APPLICATION OF

VIRGINIA ELECTRIC AND POWER COMPANY  CASE NO. PUR-2020-00101

For revision of rate adjustment clause:
Rider R, Bear Garden Generating Station

ORDER FOR NOTICE AND HEARING

On June 1, 2020, Virginia Electric and Power Company d/b/a Dominion Energy Virginia ("Dominion" or "Company"), pursuant to § 56-585.1 A 6 of the Code of Virginia ("Code"), filed with the State Corporation Commission ("Commission") an annual update of the Company's rate adjustment clause, Rider R ("Application"). Through its Application, the Company seeks to recover costs associated with the Bear Garden Generating Station ("Bear Garden Project" or "Project"), a natural gas- and oil-fired combined-cycle electric generating facility and associated transmission interconnection facilities located in Buckingham County, Virginia.¹

In 2009, the Commission approved Dominion’s construction and operation of the Bear Garden Project and also approved a rate adjustment clause, designated Rider R, for the Company to recover costs associated with the construction of the Project.² The Bear Garden Project became fully operational in May 2011.³

¹ Application at 1.


³ Application at 4.
In this proceeding, Dominion has asked the Commission to approve Rider R for the rate year beginning April 1, 2021, and ending March 31, 2022 ("2021 Rate Year"). The two components of the proposed total revenue requirement for the 2021 Rate Year are the Projected Cost Recovery Factor and the Actual Cost True-Up Factor. The Company is requesting a Projected Cost Recovery Factor revenue requirement of $54,706,000 and an Actual Cost True-Up Factor revenue requirement of $4,613,000. Thus, the Company is requesting a total revenue requirement of $59,318,000 for service rendered during the 2021 Rate Year.

For purposes of calculating the revenue requirement in this case, Dominion utilized an enhanced rate of return on common equity ("ROE") of 10.2%. This ROE comprises a general ROE of 9.2% approved by the Commission in Case Nos. PUR-2017-00038 and PUR-2019-00050, plus a 100 basis point enhanced return applicable to a combined-cycle generating station as described in § 56-585.1:6 of the Code.

If the proposed Rider R for the 2021 Rate Year is approved, the impact on customer bills would depend on the customer's rate schedule and usage. According to Dominion, implementation of its proposed Rider R on April 1, 2021, would increase the bill of a residential customer by

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4 Id. at 4, 6-7.

5 Id. at 7.

6 Id. at 7-8; Direct Testimony of Christopher J. Lee at 4, 7.

7 Application at 8; Direct Testimony of Christopher J. Lee at 9. Alternatively, Dominion requests a rate effective date for usage on the first day of the month that is at least 15 days following the date of any Commission order approving Rider R, if such date is later than April 1, 2021. Application at 9.

customer using 1,000 kilowatt hours per month by approximately $0.22. The Company indicates it has calculated the proposed Rider R rates in accordance with the same methodology as used for rates approved by the Commission in the most recent Rider R proceeding, Case No. PUR-2019-00087, with the exception that in this case the Company did not remove federal customers' and retail choice customers' load and usage for the purpose of designing rates.

This Application is one of six filings Dominion made on or about June 1, 2020, for recovery of funds related to capital projects. If the revenue requirements in these filings are approved as proposed, the cumulative impact would be a monthly increase of approximately $0.96 for a residential customer using 1,000 kilowatt hours per month.

In this Application, Dominion also requests a waiver of Rules 20 VAC 5-201-60 ("Rule 60") and 20 VAC 5-201-90 ("Rule 90") of the Commission's Rules Governing Utility Rate Applications and Annual Informational Filings ("Rate Case Rules") with respect to Schedule 45. Rule 60 of the Rate Case Rules requires that an application filed pursuant to Code § 56-585.1 A 6 include Schedule 45, "Return on Equity Peer Group Benchmark," with the utility's direct testimony. Rule 90 of the Rate Case Rules states that Schedule 45 must include, "documentation supporting the return on equity benchmark proposed pursuant to § 56-585.1 A 2 a and b of the Code . . . ." In support of its request for waiver of Schedule 45, Dominion states that it is requesting that the general ROE of 9.2%, as set by the Commission in

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9 Application at 8-9; Direct Testimony of Emilia L. Catron at 7.


