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COMMONWEALTH OF VIRGINIA
STATE CORPORATION COMMISSION

STAFF REPORT

APPLICATION OF
VIRGINIA ELECTRIC AND POWER COMPANY

For approval of a proposed update to the rates, terms, and conditions
of a Universal Service Fee to be paid by retail customers to fund
the PIPP and for expedited consideration

Case No. PUR-2023-00105

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SUMMARY

Revenue Requirement and Rate Design

Staff recommends that the Commission approve a Rate Year Virginia jurisdictional revenue requirement of \$62,771,633, which is \$1,573,961 lower than the Company's proposed revenue requirement, as shown in the following table:

Company Proposed Revenue Requirement	\$64,345,594
Rate Year Bill Credits Correction	-\$1,551,891
Financing Costs (Embedded Vs. Weighted Average Cost of Debt)	-\$118,366
Virginia Jurisdictional Factor Correction	<u>\$96,296</u>
Staff Proposed Revenue Requirement	\$62,771,633

Staff recommends that the Commission direct the use of the Company's weighted average cost of debt of 2.011% from its December 31, 2022 capital structure to compute financing costs, based on the plain language of Code § 56-585.6 B, rather than the embedded cost of debt proposed by the Company.

Staff recommends that the Commission direct the Company to propose a revenue requirement true-up methodology, and to file a detailed calculation and narrative to support such methodology, in the Company's next Rider PIPP proceeding.

Staff does not oppose the Company's revenue apportionment and rate design methodology for Rider PIPP. Should the Commission approve a revenue requirement that differs from the Company's requested revenue requirement, Staff recommends that the corresponding Rider PIPP charges be adjusted in accordance with the revenue apportionment and rate design methodology proposed by the Company, inclusive of the corrected kWh sales estimates discussed herein.

Filing and Reporting Requirements

Staff recommends that the Commission direct the Company to continue to comply with the reporting and filing requirements included in the Company's July 29, 2021 Order in Case No. PUR-2020-00109, in future Rider PIPP update proceedings.

Additionally, Staff recommends that the Commission direct the Company to report on the following in future Rider PIPP update proceedings:

- a. A percentile comparison of bill credits for PIPP participants in each category of heating source and the total population of PIPP participants in future Rider PIPP updates.

- b. The Company's actual O&M expenses related to the PIPP and any true-up to actuals that may be necessary through a future Rider PIPP.
- c. The PIPP participants' participation in utility-sponsored energy efficiency programs.
- d. The energy savings of PIPP participants resulting from utility-sponsored energy efficiency programs.
- e. The PIPP participants' aggregate energy usage.
- f. The average and total arrearage balances for the population of customers who enrolled in the PIPP.

INTRODUCTION

On July 11, 2023, pursuant to § 56-585.6 of the Code of Virginia ("Code"), Virginia Electric and Power Company d/b/a Dominion Energy Virginia ("Dominion" or "Company") filed an application ("Application") with the State Corporation Commission ("Commission") for approval of a proposed update to the rates, terms, and conditions of the non-bypassable universal service fee ("USF," "PIPP fee," or "Rider PIPP") to be paid by retail customers to fund the Percentage of Income Payment Program ("PIPP"), and for expedited consideration.¹ As directed by the Commission in its July 29, 2021 Order in Case No. PUR-2020-00109 ("2020 Rider PIPP Proceeding"),² Dominion filed its Application within 60 days after the Department of Social Services ("DSS") guidelines were promulgated, pursuant to Code § 56-585.6 B.³ The Company states that it is working with DSS towards a launch of the PIPP application process in November 2023, with the program being active and payments beginning December 1, 2023.

Thus, the Company requests that an updated USF of \$0.000761 per kilowatt-hour ("kWh") be approved with expedited consideration by October 15, 2023, at the latest, and implemented on November 1, 2023, for the rate year November 1, 2023, to October 31, 2024 ("Rate Year").⁴ The

¹ Application at i.

² See *Commonwealth of Virginia, ex rel. State Corporation Commission, Ex Parte: Establishing the rates, terms and conditions of a universal fee to be paid by the retail customers of the Virginia Electric and Power Company*, Case No. PUR-2020-00109, 2021 S.C.C. Ann. Rept. 229, Order (July 29, 2021) at 232. ("July 2021 Order").

³ See Application at 4. The DSS guidelines were promulgated on June 26, 2023.

⁴ *Id.* at 8.

Company calculates a Rate Year revenue requirement for Rider PIPP of \$72,674,635 on a total system basis, and a Rate Year Virginia jurisdictional revenue requirement of \$64,345,594.⁵

In the Application, the Company also responded to each of the filing and reporting requirements set forth in the July 2021 Order in the 2020 Rider PIPP Proceeding.⁶

BACKGROUND

One of the PIPP's objectives as established by the Virginia Clean Economy Act of 2020 is to "reduce the energy burden of eligible participants by limiting electric bill payments directly to no more than six percent of the eligible participant's annual household income if the household's heating source is anything other than electricity, and to no more than 10 percent of an eligible participant's annual household income on electricity costs if the household's primary heating source is electricity."⁷ During the 2021 session of the Virginia General Assembly, amendments to § 56-576 were enacted that further defined a PIPP-eligible utility customer as "any person or household whose income does not exceed 150 percent of the federal poverty level."⁸

On June 11, 2020, the Commission issued its Order Establishing Proceeding in the 2020 Rider PIPP Proceeding to establish the rates, terms, and conditions for the first non-bypassable

⁵ *Id.* at 8. The PIPP fee that Dominion requests the Commission approve in this proceeding is calculated based on the Virginia jurisdictional revenue requirement to be charged to Virginia jurisdictional customers. That said, both Virginia jurisdictional and Virginia non-jurisdictional customers pay for the PIPP. As will be discussed in greater detail below, the \$100 million statutory cap for the PIPP applies to the total cost of the PIPP, not just the Virginia jurisdictional portion.

⁶ *Id.* at 4-9.

⁷ Code § 56-585.6 A.

⁸ Chapter 308 of the 2021 Virginia Acts of Assembly.

USF to fund the PIPP.⁹ On July 21, 2020, the Company filed its proposed rates, terms, and conditions pursuant to § 56-585.6 of the Code, which included a range of revenue requirement options based upon various possible participation levels for the Commission's consideration, and a Rider PIPP tariff sheet. On December 23, 2020, the Commission issued an Order ("December 2020 Order") in the 2020 Rider PIPP Proceeding, which approved a USF of \$0.001125 per kWh designed to recover approximately \$93 million annually, with no effective date, and instructed Dominion to file for review and revision, if necessary, of the PIPP fee upon enactment of legislation setting forth further details on the PIPP and subsequent direction by the Commission.¹⁰

On April 21, 2021, in response to amendments made to Code §§ 56-576 and 56-585.6 during the 2021 session of the Virginia General Assembly, the Commission issued its Order on Additional Proceedings to reopen and remand the 2020 Rider PIPP Proceeding for additional proceedings to further assess the PIPP, USF, and consider specific questions raised by the Commission in the appendix of the order.¹¹

On May 21, 2021, the Company submitted the Supplemental Filing of Virginia Electric and Power Company in Response to the Order on Additional Proceedings. On July 29, 2021, the Commission issued the July 2021 Order, which directed Dominion to begin collecting the USF from retail customers in the amount of \$0.000027 per kWh on September 1, 2021, designed to

⁹ *Commonwealth of Virginia, ex rel. State Corporation Commission, Ex Parte: Establishing the rates, terms and conditions of a universal fee to be paid by the retail customers of the Virginia Electric and Power Company*, Case No. PUR-2020-00109, Doc. Con. Cen. No. 200630113, Order Establishing Proceeding (Jun. 11, 2020).

¹⁰ *Commonwealth of Virginia, ex rel. State Corporation Commission, Ex Parte: Establishing the rates, terms and conditions of a universal fee to be paid by the retail customers of the Virginia Electric and Power Company*, Case No. PUR-2020-00109, 2020 S.C.C. Ann. Rept. 541, Order (Dec. 23, 2020) at 545.

¹¹ *Commonwealth of Virginia, ex rel. State Corporation Commission, Ex Parte: Establishing the rates, terms and conditions of a universal fee to be paid by the retail customers of the Virginia Electric and Power Company*, Case No. PUR-2020-00109, Doc. Con. Cen. No. 210430087, Order on Additional Proceedings (Apr. 21, 2021).

recover \$2.4 million, which is Dominion's portion of DSS's administrative costs for the PIPP, and to defer the Company's PIPP administrative costs, to seek recovery of these costs at a later date.¹² Further, the July 2021 Order required the Company to submit specified reporting and filing requirements within 60 days after the DSS guidelines were promulgated.¹³

REPORTING AND FILING REQUIREMENTS

The Application addresses each directive of the filing and reporting requirements directed by the Commission in its July 2021 Order.¹⁴

Reporting Requirements

In the July 2021 Order, the Commission adopted the reporting requirements recommended by the Hearing Examiner, and required the Company to report on the following related to the PIPP:

- (i) The number of PIPP participants enrolled in the program (broken down by primary heating source).
- (ii) The total bill credits applied.
- (iii) The average bill credits applied.
- (iv) The Company's administrative costs, including a breakdown and description of major cost categories.
- (v) The Department of Social Service's costs to administer the PIPP (as reported to the Company).
- (vi) The number of PIPP participants that took part in a utility-sponsored energy efficiency program.

¹² See 2020 Rider PIPP Proceeding, July 2021 Order at 231-232.

¹³ *Id.* at 7; Code § 56-585.6 C.

¹⁴ July 2021 Order at 231-232.

- (vii) The average energy savings for PIPP participants that participated in a utility sponsored energy efficiency program (once evaluation, measurement and verification data is available).
- (viii) A list of federal, state, local or non-profit energy efficiency and weatherization programs available to PIPP participants (to the extent known to the Company).
- (ix) The aggregate energy usage of PIPP participants before and after enrollment.
- (x) The PIPP participants' arrearage balances, on average and/or in the aggregate.

Dominion's responses to each of these reporting requirements are summarized below, by directive, along with Staff's comments.

(i) The number of PIPP participants enrolled in the program (broken down by primary heating source).

The Company presents an estimate of 45,000 PIPP-enrolled participants for the proposed Rate Year, as provided directly by DSS, and a number which the Company is using as it works to launch the PIPP program.¹⁵ This 45,000 figure is based on the data DSS has regarding Dominion customers who participate in the Low Income Home Energy Assistance Program ("LIHEAP") for Federal Fiscal Year ("FFY") 2022 and the available LIHEAP data thus far into FFY 2023.¹⁶ DSS states that 45,000 households are likely to be eligible for the PIPP for the Rate Year "based on the number of households served in FFY 2022 with an expected increase of 10%" for FFY 2023, consistent with an annual increase in applications over the past two to three years.¹⁷ Of the 45,000

¹⁵ Application at 4.

¹⁶ *Id.* at 4.

¹⁷ Company Response to Staff Interrogatory No. 1-03, Attachment Staff Set 1-3. All interrogatory responses cited herein are included in the Appendix to the Staff Report.

participants estimated by DSS, 24,000 customers are expected to have electricity as their primary heating source, while 21,000 are expected to have natural gas, no heat, or some other alternative fuel as their primary heating source.¹⁸ Staff does not oppose the Company's assumptions regarding PIPP participation levels during the Rate Year.

(ii) The total bill credits applied.

Dominion stated in the Application that, as the PIPP has not yet launched, no bill credits have yet been applied. Based on DSS's estimate of 45,000 participants, Dominion estimated in the Application that approximately \$68.16 million of bill credits, on a total Company basis,¹⁹ would be provided to PIPP customers in its first year of operations.²⁰ In response to a Staff interrogatory, the Company provided a corrected projected bill credit total for the Rate Year of \$66.4 million, on a total Company basis. The Company stated that, in developing the projected bill credits for the Rate Year, it relied upon census information and data for customers who received LIHEAP payments from January 2022 through April 2023.²¹ Staff incorporates the revised bill credits of \$66.4 million, on a total Company basis, into its recommended Rate Year revenue requirement for the PIPP, as discussed in greater detail below. Staff expects that, after the launch of the PIPP, the Company will further refine the estimated bill credits to be recovered through the USF based on actual customer participation data.

