

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

Jontille D. Ray
Direct: 804.775.1173

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jray@mcguirewoods.com

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PUBLIC VERSION

May 5, 2022

BY HAND DELIVERY

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

Petition of Virginia Electric and Power Company, For approval of new broadband capacity projects pursuant to § 56-585.1:9 of the Code of Virginia, and for revision of rate adjustment clause: Rider RBB for the Rate Year Commencing December 1, 2022
Case No. PUR-2022-00062

Dear Mr. Logan:

Please find enclosed for filing in the above-captioned proceeding an unbound original and one (1) copy of the **public version** of the *Petition of Virginia Electric and Power Company for approval of new broadband capacity projects pursuant to § 56-585.1:9 of the Code of Virginia, and for approval of rate adjustment clause: Rider RBB for the Rate Year Commencing December 1, 2022*. An extraordinarily sensitive and confidential version is also being filed under seal under separate cover.

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

Highest regards,

/s/ Jontille D. Ray

Jontille D. Ray

Enclosures

cc: William H. Chambliss, Esq.
C. Meade Browder, Jr., Esq.
Paul E. Pfeffer, Esq.
Lisa R. Crabtree, Esq.
Joseph K. Reid, III, Esq.
Nicole M. Allaband, Esq.



**Dominion
Energy®**

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

**Before the State Corporation
Commission of Virginia**

**For approval of new broadband
capacity projects pursuant to § 56-
585.1:9 of the Code of Virginia and
for revision of rate adjustment
clause: Rider RBB for the Rate
Year Commencing December 1,
2022**

**Volume 1 of 2
PUBLIC VERSION**

Case No. PUR-2022-00062

Filed: May 5, 2022

Petition of Virginia Electric and Power Company, For approval of new broadband capacity projects pursuant to § 56-585.1:9 of the Code of Virginia and for revision of rate adjustment clause: Rider RBB for the Rate Year Commencing December 1, 2022
Case No. PUR-2022-00062

TABLE OF CONTENTS

PUBLIC AND CONFIDENTIAL / EXTRAORDINARILY SENSITIVE VOLUMES 1 of 2

Petition

Direct Testimony of David F. Walker (redacted/contains extraordinarily sensitive and confidential information)

Schedule 1 – County Letters of Support

Schedule 2 – Monthly Actual Capital and O&M Costs through December 31, 2021 (redacted / contains extraordinarily sensitive information)

Schedule 3 – Monthly Projected Capital and O&M Expenses, January 2022 through November 2023 (redacted / contains extraordinarily sensitive information)

Schedule 4 – Northern Neck Route Maps

Schedule 5 – Thomas Jefferson Planning District Route Maps

Schedule 6 – Northern Neck Environmental Justice Report: King William

Schedule 7 – Thomas Jefferson Planning District Environmental Justice Report: Appomattox and Louisa

Schedule 8 – Sample Supplementary Communications Rights Easement Agreement

Direct Testimony of Bradley R. Carroll, Sr.

Direct Testimony of James G. Carr

Direct Testimony of Gary E. Wood

Direct Testimony of Justin A. Wooldridge

Schedule 1 – Revenue Requirement (redacted / contains extraordinarily sensitive information)

Direct Testimony of Robert E. Miller

Schedule 1 – Class Allocation Factor

Schedule 2 – Forecasts of kWh Sales and Revenue Class Allocation

Schedule 3 – Rider RBB Rates for GS-3, 6, 6TS, 8, 10 (Secondary), and GS-4

Schedule 4 – Rider RBB for the Rate Year Commencing December 1, 2022

Schedule 5 – Typical Bills

PUBLIC AND CONFIDENTIAL / EXTRAORDINARILY SENSITIVE VOLUMES 2 of 2

Filing Schedule 3, 4, 5, and 8

Sponsored by Company Witness Justin A. Wooldridge

Filing Schedule 46.c.1.i

Statement 1 – Projected and Actual Costs by Type of Cost and Year (sponsored by Company Witness David F. Walker)

Petition of Virginia Electric and Power Company, For approval of new broadband capacity projects pursuant to § 56-585.1:9 of the Code of Virginia and for revision of rate adjustment clause: Rider RBB for the Rate Year Commencing December 1, 2022
Case No. PUR-2022-00062

Filing Schedule 46.c.1.ii

Statement 1 – Transaction-level details (sponsored by Company Witness David F. Walker)

Filing Schedule 46.c.1.iii

Statement 1 – Documentation Supporting Costs (sponsored by Company Witness David F. Walker)

Filing Schedule 46.c.1.iv

Statement 1 – Annual Revenue Requirement for the Rate Year Ending November 30, 2023 (sponsored by Company Witness Justin A. Wooldridge)

Statement 2 – Annual Revenue Requirement for the Duration of the Proposed Rate Adjustment Clause (sponsored by Company Witness Justin A. Wooldridge)

Statement 3 – Documents Supporting Filing Schedule 46.c.1.iv, Statement 2 (sponsored by Company Witness Justin A. Wooldridge) (redacted / contains extraordinarily sensitive information)

