COMMONWEALTH OF VIRGINIA

STATE CORPORATION COMMISSION

AT RICHMOND, AUGUST 4, 2020

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APPLICATION OF

VIRGINIA ELECTRIC AND POWER COMPANY

CASE NO. PUR-2020-00123

For revision of rate adjustment clause: Rider US-4, Sadler Solar Project, for the rate year commencing June 1, 2021

ORDER FOR NOTICE AND HEARING

On July 1, 2020, Virginia Electric and Power Company d/b/a Dominion Energy Virginia ("Dominion" or "Company") filed with the State Corporation Commission ("Commission") an application ("Application") for approval of its first annual update filing, with respect to its Rider US-4 ("2020 Annual Update" or "Update") for the Sadler Solar Facility, an approximately 100 megawatt ("MW") utility-scale solar photovoltaic generating facility located in Greensville County, Virginia ("US-4 Solar Project" or the "Project."

The Commission approved the US-4 Solar Project and granted a certificate of public convenience and necessity for the US-4 Project subject to specific conditions and requirements on January 22, 2020. Subsequently, the Commission approved a rate adjustment clause, Rider US-4, effective for usage on and after June 1, 2020, authorizing the Company to recover costs

¹ Petition of Virginia Electric and Power Company, For approval and certification of the proposed US-4 Solar Project 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-4, under § 56-585.1 A 6 of the Code of Virginia, Case No. PUR-2019-00105, Order Granting Certificate (Jan. 22, 2020) ("CPCN Order").

associated with the construction of the US-4 Solar Project.² The RAC Order required the Company to file its annual Rider US-4 application on or after July 1, 2020.³

Because the Project is not yet in service, the 2020 Annual Update does not include any information related to performance or adjustments related to the Performance Guarantee required in the CPCN Order.⁴

According to the Application, the total forecasted costs for the US-4 Solar Project are \$145.6 million (excluding financing costs), or \$1,456 per kilowatt at the 100 MW (nominal AC) rating, with cost variances from the original estimates, both upward and downward and within specific cost categories and subcategories.⁵ The updated budget forecast included in the Application reflects actual capital expenditures through December 31, 2019, and projected capital expenditures through December 31, 2021, with monthly projections of capital expenditures used to determine the revenue requirement for the 2020 Annual Update.⁶

The total revenue requirement requested for recovery in the Application for the Rate Year beginning June 1, 2021, is \$ 11,871,320.⁷ The Company states that it used a return on common

 $^{^2}$ Petition of Virginia Electric and Power Company, For approval and certification of the proposed US-4 Solar Project 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-4, under § 56-585.1 A 6 of the Code of Virginia, Case No. PUR-2019-00105, Order Approving Rate Adjustment Clause (Apr. 13, 2020) ("RAC Order").

³ *Id.* at 4.

⁴ Application at 4.

⁵ *Id.* at 4.

⁶ *Id.* at 4-5.

⁷ Id. at 6.

equity of 9.2% in this proceeding, consistent with the Final Order in Case No. PUR-2019-00050.8

The Company states that the proposed Rider US-4, to be implemented on June 1, 2021, will increase the residential customer's monthly bill, based on average usage of 1,000 kWh per month, by \$0.07.9

In its Application, the Company also requested partial waivers of certain Rate Case Rules and Generation Rules. First, the Company requests partial waiver of the requirements of Rules 60 and 90 of the Rate Case Rules, with respect to Filing Schedule 45 (Return on Equity Peer Group Benchmark). In support of its request, the Company states that "[p]ursuant to the provisions of Va. Code §§ 56-585.1 and 56-585.1:1, and consistent with recent Commission orders granting similar limited waivers, a return on equity determination is not to be made in this proceeding" and that good cause exists to waive this filing requirement. 11

Second, the Company requested waiver, in part, of the requirements under Rules 60 and 90 of the Rate Case Rules (with respect to paper copies of certain Filing Schedule 46 materials), requesting instead, to provide this documentation to Commission Staff and any other future case participant in electronic format only. The Company states it will make these documents available via an electronic discovery site ("eRoom") contemporaneously with the Application,

⁸ Id. at 5; see, Application of Virginia Electric and Power Company, For the determination of the fair rate of return on common equity pursuant to § 56-585.1:1 C of the Code of Virginia, Doc. Con. Ctr. No. 191130006, Final Order (Nov. 21, 2019).

⁹ *Id.* at 7.

¹⁰ Id. at 9.

¹¹ Id. at 9.

