

COMMONWEALTH OF VIRGINIA
STATE CORPORATION COMMISSION

AT RICHMOND, AUGUST 28, 2023

REG. SERVICE OFFICE
DOCUMENT CONTROL CENTER

230840087

APPLICATION OF

2023 AUG 28 A 8:40

VIRGINIA ELECTRIC AND POWER COMPANY

CASE NO. PUR-2023-00137

For revision of rate adjustment clause:
Rider US-3, Colonial Trail West and
Spring Grove 1 Solar Facilities, for the
rate year commencing June 1, 2024

ORDER FOR NOTICE AND HEARING

On August 1, 2023, Virginia Electric and Power Company ("Dominion" or "Company") filed with the State Corporation Commission ("Commission") an application ("Application") for approval of its annual update filing with respect to Rider US-3 for the Colonial Trail West Solar Facility ("Colonial Trail West"), an approximately 142 megawatt ("MW") solar generating facility located in Surry County, Virginia, and the Spring Grove 1 Solar Facility ("Spring Grove 1"), an approximately 98 MW solar facility located in Surry County, Virginia (collectively, "US-3 Solar Facilities" or "Facilities").¹

On January 24, 2019, the Commission approved Dominion's construction and operation of the US-3 Solar Facilities.² On April 15, 2019, Dominion also received approval of a rate adjustment clause, designated Rider US-3, for the Company to recover costs associated with the

¹ Application at 1.

² *Petition of Virginia Electric and Power Company, For approval and certification of the proposed US-3 Solar Projects pursuant to §§ 56-580 D and 56-46.1 of the Code of Virginia, and for approval of a rate adjustment clause, designated Rider US-3, under § 56-585.1 A 6 of the Code of Virginia*, Case No. PUR-2018-00101, 2019 S.C.C. Ann. Rept. 239, Order Granting Certificates (Jan. 24, 2019) ("CPCN Order").

construction of the Facilities.³ The Commission's approval was subject to certain conditions and requirements, including a performance guarantee for the Facilities, which were accepted by the Company.⁴ The Colonial Trail West began commercial operations on December 26, 2019, and the Spring Grove 1 was placed into service on November 30, 2020.⁵

The Company states that the collective capacity factor of the US-3 Solar Facilities for calendar year 2022 was 21.8%, which represents a weighted average and does not include any force majeure events as defined by the Commission for purposes of the performance guarantee.⁶ Dominion further notes that the 21.8% collective capacity factor for calendar year 2022 is below the 25% target capacity factor under the performance guarantee for the Facilities.⁷ Employing the same methodology used in Case No. PUR-2022-00120⁸ to calculate the applicable performance guarantee credits, the Company states that the total lost renewable energy certificate revenues for calendar year 2022 for the Facilities are \$391,959 and the total replacement power

³ *Petition of Virginia Electric and Power Company, For approval and certification of the proposed US-3 Solar Projects pursuant to §§ 56-580 D and 56-46.1 of the Code of Virginia, and for approval of a rate adjustment clause, designated Rider US-3, under § 56-585.1 A 6 of the Code of Virginia, Case No. PUR-2018-00101, 2019 S.C.C. Ann. Rept. 248, Order Approving Rate Adjustment Clause (Apr. 15, 2019).*

⁴ See CPCN Order, 2019 S.C.C. Ann. Rept. at 246.

⁵ Application at 4.

⁶ *Id.* at 5.

⁷ *Id.*

⁸ *Application of Virginia Electric and Power Company, For revision of rate adjustment clause: Rider US-3, Colonial Trail West and Spring Grove 1 Solar Projects, for the rate year commencing June 1, 2023, Case No. PUR-2022-00120, Doc. Con. Cen. No. 230420006, Final Order (April 10, 2023).*

costs are \$5,451,359, both of which represent the system-level amounts.⁹ The Company indicated that it adjusted for the financial impacts of curtailments within these calculations.¹⁰

In this proceeding, Dominion has asked the Commission to approve Rider US-3 for the rate year beginning June 1, 2024, and ending May 31, 2025 ("2024 Rate Year").¹¹ The two components of the proposed total revenue requirement for the 2024 Rate Year are the Projected Cost Recovery Factor and the Actual Cost True-Up Factor.¹² The Company is requesting a Projected Cost Recovery Factor revenue requirement of approximately \$34,177,440 and an Actual Cost True-Up Factor revenue requirement of \$2,505,984.¹³ Thus, the Company is requesting a total revenue requirement of \$36,683,424 for the 2024 Rate Year.¹⁴ According to the Application, the revenue requirement presented here incorporates the credit for lost REC revenues discussed above.¹⁵

If the proposed Rider US-3 for the 2024 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 US-3 on June 1, 2024, would decrease the bill of a residential customer using 1,000 kilowatt hours per month by approximately \$0.06.¹⁶ The

⁹ Application at 5.