¹⁸ Application at 4.

¹⁹ "Total Company basis" here indicates the total bill credit amount, inclusive of the Company's non-jurisdictional customers. Said another way, the total Company basis is the total bill credit amount prior to the allocation to the Company's jurisdictional customers.

²⁰ Application at 5.

²¹ Company Response to Staff Interrogatory No. 1-04.

(iii) The average bill credits applied.

Since the PIPP has not yet been implemented and no bill credits have been applied, the Company states that it cannot yet report the average bill credits applied.²² Dominion did, however, use the 45,000 estimated PIPP participants and the estimated total bill credits to estimate the average annual bill credits per participant.²³ As noted above, the Company identified an error in the calculation of the bill credits as originally filed, and, with the corrected projection of \$66.4 million total bill credits, on a total Company basis, presented by the Company during discovery, Staff calculates that the corresponding corrected estimate of the average annual bill credits per participant is approximately \$1,475.71, and \$122.98 per participant per month for the Rate Year.²⁴

Staff notes that PIPP customers receive bill subsidy credits based on the amount by which the customer's electric bill exceeds six, or ten, percent of their annual household income.²⁵ For that reason, Staff believes that the estimate of average bill credits applied may be misunderstood without the supplementation of additional statistical modeling, such as percentile graphs of bill credits applied. A percentile graph of PIPP participants with electricity as their primary heating source, a percentile graph of PIPP participants with natural gas, heating, or other as their primary heating source, and a percentile graph of total PIPP customers, would increase transparency. Should the Commission desire a more detailed estimate of the average bill credits applied, Staff

²² Application at 5.

²³ Application at 5.

²⁴ See Company Response to Staff Interrogatory No. 1-04.

²⁵ See Company Response to Staff Interrogatory No. 2-13.

recommends that the Company include these percentile comparisons of bill credits for PIPP participants in future Rider PIPP updates.²⁶

(iv) The Company's administrative costs, including a breakdown and description of major cost categories.

In Table 2 of the Application, Dominion estimates that its administrative costs for the Rate Year will be \$2,115,001, shown as follows by cost category.²⁷ Staff addresses each category of administrative costs below.

²⁶ Staff notes that according to the DSS guidelines, DSS will be the entity that verifies customer household income and determines customer income eligibility for the PIPP. See Virginia Department of Social Services, PIPP Guidelines, June 26, 2023, 15-21, https://www.dss.virginia.gov/files/division/bp/ea/intro_page/manual/PIPP_Guidelines.pdf#:~:text=The%20VCEA%20established%20two%20overarching%20objectives%20for%20PIPP%3A,energy%20efficiency%20programs%20and%20energy%20conservation%20education%20programs.https://www.dss.virginia.gov/files/division/bp/ea/intro_page/manual/PIPP_Guidelines.pdf#:~:text=The VCEA established two overarching objectives for PIPP:,energy efficiency programs and energy conservation education programs.

²⁷ Application at 6.

Major Cost Categories	Cost Breakdown	Description of Categories
Incremental CIS Programming Costs	\$214,683 ¹⁴	This cost reflects the annual amortization of CIS Programming costs. The total capitalized cost is \$3,513,000, which will be amortized over 15 years.
Actual O&M	\$206,552	This cost includes the actual labor expenses incurred through June 30, 2023.
Estimated O&M Costs for July 1, 2023 through October 31, 2023	\$35,000	This cost includes the estimated expenses for July 1, 2023 through October 31, 2023, for Dominion Energy Virginia labor.
Estimated O&M Costs For Rate Year	\$1,398,595	This cost includes the estimated expenses over the November 1, 2023 through October 31, 2024 Rate Year for Dominion Energy Virginia labor and materials.
Financing Costs	\$260,171	This cost includes financing costs (only inclusive of cost of debt) associated with the rate base and deferred O&M costs.
Total Administrative Costs		\$2,115,001

CIS Programming Costs

Staff requested documentation to verify that the incremental CIS programming costs of approximately \$3.513 million are directly attributable to the PIPP.²⁸ Based on its review of the Company's documentation, it appears that these costs are specifically related to programming changes to the Customer Information Platform that are necessary to implement the PIPP. Therefore, Staff does not take issue with their inclusion in the calculation of the revenue requirement for the PIPP. The amortization period for the CIS programming costs of 15 years was approved by the Commission in its December 2020 Order in the 2020 Rider PIPP proceeding.²⁹ The Company included 11 months of the CIS programming costs in the Rider PIPP revenue

²⁸ Company Response to Staff Interrogatory No. 3-18.

²⁹ See December 2020 Order in 2020 Rider PIPP Proceeding at 544.

requirement for the Rate Year because the PIPP is expected to start on December 1, 2023, one month into the Rate Year.³⁰

Actual Operations and Maintenance ("O&M") Expenses

The Company includes \$206,552 of actual O&M expenses in the Rider PIPP revenue requirement for the Rate Year, which consists of the Company's actual labor and benefits amounts for employees working on the PIPP from January 2022 through June 2023. Staff does not take issue with the actual O&M expenses incurred by the Company through June 30, 2023.

Estimated O&M Expenses through October 31, 2023

The Company includes an additional \$35,000 of O&M expenses expected to be incurred through October 31, 2023, in the Rate Year revenue requirement for Rider PIPP. The Company represented that these estimated costs were developed based on the average of monthly labor costs incurred from January through June 2023 for the PIPP.³¹ Staff does not take issue with the additional O&M expenses expected to be incurred prior to the Rate Year. In the next PIPP proceeding, Staff recommends that the Company report on its actual O&M expenses and address any true-up to actuals that may be necessary through a future Rider PIPP.

³⁰ Staff notes that the Company calculates financing costs on the unamortized balance of the CIS programming costs using its embedded cost of debt as of December 31, 2022. As discussed in greater detail below, Staff takes issue with the use of the embedded cost of debt to compute financing costs and rather supports the use of the weighted cost of debt pursuant to Code § 56-585.6 B.

³¹ Company Response to Staff Interrogatory No. 3-19.

Rate Year Estimated O&M Expenses

The following table summarizes the Company's projected O&M expenses for the Rate Year beginning November 1, 2023:

Rider PIPP	
Rate Year Estimated O&M Expenses	
In Dollars	
3 Additional Full-time Employees	\$383,970
Customer Service Labor - PIPP Phone Support	\$808,200
Customer Correspondence Costs	\$73,125
Brochures, Kits, and Workshops	<u>\$133,300</u>
Total Rate Year O&M Expenses	<u>\$1,398,595</u>

The Company estimates that it will hire three additional full-time employees to support implementation of the PIPP, with start dates expected in Fall 2023. The Company also estimates PIPP-related customer service labor based on four customer service phone calls per year for each PIPP customer. Additionally, customer correspondence costs are included in the Company's estimated Rate Year O&M expenses for various letters to be sent to PIPP customers. Finally, the Company estimates PIPP costs for brochures, kits and workshops. While an estimate of O&M expenses for the Rate Year was developed for purposes of the Rider PIPP revenue requirement, the Company stated in response to a Staff interrogatory that it will bill the PIPP Treasury Fund for its actual costs. Further, the Company stated that it anticipates that it will track its actual call volumes and handle time for the PIPP.³²

Staff does not take issue with the Company's estimated Rate Year O&M Expenses. Staff agrees that the Company should track its actual O&M expenses for the PIPP, including actual call

³² Company Response to Staff Interrogatory No. 3-19.

volumes and labor costs associated with the PIPP and any other actual costs. In the next PIPP proceeding, Staff recommends that the Company report on its actual O&M expenses and address any true-up to actuals that may be necessary through a future Rider PIPP.

Financing Costs

The Company includes financing costs of \$260,171 in the Rate Year revenue requirement, consisting of a rate of return on the unamortized balance of CIS programming costs and deferred Dominion administrative costs. To compute such rate of return, the Company proposes to use its embedded cost of debt of 4.119% from its December 31, 2022 capital structure. Staff disagrees with the use of the embedded cost of debt to compute financing costs for Rider PIPP. Rather, Staff recommends that the Commission direct the use of the Company's weighted average cost of debt of 2.011% from its December 31, 2022 capital structure based on the plain language of Code § 56-585.6 B.³³

Code § 56-585.6 B states that "...a Phase II Utility shall not be eligible to earn a rate or return on any equity or costs incurred to comply with the program requirements or implementation." Staff's proposed use of the weighted average cost of debt ensures that the Company will only earn a return based on its cost of debt and the portion of rate base supported by debt and will not earn a return on any equity. In contrast, the Company's proposed use of the embedded cost of debt means that it would earn a return on its entire rate base, including the portion of rate base supported by equity capital, albeit at its lower cost of debt. This appears to be inconsistent with the plain language of § 56-585.6 B.

³³ Staff's proposal to use the weighted average cost of debt to compute financing costs is consistent with the testimony of Staff witness Patrick W. Carr in the 2020 Rider PIPP proceeding at footnote 10.

(v) The Department of Social Service's costs to administer the PIPP (as reported to the Company).

The Company represents that DSS requested total administrative costs of \$3,000,000 for the PIPP, of which the Company is assuming its share to be \$2.4 million, or 80%.³⁴ The remaining 20% is attributable to Appalachian Power Company, who also has a PIPP pursuant to Code § 56-585.6. Staff does not take issue with the DSS administrative costs and supports including \$2.4 million in the Rate Year Rider PIPP revenue requirement in this proceeding.

(vi) The number of PIPP participants that took part in a utility-sponsored energy efficiency program.

The Company states that before the program launches, the population of potential PIPP participants, as well as actual PIPP participation in Dominion's energy efficiency programs, will not be known.³⁵ For this reason, Dominion states that future PIPP participant enrollment in utility-sponsored energy efficiency programs cannot be estimated.³⁶ Dominion states that it intends to monitor the participation of the PIPP-enrolled customers in its Company-sponsored energy efficiency programs in coordination with its evaluation, measurement and verification ("EM&V") vendor.³⁷ Staff is unopposed to this proposal; however, Staff recommends that the Company report PIPP customer participation in utility-sponsored energy efficiency programs in future Rider PIPP filings.

³⁴ Application at 6.

³⁵ Application at 7.

³⁶ Company Response to Staff Interrogatory No. 1-05.

³⁷ Application at 7.

(vii) The average energy savings for PIPP participants that participated in a utility sponsored energy efficiency program (once evaluation, measurement and verification data is available).

The Company states that the average energy savings of PIPP participants involved in utility-sponsored energy efficiency programs cannot be tracked prior to the implementation of the PIPP.³⁸

The Company intends to track this information for PIPP participants after the program's launch using EM&V methods already employed by Dominion to track its low-income programs.³⁹ The Company believes this information on energy savings for PIPP participants will not become reliable until 12 months of data have been collected, or after the completion of the Rate Year.⁴⁰ Staff is unopposed to this proposed tracking methodology; however, Staff recommends that the Company include the energy savings of PIPP participants resulting from utility-sponsored energy efficiency programs in future Rider PIPP filings.

(viii) A list of federal, state, local or non-profit energy efficiency and weatherization programs available to PIPP participants (to the extent known to the Company).

Dominion identifies one federal energy efficiency and weatherization program, the U.S. Department of Energy's ("DOE") Weatherization Assistance Program, and one state program, LIHEAP, that may be available to PIPP participants.⁴¹ The Company had approximately 63,000

³⁸ Application at 7.

³⁹ *Id.*

⁴⁰ *Id.*

⁴¹ *Id.*

customers participate in LIHEAP during the 2022 calendar year and had approximately 11,100 customers participating from January 1, 2023 through April 30, 2023 (the first four months of calendar year 2023).⁴²

(ix) The aggregate energy usage of PIPP participants before and after enrollment.

The Company believes that the aggregate energy usage of PIPP participants before and after enrollment will not be able to be reliably assessed until the PIPP has completed a full year of operation.⁴³ Staff notes that, since customers may apply to enroll in the PIPP at any time during the Rate Year, the data on aggregate energy usage for the Rate Year may fluctuate until the conclusion of calendar year 2024, at which point the data will be complete for that Rate Year. Staff therefore recommends that the Commission require the Company to report the aggregate energy usage in future Rider PIPP filings for each preceding completed rate year.