Statement 4 – Annual Revenue Requirement by Class for the Duration of the Proposed Rate Adjustment Clause (sponsored by Company Witness Robert E. Miller)

Filing Schedule 46.c.1.v

Statement 1 – Allocation of the Revenue Requirement (sponsored by Company Witness Robert E. Miller)

Filing Schedule 46.d.1.i

Statement 1 – Justification of the Proposed Costs (sponsored by Company Witness David F. Walker)

Filing Schedule 46.d.1.ii

Statement 1 – Documentation Supporting Projected Costs (sponsored by Company Witness David F. Walker)

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Petition

COMMONWEALTH OF VIRGINIA
STATE CORPORATION COMMISSION

PETITION OF)	
)	
VIRGINIA ELECTRIC AND POWER COMPANY)	
)	Case No. PUR-2022-00062
For approval of new broadband capacity projects)	
pursuant to § 56-585.1:9 of the Code of Virginia)	
and for revision of rate adjustment clause: Rider RBB)	
for the Rate Year Commencing December 1, 2022)	

**VIRGINIA ELECTRIC AND POWER COMPANY'S
PETITION AND REQUEST FOR WAIVER**

Pursuant to § 56-585.1:9 of the Code of Virginia ("Va. Code"), clause (vi) of Va. Code § 56-585.1 A 6 ("Subsection A 6" or "A 6"), Rules 10 (20 VAC 5-204-10) and 60 (20 VAC 5-204-60) of the Virginia State Corporation Commission's ("Commission") Rules Governing Utility Rate Case Applications and Annual Informational Filings of Investor-Owned Electric Utilities (20 VAC 5-204-10 *et seq.*) ("Rate Case Rules"), Virginia Electric and Power Company ("Dominion Energy Virginia" or the "Company"), by counsel, hereby files its petition for (i) approval to install middle-mile broadband capacity in unserved areas in the Northern Neck region of Virginia, including additional miles required within the four original counties (King George, Westmoreland, Richmond, and Northumberland)¹ and King William and Lancaster Counties ("Northern Neck Project"), and in the Thomas Jefferson Planning District, specifically, Louisa and Appomattox Counties ("Thomas Jefferson Planning District Project" and collectively, with the Northern Neck Project, the "Proposed New Projects");² and (ii) revision of

¹ The Company previously received prudence approval to install middle-mile fiber in these counties. *See Petition of Virginia Electric and Power Company, For approval of broadband capacity pilot projects pursuant to § 56-585.1:9 of the Code of Virginia, and for approval of a rate adjustment clause, designated Rider RBB, under § 56-585.1 A 6 of the Code of Virginia*, Case No. PUR-2020-00197, Order Approving Broadband Pilot Projects (Mar. 25, 2021).

² "Rural Broadband Projects" refer to both previously approved rural broadband projects and Proposed New Projects.

rate adjustment clause ("RAC") Rider RBB, for the rate year commencing December 1, 2022 through November 30, 2023 ("Rate Year")³ (hereinafter the "Petition"). In support of this Petition, the Company respectfully states as follows:

I. GENERAL INFORMATION

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

2. The Company's name and post office address is:

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

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

Paul E. Pfeffer
Lisa R. Crabtree
Dominion Energy Services, Inc.
120 Tredegar Street
Richmond, Virginia 23219

³ See *Petition of Virginia Electric and Power Company, For approval of broadband capacity pilot projects pursuant to § 56-585.1:9 of the Code of Virginia, and for approval of a rate adjustment clause, designated Rider RBB, under § 56-585.1 A 6 of the Code of Virginia*, Case No. PUR-2020-00197, Order Granting Motion (Mar. 7, 2022) (granting motion to extend current rate year through November 30, 2022).

(804) 787-5607 (PEP)
 (804) 819-2612 (LRC)

Joseph K. Reid, III
 Jontille D. Ray
 Nicole M. Allaband
 McGuireWoods LLP
 Gateway Plaza
 800 East Canal Street
 Richmond, Virginia 23219-3916
 (804) 775-1198 (JKR)
 (804) 775-1173 (JDR)
 (804) 775-4364 (NMA)

II. LEGAL BACKGROUND

4. On January 17, 2019, and January 7, 2022, respectively, the Commission approved the Phase IA and Phase II Telecommunications Projects of the Company's Grid Transformation Plan.⁴ These approved projects included the implementation of a Tier 2 network to be used to connect Company-owned broadband to substations and key facilities throughout the Company's service territory. The expansion of the Company's fiber network, particularly in rural areas, provides opportunities to leverage the fiber network and extend broadband capacity to unserved areas of the Commonwealth.