¹⁰ *Id.*

¹¹ *Id.* at 3-4.

¹² *Id.* at 6.

¹³ *Id.* at 7.

¹⁴ *Id.* Dominion notes that it is utilizing an updated revenue lag based on calendar year 2022 data in its cash working capital calculations and requests that any issues related to the updated lead/lag study be litigated in Case No. PUR-2023-00094. *Id.*

¹⁵ *Id.*

¹⁶ *Id.* at 8.

Company indicates that it has calculated the proposed Rider US-3 rates in accordance with the same methodology as used for rates previously approved by the Commission.¹⁷

Finally, in conjunction with the filing of its Application, the Company filed the Motion of Virginia Electric and Power Company for Entry of a Protective Ruling ("Motion") and a proposed protective ruling that establishes procedures governing the use of confidential and extraordinarily sensitive information in this proceeding.

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds that this matter should be docketed; the Company should provide public notice of its Application; public hearings should be scheduled for the purpose of receiving testimony and evidence on the Application; interested persons should have an opportunity to file comments on the Application or to participate in this proceeding as a respondent; and the Staff should be directed to investigate the Application and to file testimony and exhibits containing its findings and recommendations thereon.

We find that a Hearing Examiner should be assigned to conduct all further proceedings in this matter on behalf of the Commission, including ruling on the Company's Motion and filing a final report containing the Hearing Examiner's findings and recommendations.

To promote administrative efficiency and timely service of filings upon participants, the Commission will, among other things, direct the electronic filing of pleadings, unless they contain confidential information, and require electronic service on parties to this proceeding.

Accordingly, IT IS ORDERED THAT:

- (1) This matter is docketed and assigned Case No. PUR-2023-00137.

¹⁷ *Id.*

(2) All pleadings, briefs, or other documents required to be served in this matter shall 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"), 5 VAC 5-20-10 *et seq.* 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. 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.

(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, including ruling on the Company's Motion and filing a final report containing the Hearing Examiner's findings and recommendations. A copy of each filing made with the Commission's Clerk's office in this matter shall also be sent electronically to the Office of the Hearing Examiners.¹⁸

¹⁸ Such electronic copies shall be sent to: OHEParalegals@scc.virginia.gov.

(5) The Commission hereby schedules a telephonic portion of the hearing for the receipt of testimony from public witnesses on the Application, as follows:

- (a) The portion of the hearing for the receipt of testimony from public witnesses on the Application shall be convened telephonically at 10 a.m., on February 7, 2024.
- (b) To promote fairness for all public witnesses, each witness will be allotted five minutes to provide testimony.
- (c) On or before January 31, 2024, any person desiring to offer testimony as a public witness shall provide to the Commission (a) your name, and (b) the telephone number that you wish the Commission to call during the hearing to receive your testimony. This information may be provided to the Commission in three ways: (i) by filling out a form on the Commission's website at scc.virginia.gov/pages/Webcasting; (ii) by completing and emailing the PDF version of this form to SCCInfo@scc.virginia.gov; or (iii) by calling (804) 371-9141.
- (d) Beginning at 10 a.m., on February 7, 2024, the Hearing Examiner appointed to this case will telephone sequentially each person who has signed up to testify, if any, as provided above.
- (e) This public witness portion of the hearing will be webcast at scc.virginia.gov/pages/Webcasting.

(6) The evidentiary portion of the hearing on the Application shall be convened at 10 a.m. on February 7, 2024, or at the conclusion of the public witness portion of the hearing, whichever is later, in the Commission's second floor courtroom located in the Tyler Building, 1300 East Main Street, Richmond, Virginia 23219, to receive the testimony and evidence of the Company, any respondents, and the Staff.

(7) An electronic copy of the public version of the Company's Application may be obtained by submitting a written request to counsel for the Company: Elaine S. Ryan, Esquire, McGuireWoods LLP, Gateway Plaza, 800 East Canal Street, Richmond, Virginia 23219, or eryan@mcguirewoods.com. Interested persons also may download unofficial copies from the Commission's website: scc.virginia.gov/pages/Case-Information.