(x) The PIPP participants' arrearage balances, on average and/or in the aggregate.

The Company notes that, as the PIPP has not yet launched, information on PIPP participants' arrearage balances is not yet available. Staff agrees that such information is not yet available. In the Company's next Rider PIPP update filing, Staff recommends that the Company provide information on average and total arrearage balances for the population of customers who enrolled in the PIPP.

⁴² Attachment Staff Set 1-4. Due to the voluminous nature and formatting of the referenced attachment, only the referenced excerpts are included in the Appendix at 5-6. Staff has maintained a full, electronic copy of the referenced attachment and will provide it upon request.

⁴³ Application at 7.

Filing Requirements

In its July 2021 Order, the Commission set forth filing requirements that are applicable to this proceeding. Specifically, the Commission directed the Company to provide at least the following information:

- (1) The amount the Company proposes to collect from customers (e.g., the full statutory cap of \$100 million, or a different amount due to expected changes in PIPP participation utility costs or other factors).
- (2) When the Company proposes to start the increased collections (the proposed PIPP rate year).
- (3) How the Company interprets its statutory cap (i.e., whether the Company interprets the cap as the amount recovered through the PIPP fee in a given rate year, or the amount spent or committed through implementation of the PIPP program in a given rate year). The Company should state how it is tracking this fee and whether the Company is coordinating with the Department of Social Services in its tracking of PIPP enrollments and expenditures to ensure program costs stay within the statutory cap.
- (4) Whether any true-up is needed regarding start-up costs/costs collected to date, and any information needed for the Commission to assess the requested true-up.

The Company's responses to the filing requirements are summarized below by directive, including Staff's comments on each filing requirement.

- (1) The amount the Company proposes to collect from customers (e.g., the full statutory cap of \$100 million, or a different amount due to expected changes in PIPP participation utility costs or other factors).

In the Application, Dominion proposes to collect less than the full statutory cap of \$100 million.⁴⁴ Specifically, Dominion proposes to collect a Rate Year revenue requirement \$72,674,635 on a system basis from a combination of Virginia jurisdictional and Virginia non-

⁴⁴ Pursuant to § 56-585.6 A, "[t]he annual total cost of any programs implemented pursuant to [§ 56-585.6 A] shall not exceed costs, including administrative costs, in the aggregate of... (b) \$100 million for any Phase II Utility in any rate year in which such program costs are incurred."

jurisdictional, based on the participation levels identified by DSS.⁴⁵ This total system revenue requirement is the appropriate apples-to-apples comparison to the \$100 million statutory cap.

Based on the Virginia jurisdictional revenue requirement of \$64,345,594, Dominion proposes to increase the USF from the current amount of \$0.000027 per kWh to \$0.000761 per kWh in the instant case. This requested adjustment to the PIPP fee would raise the monthly bill of a typical residential customer using 1,000 kWh per month by \$0.73.⁴⁶

(2) When the Company proposes to start the increased collections (the proposed PIPP rate year).

Dominion proposes a Rider PIPP Rate Year of November 1, 2023, to October 31, 2024, to collect the requested USF.⁴⁷ If the proposed Rate Year is approved, the Company plans to open the PIPP for applications on November 1, 2023, and begin collecting the PIPP fee in preparation for the program's launch on December 1, 2023. On December 1, 2023, the Company intends to begin crediting participants with bill credits from the PIPP fund.⁴⁸

(3) How the Company interprets its statutory cap (i.e., whether the Company interprets the cap as the amount recovered through the PIPP fee in a given rate year, or the amount spent or committed through implementation of the PIPP program in a given rate year). The Company should state how it is tracking this fee and whether the Company is coordinating

⁴⁵ *Id.* at 8.

⁴⁶ As explained in greater detail below, Dominion identified several corrections to the Rate Year revenue requirement and resulting USF during the discovery process.

⁴⁷ Application at 8.

⁴⁸ *Id.* at 4.

with the Department of Social Services in its tracking of PIPP enrollments and expenditures to ensure program costs stay within the statutory cap.

In the Application, Dominion states that it interprets the statutory cap as "the maximum amount that can be billed to the PIPP Treasury Fund in a given year."⁴⁹ For clarification, Staff asked an interrogatory seeking to understand whether the \$100 million cap is also the maximum amount of money that can be collected from its customers in a given rate year. In response to Staff's question, the Company stated that it "...interprets the \$100 million cap to be the maximum amount billed (recovered) from the PIPP Treasury Fund in a given rate year. The amount billed to customers and remitted to the fund may exceed \$100 million depending on sales."⁵⁰

Staff believes that any total system rate year revenue requirement for Rider PIPP should be designed to recover no more than \$100 million annually from Virginia jurisdictional and Virginia non-jurisdictional customers collectively, inclusive of administrative costs. This is consistent with Code § 56-585.6 A, which states that "...[t]he annual total cost of any programs implemented...shall not exceed costs, including administrative costs, in the aggregate of...\$100 million for any Phase II Utility in any rate year in which such program costs are incurred."

Should actual kWh sales be higher than the estimated kWh sales used to design a rate year PIPP fee, it is possible that Dominion may recover more than \$100 million in a given rate year. In the event that this occurs, Staff agrees with Dominion that no more than \$100 million can be billed to (*i.e.*, recovered from) the PIPP Treasury Fund in a given year. Any amounts collected through the PIPP fee in excess of \$100 million in a given rate year should remain in the PIPP Treasury

⁴⁹ *Id.* at 9.

⁵⁰ Company Response to Staff Interrogatory No. 2-11.

Fund and be used to reduce future rate year revenue requirements to be charged to customers for the PIPP.

- (4) Whether any true-up is needed regarding start-up costs/costs collected to date, and any information needed for the Commission to assess the requested true-up.

The Company did not request a true-up in its Application of the DSS start-up costs collected to date. The Company stated that a true-up may be included in future updates to the USF as the PIPP is deployed and actual program expenditures are known.⁵¹ Staff agrees that a true-up is unnecessary at this time because DSS's annual administrative costs have not changed since the current PIPP fee was approved in the 2020 Rider PIPP proceeding.

A true-up will likely be necessary in the Company's next Rider PIPP proceeding; however, the mechanics of such true-up may be different than other actual cost true-up factors the Company has proposed in its many rate adjustment clause proceedings pursuant to Code §§ 56-585.1 A 5 or A 6. This is because all dollars collected by the Company through the USF are remitted to the PIPP Treasury Fund on a monthly basis, and any true-up of Rider PIPP would be dependent upon the funding status of the PIPP Treasury Fund. Staff recommends that the Commission direct the Company to propose a true-up methodology, and to file a detailed calculation and narrative to support such methodology, in its next Rider PIPP proceeding.

⁵¹ Application at 9.

REVENUE REQUIREMENT AND ACCOUNTING ANALYSIS

The following section addresses Staff's recommendations regarding the Rate Year revenue requirement for Rider PIPP. Additionally, Staff presents information regarding the proposed accounting and flow of funds collected from customers for the PIPP.

Proposed Revenue Requirement

As explained above, the Company calculates a Rate Year revenue requirement for Rider PIPP of \$72,674,635 on a total system basis. This translates to a Rate Year Virginia jurisdictional revenue requirement of \$64,345,594.⁵²

As shown in Schedule 1 to this Staff Report, Staff recommends that the Commission approve a Rate Year Virginia jurisdictional revenue requirement of \$62,771,633, which is \$1,573,961 lower than the Company's proposed revenue requirement, as shown in the following table:⁵³

Rider PIPP	
Staff vs. Company Rate Year Revenue Requirements	
For the Virginia Jurisdiction	
In Dollars	
Company Proposed Revenue Requirement	\$64,345,594
Rate Year Bill Credits Correction	-\$1,551,891
Financing Costs (Embedded Vs. Weighted Average Cost of Debt)	-\$118,366
Virginia Jurisdictional Factor Correction	<u>\$96,296</u>
Staff Proposed Revenue Requirement	\$62,771,633

⁵² Staff notes that the Rate Year revenue requirement and resulting PIPP fee is designed to be recovered from only Virginia customers as the PIPP is a Virginia program. That said, both Virginia jurisdictional and Virginia non-jurisdictional customers pay for the PIPP. The Virginia jurisdictional revenue requirement proposed in this proceeding excludes the portion of the revenue requirement for which Virginia non-jurisdictional customers are responsible.

⁵³ Staff's proposed total system revenue requirement for the Rate Year is \$70,788,176. Schedules 1 through 7 attached hereto detail the calculation of Staff's proposed Rate Year revenue requirement.

As explained earlier, Staff's proposed revenue requirement incorporates the Company's corrected estimate of customer bill credits for the Rate Year of \$66.4 million provided through discovery. Staff also uses the Company's weighted average cost of debt from its December 30, 2022 capital structure to compute financing costs rather than its embedded cost of debt, as also described above. Finally, as discussed in greater detail below, Staff incorporates a corrected Virginia jurisdictional allocation factor provided in response to a Staff interrogatory, which properly incorporates previously omitted kWh sales for certain of the Company's retail choice customers.⁵⁴

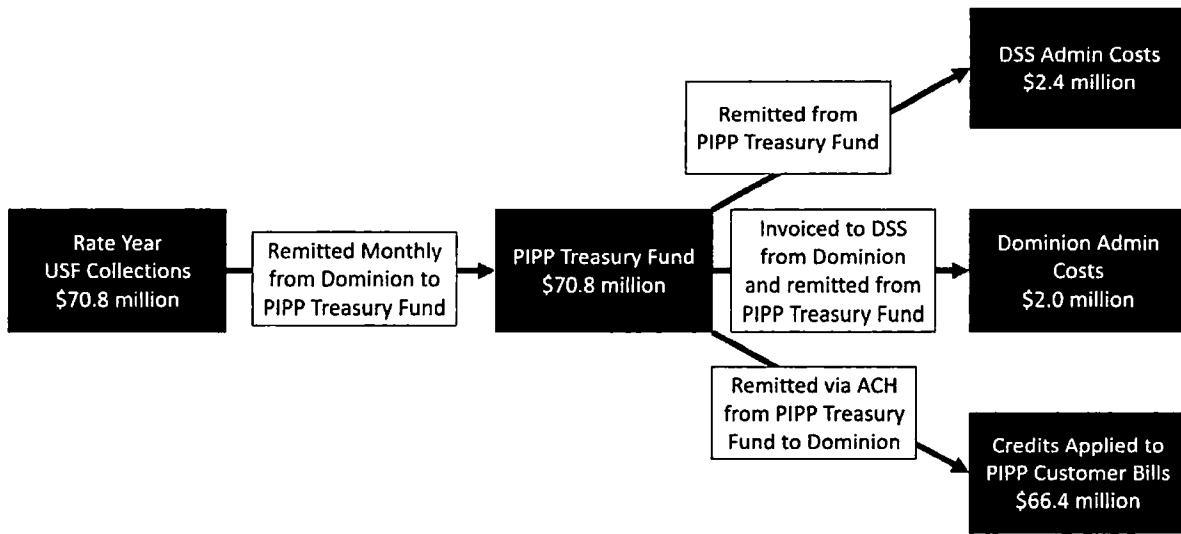
PIPP Accounting

All collections from the USF through Rider PIPP will be remitted in full to the PIPP Treasury Fund on a monthly basis. This means that funds collected through the USF will not be recognized as revenue or net income to the Company but will rather be treated as a passthrough directly to the PIPP Treasury Fund.⁵⁵ DSS will then remit funds from the PIPP Treasury Fund back to the Company for credits to be applied to the PIPP customers' bills and for the Company's actual administrative costs.

The following flow chart depicts the flow of funds collected from the PIPP USF based on Staff's rate year total system revenue requirement of \$70,788,176:

⁵⁴ Company Response to Staff Interrogatory No. 3-22. While the Company provided a corrected Rate Year revenue requirement in discovery, to-date, the Company has not filed a corrected Rate Year revenue requirement incorporating the corrections identified above.

