

COMMONWEALTH OF VIRGINIA  
STATE CORPORATION COMMISSION

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APPLICATION OF

VIRGINIA ELECTRIC AND POWER COMPANY

CASE NO. PUR-2023-00105

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

FINAL ORDER

On July 11, 2023, Virginia Electric and Power Company ("Dominion" or "Company") filed an application ("Application") with the State Corporation Commission ("Commission") requesting approval of a proposed update to the rates, terms, and conditions of a universal service fee ("USF" or "Rider PIPP") to be paid by retail customers to fund the Percentage of Income Payment Program ("PIPP").

The PIPP was established as part of the 2020 Virginia Clean Economy Act ("VCEA")<sup>1</sup> as a mechanism designed to limit the electric utility payments of persons or households participating in certain, specified public assistance programs, based upon a percentage of their income, for customers of Dominion and Appalachian Power Company. The General Assembly further addressed the PIPP, its funding, and implementation, as part of the 2021 legislative session with the passage of Chapter 308 of the 2021 Virginia Acts of Assembly, Special Session I ("Chapter 308"). Among other things, Chapter 308 updated eligibility to be based on income thresholds relative to the federal poverty level. A PIPP-eligible utility customer is defined as,

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<sup>1</sup> 2020 Acts ch. 1193 and ch. 1194.

"any person or household whose income does not exceed 150 percent of the federal poverty level."<sup>2</sup>

The Commission issued an Order on July 29, 2021, in the initial PIPP proceeding, Case No. PUR-2020-00109 ("July 2021 Order") directing, among other things, that Dominion begin collecting the USF from statutorily designated customers to fund the estimated start-up costs that the Department of Social Services ("DSS") needed to establish the PIPP. The July 2021 Order further required Dominion to calculate a USF on a per kilowatt-hour ("kWh") basis to recover \$2.4 million on an annual basis, file tariffs reflecting such fee with the Commission, begin making payments to the state treasury to enable DSS to undertake the actions necessary to establish the PIPP, and defer its own PIPP administrative costs and seek their recovery at a later date.<sup>3</sup>

Additionally, the July 2021 Order required the Company to submit certain reporting and filing requirements within 60 days after promulgation of the DSS rules or guidelines.<sup>4</sup> According to the Application, the DSS rules or guidelines were promulgated on June 26, 2023, and the Company has included information responsive to the Commission's reporting requirements.<sup>5</sup> Dominion asserted that the Company and DSS are working towards a launch of the PIPP application process in November 2023, with the program being active and payments

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<sup>2</sup> Code § 56-576.

<sup>3</sup> *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).

<sup>4</sup> *Id.*

<sup>5</sup> Application at i, 4-7.

beginning on December 1, 2023.<sup>6</sup> With the PIPP's start planned for December 1, 2023, Dominion proposes a rate effective date for Rider PIPP of November 1, 2023 so that funding within the PIPP-related state treasury fund is immediately available for program activities upon launch.<sup>7</sup>

Dominion proposed to collect \$72,674,635 from its customers in the Commonwealth to fund the PIPP, with \$64,345,594 being collected from Virginia jurisdictional customers.<sup>8</sup> The Company proposed an updated Rider PIPP of \$0.000761 per kWh to take effect on November 1, 2023.<sup>9</sup> Dominion's proposed rate year is November 1, 2023, through October 31, 2024 ("Rate Year").

On July 31, 2023, the Commission issued an Order for Notice and Comment ("Procedural Order") in this case that, among other things, directed the Company to provide notice to the public of its Application; provided interested persons an opportunity to comment and request a hearing on the Company's Application; and directed the Staff of the Commission ("Staff") to investigate the Application and file a report ("Staff Report"). On August 30, 2023, the Company filed proof of notice and proof of service in accordance with the Procedural Order. The Commission received one public comment on the Company's Application. One notice of participation was filed by the Office of the Attorney General's Division of Consumer Counsel.

On September 8, 2023, Staff filed its Staff Report recommending the Commission approve a Rate Year Virginia jurisdictional revenue requirement of \$62,771,633, which is

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<sup>6</sup> Application at i.