(8) On or before September 29, 2023, 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 in Virginia:

NOTICE TO THE PUBLIC OF
THE APPLICATION OF VIRGINIA ELECTRIC AND POWER
COMPANY FOR REVISION OF RATE ADJUSTMENT
CLAUSE: RIDER US-3, COLONIAL TRAIL WEST AND
SPRING GROVE 1 SOLAR FACILITIES, FOR THE RATE
YEAR COMMENCING JUNE 1, 2024
CASE NO. PUR-2023-00137

- Virginia Electric and Power Company ("Dominion") has applied for approval to revise its rate adjustment clause, Rider US-3.
- In this case, Dominion has asked the State Corporation Commission ("Commission") to approve Rider US-3 for the rate year beginning June 1, 2024, and ending May 31, 2025 ("2024 Rate Year")
- For the 2024 Rate Year, Dominion requests a revenue requirement of \$36,683,424, which would decrease the bill of a typical residential customer using 1,000 kilowatt hours of electricity per month by \$0.06.
- A Hearing Examiner appointed by the Commission will hold a telephonic hearing in this case on February 7, 2024, at 10 a.m., for the receipt of public witness testimony.
- An evidentiary hearing will also be held on February 7, 2024, at 10 a.m., or at the conclusion of the public witness portion of the hearing, whichever is later, in the Commission's second floor courtroom located in the Tyler Building, 1300 East Main Street, Richmond, Virginia 23219, to receive the testimony and evidence of the Company, any respondents, and the Staff.
- Further information about this case is available on the SCC website at: scc.virginia.gov/pages/Case-Information.

On August 1, 2023, Virginia Electric and Power Company ("Dominion" or "Company") filed with the State Corporation Commission ("Commission") an application ("Application") for approval of its annual update filing with respect to Rider US-3 for the Colonial Trail West Solar Facility ("Colonial Trail West"), an approximately 142 megawatt ("MW") solar generating facility located in Surry County, Virginia, and the Spring Grove 1 Solar Facility ("Spring Grove 1"), an approximately 98 MW solar facility located in Surry County, Virginia (collectively, "US-3 Solar Facilities" or "Facilities").

On January 24, 2019, the Commission approved Dominion's construction and operation of the US-3 Solar Facilities. On April 15, 2019, Dominion also received approval of a rate adjustment clause, designated Rider US-3, for the Company to recover costs associated with the construction of the Facilities. The Commission's approval was subject to certain conditions and requirements, including a performance guarantee for the Facilities, which were accepted by the Company. The Colonial Trail West began commercial operations on December 26, 2019, and the Spring Grove 1 was placed into service on November 30, 2020.

The Company states that the collective capacity factor of the US-3 Solar Facilities for calendar year 2022 was 21.8%, which represents a weighted average and does not include any force majeure events as defined by the Commission for purposes of the performance guarantee. Dominion further notes that the 21.8% collective capacity factor for calendar year 2022 is below the 25% target capacity factor under the performance guarantee for the Facilities. Employing the same methodology used in Case No. PUR-2022-00120 to calculate the applicable performance guarantee credits, the Company states that the total lost renewable energy certificate revenues for calendar year 2022 for the Facilities are \$391,959 and the total replacement power costs are \$5,451,359, both of which represent the system-level amounts. The Company indicated that it adjusted for the financial impacts of curtailments within these calculations.

In this proceeding, Dominion has asked the Commission to approve Rider US-3 for the rate year beginning June 1, 2024 and ending May 31, 2025 ("2024 Rate Year"). The two components of the proposed total revenue requirement for the 2024 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 approximately \$34,177,440 and an Actual Cost True Up Factor revenue requirement of \$2,505,984.

Thus, the Company is requesting a total revenue requirement of \$36,683,424 for the 2024 Rate Year. According to the Application, the revenue requirement presented here incorporates the credit for lost REC revenues discussed above.

If the proposed Rider US-3 for the 2024 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 US-3 on June 1, 2024, would decrease the bill of a residential customer using 1,000 kilowatt hours per month by approximately \$0.06. The Company indicates that it has calculated the proposed Rider US-3 rates in accordance with the same methodology as used for rates previously approved by the Commission.

Interested persons are encouraged to review Dominion's Application and supporting documents in full for details about 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 proceeding that, among other things, scheduled a public hearing on Dominion's Application. On February 7, 2024, at 10 a.m., the Hearing Examiner assigned will hold the telephonic portion of the hearing for the purpose of receiving the testimony of public witnesses. On or before January 31, 2024, any person desiring to offer testimony as a public witness shall provide to the Commission (a) your name, and (b) the telephone number that you wish the Commission to call during the hearing to receive your testimony. This information may be provided to the Commission in three ways: (i) by filling out a form on the Commission's website at scc.Virginia.gov/pages/Webcasting; (ii) by completing and emailing the PDF version of this form to SCCInfo@scc.virginia.gov; or (iii) by calling (804) 371-9141. This public witness hearing will be webcast at scc.virginia.gov/pages/Webcasting.

Beginning at 10 a.m. on February 7, 2024, the Hearing Examiner will telephone sequentially each person who has signed up to testify as provided above.

On February 7, 2024, at 10 a.m., or at the conclusion of the public witness portion of the hearing, whichever is later, in the Commission's second floor courtroom located in the Tyler Building, 1300 East Main Street, Richmond, Virginia 23219, the Hearing Examiner will convene a hearing to receive testimony and evidence related to the Application from the Company, any respondents, and the Commission Staff.