⁵⁵ See Company Response to Staff Interrogatory No. 3-21 for high level, example journal entries for PIPP collections, customer subsidies, and administrative costs. Staff will review the accounting for the PIPP in the future once the program has been implemented by DSS.



REVENUE ALLOCATION AND RATE ANALYSIS

The USF is a per kWh charge applied to all retail customer classes subject to Rider PIPP approved in the December 2020 Order. The PIPP fee is collected by Dominion and remitted to DSS to be distributed to the Company's PIPP-enrolled utility customers. Furthermore, the PIPP fee is the "proper recovery mechanism" as determined by the Commission for reasonable costs to the Company and DSS associated with funding the PIPP.⁵⁶ The Company's Application filed on July 11, 2023, seeks to adjust Rider PIPP prior to the launch of the program.⁵⁷

⁵⁶ Code § 56-585.6 B.

⁵⁷ In the July 2021 Order, the Commission directed Dominion to make a filing 60 days after the DSS rules or guidelines are promulgated, including an update to the PIPP Rider. See July 2021 Order at 231.

Dominion requests to apply the 2023 Rider PIPP across all retail customer Rate Schedules in Virginia for every kWh consumed in accordance with Code § 56-585.6 A.⁵⁸ There are no exceptions to this allocation methodology. The Company's proposed revenue requirement to administer the PIPP for the rate year, updated USF, and updated tariff sheet, are shown in Attachments 1, 2, and 3 of the Application, respectively.⁵⁹

Dominion proposes to use the same methodology approved by the Commission in the December 2020 Order to calculate the PIPP fee for the first year of the program's implementation.⁶⁰ Specifically, to calculate the USF, the Company divides the jurisdictional revenue requirement by the total forecasted jurisdictional kWh sales in Virginia for the proposed Rate Year.⁶¹

While the calculation methodology is generally consistent with the methodology proposed in the 2020 Rider PIPP proceeding, Staff notes that the Company made corrections to the total customer bill subsidies, Virginia jurisdictional revenue requirement, and the PIPP fee due to errors discovered by the Company during the preparation of responses to discovery in this case.⁶² The proposed Rider PIPP in the instant case of \$0.000761 per kWh reflects an estimated Virginia jurisdictional revenue requirement of \$64,345,594 and an estimated Virginia jurisdictional kWh

⁵⁸ Application at Attachment 3. The applicable Rate Schedules are listed as follows: 1, 1G, IP, IS, IT, 1W, DP-R, 1EV, EV, 5, 5C, 5P, 6, GS-1, DP-1, GS-2, DP-2, GS-2T, GS-3, GS-4, MBR, SCR, 6TS, 7, 8, 10, 24, 25, 27, 28, and 29, as well as any special rates, contracts or incentives, approved by the State Corporation Commission pursuant to Code § 56-235.2.

⁵⁹ Application at Attachment 1; Attachment 2; and Attachment 3.

⁶⁰ See Application at 2. See December 2020 Order in 2020 Rider PIPP Proceeding at 543 (discussion of Recommendation Nos. 1, 2, 3 and 6) for a discussion of the methodology approved by the Commission for calculating the PIPP fee.

⁶¹ See Application at Attachment 2 for the calculations originally proposed in the Application. See Company Response to Staff Interrogatory No. 1-04 for supporting documentation and Attachment Staff Set 3-22 (b) in the Appendix at 29 for the revised calculation.

⁶² Company Response to Staff Interrogatory No. 1-04 details the revised bill subsidy calculation; Attachment Staff Set 3-22 (a) shows the revised revenue requirement; Attachment Staff Set 3-22 (b) presents the revised USF calculation and typical customer bill impact.

sales total of 84,595,537,707 kWh as filed in the Application.⁶³ Specifically, during discovery the Company identified a mistake in the forecast of kWh sales utilized in calculating the USF requested in the Application.⁶⁴ The original forecasted Virginia jurisdictional kWh sales estimate omitted more than one million kWh sales from Dominion's data center customers who receive generation supply service from a competitive service supplier.⁶⁵ Given that Rider PIPP is applicable to all retail customers as a non-bypassable charge, irrespective of the customer's generation supplier, these kWh sales should not have been omitted.

On August 17, 2023, Dominion submitted updated estimates correcting the revenue requirement, specifically the Virginia jurisdictional allocation factor, and the PIPP fee calculation filed in the Application to reflect the corrected forecasted Virginia jurisdictional kWh sales, which is a total of 85,743,251,527 kWh as well as the revised total bill subsidy amount of \$66,406,863, on a total Company basis.⁶⁶ For the proposed Rate Year, the Company's revised Virginia jurisdictional revenue requirement is \$62,890,181 and revised Rider PIPP charge is \$0.000733 per kWh.⁶⁷ The residential customer bill impact for a customer using 1,000 kWh per month of the updated proposed Rider PIPP is \$0.73 per month, which is a \$0.70 increase from the current Rider PIPP approved in the July 2021 Order in the 2020 Rider PIPP proceeding.⁶⁸ Should the Commission approve a revenue requirement that differs from the Company's requested revenue

⁶³ Application at Attachment 2.

⁶⁴ Company Response to Staff Interrogatory No. 3-16.

⁶⁵ Application at Attachment 2. See Response to Staff Interrogatory No. 3-16.

⁶⁶ Company Response to Staff Interrogatory No. 1-04. See Attachment Staff Set 3-22 (a) and Attachment Staff Set 3-22 (b) for the revised amounts calculated by the Company.

⁶⁷ Attachment Staff Set 3-22 (b) in the Appendix at 29-30.

⁶⁸ July 2021 Order at 232. Staff notes that the corrected \$0.73 per month impact for a typical residential customer using 1,000 kWh per month represents an approximately \$0.03 decrease from the as-filed bill impact of Rider PIPP.

requirement, Staff recommends that the corresponding Rider PIPP charges be adjusted in accordance with the revenue apportionment and rate design methodology proposed by the Company, inclusive of the corrected kWh sales estimates filed by the Company to Staff.

CONCLUSIONS AND RECOMMENDATIONS

Staff has the following conclusions and recommendations related to the Rider PIPP revenue requirement and rate design for the Rate Year:

1. Staff recommends that the Commission approve a Rate Year Virginia jurisdictional revenue requirement of \$62,771,633, which is \$1,573,961 lower than the Company's proposed revenue requirement.
2. Staff recommends that the Commission direct the use of the Company's weighted average cost of debt of 2.011% from its December 31, 2022 capital structure to compute financing costs, based on the plain language of Code § 56-585.6 B, rather than the embedded cost of debt proposed by the Company.
3. Staff recommends that the Commission direct the Company to propose a revenue requirement true-up methodology, and to file a detailed calculation and narrative to support such methodology, in its next Rider PIPP proceeding.
4. Staff does not oppose the Company's revenue apportionment and rate design methodology for Rider PIPP. Should the Commission approve a revenue requirement that differs from the Company's requested revenue requirement, Staff recommends that the corresponding Rider PIPP charges be adjusted in accordance with the revenue apportionment and rate design methodology proposed by the Company, inclusive of the corrected kWh sales estimates discussed herein.

Staff has the following conclusions and recommendations regarding filing and reporting requirements for future Rider PIPP update proceedings:

1. Staff recommends that the Commission direct the Company to continue to comply with the reporting and filing requirements included in the Commission's July 2021 Order in the 2020 Rider PIPP proceeding, in future Rider PIPP update proceedings.
2. Staff recommends that the Commission direct the Company to report on the following in future Rider PIPP update proceedings:
 - a. A percentile comparison of bill credits for PIPP participants.

- b. The Company's actual O&M expenses related to the PIPP, addressing any true-up to actuals that may be necessary through a future Rider PIPP.
- c. The PIPP participants' participation in utility-sponsored energy efficiency programs.
- d. The energy savings of PIPP participants resulting from utility-sponsored energy efficiency programs.
- e. The PIPP participants' aggregate energy usage.
- f. The average and total arrearage balances for the population of customers who enrolled in the PIPP.

SCHEDULES

Schedule 1

**Virginia Electric and Power Company
PIPP Revenue Requirement
For the Rate Year November 1, 2023 to October 31, 2024**

<u>Line No.</u>		
1	Customer Bill Subsidies	66,406,864
2	State Agency Administrative Cost	2,400,000
3	DEV Administrative Costs	<u>1,981,313</u>
4	Total System Revenue Requirement	\$ 70,788,176
5	Allocation to VA Jurisdiction	<u>88.6753%</u>
6	Total Revenue Requirement (Va. Jurisdiction)	<u>\$ 62,771,633</u>

Schedule 2

Virginia Electric and Power Company
 PIPP Revenue Requirement
 For the Rate Year November 1, 2023 to October 31, 2024

Line No.		
1	Rate Base	\$ 2,659,196
2	Cost of Debt	<u>2.011%</u>
3	Revenue Requirement - Financing Costs	<u>53,485</u>
	<u>Operating Expenses</u>	
4	Customer Bill Subsidies	66,406,864
5	State Agency Administrative Cost	2,400,000
6	PIPP Projected O&M Costs	1,398,595
7	Amortization of CIS Programming Costs/Deferred O&M Costs	<u>529,232</u>
8	Revenue Requirement - Operating Expenses	70,734,691
9	Total Revenue Requirement	<u><u>\$ 70,788,176</u></u>

Virginia Electric and Power Company
 PIPP Rate Base
 For The Period October 2023 to October 2024

Line No.	October-23	November-23	December-23	January-24	February-24	March-24	April-24	May-24	June-24	July-24	August-24	September-24	October-24
1	\$ 2,615,866	\$ 2,615,866	\$ 2,601,334	\$ 2,586,801	\$ 2,572,269	\$ 2,557,736	\$ 2,543,203	\$ 2,528,671	\$ 2,514,138	\$ 2,499,606	\$ 2,485,073	\$ 2,470,540	\$ 2,456,008
2	\$ 234,221	\$ 214,703	\$ 195,184	\$ 175,666	\$ 156,147	\$ 136,629	\$ 117,110	\$ 97,592	\$ 78,074	\$ 58,555	\$ 39,037	\$ 19,518	\$ -
3	\$ 2,850,087	\$ 2,830,569	\$ 2,796,518	\$ 2,762,467	\$ 2,728,416	\$ 2,694,365	\$ 2,660,314	\$ 2,626,263	\$ 2,592,212	\$ 2,558,161	\$ 2,524,110	\$ 2,490,059	\$ 2,456,008
4	13-Month Average												\$ 2,659,196

Virginia Electric and Power Company
 PIPP Amortization
 For the Rate Year November 1, 2023 to October 31, 2024

Line No.	System	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	System Total
1	CIS Programming Costs Amortization (System)	-	19,517	19,517	19,517	19,517	19,517	19,517	19,517	19,517	19,517	19,517	19,517	214,683
2	Deferred Cost Amortization (System)	26,212	26,212	26,212	26,212	26,212	26,212	26,212	26,212	26,212	26,212	26,212	26,212	314,549
3	Total Rate Year Amortization													\$ 529,232

Virginia Electric and Power Company
PIPP Deferred Costs
For The Period January 2022 to October 2023

Line No.	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22
1	6,783	7,987	4,345	1,510	14,822	10,248	8,111	19,144	10,248	14,948	15,755	11,523
2	6,783	7,987	4,345	1,510	14,822	10,248	8,111	19,144	10,248	14,948	15,755	11,523
3	6,783	14,770	19,115	20,625	35,447	45,685	53,806	72,950	83,198	98,146	113,801	125,424
4	5,051	10,988	14,233	15,358	26,395	34,026	40,065	54,321	61,951	73,082	84,813	93,394
5	2,525	8,024	12,618	14,788	20,876	30,210	37,045	47,163	58,136	67,516	78,948	88,104
6	-	-	-	488,000	488,000	488,000	488,000	488,000	1,488,000	1,488,000	2,488,000	2,488,000
7	-	-	-	244,000	488,000	488,000	488,000	988,000	1,488,000	1,488,000	1,988,000	2,488,000
8	0.17%	0.17%	0.17%	0.17%	0.17%	0.17%	0.17%	0.17%	0.17%	0.17%	0.17%	0.17%
9	4	13	21	25	35	51	62	79	97	113	132	149
10	-	-	-	409	818	818	818	1,658	2,484	2,484	3,332	4,170
11	6,787	8,000	4,368	1,944	15,675	11,116	8,991	20,880	12,839	17,555	19,220	15,843