<sup>7</sup> *Id.* at 8.

<sup>8</sup> *Id.* The balance is collected from non-jurisdictional customers in the Commonwealth.

<sup>9</sup> *Id.*

\$1,573,961 lower than the Company's proposed revenue requirement.<sup>10</sup> Staff recommended that the Commission direct the use of the Company's weighted average cost of debt of 2.011% to compute financing costs rather than the embedded cost of debt proposed by the Company.<sup>11</sup> Staff also recommended that the Company propose a revenue requirement true-up methodology, and that the Company file a detailed calculation and narrative to support such methodology, in its next Rider PIPP proceeding.<sup>12</sup> Staff noted it did not oppose the Company's revenue apportionment and rate design methodology for Rider PIPP.<sup>13</sup> Staff recommended 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 future Rider PIPP update proceedings.<sup>14</sup>

Lastly, Staff recommended that the Commission direct the Company to report on the following in future Rider PIPP update proceedings: (i) a percentile comparison of bill credits for PIPP participants in each category of heating source and the total population of PIPP participants; (ii) the Company's actual operations and maintenance ("O&M") expenses related to the PIPP and any true-up to actual that may be necessary through a future Rider PIPP; (iii) the PIPP participants' participation in utility-sponsored energy efficiency programs; (iv) the energy savings of PIPP participants resulting from utility-sponsored energy efficiency programs; (v) the PIPP participants' aggregate energy usage; and (vi) the average and total arrearage balances for

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<sup>10</sup> Report at 25.

<sup>11</sup> *Id.*

<sup>12</sup> *Id.*

<sup>13</sup> *Id.*

<sup>14</sup> *Id.*

the population of customers who enrolled in the PIPP (collectively, "Additional Reporting Requirements").<sup>15</sup>

On September 15, 2023, the Company filed its Rebuttal to the Staff Report, in which the Company stated it did not oppose Staff's updated revenue requirement or Staff's Proposed Reporting Requirements.

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds that Staff's recommended revenue requirement of \$62,771,633, to be effective November 1, 2023, should be approved. The Commission further finds that Staff's unopposed recommendations should be adopted.

In granting this approval that results in a rate increase, the Commission notes its awareness of the economic pressures that are impacting all utility customers. We are sensitive to the effects of rate increases, especially in times such as these. The Commission, however, must follow the laws applicable to this case, as well as the findings of fact supported by the evidence in the record. This is what we have done herein.

Accordingly, IT IS ORDERED THAT:

(1) Rider PIPP is approved with a total Virginia jurisdictional revenue requirement of \$62,771,633, to be effective for service rendered during the Rate Year of November 1, 2023, to October 31, 2024.

(2) The Company shall use the weighted average cost of debt of 2.011% to compute financing costs.

(3) The Company forthwith shall file revised tariffs and terms and conditions of service and supporting workpapers with the Clerk of the Commission and with the Commission's

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<sup>15</sup> *Id.* at i, 25-26.

Divisions of Public Utility Regulation and Utility Accounting and Finance, as is necessary to comply with the directives set forth in this Final Order. The Clerk of the Commission shall retain such filings for public inspection in person and on the Commission's website:

[scc.virginia.gov/pages/Case-Information](http://scc.virginia.gov/pages/Case-Information).

(4) The Company shall file an application to update its Rider PIPP on or before May 1, 2024. The Company shall propose therein a revenue requirement true-up methodology and file a detailed calculation and narrative to support such methodology. Such application shall also include information responsive to the Additional Reporting Requirements.

(5) In future PIPP update proceedings, the Company shall continue to comply with the reporting and filing requirements included in the Commission's July 2021 Order in Case No. PUR-2020-00109. Additionally, the Company shall include information responsive to the Additional Reporting Requirements in its future Rider PIPP filings.

(6) This matter is dismissed.

Commissioner James C. Dimitri participated in this matter.

A COPY hereof shall be sent electronically by the Clerk of the Commission to all persons on the official Service List in this matter. The Service List is available from the Clerk of the Commission.