¹² Application at 10.

with immediate access available to Commission Staff, and that it also submitted a CD-ROM, which includes a PDF version of all documents posted to the eRoom, with the original confidential version of its filing with the Commission.¹³

Third, the Company has requested waiver, in part, of the requirements of Rules 60 and 90 of the Rate Case Rules (regarding the filing of Schedule 46 related to approval of the US-4 Solar Project as required by the public convenience and necessity ("CPCN-related information"). 14 The Company states that this CPCN-related information does not directly relate to the relief requested in the 2020 Annual Update and, further, that findings related to these topics have already been made by the Commission in Case No. PUR-2019-00105, including the determinations contained in the Commission's CPCN Order. 15 The Company notes that the Commission has granted the Company limited, on-going waivers from Filing Schedule 46 requirements for the CPCN-related information in the Company's other Subsection A 6 RACs and request such "continuous and ongoing" waiver of the CPCN-related information required by Filing Schedule 46 in this and all succeeding annual Rider US-4 updates filed by the Company. 16

Finally, Dominion states that Rate Case Rule 10 J requires the Company to serve copies of certain information related to Dominion Energy Virginia's rate proceedings upon local officials via first class mail or personal delivery, and that the Company has obtained a continuing waiver of this Rule, to permit electronic delivery of rate application information to the requesting

¹³ *Id*,

¹⁴ Id. at 11.

¹⁵ Id.

¹⁶ *Id*.

localities in lieu of first-class mail delivery. Accordingly, the Company requests that any procedural order issued in this proceeding allow for electronic service of materials going forward on localities that request such service in writing. 18

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; 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 participate as a respondent in this proceeding; and Staff should be directed to investigate the Application and file testimony and exhibits containing its findings and recommendations thereon. We also find that a Hearing Examiner should be appointed to conduct all further proceedings in this matter on behalf of the Commission and to file a final report.

With respect to the Company's waiver requests, we find as follows. First, we grant Dominion's request to waive the filing of Schedule 45 for purposes of making the Application complete and commencing this proceeding. Second, we grant the Company's request for partial waiver of the Schedule 46 paper copy requirement and approve of Dominion's provision of all such materials (both public and confidential versions) electronically, via immediate eRoom access.

Further, the Commission finds that the Company's request for waiver of the requirements of Rule 20 VAC 5-201-60 and Rule 20 VAC 5-201-90 for a limited, ongoing partial waiver of Schedule 46 should be granted specifically as to the CPCN-related information, which has previously been filed and reviewed as part of Case No. PUR-2019-00105. By granting limited

¹⁷ Application at 12.

¹⁸ Id.

waiver of Schedule 46, however, the Commission is not ruling on the relevance, if any, that CPCN-related information required by Schedule 46 may have in this proceeding or any future Rider US-4 proceedings.

Finally, we grant the Company's request for partial waiver of the Rule 10 J application information service requirement, in order that Dominion may provide to all such requesting localities electronic copies of this information.

However, we stress that by granting these waiver requests at this stage of the proceeding, we are not ruling on the relevance, if any, that information required by these rules may have in this, any future Rider US-4 proceeding, or other similar proceedings. ¹⁹

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.²⁰ The Commission has taken certain actions, and may take additional actions going forward, that could impact the procedures in this proceeding.²¹

¹⁹ Approval of these limited waivers, including the ongoing limited waivers of Schedule 46 and Rule 10 J, does not prohibit these issues from being revisited, if warranted.

²⁰ 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.governor.virginia.gov/executive-actions/.

²¹ See, e.g., Commonwealth of Virginia, ex rel. State Corporation Commission, Ex Parte: Electronic Service of Commission Orders, Case No. CLK-2020-00004, Doc. Con. Cen. No. 200330035, Order Concerning Electronic Service of Commission Orders (Mar. 19, 2020), extended by Doc. Con. Cen. No. 200520105, Order Regarding the State Corporation Commission's Revised Operating Procedures During COVID-19 Emergency (May 11, 2020); Commonwealth of Virginia, ex rel., State Corporation Commission, Ex Parte: Revised Operating Procedures During COVID-19 Emergency, Case No. CLK-2020-00005, Doc. Con. Cen. No. 200330042, Order Regarding the State Corporation Commission's Revised Operating Procedures During COVID-19 Emergency (Mar. 19, 2020) ("Revised Operating Procedures Order"), extended by Doc. Con. Cen. No. 200520105, Order Regarding the State Corporation Commission's Revised Operating Procedures During COVID-19 Emergency (May 11, 2020); Commonwealth of Virginia, ex rel. State Corporation Commission, Ex Parte: Electronic service among parties

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

For clarification, we note that the proposed Rider US-4, 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 is docketed and assigned Case No. PUR-2020-00123.
- (2) All pleadings, briefs, or other documents required to be served 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"). ²²
 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

during COVID-19 emergency, Case No. CLK-2020-00007, Doc. Con. Cen. No. 200410009, Order Requiring Electronic Service (Apr. 1, 2020).

