

AT RICHMOND, OCTOBER 28, 2024

APPLICATION OF

VIRGINIA NATURAL GAS, INC.

CASE NO. PUR-2024-00163

For approval of its 2024 SAVE Rider update

ORDER FOR NOTICE AND COMMENT

On October 1, 2024, pursuant to § 56-604 E of Chapter 26 of Title 56 of the Code of Virginia ("Code"),¹ Virginia Natural Gas, Inc. ("VNG" or "Company") filed with the State Corporation Commission ("Commission") its 2024 annual rider update ("Application")² with respect to the Company's Commission-approved Steps to Advance Virginia's Energy Plan ("SAVE Plan"), under which VNG's SAVE rider, designated Rider E ("SAVE Rider" or "Rider E"), is reconciled and adjusted.³

The Company states that its SAVE Plan is designed to facilitate the accelerated replacement of SAVE-eligible natural gas infrastructure.⁴ The Company further states that, as approved, Rider E is designed to recover "the eligible infrastructure replacement costs" as that

¹ Code § 56-603 *et seq.*

² The Company filed errata on October 7, 2024, and October 18, 2024, correcting certain errors contained in its October 1, 2024 filing. References to the Application hereinafter refer to the Application as revised.

³ The Commission approved the Company's 2023 Rider E annual update for rates to become effective beginning January 1, 2024, and remain in effect until December 31, 2024. Application at 7. *See Application of Virginia Natural Gas, Inc., For approval of its 2023 SAVE Rider Update*, Case No. PUR-2023-00180, 2023 S.C.C. Ann. Rept. 528, Order Granting Approval (Dec. 12, 2023). In Case No. PUR-2024-00022, the Company filed an application for approval to extend and amend its existing SAVE Plan. Application at 7. *See Application of Virginia Natural Gas, Inc., For approval to amend its SAVE Plan as provided by Chapter 26 of Title 56 (§§56-603 et seq.) of the Code of Virginia*, Case No. PUR-2024-00022, Doc. Con. Cen. No. 240610165, Final Order (June 7, 2024).

⁴ Application at 3.

term is defined in Code § 56-603.⁵ VNG states that the calculation of the revenue requirement and rates associated with Rider E requires the calculation of two rate components: the SAVE Actual Cost Adjustment ("SACA") and the Annual SAVE Factor ("ASF").⁶

According to the Company, the SACA is an adjustment that ensures that the SAVE Rider recovers no more or less than the actual cost of implementing the SAVE Plan projects during the prior calendar year.⁷ The Company proposes a credit of \$1,145,673 as a SACA adjustment for the upcoming rate period of January 1, 2025, through December 31, 2025.⁸ The Company states that the ASF is the calculation of the revenue requirement related to the cumulative SAVE Plan infrastructure investment through the period for which the proposed updated SAVE Rider will be in effect, January 1, 2025, through December 31, 2025.⁹ VNG states that the ASF for the upcoming rate period is \$6,806,604.¹⁰ VNG states that combining the SACA and ASF amounts results in a SAVE Rider E revenue requirement of \$5,660,931 for the rate period of January 1, 2025, through December 31, 2025.¹¹ The Company states that for purposes of this update, it is applying the revenue allocation factors proposed in its 2023 rate case proceeding.¹²

⁵ *Id.*

⁶ *Id.* at 8-9; Direct Testimony of Moses Dagadu ("Dagadu Direct") at 3.

⁷ Application at 9; Dagadu Direct at 3.

⁸ Application at 9; Dagadu Direct at 6.

⁹ *Id.*

¹⁰ Application at 9-10; Dagadu Direct at 9.

¹¹ Application at 10.

¹² *Id.* See *Application of Virginia Natural Gas, Inc., For a general rate increase and for authority to revise the terms and conditions applicable to natural gas service*. Case No. PUR-2022-00052, 2023 S.C.C. Ann. Rept. 176, Final Order (Aug. 28, 2023).

According to VNG, the current monthly SAVE Rider for customers receiving service under Schedule 1-Residential is \$2.35.¹³ The new proposed monthly SAVE Rider for January 1, 2025, through December 31, 2025, for such residential customers will be \$1.25.¹⁴

Finally, in conjunction with the filing of its Application, the Company filed the Motion of Virginia Natural Gas, Inc. for Entry of a Protective Order ("Motion") and a proposed protective order that proposes 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; the Company should provide public notice of its Application; interested persons should have an opportunity to file comments on the Application, file a notice of participation as a respondent, or request that a hearing be convened; the Staff of the Commission ("Staff") should be directed to investigate the Application and present its findings and recommendations in a report ("Staff Report"); and a Hearing Examiner should be assigned to rule on any discovery matters or motions *pro hac vice* that arise during the course of this proceeding, including ruling on the Company's Motion.

