting workpapers with the Clerk of the Commission and with the Commission's Divisions of Public Utility Regulation and Utility Accounting and Finance, as is necessary to comply with the directives set forth in this Final Order. The Clerk of the Commission shall retain such filings for public inspection in person and on the Commission's website: scc.virginia.gov/pages/Case-Information.

(6) On or before June 30, 2023, the Company shall file an application to revise Rider S effective on or before April 1, 2024.

(7) This case shall remain open for the purpose of receiving the report required by the Stipulation.

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.