11 See 20 VAC 5-201-10 et seq.
Case Nos. PUR-2017-00038 and PUR-2019-00050, be used to calculate the revenue requirement for Rider R. Accordingly, the Company asserts that waiver of this schedule in this proceeding is warranted by judicial economy and efficiency of case administration.

Dominion also requests that the Commission waive, in part, the requirements under Rule 60 and Rule 90 of the Rate Case Rules with respect to Schedule 46. Rule 60 requires that an application filed pursuant to Code § 56-585.1 A 6 include Schedule 46, "Projected Rate Adjustment Clause Pursuant to § 56-585.1 A 4, A 5 b, e and d or A 6 of the Code of Virginia," with the utility's direct testimony. Rule 90 states that the Company must "provide all documents, contracts, studies, investigations or correspondence that support projected costs proposed to be recovered via a rate adjustment clause." According to Dominion, the supporting documentation responsive to this request is voluminous and therefore the Company proposes to provide the documentation in electronic format only.

Finally, in conjunction with the filing of its Application on June 1, 2020, the Company filed the Motion of Virginia Electric and Power Company for Entry of a Protective Ruling and a proposed protective ruling that establishes procedures governing the use of confidential information in this proceeding.

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds that this matter should be docketed; Dominion should provide public notice of its Application; a hearing should be scheduled for the purpose of receiving testimony and evidence on the

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12 Application at 10-11. Case Nos. PUR-2017-00038 and PUR-2019-00050 were filed pursuant to Code § 56-585.1:1 C, which states that the ROE set in such a case applies to future rate adjustment clauses filed pursuant to Code §§ 56-585.1 A 5 and 56-585.1 A 6, including the current proceeding.

13 Id. at 10-11.

14 Id. at 11.
Application; interested persons should have an opportunity to file comments on the Application or to participate as respondents in this proceeding; and the Commission's Staff ("Staff") should be directed to investigate the Application and file testimony and exhibits containing its findings and recommendations thereon. Further, we find that a Hearing Examiner should be assigned to conduct all further proceedings in this matter on behalf of the Commission, including filing a final report containing the Hearing Examiner's findings and recommendations. Finally, we grant Dominion's request to waive, in part, the filing of Schedules 45 and 46 for purposes of commencing this proceeding.

The Commission further takes judicial notice of the ongoing public health emergency related to the spread of the coronavirus, or COVID-19, and the declarations of emergency issued at both the state and federal levels. The Commission has taken certain actions, and may take additional actions going forward, that could impact the procedures in this proceeding. Consistent with these actions, in regard to the terms of the procedural framework established below, the Commission will, among other things, direct the electronic filing of testimony and

15 See, e.g., Executive Order No. 51, Declaration of a State of Emergency Due to Novel Coronavirus, COVID-19, issued March 12, 2020, by Governor Ralph S. Northam. See also Executive Order No. 53, Temporary Restrictions on Restaurants, Recreational, Entertainment, Gatherings, Non-Essential Retail Businesses, and Closure of K-12 Schools Due to Novel Coronavirus (COVID-19), issued March 23, 2020, by Governor Ralph S. Northam, and Executive Order No. 55, Temporary Stay at Home Order Due to Novel Coronavirus (COVID-19), issued March 30, 2020, by Governor Ralph S. Northam. These and subsequent Executive Orders related to COVID-19 may be found at: https://www.govemor.virginia.gov/executive-actions/.

pleadings unless they contain confidential information, and require electronic service on parties to this proceeding.