To promote administrative efficiency and timely service of filings upon participants, 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.

Accordingly, IT IS ORDERED THAT:

(1) 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

¹³ Dagadu Direct at Schedule 19.

¹⁴ *Id.*

the Commission's Rules of Practice and Procedure ("Rules of Practice").¹⁵ 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.

(2) Pursuant to 5 VAC 5-20-140, *Filing and service*, of the Rules of Practice, the Commission directs that service on parties and Staff in this matter shall be accomplished by electronic means. Concerning Confidential or Extraordinarily Sensitive Information, parties and 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 Staff is impeded from preparing its case.

(3) As provided by Code § 12.1-31 and 5 VAC 5-20-120, *Procedure before hearing examiners*, of the Commission's Rules of Practice, a Hearing Examiner is appointed to rule on any discovery matters or motions *pro hac vice* that arise during the course of this proceeding. A copy of each filing relating to discovery matters or motions *pro hac vice* made with the Office of the Clerk in this matter shall also be sent electronically to the Office of Hearing Examiners.¹⁶

(4) 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

¹⁵ 5 VAC 5-20-10 *et seq.*

¹⁶ Such electronic copies shall be sent to: OHEParalegals@scv.virginia.gov.

eryan@mcguirewoods.com. Interested persons also may download unofficial copies from the Commission's website: scc.virginia.gov/pages/Case-Information.

(5) On or before November 18, 2024, the Company shall cause a copy of 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 the Commonwealth of Virginia:

NOTICE TO THE PUBLIC OF AN APPLICATION BY
VIRGINIA NATURAL GAS, INC., FOR APPROVAL OF ITS
2024 SAVE RIDER UPDATE
CASE NO. PUR-2024-00163

On October 1, 2024, pursuant to § 56-604 E of Chapter 26 of Title 56 of the Code of Virginia ("Code"), Virginia Natural Gas, Inc. ("VNG" or "Company") filed with the State Corporation Commission ("Commission") its 2024 annual rider update ("Application") with respect to the Company's Commission-approved Steps to Advance Virginia's Energy Plan ("SAVE Plan"), under which VNG's SAVE rider, designated Rider E ("SAVE Rider" or "Rider E"), is reconciled and adjusted. The Company also filed errata on October 7, 2024, and October 18, 2024, correcting certain errors contained in its October 1, 2024 filing. References to the Application hereinafter refer to the Application as revised.

The Company states that its SAVE Plan is designed to facilitate the accelerated replacement of SAVE-eligible natural gas infrastructure. The Company further states that, as approved, Rider E is designed to recover "the eligible infrastructure replacement costs" as that term is defined in Code § 56-603. VNG states that the calculation of the revenue requirement and rates associated with Rider E requires the calculation of two rate components: the SAVE Actual Cost Adjustment ("SACA") and the Annual SAVE Factor ("ASF").

According to the Company, the SACA is an adjustment that ensures that the SAVE Rider recovers no more or less than the actual cost of implementing the SAVE Plan projects during the prior calendar year. The Company proposes a credit of \$1,145,673 as a SACA adjustment for the upcoming rate period of January 1, 2025, through December 31, 2025. The Company states

that the ASF is the calculation of the revenue requirement related to the cumulative SAVE Plan infrastructure investment through the period for which the proposed updated SAVE Rider will be in effect, January 1, 2025, through December 31, 2025. VNG states that the ASF for the upcoming rate period is \$6,806,604. VNG states that combining the SACA and ASF amounts results in a SAVE Rider E revenue requirement of \$5,660,931 for the rate period of January 1, 2025, through December 31, 2025. The Company states that for purposes of this update, it is applying the revenue allocation factors proposed in its 2023 rate case proceeding, Case No. PUR-2022-00052.

According to VNG, the current monthly SAVE Rider for customers receiving service under Schedule 1-Residential is \$2.35. The new, proposed monthly SAVE Rider for January 1, 2025, through December 31, 2025, for such residential customers will be \$1.25.

Further details are set forth in the Company's Application and supporting exhibits, and interested persons are encouraged to review these documents.