5. In 2019, the Virginia General Assembly enacted legislation, codified at Va. Code § 56-585.1:9, establishing the pilot program for broadband capacity to unserved areas in the Commonwealth (the "Broadband Statute"). Pursuant to the Broadband Statute, in March 2021, the Commission approved the Company's pilot projects to make available and provide broadband capacity to unserved areas in Surry and Botetourt Counties and the Northern Neck

⁴ *Petition of Virginia Electric and Power Company, For approval of a plan for electric distribution grid transformation projects pursuant to § 56-585.1 A 6 of the Code of Virginia*, Case No. PUR-2018-00100, Final Order at 5, 15 (Jan. 17, 2019); *Petition of Virginia Electric and Power Company, For approval of a plan for electric distribution grid transformation projects pursuant to § 56-585.1 A 6 of the Code of Virginia*, Case No. PUR-2021-00127, Final Order at 13 (Jan. 7, 2022).

region of Virginia (the “Pilot Projects”) for an initial period of six years. In June 2021, the Commission approved a new RAC, designated Rider RBB, for the Company to recover the costs of the Pilot Projects, except that the Company was permitted to defer the incremental costs of the Northern Neck Pilot until a future RAC proceeding.

6. The Broadband Statute was revised in 2020 (HB 831) and in 2021 (HB 2304, HB 1923). Presently, the Broadband Statute permits the Company to submit multiple petitions to the Commission for approval to make broadband capacity available to Internet service providers (“ISPs”) in areas of the Commonwealth unserved by broadband. The Broadband Statute further states that the utility’s provision of broadband capacity to ISPs in unserved areas of the Commonwealth is in the public interest.⁵

7. The Broadband Statute permits the Company to recover costs of providing broadband capacity related to rural broadband projects, net of generated revenue, from customers as an electric grid transformation project pursuant to clause (vi) of subdivision A 6 of Va. Code § 56-585.1, filed on or after July 1, 2021. These costs are recoverable as a non-bypassable charge. As of July 1, 2021, effectuated with the broadband legislation becoming permanent, the Company may file one or more petitions for approval of such a rate adjustment clause seeking recovery of the associated costs, and the Commission shall issue its final order within six months of the filing date.⁶

8. Va. Code § 56-585.1:9 F defines broadband as Internet access at speeds greater than the adequate speed as determined by the broadband guidelines set out by the Department of Housing and Community Development (“DHCD”) for its Virginia Telecommunication Initiative (“VATI”) from time to time.

⁵ Va. Code § 56-585.1:9 A.

⁶ Va. Code § 56-585.1:9 B.

9. Under Va. Code § 56-585.1:9 F, “unserved by broadband” means a designated area in which less than 10 percent of residential and commercial units are capable of receiving broadband service, provided that the DHCD for its VATI may by guideline increase such percentage from time to time.

An area shall be determined to be unserved by broadband if (i) the Department of Housing and Community Development has certified within the last 18 months that the designated area is unserved; (ii) the Virginia Telecommunication Initiative of the Department of Housing and Community Development has issued a grant or loan to construct a broadband service project within the last 18 months, and the grant or loan recipient is the Internet service provider to which the utility proposes to lease capacity; (iii) the federal government has issued a grant or loan or has provided support to construct a broadband service project in the designated area within the last 18 months, and the grant or loan recipient is the Internet service provider to which the utility proposes to lease capacity....⁷

10. To provide broadband capacity, the Company is permitted to own broadband capacity, lease it to an ISP in unserved areas of the Commonwealth, and provide access points that are outside the Company’s energized zone to allow connection between the Company’s broadband capacity system and the ISP’s system.⁸ The capacity that the Company is proposing to provide here is commonly referred to in the broadband industry as “middle mile” capacity, serving as infrastructure to connect a provider’s local network and the greater Internet. The ISP connects to the middle-mile infrastructure to provide the last mile of connectivity, ultimately delivering Internet service to end-use customers.

⁷ Va. Code § 56-585.1:9 D.

⁸ Va. Code § 56-585.1:9 C.

III. PROJECT UPDATES FOR PREVIOUSLY APPROVED RAC PROJECTS

A. Surry Project

11. As of December 31, 2021, the Surry Project was substantially complete. This includes middle-mile fiber construction, fiber testing and handoff to the Company's ISP partner, PGEC Enterprises, LLC, DBA RURALBAND ("RURALBAND"), and execution of the lease agreement with RURALBAND. Although the entire path was built in 2021, there is a small portion of the mileage associated with a work request that closed in 2022. As indicated by the number of customer enrollments in the Company's Annual Report provided on March 31, 2022, in Case No. PUR-2020-00197, RURALBAND has been successfully connecting unserved customers in Surry County. These results reflect the need and interest of customers that currently lack broadband access today.

12. The estimated cost for the Surry Project was approximately \$3.6 million with rural broadband costs of \$2.5 million. The actual cost for the Surry Project is approximately \$6.3 million with rural broadband costs of \$4.6 million. Company Witness David F. Walker explains in his pre-filed direct testimony the reasoning for this cost differential and the changes in the Company's approach to avoid substantial cost differences between estimates and actual project costs going forward.

B. Botetourt Project

13. Once complete, the overall Botetourt Project will include approximately 31.3 miles of middle-mile fiber. Easement research and acquisition have been completed. As of the date of this Petition, 15.4 miles (or approximately 50%) of the estimated 31.3-mile Botetourt Project were either complete or in some phase of the construction process.

