

Virginia State Corporation Commission
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22054024

Case Number (if already assigned)	PUR-2022-00070
Case Name (if known)	Petition of Virginia Electric and Power Company for authority to suspend a rate adjustment clause, designated Rider RGGI
Document Type	RYRP
Document Description Summary	Virginia Electric and Power Company's Reply to the May 19, 2022 responses filed by the Commission Staff, the Office of the Attorney General, Division of Consumer Counsel, and Appalachian Voices to the Company's Petition for Suspension of Rider RGGI and for Alternate Recovery Mechanism of Certain Compliance Costs
Total Number of Pages	7
Submission ID	24877
eFiling Date Stamp	5/24/2022 4:07:07PM

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

Elaine S. Ryan
Direct: 804.775.1090

McGUIREWOODS

erian@mcguirewoods.com

220540024

May 24, 2022

BY ELECTRONIC 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 authority to suspend a rate adjustment clause, designated Rider RGGI, under § 56-585.1 A 5 e of the Code of Virginia and for alternate recovery mechanism of certain compliance costs
Case No. PUR-2022-00070

Dear Mr. Logan:

Please find enclosed for electronic filing in the above-captioned proceeding Virginia Electric and Power Company's Reply to the May 19, 2022 responses filed by the Commission Staff, the Office of the Attorney General, Division of Consumer Counsel, and Appalachian Voices to the Company's Petition for Suspension of Rider RGGI and for Alternate Recovery Mechanism of Certain Compliance Costs.

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

Highest regards,

/s/ Elaine S. Ryan

Elaine S. Ryan

Enclosures

cc: Paul E. Pfeffer, Esq.
David J. DePippo, Esq.
Joseph K. Reid, III, Esq.
Timothy D. Patterson, Esq.
Service List

COMMONWEALTH OF VIRGINIA
STATE CORPORATION COMMISSION

PETITION OF)	
)	
VIRGINIA ELECTRIC AND POWER COMPANY)	
)	Case No. PUR-2022-00070
For authority to suspend a rate adjustment clause,)	
designated Rider RGGI, under)	
§ 56-585.1 A 5 e of the Code of Virginia, and)	
for alternate recovery mechanism of certain)	
compliance costs)	

VIRGINIA ELECTRIC AND POWER COMPANY’S REPLY

Pursuant to the State Corporation Commission of Virginia’s (the “Commission”) May 13, 2022 Order Expediting Response and Reply, Virginia Electric and Power Company (“Dominion Energy Virginia” or the “Company”), by counsel, hereby files this reply (“Reply”) to the May 19, 2022 responses filed by the Commission Staff (“Staff”), the Office of the Attorney General, Division of Consumer Counsel (“Consumer Counsel”), and Appalachian Voices to the Company’s Petition for Suspension of Rider RGGI and for Alternate Recovery Mechanism of Certain Compliance Costs (“Petition”). In further support of the Petition, and in reply to the responses filed on May 19, 2022, the Company states as follows:

REPLY

1. Staff, Consumer Counsel, and Appalachian Voices do not oppose the Company’s request to suspend Rider RGGI. As noted, suspension of the RAC will immediately reduce the typical residential customer bill by approximately \$2.39 per month, with greater reductions for higher energy consumers in the residential, as well as commercial and industrial classes.¹
2. In its response, Staff recommends “that the Company provide greater detail in its

¹ Petition at 7.

Reply concerning its intentions regarding the specific timing of the recognition and recovery of the approximately \$178 million² in accrued but unrecovered RGGI compliance costs in base rates—as the Company proposes in its Petition.”³ As stated in the Petition, the Company is now requesting approval to recover those costs through the Company’s existing rates for generation services (base rates) during the period in which they were incurred.⁴ To provide additional clarity, the proposal is to provide for immediate recognition and recovery of these costs over the periods that they were actually incurred in 2021 and 2022. The costs would be expensed against base revenues in 2021 and 2022, and thus treated as fully recovered by July 31, 2022. As such, there would be no financing costs associated with these compliance costs.

3. In its response, Consumer Counsel “reserves the right to address the ratemaking treatment of VEPCO’s unrecovered RGGI-related expense in the upcoming Triennial Review to ensure that the Company’s voluntary election indeed avoids any future incremental rate increases to customers.”⁵ To be clear, the Company is requesting that the Commission approve the alternate recovery mechanism for the RGGI costs at issue through existing base rates as noted above, as opposed to the RGGI RAC, in connection with this Petition. However, it acknowledges that the prudence of any such costs recovered through base rates may be subject to further Commission review in the Company’s 2024 triennial review proceeding, just as any other element of the cost of service, and parties including Consumer Counsel will have an opportunity to participate and be heard in that case.⁶

4. Consumer Counsel also refers to the Company’s waiver of recovery of

² The Company notes that the \$178 million estimate is a current projection of costs that are expected to be accrued but unrecovered as of July 31, 2022. Actual totals will not be known until true-ups are complete.