Virginia Electric and Power Company
PIPP Deferred Costs
For The Period January 2022 to October 2023

Line No.		Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23
1	O&M Expenses	10,885	12,416	14,874	10,281	13,786	18,975	8,750	8,750	8,750	8,750
2	Total O&M (System)	10,885	12,416	14,874	10,281	13,786	18,975	8,750	8,750	8,750	8,750
3	Regulatory Asset Balance	136,409	148,825	163,499	173,780	187,576	206,552	215,302	224,052	232,802	241,552
4	Regulatory Asset Balance (Net of ADIT)	101,574	110,819	121,745	129,401	139,874	153,804	160,319	168,834	173,350	179,865
5	Average Regulatory Asset Balance (Net of ADIT)	97,484	106,186	118,282	125,573	134,538	146,738	157,061	163,577	170,082	176,608
6	Deferred Rate Base	2,488,000	2,488,000	2,488,000	3,513,000	3,513,000	3,513,000	3,513,000	3,513,000	3,513,000	3,513,000
7	Average Deferred Rate Base	2,488,000	2,488,000	2,488,000	3,000,500	3,513,000	3,513,000	3,513,000	3,513,000	3,513,000	3,513,000
8	Cost of Debt	0.17%	0.17%	0.17%	0.17%	0.17%	0.17%	0.17%	0.17%	0.17%	0.17%
9	Financing Costs on Deferred O&M Costs	163	178	185	210	225	246	263	274	285	286
10	Financing Costs on Deferred Rate Base	4,170	4,170	4,170	5,029	5,888	5,888	5,888	5,888	5,888	5,888
11	Total Deferred Costs Including Financing Costs	15,319	16,764	19,039	15,521	19,910	25,109	14,901	14,912	14,923	14,934
	Total										314,549

Virginia Electric and Power Company
 PIPP Deferred Rate Base
 For The Period December 2021 to October 2023

Line No.	December-21	January-22	February-22	March-22	April-22	May-22	June-22	July-22	August-22	September-22	October-22	November-22	December-22
1	\$ -	\$ -	\$ -	\$ -	\$ 488,000	\$ 488,000	\$ 488,000	\$ 488,000	\$ 1,488,000	\$ 1,488,000	\$ 1,488,000	\$ 2,488,000	\$ 2,488,000
2	\$ -	\$ -	\$ -	\$ -	\$ 488,000	\$ 488,000	\$ 488,000	\$ 488,000	\$ 1,488,000	\$ 1,488,000	\$ 1,488,000	\$ 2,488,000	\$ 2,488,000
3	\$ 2,488,000	\$ 2,488,000	\$ 2,488,000	\$ 2,488,000	\$ 3,513,000	\$ 3,513,000	\$ 3,513,000	\$ 3,513,000	\$ 3,513,000	\$ 3,513,000	\$ 3,513,000	\$ 3,513,000	\$ 3,513,000
4	\$ 2,488,000	\$ 2,488,000	\$ 2,488,000	\$ 2,488,000	\$ 3,513,000	\$ 3,513,000	\$ 3,513,000	\$ 3,513,000	\$ 3,513,000	\$ 3,513,000	\$ 3,513,000	\$ 3,513,000	\$ 3,513,000

Schedule 7

VIRGINIA ELECTRIC AND POWER COMPANY
 Actual Cost of Capital and Capital Structure
 As of December 31, 2022

Line No.	Description	Amount	Percent	Annual Cost	Embedded Cost	Weighted Cost
1	Total long-term debt	\$ 15,487,755,032	45.109%	\$ 638,645,388	4.124%	1.860%
2	Short-term debt	<u>1,279,561,972</u>	<u>3.727%</u>	<u>51,932,425</u>	<u>4.059%</u>	<u>0.151%</u>
3	Total debt	16,767,317,003	48.835%	690,577,812	4.119%	2.011%
4	Total preferred stock	-	0.000%	-	0.000%	0.000%
5	Common stock	5,737,401,834	16.710%		9.350%	1.562%
6	Other paid-in capital	1,112,875,312	3.241%		9.350%	0.303%
7	Retained earnings	10,385,609,059	30.248%		9.350%	2.828%
8	AOCI	8,888,767	0.026%		9.350%	0.002%
8	Adjustments	<u>36,637,066</u>	<u>0.107%</u>		<u>9.350%</u>	<u>0.010%</u>
9	Total common equity	17,281,412,037	50.333%		9.350%	4.706%
Job development tax credits						
10	Allocation: debt	135,012,993	0.393%		4.124%	0.016%
11	Allocation: preferred stock	-	0.000%		0.000%	0.000%
12	Allocation: equity	<u>150,649,023</u>	<u>0.439%</u>		<u>9.350%</u>	<u>0.041%</u>
13	Total Job development tax credits	285,662,017	0.832%		6.880%	0.057%
14	Total Capital	\$ <u>34,334,391,057</u>	<u>100.000%</u>			<u>6.775%</u>

APPENDIX

Virginia Electric and Power Company
Case No. PUR-2023-00105
Virginia State Corporation Commission Staff
First Set

The following response to Question No. 3 of the First Set of Interrogatories and Requests for Production of Documents propounded by Virginia State Corporation Commission Staff received on July 31, 2023, was prepared by or under the supervision of:

Lisa M. FaJohn
Supervisor, Customer Credit Services
Dominion Energy Virginia

Question No. 3

Please refer to the Application at page 4, specifically the statement, "The [Virginia Department of Social Services] estimates that there will be approximately 45,000 PIPP participants in the Company's service territory enrolled in the first year of the PIPP...." Provide the following information:

- (a) All documentation supporting the estimate of 45,000 PIPP participants in the first year of program availability.
- (b) The participation data underlying the Low Income Home Energy Assistance Program utilized in estimating the 45,000 PIPP participants.

Response:

- (a) The estimate of 45,000 potential PIPP participants in its first year of operation was provided to the Company by the Virginia Department of Social Services (VDSS). Please see attachment Staff Set 1-3 (LMF).
- (b) The Company relied on the estimate provided by the VDSS for purposes of this application and is not in possession of their underlying data. According to the Company's system, approximately 63,000 customers received some form of LIHEAP assistance in calendar year 2022.

From: Surber, Denise (VDSS)
To: Lisa Messina FaJohn (DEV Trans Distribution - 1)
Subject: [EXTERNAL] PIPP Data Questions
Date: Friday, March 31, 2023 12:00:40 PM

CAUTION! This message was NOT SENT from DOMINION ENERGY
Are you expecting this message to your IDL email? Suspicious? Use PhishAlarm to report the message. Open a browser and type in the name of the trusted website instead of clicking on links. **DO NOT** click links or open attachments until you verify with the sender using a known-good phone number. Never provide your IDL password.

Good morning,

Based on the data we have regarding Dominion Energy customers served through the LIHEAP, there are 45,000 households that are likely to be eligible for PIPP. (Note: for APCo, this number would be 25,000.) This is based on the number of households served in FFY22 with an expected increase of 10% since this has been the annual increase in applications for the past 2-3 years.

Please let me know if you have any questions and/or need any additional information. I apologize for the delay with getting this data; hopefully, it will be easier to access in the future.



People Helping People



Denise Surber
*Energy Assistance Program
Manager - Benefit Programs*
Virginia Department of Social
Services
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Richmond, VA 23219
(804) 726-7386
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Virginia Electric and Power Company
Case No. PUR-2023-00105
Virginia State Corporation Commission Staff
First Set

The following response to Question No. 4 of the First Set of Interrogatories and Requests for Production of Documents propounded by Virginia State Corporation Commission Staff received on July 31, 2023, was prepared by or under the supervision of:

Elizabeth A. Rhyne
Senior Business Process Analyst
Dominion Energy Virginia

Question No. 4

Please refer to Case No. PUR-2020-00109, specifically to the Supplemental Filing of Virginia Electric and Power Company in Response to Order on Additional Proceedings (May 21, 2021) at page 2. Provide the following information:

- (a) An updated figure for total estimated residential customers that spend more than 6 or 10 percent of their annual household income on energy bills.
- (b) An updated figure for total estimated PIPP-eligible accounts and the documentation supporting both this estimate and the prior estimate.

Response:

Using the same methodology as described in Case No. PUR-2020-00109 (relying on census information via DataMart, etc.) and including customers that received a LIHEAP payment in 2022 through April 2023, the Company estimates that there are approximately 379,900 customers who potentially meet the income-qualifying requirements for PIPP. Please see Attachment Staff Set 1-4 (1) (EAR) for supporting documentation. By way of reference, for the Company's estimate in the rebuttal phase of the case in PUR-2020-00109—when an estimate was provided using the 150% of the poverty level rather than the 130% threshold used in the direct case—this figure was approximately 244,000 potentially income-eligible customers. Please see Attachment Staff Set 1-4 (2) (EAR) for the historic view of this analysis.

The Company analyzed the approximately 379,900 potentially income-eligible accounts to identify those customers that potentially spend more than 6 or 10% of their income on the electric bill, which resulted in identifying approximately 138,500 customers.

The Company analyzed the potentially PIPP-eligible customer populations to identify customers who would benefit from the program and calculated its estimate for the bill subsidy credit included within the proposed revenue requirement (limiting the total expected population to the 45,000 participant estimate provided by the VDSS). This calculation can also be seen in Attachment Staff Set 1-4 (1) (EAR).

Please note, in the process of preparing these workbooks for production to Staff, the Company discovered a pivot table error, which has been corrected in the attachment. The result of this correction decreased the projected bill subsidy total by approximately \$1.8 million – from \$68.2 million to \$66.4 million. A reconciliation of these amounts is included within Attachment Staff Set 1-4 (1) EAR.

Attachment Staff Set 1-4
Potential PIPP Customers

2022	Row Labels	Count of PIPP and Arrears	Sum of PIPP and Arrears2
	Interested	27704	\$ 27,715,713.72
	Elect	15291	\$ 15,665,186.10
	Gas/Other	12413	\$ 12,050,527.62
	Not	35587	\$ (40,849,793.73)
	Elect	26411	\$ (34,166,086.92)
	Gas/Other	9176	\$ (6,683,706.81)
	Grand Total	63291	\$ (13,134,080.01)
	2023	Count of PIPP and Arrears	Sum of PIPP and Arrears2
	Interested	4074	\$ 4,203,986.70
	Elect	2358	\$ 2,635,353.13
	Gas/Other	1716	\$ 1,568,633.57
	FALSE	7028	\$ (8,591,401.85)
	Elect	5166	\$ (7,060,307.96)
	Gas/Other	1862	\$ (1,531,093.89)
	Grand Total	11102	\$ (4,387,415.15)
	All Other	Count of PIPP and Arrears	Sum of PIPP and Arrears2
	Interested	115025	\$ 96,547,159.66
	Top 13,222	13222	\$ 34,487,163.10
	Elect	8378	\$ 22,019,642.96
	Gas/Other	4844	\$ 12,467,520.14
	Remaining	101803	\$ 62,059,996.56
	Elect	51305	\$ 32,830,729.28
	Gas/Other	50498	\$ 29,229,267.28
	FALSE	190490	\$ (216,388,188.50)
	Remaining	190490	\$ (216,388,188.50)
	Elect	117929	\$ (158,744,701.61)
	Gas/Other	72561	\$ (57,643,486.89)
	Grand Total	305515	\$ (119,841,028.84)