14. In the final design process, the Company identified an approximately 5.1-mile section that will traverse severe terrain and will necessitate fiber installation on H-frame transmission structures currently used for distribution purposes. The unique nature of this section has extended the anticipated duration of the overall project due to the engineering study and future construction required for this portion of the middle-mile route. It is worth noting this section of middle-mile fiber could impact the actual cost for the Botetourt Project.

15. Also, although easement related activities were generally successful on the Botetourt Project, the amount of review and detailed customer interactions may impact the overall actual cost. Details on the final cost variance, if any, will be included in a future true-up for Rider RBB. The cost incurred thus far for the Botetourt Project through December 31, 2021, for Rider RBB, is approximately \$2.6 million. Based on progress to date, the Company expects to complete the Botetourt Project by November 30, 2022.

C. Annual Reporting Requirements

16. Pursuant to Ordering Paragraph (1) of the June 9, 2021 Final Order of the Commission issued in Case No. PUR-2020-00197, the Company submitted an annual report to Commission Staff on March 31, 2022, providing project updates and certain ISP customer information.

17. As part of this proceeding and based in part on the changes to the Broadband Statute, the Company respectfully requests that in future annual reports, the Company only be required to provide information that is within its control, specifically the miles of fiber installed and miles of fiber remaining to be installed, and the breakdown of the number of poles replaced and rationale for replacement.

18. The Broadband Statute provides in relevant part that the “Commission shall also condition any approval of such petition on the requirement that the utility *and its Internet service provider submit* annual public reports on construction progress by the utility and delivery of broadband services by the Internet service provider until construction is completed.”⁹ The Broadband Statute therefore recognizes that the information regarding delivery of broadband services to citizens is possessed by the ISPs and not under the control of the Company. The Company is committed to working with Staff to determine the best course for providing meaningful information within the Company’s control.

IV. PROPOSED NEW PROJECTS FOR APPROVAL

A. Overview

19. The Company is requesting approval of the Northern Neck Project, which includes miles previously approved for prudence by the Commission, 65.8 additional miles of fiber within the original Northern Neck counties, and the addition of approximately 128 miles of fiber in King William and Lancaster Counties. The Company is also requesting approval of the Thomas Jefferson Planning District Project (Louisa and Appomattox Counties). Each project is described in more detail in Company Witness Walker’s pre-filed direct testimony. In addition to an annual update to Rider RBB to recover the costs of the Surry and Botetourt Projects, the Company also seeks to recover the costs of the Northern Neck Project and the Thomas Jefferson Planning District Project through Rider RBB.

20. In the Proposed New Projects, the Company will install a total of approximately 300 miles of additional fiber optic communication cable. The Company will reserve a portion of the fiber optic cable for internal use, allowing the remaining fiber, also known as “dark fiber,” to

⁹ Va. Code § 56-585.1:9 D (emphasis added).

be leased to ISPs so that they can deliver broadband service to unserved residences and businesses in the Northern Neck Participating Counties, Louisa County, and Appomattox County.

21. As discussed in Company Witness Walker's pre-filed direct testimony and consistent with the Company's Environmental Justice Policy, the Company engaged Dramby Environmental Consulting, Inc. to conduct an environmental justice review for the Proposed New Projects and to provide comprehensive environmental justice reports for the areas surrounding each project. The environmental justice review indicates that the projects will not disproportionately impact environmental justice ("EJ") communities, as defined by Va. Code § 2.2-234. Rather, EJ communities and other Company customers stand to benefit from the projects regardless of their race or socioeconomic status.

22. The Proposed New Projects will not only help accomplish the General Assembly's goal of expanding broadband Internet service to unserved areas of the Commonwealth, but they are also expected to have a number of other benefits across the counties impacted. Broadband access supports economic development and social equity while simultaneously promoting public health, public safety, employment opportunities, and educational opportunities for citizens of the Commonwealth. These benefits are discussed in more detail in Company Witness Walker's pre-filed direct testimony.

23. The Company has significant experience in developing and operating fiber optic infrastructure. The Company has been building and maintaining fiber optic networks for approximately 40 years. Dominion Energy currently owns and operates over 5,000 miles of fiber across Virginia, North Carolina, and South Carolina. Fiber optic cable provides high levels of performance, capacity, and security. It enables high speed, low latency data communications

and is the fastest medium in which to carry broadband technology. Fiber optic cable offers much faster speeds over longer distances and is superior to DSL, cable, satellite, and other wireless technologies. These characteristics are why fiber optic cables are the industry standard for middle mile providers and the backbone infrastructure for communications worldwide.

24. For this new construction, the Company plans to install All-Dielectric Self-Supporting ("ADSS") fiber cable. As Company Witness Bradley R. Carroll, Sr. discusses in his pre-filed direct testimony, ADSS cable is ideal for installation in distribution environments. As its name indicates, there is no support or messenger wire required, so installation is achieved in a single pass, making ADSS an economical means of building a fiber optic network.