To promote administrative efficiency and timely service of filings upon participants, the Commission has directed the electronic filing of testimony and pleadings, unless they contain confidential information, and has required electronic service on parties to this proceeding.

An electronic copy of the public version of the Company's Application may be obtained by submitting a written request to counsel for the Company: Elaine S. Ryan, Esquire, McGuireWoods LLP, Gateway Plaza, 800 East Canal Street, Richmond, Virginia 23219, or eryan@mcguirewoods.com. Interested persons also may download unofficial copies from the Commission's website: scc.virginia.gov/pages/Case-Information.

On or before January 31, 2024, any interested person may submit comments on the Application electronically by following the instructions on the Commission's website: scc.virginia.gov/casecomments/Submit-Public-Comments. Those unable, as a practical matter, to submit comments electronically may file such comments by U.S. mail to the Clerk of the State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218-2118. All comments shall refer to Case No. PUR-2023-00137.

On or before November 17, 2023, any person or entity wishing to participate as a respondent in this proceeding may do so by filing a notice of participation with the Clerk of the Commission at: scc.virginia.gov/clk/efiling. Those unable, as a practical matter, to file a notice of participation electronically may file such notice by U.S. mail to the Clerk of the Commission at the address listed above. Such notice of participation shall include the email addresses of such parties or their counsel, if available. A copy of the notice of participation as a respondent also must be sent to counsel for the Company. Pursuant to 5 VAC 5-20-80 B, *Participation as a respondent*, of the Commission's Rules of Practice and Procedure ("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-2023-00137.

On or before December 15, 2023, each respondent may file with the Clerk of the Commission, at scc.virginia.gov/clk/efiling, any testimony and exhibits by which the respondent expects to establish its case. Any respondent unable, as a practical matter, to file testimony and exhibits electronically may file such by U.S. mail to the Clerk of the Commission at the address listed above. Each witness's testimony shall include a summary not to exceed one page. All testimony and exhibits shall be served on the Staff, the Company, and all other respondents simultaneous with its filing. In all filings, the respondent shall comply with the 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-2023-00137.

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 Commission's Rules of Practice and other documents filed in this case may be viewed on the Commission's website at: scc.virginia.gov/pages/Case-Information.

VIRGINIA ELECTRIC AND POWER COMPANY
d/b/a DOMINION ENERGY VIRGINIA

(9) On or before September 29, 2023, the Company shall serve each official listed in 20 VAC 5-204-10 J 1, as provided by 20 VAC 5-204-10 J 2.

(10) On or before October 27, 2023, the Company shall file proof of the notice and service required by Ordering Paragraphs (8) and (9), including the name, title, address, and electronic mail address (if applicable) of each official served, with the Clerk of the State Corporation Commission, by filing electronically at scc.virginia.gov/clk/efiling/.

(11) On or before January 31, 2024, any interested person may submit comments on the Application by following the instructions found on the Commission's website:

scc.virginia.gov/casecomments/Submit-Public-Comments. Those unable, as a practical matter, to submit comments electronically may file such comments by U.S. mail to the Clerk of the State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218-2118. All comments shall refer to Case No. PUR-2023-00137.

(12) On or before November 17, 2023, any interested person or entity wishing to participate as a respondent in this proceeding may do so by filing a notice of participation with the Clerk of the Commission at scc.virginia.gov/clk/efiling. Those unable, as a practical matter, to file a notice of participation electronically may submit such notice by U.S. mail to the Clerk of the Commission at the address listed in Ordering Paragraph (11). Such notice of participation shall include the email addresses of such parties or their counsel, if available. The respondent simultaneously shall serve a copy of the notice of participation on counsel to the Company. Pursuant to 5 VAC 5-20-80 B, *Participation as a respondent*, of the 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-2023-00137.

(13) Within three (3) business days of receipt of a notice of participation as a respondent, the Company shall serve a copy of the public version of its Application and supporting materials on the respondent, unless these have already been provided to the respondent.

(14) On or before December 15, 2023, each respondent may file with the Clerk of the Commission, at scc.virginia.gov/clk/efiling, and serve on the Staff, Company, and any other respondents, any testimony and exhibits by which the respondent expects to establish its case. Any respondent unable, as a practical matter, to file testimony and exhibits electronically may file such by U.S. mail to the Clerk of the Commission at the address in Ordering Paragraph (11). Each witness's testimony shall include a summary not to exceed one page. In all filings, the respondent 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-2023-00137.

(15) On or before January 12, 2024, 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 26, 2024, the Company 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, except as modified herein, 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.¹⁹ 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.

Commissioner Patricia L. West 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.

¹⁹ The assigned Staff attorney is identified on the Commission's website, scc.virginia.gov/pages/Case-Information, by clicking "Docket Search," then clicking "Search by Case Information," and entering the case number, PUR-2023-000137 in the appropriate box.