For clarification, we note that the proposed Rider R, if approved, would result in an increase to customer bills. We realize that the current COVID-19 public health crisis has caused devastating economic effects that impact all utility customers. We have responded to this economic emergency by, among other actions, temporarily suspending customer service disconnections for customers of Virginia utilities during the pandemic emergency. We are sensitive to the effects of rate increases, especially in times such as these. The Commission, however, must and will follow the laws applicable to this case, as well as the findings of fact supported by evidence in the record.

Accordingly, IT IS ORDERED THAT:

(1) This matter hereby is docketed and assigned Case No. PUR-2020-00101.

(2) All pleadings in this matter should be submitted electronically to the extent authorized by Rule 5 VAC 5-20-150, Copies and format, of the Commission's Rules of Practice and Procedure ("Rules of Practice"). Confidential and Extraordinarily Sensitive information shall not be submitted electronically and should comply with 5 VAC 5-20-170, Confidential information, of the Rules of Practice. For the duration of the COVID-19 emergency, any person seeking to hand deliver and physically file or submit any pleading or other document shall contact the Clerk's Office Document Control Center at (804) 371-9838 to arrange the delivery.18

17 5 VAC 5-20-10 et seq.

18 As noted in the Commission's March 19, 2020 Order Regarding the State Corporation Commission's Revised Operating Procedures During COVID-19 Emergency in Case No. CLK-2020-00005, submissions to the Commission’s Clerk’s Office via U.S. mail or commercial mail equivalents may not be processed for an indefinite period of time due to the COVID-19 emergency. See n.16, supra.
(3) Pursuant to 5 VAC 5-20-140, *Filing and service*, of the Commission’s Rules of Practice, the Commission directs that service on parties and the Staff in this matter shall be accomplished by electronic means. Concerning Confidential or Extraordinarily Sensitive Information, parties and the Staff are instructed to work together to agree upon the manner in which documents containing such information shall be served upon one another, to the extent practicable, in an electronically protected manner, even if such information is unable to be filed in the Office of the Clerk, so that no party or the Staff is impeded from preparing its case.

(4) As provided by § 12.1-31 of the Code and Rule 5 VAC 5-20-120, *Procedure before hearing examiners*, of the Commission’s Rules of Practice, a Hearing Examiner is appointed to conduct all further proceedings in this matter on behalf of the Commission.

(5) The Company’s request for waiver of the requirements of Rule 60 and Rule 90 for filing Schedules 45 and 46 is granted as set forth in this Order for Notice and Hearing.

(6) A public hearing on the Application shall be convened on January 26, 2021, at 10:00 a.m., to receive the testimony of public witnesses and the evidence of the Company, any respondents, and the Staff. Further details on the hearing will be provided by subsequent Commission Order or Hearing Examiner’s Ruling.

(7) An electronic copy of the Company’s Application may be obtained by submitting a written request to counsel for the Company, Lisa R. Crabtree, Esquire, McGuireWoods LLP, Gateway Plaza, 800 East Canal Street, Richmond, Virginia 23219, or L.Crabtree@mcguirewoods.com. Interested persons also may download unofficial copies from the Commission’s website: https://scc.virginia.gov/pages/Case-Information.
On or before August 18, 2020, the Company shall cause the following notice to be published as display advertising (not classified) on one (1) occasion in newspapers of general circulation throughout the Company's service territory within Virginia:

NOTICE TO THE PUBLIC OF AN APPLICATION BY VIRGINIA ELECTRIC AND POWER COMPANY D/B/A DOMINION ENERGY VIRGINIA FOR APPROVAL OF A RATE ADJUSTMENT CLAUSE RIDER R, BEAR GARDEN GENERATING STATION CASE NO. PUR-2020-00101

• Virginia Electric and Power Company d/b/a Dominion Energy Virginia ("Dominion") has applied for approval to revise its rate adjustment clause, Rider R.

• Dominion's request represents an increase of $59,318,000 million annually, which would increase the bill of a typical residential customer using 1,000 kilowatt hours per month by $0.22.