B. Northern Neck Project Including King William and Lancaster Counties

25. When the Company submitted the pilot filing in October 2020 for the Northern Neck Project, the estimated mileage of 217.2 miles (including Stafford) was based on information available at that time related to trunk line and laterals required to provide access to unserved areas. Since the filing, the Company has worked closely with its ISP partner, All Points Broadband ("All Points"), and performed detailed scoping efforts in the field to identify the specific routes required to provide access to all unserved customers throughout the Northern Neck. These efforts resulted in minor changes to the original estimated route, increasing the estimated mileage to 221.9 miles.¹⁰

26. As addressed in the pre-filed direct testimony of Company Witness James G. Carr, All Points was awarded funding through the Rural Digital Opportunity Fund ("RDOF") in December 2020 and VATI in December 2021, both occurring after the original pilot filing.

¹⁰ It is the Company's position that these additional 4.7 miles are within the scope of the estimated miles for the Northern Neck Project approved by the Commission in Case No. PUR-2020-00197. Should the Commission disagree, the Company requests approval for this additional work as part of the Northern Neck Project in this proceeding.

These awards resulted in the identification of additional unserved areas across the Northern Neck region, which resulted in the need for an additional 65.8 miles of middle-mile fiber across the original four counties to provide universal access to all unserved customers in the Northern Neck Project. As a result, the Northern Neck Project includes a total of approximately 288 miles of fiber in the original four counties.

27. Also in December of 2021, DHCD announced that All Points will receive approximately \$7.6 million in additional VATI funding to deploy fiber-optic broadband into unserved areas of King William and Lancaster Counties. In conjunction with the additional miles in the original counties, the Company is also requesting approval to install approximately 128 miles of fiber in King William and Lancaster Counties. In total, the Northern Neck Project will consist of approximately 416 miles of fiber.

28. To provide broadband capacity in King William County, the Company is proposing to install 144-count ADSS fiber for approximately 28.9 miles along the trunk line or the Company's main distribution line and 72-count ADSS fiber for approximately 32.3 miles on the lateral lines or the Company's distribution tap lines. To provide broadband capacity in Lancaster County, the Company plans to install 144-count ADSS fiber along the trunkline route for approximately 20.9 miles throughout Lancaster County and 72-count ADSS fiber along the various lateral routes for approximately 46.2 miles.

29. Along the trunk line and laterals, the Company will provide All Points with access points at each location requested by All Points. At each access point, a coil bracket and splice enclosure are required so the Company can extract the number of strands to be leased by All Points. Within the trunk line and lateral routes to be constructed by the Company for the Northern Neck Project, All Points expects to lease 60 and 48 fiber strands from the Company,

respectively, so that it can deliver high-speed Internet access to the residences and businesses in the Northern Neck counties.

30. The Company chose to partner with All Points after All Points responded to the Company's Request for Information ("RFI") in August 2019 announcing its interest in pursuing partnership opportunities under Va. Code § 56-585.1:9 with nongovernmental ISPs. All Points has significant experience in constructing and operating broadband networks to expand access to underserved rural communities. Company Witness Carr's pre-filed direct testimony provides additional details regarding All Points and its role in the Northern Neck Project.

31. The total estimated capital cost for the Northern Neck Project is approximately \$43.9 million, with rural broadband costs of approximately \$32.1 million.

32. As of the date of this petition, 122 miles (or approximately 29%) of the 416 miles in the Northern Neck Project are in some phase of the construction process. Based on the progress to date and the remaining mileage, the Company has a high degree of confidence that the majority of the Northern Neck Project for the initial counties will be complete by the end of 2022, barring any unforeseen delays that can arise on individual work requests related to unique permitting situations.

C. Thomas Jefferson Planning District Project: Appomattox and Louisa Counties

33. In this Petition, the Company also seeks approval of the Thomas Jefferson Planning District Project, in which it will provide broadband capacity to Firefly Fiber Broadband ("Firefly") in unserved areas of Appomattox and Louisa Counties. To provide broadband capacity, Dominion Energy Virginia plans to install 144-count ADSS fiber along the trunk line for approximately 13.1 miles and 72-count ADSS fiber along the lateral lines for approximately 40.9 miles in Appomattox County. To provide broadband capacity in Louisa County, the

Company plans to install 144-count ADSS fiber along the trunkline route for approximately 16.7 miles throughout Louisa County and 72-count ADSS fiber along the various lateral routes for approximately 43.1 miles.

34. Along the routes, the Company will provide Firefly with access points at each location requested by Firefly. At each access point, a coil bracket and splice enclosure are required so the Company can extract the strands at each requested location. Once the fiber exits the splice enclosure, the designated strands for the ISP will be routed to a terminal block located further down on the pole. In addition to the access points requested by Firefly, the Company plans to install coil brackets approximately 1,500 feet apart to store excess fiber for restoration and maintenance purposes as recommended by the Company's engineering team.