TAKE NOTICE that the Commission may adopt rates that differ from those appearing in the Company's Application and supporting documents and may apportion revenues among customer classes and/or design rates in a manner differing from that shown in the Application and supporting documents.

The Commission entered an Order for Notice and Comment that, among other things, directed the Company to provide notice to the public and provided interested persons an opportunity to comment on the Company's Application.

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

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 of the Application from the Commission's website: scc.virginia.gov/pages/Case-Information.

On or before December 3, 2024, any interested person may file 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-2024-00163.

On or before December 3, 2024, 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. A copy of the notice of participation also must be sent to counsel for the Company at the address listed above. Pursuant to 5 VAC 5-20-80 B, *Participation as a respondent*, of the Commission's Rules of Practice and Procedure, 5 VAC 5-20-10 *et seq.* ("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-2024-00163.

On or before December 3, 2024, any interested person or entity may file with the Clerk of the Commission at scc.virginia.gov/clk/efiling a request that the Commission convene a hearing on the Company's Application. Those unable, as a practical matter, to file the hearing request electronically may file such hearing request by U.S. mail to the Clerk of the Commission at the address listed above. A copy of the request for hearing must also be sent to counsel for the Company at the address listed above. Requests for a hearing shall include: (i) a precise statement of the filing party's interest in the proceeding; (ii) a statement of the specific action sought to the extent then known; (iii) a statement of the legal basis for such action; and (iv) a precise statement why a hearing should be conducted in this matter. All requests for a hearing shall refer to Case No. PUR-2024-00163.

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 Comment, all filings shall comply fully with the requirements of 5 VAC 5-20-150, *Copies and format*, of the Rules of Practice.

The Company's Application, the public versions of other documents filed in this case, the Commission's Rules of Practice, and the Commission's Order for Notice and Comment may be viewed on the Commission's website at: scc.virginia.gov/pages/Case-Information.

VIRGINIA NATURAL GAS, INC.

(6) On or before November 18, 2024, VNG shall serve a copy of its Application and this Order for Notice and Comment on the following local officials, to the extent the position exists, in each county, city, and town in which VNG 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 or 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.

(7) On or before December 2, 2024, VNG shall file proof of the notice and service required by Ordering Paragraphs (5) and (6) with the Clerk of the Commission.

(8) On or before December 3, 2024, any interested person may file written 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-2024-00163.

(9) On or before December 3, 2024, any person or entity wishing to participate as a respondent in this proceeding may do so by filing a notice of participation 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 in Ordering Paragraph (8). Such notice of participation shall include the email addresses of such parties or their counsel, if available. A copy of the notice of participation shall be sent to counsel for the Company at the address set forth in Ordering Paragraph (4). 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-2024-00163.

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

(11) On or before December 3, 2024, any interested person or entity may file with the Clerk of the Commission at scc.virginia.gov/clk/efiling a request that the Commission convene a hearing on the Company's Application. Those unable, as a practical matter, to file the hearing request electronically may file such a request by U.S. mail to the Clerk of the Commission at the address in Ordering Paragraph (8). Such request for hearing shall include the email address of the filer or its counsel, if available. A copy of the request for hearing shall be sent to counsel for the Company at the address set forth in Ordering Paragraph (4). Requests for hearing must

include: (i) a precise statement of the filing party's interest in the proceeding; (ii) a statement of the specific action sought to the extent then known; (iii) a statement of the legal basis for such action; and (iv) a precise statement why a hearing should be conducted in this matter. All requests for a hearing shall refer to Case No. PUR-2024-00163.

(12) Staff shall investigate the Application. On or before December 5, 2024, Staff shall file with the Clerk of the Commission a Staff Report containing its findings and recommendations, and promptly send a copy of the same to counsel for the Company and all respondents.

(13) On or before December 10, 2024, VNG shall file with the Clerk of the Commission its response to any request for a hearing filed in this matter. The Company shall serve a copy of such response on Staff, any respondents, and the interested person or entity requesting a hearing.

(14) On or before December 12, 2024, the Company may file with the Clerk of the Commission any response to the Staff Report, and to any comments filed with the Commission in this proceeding. The Company shall send a copy of its response to Staff and all respondents.

(15) 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.

(16) The Commission's Rule of Practice 5 VAC 5-20-260, *Interrogatories to parties 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 five (5) 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 Staff.¹⁷ 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.*

(17) 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.

¹⁷ 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-2024-00163 in the appropriate box.