²² 5 VAC 5-10-20 et seq.

submit any pleading or other document shall contact the Clerk's Office Document Control Center at (804) 371-9838 to arrange the delivery. ²³

- (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 Code § 12.1-31 and 5 VAC 5-20-120, *Procedure before hearing examiners*, of the Commission's Rules of Practice and Procedure ("Rules of Practice"), ²⁴ 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 for Protective Order.
- (5) The Company's request for partial waiver of the requirements of Rate Case Rules 60 and 90, for filing Schedule 45 and 46 is granted as set forth in this Order. The Company's request for continuing waiver of the requirements of Rate Case Rule 10 J, to allow for electronic service of Application information to localities, is granted as set forth in this Order.
- (6) A public hearing on the Application shall be convened on February 17, 2021, at 10:00 a.m., to receive the testimony of public witnesses and the evidence of the Company, any

²³ As noted in the Commission's Revised Operating Procedures Order, submissions to the Commission's Clerk's Office via U.S. mail or commercial mail equivalents may not be processed for an indefinite period due to the COVID-19 emergency.

²⁴ 5 VAC 5-20-10 et seq.

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, 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: https://www.scc.virginia.gov/pages/Case-Information.
- (8) On or before September 4, 2020, the Company shall cause the following notice to be published as display advertising (not classified) on one 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 D/B/A DOMINION ENERGY VIRGINIA
FOR REVISION OF RATE ADJUSTMENT CLAUSE: RIDER
US-4, SADLER SOLAR PROJECT, FOR THE RATE YEAR
COMMENCING JUNE 1, 2021
CASE NO. PUR-2020-00123

On July 1, 2020, Virginia Electric and Power Company ("Dominion" or "Company") filed with the State Corporation Commission ("Commission") an application ("Application") for approval of its first annual update filing, with respect to its Rider US-4 ("2020 Annual Update" or "Update") for the Sadler Solar Facility, an approximately 100 megawatt ("MW") utility-scale solar photovoltaic generating facility located in Greensville County, Virginia ("US-4 Solar Project" or the "Project").

The Commission approved the US-4 Solar Project and granted a certificate of public convenience and necessity for the US-4 Project subject to specific conditions and requirements on January 22, 2020. Subsequently, the Commission approved a rate adjustment clause, Rider US-4, effective for usage on and after June 1, 2020, authorizing the Company to recover costs associated with the construction of the US-4 Solar Project. The RAC Order required the Company to file its annual Rider US-4 application on or after July 1, 2020.

Because the Project is not yet in service, the 2020 Annual Update does not include any information related to performance or adjustments related to the Performance Guarantee required in the CPCN Order.

According to the Application, the total forecasted costs for the US-4 Solar Project are \$145.6 million (excluding financing costs), or \$1,456 per kilowatt at the 100 MW (nominal AC) rating, with cost variances from the original estimates, both upward and downward and within specific cost categories and subcategories. The updated budget forecast included in the Application reflects actual capital expenditures through December 31, 2019, and projected capital expenditures through December 31, 2021, with monthly projections of capital expenditures used to determine the revenue requirement for the 2020 Annual Update.

The total revenue requirement requested for recovery in the Application for the Rate Year beginning June 1, 2021, is \$11,871,320. The Company states that it used a return on common equity of 9.2% in this proceeding, consistent with the Final Order in Case No. PUR-2019-00050.

The Company states that the proposed Rider US-4, to be implemented on June 1, 2021, will increase the residential customer's monthly bill, based on average usage of 1,000 kWh per month, by \$0.07.

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 that, among other things, scheduled a public hearing on February 17, 2021, at 10 a.m., to receive testimony from 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, 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: https://scc.virginia.gov/pages/Case-Information.

On or before January 15, 2021, any interested person may file comments on the Application by following the instructions on the Commission's website:

http://www.scc.virginia.gov/casecomments/Submit-Public-Comments. All comments shall refer to Case No. PUR-2020-00123.

On or before November 13, 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-2020-00123.

On or before December 22, 2021, each respondent may file with the Clerk of the Commission, and serve on the Commission's 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-2020-00123.

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.

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

(9) On or before September 4, 2020, the Company shall serve a copy of this Order for Notice and Hearing on the following 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.²⁵

- (10) On or before September 25, 2020, the Company shall file proof of the notice and service required by Ordering Paragraphs (8) and (9), including the name, title, and address of each official served with the Clerk of the 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 15, 2021, any interested person may file written comments on the Application by following the instructions found on the Commission's website:

 http://www.scc.virginia.gov/casecomments/Submit-Public-Comments. All comments shall refer to Case No. PUR-2020-00123.
- (12) On or before November 13, 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

²⁵ In addition to the Commission's April 1, 2020 Order in case No. CLK-2020-00007 (see, n. 21, supra), see also, Petition of Virginia Electric and Power Company, For a continuing waiver of 20 VAC-5-201-10 J 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).

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-2020-00123.

- (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 December 22, 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, 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-2020-00123.
- (15) On or before January 28, 2021, 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 February 8, 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 the 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. Except as modified above, 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.

²⁶ The assigned Staff attorney is identified on the Commission's website: http://www.scc.virginia.gov/Case-Information, by clicking "Docket Search," and clicking "Search by Case Information," and entering the case number, PUR-2020-00123, in the appropriate box.