Updated Data		Old Data		Difference	
Total Electric and Gas/Other Heat Sources		Total Electric and Gas/Other Heat Sources		Total Electric and Gas/Other Heat Sources	
2022	27704	\$ 27,715,713.72	2022	26621	\$ 27,166,900.59
2023	4074	\$ 4,203,986.70	2023	3501	\$ 3,737,661.11
Top 13,222	13222	\$ 34,487,163.10	Top 14,878	14878	\$ 37,255,072.99
Total	45000	\$ 66,406,863.52	Total	45000	\$ 68,159,634.69
Electric (Primary Heat Source)		Electric (Primary Heat Source)		Electric (Primary Heat Source)	
2022	15291	\$ 15,665,186.10	2022	15527	\$ 15,509,474.79
2023	2358	\$ 2,635,353.13	2023	2644	\$ 2,834,708.72
Top 13,222	8378	\$ 22,019,642.96	Top 14,878	9367	\$ 23,673,827.01
Electric	26027	\$ 40,320,182.19	Electric	27538	\$ 42,018,010.52
Gas/Other (Primary Heat Source)		Gas/Other (Primary Heat Source)		Gas/Other (Primary Heat Source)	
2022	12413	\$ 12,050,527.62	2022	11094	\$ 11,657,425.80
2023	1716	\$ 1,568,633.57	2023	857	\$ 902,952.39
Top 13,222	4844	\$ 12,467,520.14	Top 14,878	5511	\$ 13,581,245.98
Other	18973	\$ 26,086,681.33	Other	17462	\$ 26,141,624.17
Difference		Difference		Difference	
2022	1083	\$ 548,813.13	2022	1083	\$ 548,813.13
2023	573	\$ 466,325.59	2023	573	\$ 466,325.59
Top 14,878	-1656	\$ (2,767,909.89)	Top 14,878	-1656	\$ (2,767,909.89)
Total	0	\$ (1,752,771.17)	Total	0	\$ (1,752,771.17)
Electric (Primary Heat Source)		Electric (Primary Heat Source)		Electric (Primary Heat Source)	
2023	-236	\$ 155,711.31	2023	-236	\$ 155,711.31
2022	-286	\$ (195,355.59)	2022	-286	\$ (195,355.59)
Top 14,878	-989	\$ (1,654,184.05)	Top 14,878	-989	\$ (1,654,184.05)
Electric	-1511	\$ (1,697,828.39)	Electric	-1511	\$ (1,697,828.39)
Gas/Other (Primary Heat Source)		Gas/Other (Primary Heat Source)		Gas/Other (Primary Heat Source)	
2023	1319	\$ 393,101.82	2023	1319	\$ 393,101.82
2022	859	\$ 665,681.18	2022	859	\$ 665,681.18
Top 14,878	-667	\$ (1,113,725.84)	Top 14,878	-667	\$ (1,113,725.84)
Other	1511	\$ (54,942.84)	Other	1511	\$ (54,942.84)

2022 Customers

<u>Row Labels</u>	<u>#</u>		
	25309		
	37982		
Grand Total	63291	Spend Higher than 10% or 6%	138845

2023 Customers

<u>Row Labels</u>	<u>#</u>
Higher Spend	3423
#N/A	7679
Grand Total	11102

NonLIHEAP customers

<u>Row Labels</u>	<u>#</u>
Higher Spend	110113
Top 13,222	12979
Remaining	97134
#N/A	195402
Top 13,222	243
Remaining	195159
Grand Total	305515

Virginia Electric and Power Company
Case No. PUR-2023-00105
Virginia State Corporation Commission Staff
First Set

The following response to Question No. 5 of the First Set of Interrogatories and Requests for Production of Documents propounded by Virginia State Corporation Commission Staff received on July 31, 2023, was prepared by or under the supervision of:

Elizabeth A. Rhyne
Senior Business Process Analyst
Dominion Energy Virginia

Michael Hubbard
Manager, Energy Conservation
Dominion Energy Virginia

Question No. 5

Please refer to § 56-585.6 D of the Code of Virginia, specifically, "PIPP-eligible customers may, to the extent reasonably possible, utilize existing energy efficiency or related programs approved by the Commission for a Phase I and Phase II Utility and existing and available federal, state, local, or nonprofit programs to meet the energy reduction obligations of this section." Provide the following information:

- (a) Has the Company estimated how many future PIPP participants will or have participated in utility-sponsored energy efficiency program based on the number of PIPP-eligible customers participating in the Company's currently-offered energy efficiency or related programs?
- (b) If the answer to (a), above, is in the affirmative, please provide this estimate. If the answer to (a), above, is anything other than in the affirmative, please provide a narrative explanation of why not.
- (c) Has the Company estimated how many future PIPP participants will or have participated in existing and available federal, state, local, or nonprofit energy efficiency or related programs?
- (d) If the answer to (c), above, is in the affirmative, provide this estimate. If the answer to (c), above, is anything other than the affirmative, please provide a narrative explanation of why not.

Response:

- (a) Of the potentially PIPP eligible customers (as discussed in the Company's response to Staff Set 1-4), approximately 15,500 of those customers have previously participated in a Dominion Energy Virginia sponsored energy efficiency program that targets low-income customers. The Company is not able to estimate participation of future PIPP participants in utility-sponsored energy efficiency programs as the population is unknown.
- (b) Please see the Company's response to subpart (a).
- (c) The Company has not estimated how many future PIPP participants will participate in existing and available federal, state, local, or nonprofit energy efficiency or related programs and cannot do so as these initiatives do not report participation to the utility.
- (d) Please see the Company's response to subpart (c).

Virginia Electric and Power Company
Case No. PUR-2023-00105
Virginia State Corporation Commission Staff
Second Set

The following response to Question No. 11 of the Second Set of Interrogatories and Requests for Production of Documents propounded by Virginia State Corporation Commission Staff received on August 9, 2023, was prepared by or under the supervision of:

Lisa M. FaJohn
Supervisor, Customer Credit Services
Dominion Energy Virginia

Lisa R. Crabtree
Senior Counsel
Dominion Energy Services, Inc.

Question No. 11

Please refer to the Application at page 9, specifically part C. of the "Proposed Filing Requirement Updates." Provide the following information:

- (a) Does the Company interpret this \$100 million cap to be a maximum amount of money that can be collected from its customers in a given rate year, or only "a maximum amount that can be billed to the PIPP Treasury Fund"?
- (b) Does the Company interpret this \$100 million cap to be a maximum amount paid out to eligible customers by the Department of Social Services, or does this \$100 million cap include the administrative costs of the Company?
- (c) Does the Company interpret this cap to mean that Dominion can pay more than \$100 million to the Department of Social Services in a single rate year?

Response:

The Company objects to this request to the extent it calls for a legal conclusion. Subject to and notwithstanding this objection, the Company provides the following response. Dominion Energy Virginia interprets the \$100 million cap to be the maximum amount billed (recovered) from the PIPP Treasury fund in a given rate year. The amount billed to customers and remitted to the fund may exceed \$100 million depending on sales.

The \$100 million cap includes administrative costs for both the Managing Agencies (Department of Social Services and the Department of Housing and Community Development) and utility administration as per legislation, "The annual total cost of any programs implemented pursuant to clauses (i), (ii), and (iii) shall not exceed costs, including administrative costs, in the aggregate

of (a) \$25 million for any Phase I Utility or (b) \$100 million for any Phase II Utility in any rate year in which such program costs are incurred.”

Virginia Electric and Power Company
Case No. PUR-2023-00105
Virginia State Corporation Commission Staff
Second Set

The following response to Question No. 13 of the Second Set of Interrogatories and Requests for Production of Documents propounded by Virginia State Corporation Commission Staff received on August 9, 2023, was prepared by or under the supervision of:

Lisa M. FaJohn
Supervisor, Customer Credit Services
Dominion Energy Virginia

Question No. 13

How does the Company anticipate adjusting the Universal Service Fee or Rider PIPP in the event that, during a rate year, an under-recovery of funds necessary to provide payments to eligible customers is identified?

Response:

In the event of an under-recovery, which could occur due to higher than projected participation or cost levels or lower than projected sales, the Company anticipates that it would file an interim request to increase the USF.

To mitigate the potential for an under-recovery of funds, the Company estimated the USF presented in this petition based on data associated with the customers with the potential for receiving the highest bill subsidies. In addition, the DSS will closely track funding levels and coordinate with the Company as the program launches and begins enrollment/payment activities.

Virginia Electric and Power Company
Case No. PUR-2023-00105
Virginia State Corporation Commission Staff
Third Set

The following response to Question No. 16 of the Third Set of Interrogatories and Requests for Production of Documents propounded by Virginia State Corporation Commission Staff received on August 11, 2023, was prepared by or under the supervision of:

C. Alan Givens
Manager – Regulation Rate Design
Dominion Energy Virginia

Question No. 16

Please refer to the Application at page 1 of Attachment 2. Confirm whether the kWh sales estimates provided by the Company include shopping customers. If so, please identify and quantify each type of shopping customer (*e.g.*, Advanced Renewable Energy Buyers ["ARBs"], etc.)

Response:

The forecasted kWh sales included on page 1 of Attachment 2 of the Application include 4,229,774 kWh of kWh sales to retail choice customers. The Company does not prepare projected kWh sales distinguished by type or category of choice customers. All forecasted sales to choice customers are included in the calculation of the PIPP universal service fee, and all choice pay the USF.

During the preparation of this response, it was discovered that the forecasted kWh sales to choice customers did not appropriately include the choice kWh sales for the Company's data center choice customers. As a result, the Company has corrected this as part of its response to Question No. 22 of this set of discovery. The updated revenue requirement and the updated calculation of the PIPP Universal Service Fee, both reflect the updated kWh to include the data center choice customers. The corrected total amount of forecasted kWh sales for choice customers is 5,337,488 kWh.

Virginia Electric and Power Company
Case No. PUR-2023-00105
Virginia State Corporation Commission Staff
Third Set

The following response to Question No. 18 of the Third Set of Interrogatories and Requests for Production of Documents propounded by Virginia State Corporation Commission Staff received on August 11, 2023, was prepared by or under the supervision of:

Heather Jennings
General Manager, Customer Information Platform
Dominion Energy Services, Inc

Question No. 18

Please refer to the response to Staff Interrogatory 1-8. Please provide the following:

- (a) Invoices to support the contractor services costs totaling \$3,025,000;
- (b) A narrative explaining how the contractor services costs related to the PIPP were segregated from other Customer Information Platform-related contractor services costs that are recovered elsewhere in Dominion's cost of service;
- (c) Invoices to support the consultant services costs totaling \$488,000;
- (d) A narrative explaining how the consultant services costs are specifically related to the PIPP and are segregated from other consultant services costs recovered elsewhere in Dominion's cost of service.

Response:

- (a) Please see Attachment Staff Set 3-18 (CONF), which is a change order describing the PIPP-specific work.
- (b) The original work associated with the Customer Information Platform was identified prior to the introduction of PIPP. The work associated with PIPP was identified and tracked separately.
- (c) See response above for (a).
- (d) See response above for (b).

Attachment Staff Set 3-18 (CONF) is entirely confidential and is being provided pursuant to the protections set forth in 5 VAC 5-20-170 and any additional protective order or protective ruling that may be issued for confidential or extraordinarily sensitive information in this proceeding, and the Agreements to Adhere executed pursuant to such orders or rulings.

Virginia Electric and Power Company
Case No. PUR-2023-00105
Virginia State Corporation Commission Staff
Third Set

The following response to Question No. 19 of the Third Set of Interrogatories and Requests for Production of Documents propounded by Virginia State Corporation Commission Staff received on August 11, 2023, was prepared by or under the supervision of:

Lisa M. FaJohn
Supervisor, Customer Credit Services
Dominion Energy Virginia

Question No. 19

Please reference the response to Staff Interrogatory 1-9. Please provide the following:

- (a) Will customer service personnel handling PIPP-related phone calls, estimated at \$808,000 per year, track their actual time spent handling such calls so that this estimate can be trued-up using actual cost data? Please explain.
- (b) Is the Company anticipating hiring three additional full-time employees to work solely on the PIPP program (*see* estimated annual cost of \$383,970)? Please explain. If so, when does the Company anticipate hiring these new employees and what will their job titles and job descriptions be?
- (c) Please provide support for the fully loaded estimated cost of \$383,970 for the three full time employees.
- (d) Please provide support for the estimated O&M for July – October 2023 of \$35,000.