35. Fiber strands will be leased by buffer tube, with each buffer tube containing 12 individual fibers. Final design for Firefly retail connectivity is not complete. As an early estimate, Firefly may need up to 72 fibers along portions of the backbone route in this project to deliver high-speed Internet access to the residences and businesses in Appomattox and Louisa Counties.

36. Firefly also responded to the Company's August 2019 RFI, and the Company chose to partner with Firefly in part because of its experience in deploying broadband services in similar areas. Additionally, Firefly has developed a universal service project, which is its Regional Internet Service Expansion ("RISE") project. Moreover, Firefly participated in the Federal Communications Commission Connect America Fund II ("CAF") and RDOF auctions and received awards in both covering Appomattox County and Louisa County. Firefly also received a 2022 VATI award for the RISE project that stretches across 13 counties, including VATI funds to reach 2,313 locations in Appomattox County and VATI funds to bring service to

10,509 locations in Louisa County. Company Witness Gary E. Wood's pre-filed direct testimony provides additional details regarding Firefly and its role in the Thomas Jefferson Planning District Project.

37. The total estimated capital cost for the Thomas Jefferson Planning District Project is approximately \$12 million, with rural broadband costs of approximately \$9.5 million.

38. In Appomattox and Louisa Counties, scoping activities are complete and detailed design is underway. Installation of middle-mile fiber will likely commence before the end of 2022, with completion planned in 2023.

D. Revenue Requirement

39. For purposes of this Petition, and consistent with the Commission's November 18, 2021 Final Order in the Company's triennial review proceeding in Case No. PUR-2021-00058, the Company is utilizing the approved return on equity ("ROE") of 9.35% for the period after the date of that Final Order. For the time period prior to the Final Order in the triennial review proceeding, the Company is utilizing an ROE of 9.2%, as approved by the Commission in Case No. PUR-2019-00050.

40. In this proceeding, the Company has updated certain components of its Lead/Lag Study based on calendar year 2021. Company Witness Justin A. Wooldridge explains this update in his pre-filed direct testimony. The Company requests that any issue related to the Lead/Lag Study be litigated in this docket.

41. Pursuant to Va. Code § 56-585.1:9 and § 56-585.1 A 6 ("Subsection A 6"), the Company makes two requests related to Rider RBB: (i) to update Rider RBB for the recovery of costs associated with the Surry and Botetourt Projects approved by the Commission in Case No. PUR-2020-00197, and (ii) to recover through Rider RBB the costs of the Northern Neck Project

and the Thomas Jefferson Planning District Project. The proposed rate year for this proceeding is December 1, 2022 through November 30, 2023 ("Rate Year"). The Company will use the lease revenues it receives from the ISPs to offset the costs of the Rural Broadband Projects.

42. The key components of the revenue requirement in this proceeding include the Projected Cost Recovery Factor and Actual Cost True-Up Factor. There will not be an Allowance for Funds Used During Construction ("AFUDC") Cost Recovery Factor. Capital costs for the Rural Broadband Projects are being closed directly to plant-in-service in the month incurred, consistent with the Company's longstanding practice for distribution massed assets. Therefore, the Rural Broadband Projects will not have Construction Work in Progress ("CWIP") balances requiring the accrual of AFUDC.

43. The Projected Cost Recovery Factor calculation for the Rural Broadband Projects results in the operating income necessary for recovery of projected financing costs based on the expected investment balances at the beginning of the Rate Year, as well as recovery of operation and maintenance ("O&M") costs, plant depreciation expense, in addition to the amortization of deferred costs including financing costs incurred prior to the Rate Year.

44. The Actual Cost True-Up Factor will recover from, or credit to, customers any under/over recovery of costs from the most recently completed calendar year. Actual revenues recovered during the calendar year 2021 are compared to actual costs incurred during 2021. Any difference in these amounts becomes the Actual Cost True-Up Factor credited to, or recovered from, customers through the total revenue requirement requested for recovery during the Rate Year.

45. The specific calculations of the revenue requirement and its components are discussed in more detail in the pre-filed direct testimony of Company Witness Wooldridge. For

the Rate Year beginning December 1, 2022, the Company is requesting recovery of a total revenue requirement of \$7.438 million.

E. Rider RBB Rate Design and Allocation

46. Company Witness Robert E. Miller's testimony provides information concerning rate design and allocation methodology. As a distribution rider, the Company proposes that Rider RBB should be allocated on the basis of relevant distribution plant FERC accounts to customers located in the Commonwealth of Virginia. As explained by Company Witness Walker, the Rural Broadband Projects seek to extend broadband capacity in unserved areas of the Commonwealth, specifically in this proceeding, in Surry County, Botetourt County, the Northern Neck Region, Appomattox County, and Louisa County. Because Rural Broadband Projects assets are physically located within Virginia and the costs of these projects will be incurred to serve customers physically located within Virginia, the appropriate allocation factor would be based on the Company's distribution plant installed in Virginia. Customers that have elected to purchase electric service supply from a competitive service provider would also be included in this allocation, as these customers receive distribution service from the Company.