• A Hearing Examiner appointed by the State Corporation Commission will hold a public hearing in the case on January 26, 2021.

• Further information about this case is available on the SCC website at: https://scc.virginia.gov/pages/Case-Information.

On June 1, 2020, Virginia Electric and Power Company d/b/a Dominion Energy Virginia ("Dominion" or "Company"), pursuant to § 56-585.1 A of the Code of Virginia ("Code"), filed with the State Corporation Commission ("Commission") an annual update of the Company's rate adjustment clause, Rider R ("Application"). Through its Application, the Company seeks to recover costs associated with the Bear Garden Generating Station ("Bear Garden Project" or "Project"), a natural gas- and oil-fired combined-cycle electric generating facility and associated transmission interconnection facilities located in Buckingham County, Virginia.

In 2009, the Commission approved Dominion's construction and operation of the Bear Garden Project and also approved a rate adjustment clause, designated Rider R, for the
Company to recover costs associated with the construction of the Project. The Bear Garden Project became fully operational in May 2011.

In this proceeding, Dominion has asked the Commission to approve Rider R for the rate year beginning April 1, 2021, and ending March 31, 2022 ("2021 Rate Year"). The two components of the proposed total revenue requirement for the 2021 Rate Year are the Projected Cost Recovery Factor and the Actual Cost True-Up Factor. The Company is requesting a Projected Cost Recovery Factor revenue requirement of $54,706,000 and an Actual Cost True-Up Factor revenue requirement of $4,613,000. Thus, the Company is requesting a total revenue requirement of $59,318,000 for service rendered during the 2021 Rate Year.

For purposes of calculating the revenue requirement in this case, Dominion utilized an enhanced rate of return on common equity ("ROE") of 10.2%. This ROE comprises a general ROE of 9.2% approved by the Commission in Case Nos. PUR-2017-00038 and PUR-2019-00050, plus a 100 basis point enhanced return applicable to a combined-cycle generating station as described in § 56-585.1 A 6 of the Code.

If the proposed Rider R for the 2021 Rate Year is approved, the impact on customer bills would depend on the customer's rate schedule and usage. According to Dominion, implementation of its proposed Rider R on April 1, 2021, would increase the bill of a residential customer using 1,000 kilowatt hours per month by approximately $0.22. The Company indicates it has calculated the proposed Rider R rates in accordance with the same methodology as used for rates approved by the Commission in the most recent Rider R proceeding, Case No. PUR-2019-00087, with the exception that in this case the Company did not remove federal customers' and retail choice customers' load and usage for the purpose of designing rates.

This Application is one of six filings Dominion made on or about June 1, 2020, for recovery of funds related to capital projects. If the revenue requirements in these filings are approved as proposed, the cumulative impact would be a monthly increase of approximately $0.96 for a residential customer using 1,000 kilowatt hours per month.

Interested persons are encouraged to review the Application and supporting documents for the details of these and other proposals.
TAKE NOTICE that the Commission may apportion revenues among customer classes and/or design rates in a manner differing from that shown in the Application and supporting documents and thus may adopt rates that differ from those appearing in the Company's Application and supporting documents.

The Commission entered an Order for Notice and Hearing in this case that, among other things, scheduled a public hearing to be convened at 10:00 a.m. on January 26, 2021, to receive the testimony of public witnesses and the evidence of the Company, any respondents, and the Commission's Staff. Further details on this hearing will be provided by subsequent Commission Order or Hearing Examiner's Ruling.

The Commission has taken judicial notice of the ongoing public health emergency related to the spread of the coronavirus, or COVID-19, and the declarations of emergency issued at both the state and federal levels. In accordance therewith, all pleadings, briefs, or other documents required to be served in this matter should be submitted electronically to the extent authorized by 5 VAC 5-20-150, Copies and format, of the Commission's Rules of Practice and Procedure ("Rules of Practice"). Confidential and Extraordinarily Sensitive information shall not be submitted electronically and should comply with 5 VAC 5-20-170, Confidential information, of the Rules of Practice. For the duration of the COVID-19 emergency, any person seeking to hand deliver and physically file or submit any pleading or other document shall contact the Clerk's Office Document Control Center at (804) 371-9838 to arrange the delivery.

