

COMMONWEALTH OF VIRGINIA
STATE CORPORATION COMMISSION

AT RICHMOND, MAY 11, 2016

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APPLICATION OF

VIRGINIA ELECTRIC AND POWER COMPANY

CASE NO. PUE-2016-00046

For approval of a rate adjustment clause pursuant
to § 56-585.1 A 4 of the Code of Virginia

ORDER FOR NOTICE AND HEARING

On May 4, 2016, Virginia Electric and Power Company ("Dominion Virginia Power" or "Company"), pursuant to § 56-585.1 A 4 ("Subsection A 4") of the Code of Virginia ("Code"), submitted an application ("Application") with the State Corporation Commission ("Commission") for approval of a rate adjustment clause designated as Rider T1.

Subsection A 4 deems to be prudent the "costs for transmission services provided to the utility by the regional transmission entity of which the utility is a member" and "costs charged to the utility that are associated with demand response programs approved by the Federal Energy Regulatory Commission [("FERC")] and administered by the regional transmission entity of which the utility is a member."

The Company has been a member of PJM Interconnection, L.L.C. ("PJM"), a regional transmission entity that has been approved by FERC as a regional transmission organization, since May 1, 2005.¹ Dominion Virginia Power, as an integrated electric utility member of PJM, obtains transmission service from PJM and pays PJM charges for such service at the rates contained in PJM's Open Access Transmission Tariff approved by FERC.² The Company states

¹ Application at 4.

² *Id.*

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that it also pays PJM charges for costs associated with demand response programs approved by FERC and administered by PJM.³

In this proceeding, Dominion Virginia Power seeks approval of a revenue requirement for the rate year September 1, 2016, through August 31, 2017 ("Rate Year").⁴ This revenue requirement, if approved, would be recovered through a combination of base rates and a revised increment/decrement Rider T1. Rider T1 is designed to recover the increment/decrement between the revenues produced from the transmission component of base rates and the new revenue requirement developed from the Company's total transmission costs for the Rate Year.⁵

The total revenue requirement to be recovered over the Rate Year is \$638,782,866, comprising an increment Rider T1 of \$178,931,394 and forecast collections of \$459,851,472 through the transmission component of base rates.⁶ This total revenue requirement represents an increase of \$1,255,818 over the revenues projected to be produced during the Rate Year by the combination of the base rate component of Subsection A 4 (the Company's former Rider T) and the Rider T1 rates currently in effect.⁷ Implementation of the proposed Rider T1 on September 1, 2016, would increase the average weighted monthly bill of a residential customer using 1,000 kilowatt-hours per month by \$0.30.⁸

Dominion Virginia Power 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

³ *Id.* at 5.

⁴ *Id.* at 1.

⁵ *Id.* at 6.

⁶ *Id.* at 7; Direct Testimony of David M. Wilkinson at 2, 5.

⁷ *See* Direct Testimony of David M. Wilkinson at 2-3; Application at 7.

⁸ Direct Testimony of Paul B. Haynes at 5.

Applications and Annual Informational Filings ("Rate Case Rules") with respect to Schedule 45.⁹ Rule 60 of the Rate Case Rules requires that an application filed pursuant to Subsection A 4 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 Virginia Power states that it is not requesting treatment of any costs that would require the Commission to determine an applicable return on equity.¹⁰

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds that this matter should be docketed; Dominion Virginia Power should provide public notice of its Application; a public hearing 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 as a respondent 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 Virginia Power's request to waive the filing of Schedule 45 for purposes of commencing this proceeding.

⁹ See 20 VAC 5-201-10 *et seq.*

¹⁰ Application at 10. In the event the Commission denies Dominion Virginia Power's waiver request, the Company, in its Application, requests that the Commission: (1) refrain from making a determination that this filing is not in full compliance with the requirements of the Rate Case Rules; (2) allow this case to proceed according to the timetable established by the Company's May 4, 2016 filing; (3) permit the Company to submit the required information within fifteen business days; and (4) grant the Company such further relief as may be necessary or appropriate. *Id.*

Accordingly, IT IS ORDERED THAT:

(1) This matter hereby is docketed and assigned Case No. PUE-2016-00046.

(2) As provided by § 12.1-31 of the Code and the Commission's Rules of Practice and Procedure ("Rules of Practice"),¹¹ a Hearing Examiner is appointed to conduct all further proceedings in this matter on behalf of the Commission.

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

(4) A public hearing shall be convened on July 1, 2016, at 10 a.m., in the Commission's second floor courtroom, Tyler Building, 1300 East Main Street, Richmond, Virginia 23219, to receive the testimony of public witnesses and the evidence offered by the Company, respondents, and the Staff on the Company's Application. Any person desiring to offer testimony as a public witness at this hearing should appear in the Commission's courtroom fifteen (15) minutes prior to the starting time of the hearing and identify himself or herself to the Commission's Bailiff.

(5) The Company shall make copies of its Application, as well as a copy of this Order for Notice and Hearing, available for public inspection during regular business hours at each of the Company's business offices in the Commonwealth of Virginia. Copies also may be obtained by submitting a written request to counsel for the Company, Lisa S. Booth, Esquire, Dominion Resources Services, Inc., 120 Tredegar Street, Richmond, Virginia 23219. If acceptable to the requesting party, the Company may provide the documents by electronic means. Copies of the public version of all documents filed in this case also shall be available for interested persons to review in the Commission's Document Control Center, located on the first floor of the Tyler Building, 1300 East Main Street, Richmond, Virginia 23219, between the hours of 8:15 a.m. and

¹¹ 5 VAC 5-20-10 *et seq.* See 5 VAC 5-20-120.