Response:

- (a) The Company anticipates tracking actual call volumes and handle time. The Company is still in the process of evaluating and finalizing process and procedures that will allow for the tracking of actual volumes. Costs billed to the PIPP Treasury Fund will reflect actual cost data.
- (b) The Company estimates the equivalent cost of three additional full-time employees to support implementation of PIPP. The Company anticipates this cost may increase post implementation to support the increase of work volume based on program participation.

The Company anticipates additional employees joining the team in the fall of 2023.

Dominion Energy's Energy Assistance team's sole focus is the oversight and administration of all energy assistance programs assisting vulnerable customers, including PIPP.

The roles within the Energy Assistance team include Collection and Credit Representatives (Tier 1-3), Lead Collection and Credit Representative, Business Process Analysts, Outreach Administrators, and Supervisor.

Each team member's responsibilities include the design, development and implementation of the Company's energy-assistance-program strategy which embraces a constant focus on raising public awareness about available bill-payment-assistance programs. This also includes the management and administration of a variety of assistance programs such our companies EnergyShare bill payment program, Virginia's Low Income Home Energy Assistance Programs, State Corporation Commission mandated programs for Customers with Serious Medical Conditions, and PIPP.

In this capacity, we provide support and resources to social workers, public-service agencies, and different organizations throughout the Commonwealth.

- (c) At the time of the submission the Company's estimated cost of \$383,970 was derived from the average salary of three Business Process Analysts to support implementation.
- (d) Estimate of O&M from July – October 2023 of \$35,000 is the average of current labor for Jan – June 2023. This cost may increase with the addition of new staff and their respective start dates to support the implementation of PIPP.

Virginia Electric and Power Company
Case No. PUR-2023-00105
Virginia State Corporation Commission Staff
Third Set

The following response to Question No. 21 of the Third Set of Interrogatories and Requests for Production of Documents propounded by Virginia State Corporation Commission Staff received on August 11, 2023, was prepared by or under the supervision of:

Rob Santos
Director - Accounting
Dominion Energy Services, Inc.

Question No. 21

Provide sample journal entries, by FERC account, illustrating how Dominion will account for the following:

- (a) Funds collected from customers through the USF;
- (b) The remittance of funds collected through the USF to the PIPP Fund;
- (c) Dominion's administrative costs associated with the PIPP;
- (d) The invoicing of Dominion's administrative costs to the PIPP Fund for reimbursement;
- (e) The cash received from the PIPP Fund for reimbursement of Dominion's administrative costs;
- (f) The cash received from the PIPP Fund for bill subsidies related to the PIPP;
- (g) The application of the cash received from the PIPP Fund for bill subsidies to customers' accounts receivable;
- (h) Any other journal entries recorded on Dominion's books related to the PIPP.

Response:

The Company is still evaluating the flow of all the transactions through accounting and billing systems but anticipates the following to be high level examples of the accounting entries. Rider PIPP collections, customer subsidies, and administrative costs for the PIPP are a passthrough for the Company, and therefore, the entries will not produce any net income/loss on the Company's income statement:

- (a) Monthly customer billing for services, including USF. PIPP billings are deferred as a regulatory liability until the amounts are remitted to the state PIPP fund.

Debit	Customer Accounts Receivable (142)	\$100
Credit	Customer Revenues (4XX)	\$99
Credit	Regulatory Liability-PIPP (254)	\$1

- (b) The portion of the PIPP USF billed to customers is remitted to the state PIPP fund the following month.

Debit	Regulatory Liabilities-PIPP (254)	\$1
Credit	Cash (131)	\$1

- (c) Administrative and deferred debt financing costs are deferred in a regulatory asset until the costs are reimbursed from the state PIPP fund.

Debit	Regulatory Asset – PIPP (182.3)	\$11
Credit	Cash/Accounts Payable (131/232)	\$10
Credit	Misc. Nonoperating income (421)	\$1

- (d) An invoice will be generated to the state for administrative and deferred debt financing costs. No immediate accounting entry. See (e) when proceeds are received.

- (e) Administrative and deferred debt financing costs reimbursed from State PIPP Fund.

Debit	Cash (131)	\$11
Credit	Regulatory Asset – PIPP (182.3)	\$11

- (f) See (g) below.

- (g) The following are anticipated entries to record customer subsidy credits and the subsequent collection from state PIPP fund.

- a. Subsidy credit applied to customer account. Company bills state PIPP fund.

Debit	Regulatory Asset-PIPP /Other Receivables (182.3/143)	\$50
Credit	Customer Accounts Receivable (142)	\$50

- b. Company collects customer subsidy from state PIPP fund.

Debit	Cash (131)	\$50
Credit	Regulatory Asset-PIPP/Other Receivables (182.3/143)	\$50

- (h) No others expected.

Virginia Electric and Power Company
Case No. PUR-2023-00105
Virginia State Corporation Commission Staff
Third Set

The following response to Question No. 22 of the Third Set of Interrogatories and Requests for Production of Documents propounded by Virginia State Corporation Commission Staff received on August 11, 2023, was prepared by or under the supervision of:

Elizabeth B. Lecky
Manager – Regulation
Dominion Energy Services, Inc.

C. Alan Givens
Manager – Regulation Rate Design
Dominion Energy Virginia

Question No. 22

Please reference the response to Staff Interrogatory 1-4. Please provide the following, in Microsoft Excel format with formulas intact:

- (a) A revised rate year revenue requirement, including all supporting calculations, that incorporates the revised bill subsidies of \$66,406,863.52; and
- (b) A revised calculation of the Universal Service Fee and typical customer bill, including all supporting calculations, also incorporating the revised bill subsidies quantified in part a to this interrogatory.

Response:

- (a) See Attachment Staff Set 3-22 (a) for the revised rate year revenue requirement.
- (b) See Attachment Staff Set 3-22 (b) for the revised calculation of the Rider PIPP Universal Service Fee and typical customer bill utilizing the updated rate year revenue requirement. As noted in the Company's response to 3-16 of this set of discovery, the revised revenue requirement and the universal service fee calculation presented in this response reflect the corrected amount of projected choice customer kWh sales related to the data center choice customers.

Attachment Staff Set 3-22 (a)

Virginia Electric and Power Company
PIPP Revenue Requirement
For the Rate Year November 1, 2023 to October 31, 2024

Line No.		
1	Customer Bill Subsidies	66,406,864
2	State Agency Administrative Cost	2,400,000
3	DEV Administrative Costs	<u>2,115,001</u>
4	Total System Revenue Requirement	\$ 70,921,864
5	Allocation to VA Jurisdiction	<u>88.6753%</u>
6	Total Revenue Requirement (Va. Jurisdiction)	\$ 62,890,181

Virginia Electric and Power Company
PIPP Revenue Requirement
For the Rate Year November 1, 2023 to October 31, 2024

Line No.			
1	Rate Base	\$ 2,687,670	
2	Cost of Debt	<u>4.119%</u>	
3	Revenue Requirement - Financing Costs	<u>110,694</u>	
	<u>Operating Expenses</u>		
4	Customer Bill Subsidies	66,406,864	
5	State Agency Administrative Cost	2,400,000	
6	PIPP Projected O&M Costs	1,398,595	
7	Amortization of CIS Programming Costs/Deferred O&M Costs	<u>605,711</u>	
8	Revenue Requirement - Operating Expenses	<u>70,811,170</u>	
9	Total Revenue Requirement	<u>\$ 70,921,864</u>	

Attachment Staff Set 3-22 (a)

Virginia Electric and Power Company
PIP Rate Base

For The Period October 2023 to October 2024

Line No.	October-23	November-23	December-23	January-24	February-24	March-24	April-24	May-24	June-24	July-24	August-24	September-24	October-24
1	\$ 2,615,866	\$ 2,615,866	\$ 2,601,334	\$ 2,586,801	\$ 2,572,269	\$ 2,557,736	\$ 2,543,203	\$ 2,528,671	\$ 2,514,138	\$ 2,499,606	\$ 2,485,073	\$ 2,470,540	\$ 2,456,008
2	\$ 291,169	\$ 266,905	\$ 242,641	\$ 218,377	\$ 194,113	\$ 169,849	\$ 145,585	\$ 121,320	\$ 97,056	\$ 72,792	\$ 48,528	\$ 24,264	\$ 0
3	\$ 2,907,035	\$ 2,882,771	\$ 2,843,975	\$ 2,805,178	\$ 2,766,381	\$ 2,727,585	\$ 2,688,788	\$ 2,649,991	\$ 2,611,195	\$ 2,572,398	\$ 2,533,601	\$ 2,494,805	\$ 2,456,008
4	13-Month Average												
													\$ 2,687,670

Attachment Staff Set 3-22 (a)

Virginia Electric and Power Company
PIPP Amortization
For the Rate Year November 1, 2023 to October 31, 2024

Line No.		Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	System Total
1	CIS Programming Costs Amortization (System)	-	19,517	19,517	19,517	19,517	19,517	19,517	19,517	19,517	19,517	19,517	19,517	214,683
2	Deferred Cost Amortization (System)	32,586	32,586	32,586	32,586	32,586	32,586	32,586	32,586	32,586	32,586	32,586	32,586	391,028
3	Total Rate Year Amortization													\$ 605,711

Attachment Staff Set 3-22 (a)

Virginia Electric and Power Company
PPW Deferred Costs
For The Period January 2022 to October 2023

Virginia Electric and Power Company
PPW Deferred Costs
For The Period January 2022 to October 2023

Line No.	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23
1	6,783	7,887	4,245	1,510	14,827	10,248	8,111	15,144	10,348	14,848	15,735	11,573	10,885	12,418	14,874	10,281	11,794	14,975	8,750	8,750	8,750	8,750
2	6,783	7,887	4,245	1,510	14,827	10,248	8,111	15,144	10,348	14,848	15,735	11,573	10,885	12,418	14,874	10,281	11,794	14,975	8,750	8,750	8,750	8,750
3	6,783	14,770	15,135	20,523	28,447	43,695	53,006	71,970	83,148	86,146	111,603	126,424	138,409	143,825	163,699	173,780	181,974	208,333	235,307	224,052	232,807	241,537
4	3,051	10,948	14,239	15,338	21,895	24,028	40,065	54,171	61,951	73,082	84,813	83,384	101,574	110,819	121,745	128,421	139,624	153,604	168,334	174,550	179,865	179,865
5	3,225	8,028	12,618	14,798	20,978	20,270	37,045	47,183	58,138	67,516	78,844	88,106	97,484	104,198	118,287	125,273	136,538	148,738	157,051	163,577	170,090	176,408
6	-	-	-	488,000	488,000	488,000	488,000	1,488,000	1,488,000	1,488,000	2,488,000	2,488,000	2,488,000	2,488,000	2,488,000	3,511,000	3,511,000	3,511,000	3,511,000	3,511,000	3,511,000	3,511,000
7	-	-	-	244,000	488,000	488,000	488,000	1,488,000	1,488,000	1,488,000	1,588,000	2,488,000	2,488,000	2,488,000	2,488,000	3,000,000	3,511,000	3,511,000	3,511,000	3,511,000	3,511,000	3,511,000
8	0.34%	0.34%	0.34%	0.34%	0.34%	0.34%	0.34%	0.34%	0.34%	0.34%	0.34%	0.34%	0.34%	0.34%	0.34%	0.34%	0.34%	0.34%	0.34%	0.34%	0.34%	0.34%
9	9	28	43	51	71	104	127	182	200	232	271	286	335	354	399	431	487	504	539	583	584	604
10	-	-	-	837	1,675	1,675	1,675	5,025	5,107	5,107	6,813	6,339	8,539	8,539	10,288	10,288	12,057	12,057	12,057	12,057	12,057	12,057
11	6,792	8,014	4,388	2,398	16,519	12,028	9,813	22,697	15,351	20,327	22,840	20,368	19,859	21,919	24,812	18,011	20,315	31,536	21,344	21,344	21,344	21,344
																						Total
																						381,028

Attachment Staff Set 3-22 (a)

Virginia Electric and Power Company
PIPP Deferred Rate Base
For The Period December 2021 to October 2023