Pursuant to 5 VAC 5-20-140, Filing and service, of the Commission's Rules of Practice, the Commission has directed that service on parties and the Commission's Staff in this matter shall be accomplished by electronic means. Please refer to the Commission's Order for Notice and Hearing for further instructions concerning Confidential or Extraordinarily Sensitive Information.

An electronic copy of the Company's Application may be obtained by submitting a written request to counsel for the Company, Lisa R. Crabtree, Esquire, McGuireWoods LLP, Gateway Plaza, 800 East Canal Street, Richmond, Virginia 23219, or L.Crabtree@mcguirewoods.com. Interested persons also may download unofficial copies from the Commission's website: https://scc.virginia.gov/pages/Case-Information.
On or before January 26, 2021, any interested person may file comments on the Application by following the instructions found on the Commission's website: https://scc.virginia.gov/casecomments/Submit-Public-Comments. All comments shall refer to Case No. PUR-2020-00101.

On or before November 2, 2020, any person or entity wishing to participate as a respondent in this proceeding may do so by filing a notice of participation. Such notice of participation shall include the email addresses of such parties or their counsel. The respondent simultaneously shall serve a copy of the notice of participation on counsel to the Company. Pursuant to Rule 5 VAC 5-20-80 B, Participation as a respondent, of the Commission's Rules of Practice, any notice of participation shall set forth: (i) a precise statement of the interest of the respondent; (ii) a statement of the specific action sought to the extent then known; and (iii) the factual and legal basis for the action. Any organization, corporation, or government body participating as a respondent must be represented by counsel as required by Rule 5 VAC 5-20-30, Counsel, of the Rules of Practice. All filings shall refer to Case No. PUR-2020-00101.

On or before November 24, 2020, each respondent may file with the Clerk of the Commission and serve on the Staff, the Company, and all other respondents, any testimony and exhibits by which the respondent expects to establish its case, and each witness's testimony shall include a summary not to exceed one page. In all filings, respondents shall comply with the Commission's Rules of Practice, including 5 VAC 5-20-140, Filing and service; and 5 VAC 5-20-240, Prepared testimony and exhibits. All filings shall refer to Case No. PUR-2020-00101.

Any documents filed in paper form with the Office of the Clerk of the Commission in this docket may use both sides of the paper. In all other respects, except as modified by the Commission's Order for Notice and Hearing, all filings shall comply fully with the requirements of 5 VAC 5-20-150, Copies and format, of the Commission's Rules of Practice.

The Company's Application, the Commission's Rules of Practice and the Commission's Order for Notice and Hearing may be viewed at: https://scc.virginia.gov/pages/Case-Information.

VIRGINIA ELECTRIC AND POWER COMPANY
d/b/a DOMINION ENERGY VIRGINIA
(9) On or before August 18, 2020, the Company shall serve a copy of this Order for Notice and Hearing on the following local officials, to the extent the position exists, in each county, city, and town in which the Company provides service in the Commonwealth of Virginia: the chairman of the board of supervisors of each county; the mayor or manager (or equivalent official) of every city and town; and the county, city, or town attorney. Service shall be made electronically where possible; if electronic service is not possible, service shall be made by either personal delivery or first class mail to the customary place of business or residence of the person served.

(10) On or before September 15, 2020, the Company shall file proof of the notice and service required by Ordering Paragraphs (8) and (9) above, including the name, title, address, and electronic mail address (if applicable) of each official served, with Joel H. Peck, Clerk, State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218-2118, or by filing electronically at https://scc.virginia.gov/clk/efiling/.