³ Staff Response at 2.

⁴ Petition at 7.

⁵ Consumer Counsel Response at 2.

⁶ Petition at 7 n.12.

incremental financing costs due its voluntary under-recovery of Rider RGGI expense in Case No. PUR-2021-00281, and states that this “should remain the case notwithstanding the recovery mechanism.”⁷ Whether any costs incurred to comply with RGGI after July 31, 2022 would be recovered through a RAC and the extent of any incremental financing costs is presently unknown and would be subject to future Commission approval. The Company therefore submits that this is not an issue for determination in this proceeding.

5. Ultimately, Appalachian Voices does not object to the Company’s proposal.⁸ However, the response includes many charged but likewise unsubstantiated claims concerning the basis for the Petition that warrant a brief response. As stated in the Petition and addressed herein, the Company’s motivation is protecting the interests of customers and providing rate relief as promptly as possible for a compliance program it does not believe will continue. On the same date that the Company filed the Petition, it also filed its annual fuel factor application. To lessen the impact of the significant fuel expense under-recovery and future projections for continued elevated fuel costs, the Company has presented a voluntary mitigation proposal to spread out recovery over multiple years. All of these actions are motivated by the Company’s desire to mitigate significant rate impacts while maintaining safe and reliable service.

6. Substantively, Appalachian Voices recommends the Commission require that any RGGI costs incurred after July 31, 2022 and prior to approval of any new Subsection A 5 e RAC be treated as recovered through base rates.⁹ Such a requirement is contrary to the express language of Va. Code § 56-585.1 A 5 e, which provides that:

A utility may at any time . . . petition the Commission for approval of one or more rate adjustment clauses for the timely and current recovery from customers of . . . [p]rojected and actual costs of

⁷ Consumer Counsel Response at 2.

⁸ Appalachian Voices Response at 5.

⁹ Appalachian Voices Response at 6.

projects that the Commission finds to be necessary . . . to comply with state or federal environmental laws or regulations applicable to generation facilities used to serve the utility's native load obligations, including the costs of allowances purchased through a market-based trading program for carbon dioxide emissions.¹⁰

The statute makes clear that the specific recovery mechanism for such costs is at the utility's election, and the Commission should decline to adopt this recommendation.

7. In sum, for the reasons stated in the Petition and addressed herein, good cause exists to grant the Company's Petition. Suspending Rider RGGI will provide an immediate, material reduction to customer bills and the Company's voluntary election alternately to recover approximately \$178 million in unrecovered RGGI compliance costs through existing base rates will prevent future incremental rate increases.

WHEREFORE, for the reasons set forth above, the Company respectfully requests that the Commission grant its Petition and any other relief the Commission deems just and proper.

Respectfully submitted,

VIRGINIA ELECTRIC AND POWER COMPANY

By: /s/ Elaine S. Ryan
Counsel

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

¹⁰ Va. Code § 56-585.1 A 5 e.

Joseph K. Reid III
Elaine S. Ryan
Timothy D. Patterson
McGuire Woods LLP
Gateway Plaza
800 East Canal Street
Richmond, Virginia 23219-3916
(804) 775-1198 (JKR)
(804) 775-1090 (ESR)
(804) 775-1069 (TDP)
jreid@mcguirewoods.com
eryan@mcguirewoods.com
tpatterson@mcguirewoods.com

Counsel for Virginia Electric and Power Company

May 24, 2022

CERTIFICATE OF SERVICE

I hereby certify that on this 24th day of May 2022, a true and accurate copy of the foregoing filed in Case No. PUR-2022-00070 was hand delivered, electronically mailed, and/or mailed first class postage pre-paid to the following:

Arlen Bolstad, Esq.
Frederick D. Ochsenhirt, Esq.
Office of General Counsel
State Corporation Commission
1300 E. Main Street, Tyler Bldg., 10th Fl.
Richmond, VA 23219

C. Mitch Burton, Jr., Esq.
Office of the Attorney General
Division of Consumer Counsel
202 N. Ninth Street
Richmond, VA 23219

Nathaniel Benforado, Esq.
Southern Environmental Law Center
120 Garrett Street, Suite 400
Charlottesville, VA 22902

/s/ Elaine S. Ryan