47. Specifically, for the present proceeding, the Company's proposed allocation methodology allocates the Rider RBB revenue requirement using an allocation derived from the Company's most recent cost of service study, and using the existing plant balances for the relevant distribution plant FERC accounts to create FERC account-level allocation factors, and then weighting these FERC account-level factors by each FERC account's contribution to the overall Rider RBB plant in service.

48. The FERC Uniform System of Accounts contains fourteen accounts for various types of distribution plant assets. The accounts the Company proposes to use in the allocation of

Rider RBB are as follows: 360 – Land and Land Rights; 364 – Poles, Towers, and Fixtures; 365 – Overhead Conductors; and 367 – Underground Conductors and Devices. Based on further analysis and evaluation as explained in the pre-filed direct testimony of Company Witness Miller, the Company's allocation calculation has changed to utilize these FERC accounts instead of FERC Account 397, resulting in a different allocation calculation when compared to Case No. PUR-2020-00197. These accounts will be used for both the true-up of initial Rider RBB costs and to track Rider RBB-related plant going forward.¹¹

49. Company Witness Miller details the methodology, Rider RBB customer allocation and pricing, and the assignment of Rider RBB distribution plant to the Virginia jurisdiction in his testimony. Company Witness Miller also identifies the rates in cents per kilowatt-hour that will apply to each applicable Company Rate Schedule. The Company respectfully requests for billing purposes, a rate effective date for usage on and after the first day of the month that is at least fifteen calendar days following the date of any Order of the Commission approving the Proposed New Projects and RAC update.

50. The implementation of the proposed Rider RBB on December 1, 2022, will increase the residential customer's monthly bill, based on 1,000 kWh per month, by \$0.14.

**V. PRE-FILED DIRECT TESTIMONY, FILING SCHEDULES, AND REQUEST
FOR PARTIAL WAIVER OF THE RATE CASE RULES
FILING REQUIREMENTS**

51. The Company's request for approval of the Rural Broadband Projects in this Petition is supported by the pre-filed direct testimony of Company Witnesses David F. Walker,

¹¹ A comparable change in FERC accounts to the one described here will also apply to the Telecommunications project group of Rider GT. Similar to how this change is being addressed in the present Rider RBB proceeding, the next Rider GT proceeding will reflect the updated FERC accounts in both the true-up and the calculation of allocation factors.

Bradley R. Carroll, Sr., James G. Carr, Gary E. Wood, Justin A. Wooldridge, and Robert E. Miller.

52. Rule 60 of the Rate Case Rules provides that a petition filed pursuant to Subsection A 6 "shall include Schedule 46 as identified and described in 20 VAC 5-204-90, which shall be submitted with the utility's direct testimony. Additionally, applications requiring an overall cost of capital shall include Schedules 3, 4, 5 and 8." With this Petition, the Company files the following Filing Schedules:

- a. Filing Schedules 3 through 5 and Filing Schedule 8, sponsored by Company Witness Wooldridge, provide information regarding the Company's cost of capital.
- b. Filing Schedules 46.c.1.i through 46.c.1.iii are sponsored by Company Witness Walker. Filing Schedule 46.c.1.i, Statement 1 addresses the projected and actual costs by type of cost and year and by month, to the extent applicable, associated with the RAC. Filing Schedule 46.c.1.ii, Statement 1 addresses the transaction-level details of the RAC. Filing Schedule 46.c.1.iii, Statement 1 addresses key documents supporting the projected and actual costs of the Rural Broadband Projects.
- c. Filing Schedule 46.c.1.iv, Statements 1 through 3, is sponsored by Company Witness Wooldridge. These Statements provide the annual revenue requirement for the Rate Year and duration of the proposed RAC, as well as the supporting calculations.
- d. Filing Schedule 46.c.1.iv, Statement 4 is sponsored by Company Witness Miller and provides the annual revenue requirement by class for the duration of the proposed RAC.
- e. Filing Schedule 46.c.1.v, Statement 1, is sponsored by Company Witness Miller and addresses the methodology for allocating the revenue requirements among rate classes and the design of class rates.
- f. Filing Schedules 46.d.1.i through 46.d.1.ii are sponsored by Company Witness Walker. Filing Schedule 46.d.1.i, Statement 1 addresses the justification for the proposed costs for the Proposed New Projects. Filing Schedule 46.d.1.ii, Statement 1 addresses key documents supporting the projected and actual costs for the Proposed New Projects.