(11) On or before January 26, 2021, any interested person may file comments on the Application by following the instructions found on the Commission's website: https://scc.virginia.gov/casecomments/Submit-Public-Comments. All comments shall refer to Case No. PUR-2020-00101.

(12) On or before November 2, 2020, any person or entity wishing to participate as a respondent in this proceeding may do so by filing a notice of participation. Such notice of participation shall include the email addresses of such parties or their counsel. The respondent simultaneously shall serve a copy of the notice of participation on counsel to the Company.

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19 In addition to the Commission's April 1, 2020 Order in Case No. CLK-2020-00007 (see n.16, supra), see also Petition of Virginia Electric and Power Company, For a continuing waiver of 20 VAC 5-201-10 of the Rules Governing Utility Rate Applications and Annual Informational Filings to permit electronic service to local officials upon request, Case No. PUE-2016-00039, Doc. Con. Cen. No. 160420194, Order (Apr. 19, 2016).
Pursuant to 5 VAC 5-20-80 B, *Participation as a respondent*, of the Commission's Rules of Practice, any notice of participation shall set forth: (i) a precise statement of the interest of the respondent; (ii) a statement of the specific action sought to the extent then known; and (iii) the factual and legal basis for the action. Any organization, corporation, or government body participating as a respondent must be represented by counsel as required by 5 VAC 5-20-30, *Counsel*, of the Rules of Practice. All filings shall refer to Case No. PUR-2020-00101.

(13) Within three (3) business days of receipt of a notice of participation as a respondent, the Company shall serve a copy of the Application on the respondent.

(14) On or before November 24, 2020, each respondent may file with the Clerk of the Commission and serve on the Staff, the Company, and all other respondents, any testimony and exhibits by which the respondent expects to establish its case, and each witness's testimony shall include a summary not to exceed one page. In all filings, respondents shall comply with the Commission's Rules of Practice, as modified herein, including, but not limited to: 5 VAC 5-20-140, *Filing and service*, and 5 VAC 5-20-240, *Prepared testimony and exhibits*. All filings shall refer to Case No. PUR-2020-00101.

(15) On or before December 15, 2020, the Staff shall investigate the Application and file with the Clerk of the Commission its testimony and exhibits concerning the Application, and each Staff witness's testimony shall include a summary not to exceed one page. A copy thereof shall be served on counsel to the Company and all respondents.

(16) On or before January 12, 2021, Dominion shall file with the Clerk of the Commission any rebuttal testimony and exhibits that it expects to offer, and each rebuttal witness's testimony shall include a summary not to exceed one page. The Company shall serve a copy of its rebuttal testimony and exhibits on the Staff and all respondents.
(17) Any documents filed in paper form with the Office of the Clerk of the Commission in this docket may use both sides of the paper. In all other respects, all filings shall comply fully with the requirements of 5 VAC 5-20-150, *Copies and format*, of the Commission's Rules of Practice.

(18) The Commission's Rule of Practice 5 VAC 5-20-260, *Interrogatories or requests for production of documents and things*, shall be modified for this proceeding as follows: responses and objections to written interrogatories and requests for production of documents shall be served within seven (7) calendar days after receipt of the same. In addition to the service requirements of 5 VAC 5-20-260 of the Rules of Practice, on the day that copies are filed with the Clerk of the Commission, a copy of the interrogatory or request for production shall be served electronically on the party to whom the interrogatory or request for production is directed or the assigned Staff attorney, if the interrogatory or request for production is directed to the Staff.20 Except as modified herein, discovery shall be in accordance with Part IV of the Commission's Rules of Practice, 5 VAC 5-20-240 et seq.

(19) This matter is continued.

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.

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20 The assigned Staff attorney is identified on the Commission's website, [https://scc.virginia.gov/pages/Case-Information](https://scc.virginia.gov/pages/Case-Information), by clicking "Docket Search," then clicking "Search by Case Information," and entering the case number, PUR-2020-00101 in the appropriate box.