Line No.	December-21	January-22	February-22	March-22	April-22	May-22	June-22	July-22	August-22	September-22	October-22	November-22	December-22
1	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 488,000	\$ 488,000	\$ 488,000	\$ 1,488,000	\$ 1,488,000	\$ 1,488,000	\$ 1,488,000	\$ 2,488,000
2	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 488,000	\$ 488,000	\$ 488,000	\$ 1,488,000	\$ 1,488,000	\$ 1,488,000	\$ 1,488,000	\$ 2,488,000
3	\$ 2,488,000	\$ 2,488,000	\$ 2,488,000	\$ 2,488,000	\$ 3,513,000	\$ 3,513,000	\$ 3,513,000	\$ 3,513,000	\$ 3,513,000	\$ 3,513,000	\$ 3,513,000	\$ 3,513,000	\$ 3,513,000
4	\$ 2,488,000	\$ 2,488,000	\$ 2,488,000	\$ 2,488,000	\$ 3,513,000	\$ 3,513,000	\$ 3,513,000	\$ 3,513,000	\$ 3,513,000	\$ 3,513,000	\$ 3,513,000	\$ 3,513,000	\$ 3,513,000

VIRGINIA ELECTRIC AND POWER COMPANY
Actual Cost of Capital and Capital Structure
As of December 31, 2022

Line No.	Description	Amount	Percent	Annual Cost	Embedded Cost	Weighted Cost
1	Total long-term debt	\$ 15,487,755,032	45.109%	\$ 638,645,388	4.124%	1.860%
2	Short-term debt	<u>1,279,561,972</u>	<u>3.727%</u>	<u>51,932,425</u>	<u>4.059%</u>	<u>0.151%</u>
3	Total debt	16,767,317,003	48.835%	690,577,812	4.119%	2.011%
4	Total preferred stock	-	<u>0.000%</u>	-	<u>0.000%</u>	<u>0.000%</u>
5	Common stock	5,737,401,834	16.710%		9.350%	1.562%
6	Other paid-in capital	1,112,875,312	3.241%		9.350%	0.303%
7	Retained earnings	10,385,609,059	30.248%		9.350%	2.828%
	AOCI	8,888,767	0.026%		9.350%	0.002%
8	Adjustments	<u>36,637,066</u>	<u>0.107%</u>		<u>9.350%</u>	<u>0.010%</u>
9	Total common equity	17,281,412,037	50.333%		9.350%	4.706%
	Job development tax credits					
10	Allocation: debt	135,012,993	0.393%		4.124%	0.016%
11	Allocation: preferred stock	-	0.000%		0.000%	0.000%
12	Allocation: equity	<u>150,649,023</u>	<u>0.439%</u>		<u>9.350%</u>	<u>0.041%</u>
13	Total Job development tax credits	285,662,017	0.832%		6.880%	0.057%
14	Total Capital	\$ <u>34,334,391,057</u>	<u>100.000%</u>			<u>6.775%</u>

Attachment Staff Set 3-22 (b)

TOTAL BASE REVENUE SALES (MWH) REDUCED FOR DSM, CHOICE & Net Metering. EV Sales are added.

	1/1/2023	2/1/2023	3/1/2023	4/1/2023	5/1/2023	6/1/2023	7/1/2023	8/1/2023	9/1/2023	10/1/2023	11/1/2023	12/1/2023	Annual
RESIDENTIAL-VA	3,120,573	3,002,212	2,663,178	2,094,256	2,083,537	2,657,787	3,156,329	2,927,287	2,185,020	1,550,508	1,801,515	2,539,976	29,782,178
COMMERCIAL-VA	3,557,270	3,119,783	3,350,970	3,206,235	3,514,176	3,679,928	4,032,304	3,985,799	3,627,801	3,529,766	3,498,180	3,759,276	42,867,489
INDUSTRIAL-VA	454,880	363,630	425,774	453,146	439,123	463,964	487,288	433,694	458,204	510,429	448,091	406,155	5,344,377
VA JURIS	7,132,723	6,485,625	6,445,921	5,753,638	6,036,837	6,801,678	7,675,921	7,346,780	6,271,026	5,590,703	5,747,785	6,705,408	77,994,044
COUNTY MUNI-VA	323,072	321,050	302,852	286,028	295,574	319,189	345,518	349,060	316,132	284,948	288,572	311,589	3,743,585
ST & TR LIGHT CM VA	19,952	19,907	19,949	19,853	20,011	19,886	19,802	20,020	19,920	19,900	19,893	19,988	239,081
COMMONWEALTH-VA	180,749	185,180	167,659	168,221	173,654	189,982	202,435	206,647	196,525	168,648	157,439	167,905	2,165,043
ST & TR LIGHT CV	1,574	1,525	1,559	1,490	1,509	1,524	1,490	1,568	1,530	1,537	1,455	1,610	18,370
MILITARY SERVICE	316,266	305,279	307,435	310,485	329,411	372,316	382,800	363,631	355,330	324,300	329,081	325,113	4,021,448
WMAA	23,862	25,891	21,958	24,671	28,193	29,542	29,231	26,753	25,049	22,213	25,015	23,888	306,268
NASA-VA													
VA NON JURIS	865,474	858,833	821,412	810,748	848,352	932,439	981,276	967,679	914,487	821,545	821,455	850,094	10,493,793
2022 ACTUAL MICRON	421,060,560												
Choice Total (Com & IND) 2023	322,892	337,087	313,182	313,597	331,602	376,204	385,840	390,895	383,416	361,791	345,092	356,136	4,217,735
2023 DC Choice (Commercial)	89,657	89,657	89,657	89,657	89,657	89,657	89,657	89,657	89,657	89,657	89,657	89,657	89,657
Total Choice	417,918	426,645	407,782	409,178	429,687	475,818	487,807	493,771	476,152	451,783	436,222	449,489	5,362,251
2022 Micron Total kWh Sales: 421,060,560													
		(15,237)											

Attachment Staff Set 3-22 (b)

TOTAL BASE REVENUE SALES (MWH) REDUCED FOR DSM, CHOICE & Net Metering. EV Sales are added.

	1/1/2024	2/1/2024	3/1/2024	4/1/2024	5/1/2024	6/1/2024	7/1/2024	8/1/2024	9/1/2024	10/1/2024	11/1/2024	12/1/2024	Annual
RESIDENTIAL-VA	3,083,900	3,118,278	2,630,800	2,054,686	2,054,902	2,627,315	3,141,489	2,912,726	2,171,554	1,537,155	1,792,821	2,536,582	29,672,209
COMMERCIAL-VA	3,778,185	3,501,735	3,602,184	3,453,945	3,783,231	3,954,867	4,338,513	4,298,633	3,933,281	3,845,780	3,804,811	4,076,402	46,371,568
INDUSTRIAL-VA	467,371	455,518	414,970	431,845	439,741	476,000	465,326	395,963	470,303	483,435	408,288	406,426	5,315,185
VA JURIS	7,329,456	7,075,531	6,647,954	5,950,476	6,277,874	7,058,183	7,945,328	7,607,322	6,575,138	5,866,371	6,005,921	7,019,410	81,358,962
COUNTY MUNI-VA	326,641	331,896	306,061	287,515	298,485	319,045	344,704	348,087	311,897	285,596	287,937	310,304	3,758,170
ST & TR LIGHT CM VA	19,952	20,640	19,949	19,853	20,011	19,886	19,802	20,020	19,920	19,900	19,893	19,988	239,814
COMMONWEALTH-VA	182,793	191,192	169,257	167,860	175,009	189,481	202,111	206,244	194,049	169,174	157,216	167,329	2,171,717
ST & TR LIGHT CV	1,591	1,575	1,574	1,487	1,521	1,520	1,487	1,565	1,510	1,541	1,453	1,604	18,429
MILITARY SERVICE	319,934	314,734	310,021	307,537	331,318	370,573	382,471	363,236	351,129	325,574	328,862	324,230	4,029,619
WMAA	24,126	26,766	22,191	24,800	28,471	29,529	29,162	26,679	24,714	22,263	24,960	23,790	307,450
NASA-VA													
VA NON JURIS	875,037	886,804	829,053	809,052	854,815	930,034	979,737	965,830	903,220	824,049	820,322	847,246	10,525,199
Choice Total (Com & IND)	322,892	349,126	313,182	313,597	331,602	376,204	385,840	390,895	383,416	361,791	345,092	356,136	4,229,774
2024 DC Choice (Commercial)													
Total Choice	417,918	441,882	407,782	409,178	429,687	475,818	487,807	493,771	476,152	451,783	436,222	449,489	5,377,488

Attachment Staff Set 3-22 (b)

Rate Year November 1, 2023 through October 31, 2024

	November-23	December-23	January-24	February-24	March-24	April-24	May-24	June-24	July-24	August-24	September-24	October-24	Annual
Virginia Jurisdiction Excluding Choice	5,747,785	6,705,408	7,329,456	7,075,531	6,647,954	5,950,476	6,277,874	7,058,183	7,945,328	7,607,322	6,575,138	5,866,371	80,786,824
Virginia Jurisdiction Choice	436,222	449,489	417,918	441,882	407,782	409,178	429,687	475,818	487,807	493,771	476,152	451,783	5,377,488
Total Virginia Jurisdiction	6,184,008	7,154,896	7,747,374	7,517,413	7,055,735	6,359,653	6,707,561	7,534,000	8,433,135	8,101,092	7,051,290	6,318,154	86,164,312
Virginia Non-Jurisdiction													
County Muni (1)	333,480	355,465	370,719	379,303	348,201	332,168	346,967	368,460	393,668	394,786	356,531	327,759	4,307,506
Commonwealth of VA (2)	158,894	169,515	184,384	192,767	170,831	169,347	176,530	191,001	203,598	207,808	195,560	170,716	2,190,952
Federal	329,081	325,113	319,934	314,734	310,021	307,537	331,318	370,573	382,471	363,236	351,129	325,574	4,030,721
NASA													
Total Virginia Non Jurisdiction	821,455	850,094	875,037	886,804	829,053	809,052	854,815	930,034	979,737	965,830	903,220	824,049	10,529,180
Conversion to kWh													
Total Virginia Jurisdiction													86,164,312,087
Less													421,060,560
Micron (3)													85,743,251,527
Adjusted Total Virginia Jurisdiction													10,529,180,046
Total Virginia Non-Jurisdiction													421,060,560
Plus													10,950,240,606
Micron (3)													96,693,492,133
Adjusted Total Virginia Non-Jurisdiction													
Total Virginia Jurisdiction + Virginia Non-Jurisdiction													

Notes:

- (1) Includes Lighting and WMAA
- (2) Includes Lighting
- (3) 2022 booked usage for Micron

Virginia Electric and Power Company
2023 Percentage of Income Payment Program (Rider PIPP) Universal Service Fee
For Rate Year November 1, 2023 through October 31, 2024
 (Rate in Dollars per Kilowatt-hour)

Estimate of Percentage of Income Payment Plan Cost (System Level) \$70,921,864

Allocation to Virginia Jurisdiction
 Based Upon Energy Forecast for November 1, 2023 - October 31, 2024 88.6753% (1)

Virginia Jurisdictional Estimate of PIPP Cost **\$62,890,181**

Virginia Jurisdiction Universal Service Fee \$/kWh **\$0.000733** per kWh

Notes

(1) Forecasted kWh Sales for November 1, 2023 - October 31, 2024

	<u>Forecast kWh</u>	<u>% of Total</u>
Virginia Jurisdiction (2)	85,743,251,527	88.6753%
Virginia Non-jurisdiction	10,950,240,606	11.3247%
Total	96,693,492,133	100.0000%

Excludes forecasted kWh sales for the FERC jurisdiction (wholesale customers) and the North Carolina jurisdiction

(2) Virginia Jurisdiction includes retail choice kWh

Virginia Electric and Power Company
2023 Percentage of Income Payment Program (Rider PIPP) Universal Service Fee
For Rate Year November 1, 2023 through October 31, 2024
(Rate in Dollars per Kilowatt-hour)

Virginia Jurisdiction Universal Service Fee \$/kWh	\$0.000733
Proposed: Typical Residential Customer Bill Impact (1,000 kWh)	\$0.73
Current: Typical Residential Customer Bill Impact (1,000 kWh)	\$0.03
Increase (Decrease) to: Typical Residential Customer Bill (1,000 kWh)	\$0.70