53. The Company, for good cause shown and pursuant to 20 VAC 5-204-10 E, respectfully requests that the Commission waive, in part, the requirements under Rules 60 and 90

of the Rate Case Rules with respect to paper copies of certain Filing Schedule 46 materials. Specifically, the Rate Case Rules require the Company to provide key documents, including economic analyses, contracts, studies, investigations, results from requests for proposals, and other documentation supporting the costs proposed to be recovered via the rate adjustment clause. The supporting documentation responsive to this requirement is voluminous and not easily reviewed in hard copy (paper) format. Accordingly, the Company seeks waiver of the requirement to file 12 hard copies of this information. Instead, the Company proposes to provide this documentation to Commission Staff and any other future case participants in electronic format, and provide the Commission with one hard copy and three electronic copies on compact discs. The Company will make the electronic documents available via an e-room contemporaneously with this filing, with immediate access available to Commission Staff. This request is consistent with the Commission's recent orders granting similar limited waivers.¹² Should the Commission deny this request, the Company asks for a reasonable allowance of time to print the requisite filing copies of this material and submit it to the Commission prior to the Company's Petition being deemed incomplete.

VI. REQUEST FOR CONFIDENTIAL TREATMENT AND ADDITIONAL PROTECTIVE TREATMENT OF EXTRAORDINARILY SENSITIVE INFORMATION

53. The Company's Petition contains, at points so designated, confidential and extraordinarily sensitive information, as designated therein. Because portions of the Company's

¹² See e.g., *Application of Virginia Electric and Power Company, For approval and certification of the Coastal Virginia Offshore Wind Commercial Project and Rider Offshore Wind*, pursuant to § 56-585.1:11, § 56-46.1, § 56-265.1 et seq., and § 56-585.1 A 6 of the Code of Virginia, Case No. PUR-2021-00142, Order for Notice and Hearing at 11 (December 9, 2021); *Application of Virginia Electric and Power Company, For revision of rate adjustment clause: Rider BW, Brunswick County Power Station, for the Rate Years commencing September 1, 2022, and September 1, 2023*, Case No. PUR-2021-00239, Order for Notice and Hearing at 6 (Oct. 25, 2021); see also *Petition of Virginia Electric and Power Company, For approval of its annual RPS Development Plan under § 56-585.5 D 4 of the Code of Virginia and related requests*, Order Granting Limited Reconsideration at 2 (Aug. 26, 2021).

Petition contain such confidential and extraordinarily sensitive information, in compliance with Rule 10 F of the Rate Case Rules and Rule 170 of the Commission's Rules of Practice and Procedure,¹³ this Petition is accompanied by a contemporaneously-filed Motion for Protective Order and Additional Protective Treatment, including a form Proposed Protective Order.

VII. COMPLIANCE WITH RULE 10 OF THE RATE CASE RULES

54. The Company's Petition complies with the requirements contained in Rule 10 of the Rate Case Rules. In accordance with Rule 10 A, the Company filed with the Commission its notice of intent to file this Petition on February 25, 2022 and provided that notice to those listed in Rule 10 J 1, as required by that subsection. The Company has included all information required by Rule 10 B in its Petition, including a table of contents, direct testimonies with one-page summaries, and properly labeled exhibits and schedules.

55. In accordance with Rule 10 H, the Company will make a searchable PDF version of the Petition, direct testimonies, and Filing Schedules available via an eRoom contemporaneously with this filing, with immediate access available to (i) Commission Staff, including identified members of the Divisions of Utility Accounting and Financing and Public Utility Regulation and (ii) identified members of the Office of the Attorney General's Division of Consumer Counsel ("Consumer Counsel"). Also in accordance with Rule 10 H, the Company will make electronic spreadsheets supporting the schedules that contain calculations available via an eRoom contemporaneously with this filing, with immediate access available to Commission Staff.

WHEREFORE, Dominion Energy Virginia respectfully requests that the Commission:

- (1) approve the Proposed New Projects pursuant to Va. Code § 56-585.1:9;

¹³ 20 VAC 5-204-10 F; 5 VAC 5-20-170.

- (2) approve the proposed Rider RBB revenue requirement pursuant to Va. Code § 56-585.1 A 6 for service rendered on or after December 1, 2022, for the Surry Project, Botetourt Project, and Proposed New Projects;
- (3) approve the Company's proposed Rider RBB pursuant to Va. Code §§ 56-585.1:9 and 56-585.1 A 6, subject to future Rider RBB proceedings and true-ups, effective for usage on and after December 1, 2022;
- (4) grant the Company's requested waivers; and
- (5) grant such other and further relief as it deems just and proper.

Respectfully submitted,

VIRGINIA ELECTRIC AND POWER COMPANY

By: /s/ Jontille D. Ray

Paul E. Pfeffer
 Lisa R. Crabtree
 Dominion Energy Services, Inc.
 120 Tredegar Street
 Richmond, Virginia 23219
 (804) 787-5607 (PEP)
 (804) 819-2612 (LRC)
paul.e.pfeffer@dominionenergy.com
lisa.r.crabtree@dominionenergy.com

Joseph K. Reid, III
 Jontille D. Ray
 Nicole M. Allaband
 McGuire Woods LLP
 Gateway Plaza
 800 East Canal Street
 Richmond, Virginia 23219-3916
 (804) 775-1198 (JKR)
 (804) 775-1173 (JDR)
 (804) 775-4364 (NMA)
jreid@mcguirewoods.com
jray@mcguirewoods.com
nallaband@mcguirewoods.com

Counsel for Virginia Electric and Power Company

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