5 p.m., Monday through Friday, excluding holidays. Interested persons also may download unofficial copies from the Commission's website: <http://www.scc.virginia.gov/case>.

(6) On or before June 2, 2016, 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
 FOR APPROVAL OF A RATE ADJUSTMENT CLAUSE
 PURSUANT TO § 56-585.1 A 4 OF THE CODE OF VIRGINIA
CASE NO. PUE-2016-00046

On May 4, 2016, Virginia Electric and Power Company ("Dominion Virginia Power" or "Company"), pursuant to § 56-585.1 A 4 ("Subsection A 4") of the Code of Virginia, submitted an application ("Application") with the State Corporation Commission ("Commission") for approval of a rate adjustment clause designated as Rider T1.

In this proceeding, Dominion Virginia Power seeks approval of a revenue requirement for the rate year September 1, 2016, through August 31, 2017 ("Rate Year"). This revenue requirement, if approved, would be recovered through a combination of base rates and a revised increment/decrement Rider T1. Rider T1 is designed to recover the increment/decrement between the revenues produced from the transmission component of base rates and the new revenue requirement developed from the Company's total transmission costs for the Rate Year.

The total revenue requirement to be recovered over the Rate Year is \$638,782,866, comprising an increment Rider T1 of \$178,931,394 and forecast collections of \$459,851,472 through the transmission component of base rates. This total revenue requirement represents an increase of \$1,255,818 over the revenues projected to be produced during the Rate Year by the combination of the base rate component of Subsection A 4 (the Company's former Rider T) and the Rider T1 rates currently in effect.

Implementation of the proposed Rider T1 on September 1, 2016, would increase the average weighted monthly bill of a residential customer using 1,000 kilowatt-hours per month by \$0.30.

The Commission entered an Order for Notice and Hearing that, among other things, scheduled a public hearing on July 1, 2016, at 10 a.m., in the Commission's second floor courtroom located in the Tyler Building, 1300 East Main Street, Richmond, Virginia 23219, to receive testimony from members of the public and evidence related to the Application from the Company, any respondents, and the Commission's Staff. Any person desiring to testify as a public witness at this hearing should appear in the Commission's courtroom 15 minutes prior to the starting time of the hearing and contact the Commission's Bailiff.

The Company's Application and the Commission's Order for Notice and Hearing are available for public inspection during regular business hours at each of the Company's business offices in the Commonwealth of Virginia. Copies also may be obtained by submitting a written request to counsel for the Company, Lisa S. Booth, Esquire, Dominion Resources Services, Inc., 120 Tredegar Street, Richmond, Virginia 23219. If acceptable to the requesting party, the Company may provide the documents by electronic means.

Copies of the public version of all documents filed in this case also are available for interested persons to review in the Commission's Document Control Center, located on the first floor of the Tyler Building, 1300 East Main Street, Richmond, Virginia 23219, between the hours of 8:15 a.m. and 5 p.m., Monday through Friday, excluding holidays. Interested persons also may download unofficial copies from the Commission's website: <http://www.scc.virginia.gov/case>.

Any person or entity may participate as a respondent in this proceeding by filing a notice of participation on or before June 13, 2016. If not filed electronically, an original and fifteen (15) copies of the notice of participation shall be submitted to Joel H. Peck, Clerk, State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218-2118. A copy of the notice of participation as a respondent also must be sent to counsel for the Company at the address set forth above. Pursuant to Rule 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. All filings shall refer to Case No. PUE-2016-00046. For additional information about participation as a respondent, any person or entity should obtain a copy of the Commission's Order for Notice and Hearing.

On or before June 13, 2016, 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. If not filed electronically, an original and fifteen (15) copies of such testimony and exhibits shall be submitted to the Clerk of the Commission at the address set forth above. Respondents also shall comply with the Commission's Rules of Practice, including 5 VAC 5-20-140, *Filing and service*; 5 VAC 5-20-150, *Copies and format*; and 5 VAC 5-20-240, *Prepared testimony and exhibits*. Respondents shall refer in all of their filed papers to Case No. PUE-2016-00046.

On or before June 24, 2016, any interested person wishing to comment on the Company's Application may file written comments on the Application with the Clerk of the Commission at the address set forth above. Any interested person desiring to file comments electronically may do so on or before June 24, 2016, by following the instructions on the Commission's website: <http://www.scc.virginia.gov/case>. Compact discs or any other form of electronic storage medium may not be filed with the comments. All such comments shall refer to Case No. PUE-2016-00046.

The Commission's Rules of Practice may be viewed at <http://www.scc.virginia.gov/case>. A printed copy of the Commission's Rules of Practice and an official copy of the Commission's Order for Notice and Hearing in this proceeding may be obtained from the Clerk of the Commission at the address set forth above.

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

(7) On or before June 2, 2016, the Company shall serve a copy of this Order for Notice and Hearing on the chairman of the board of supervisors and county attorney of each county and upon the mayor or manager (or equivalent official) of every city and town in which the Company

provides service in the Commonwealth of Virginia. Service shall be made by either personal delivery or first class mail to the customary place of business or residence of the person served.

(8) On or before June 13, 2016, the Company shall file with the Clerk of the Commission proof of the notice and service required by Ordering Paragraphs (6) and (7) herein, including the name, title and address of each official served.

(9) On or before June 24, 2016, any interested person may file written comments on the Application with Joel H. Peck, Clerk, State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218-2118. On or before June 24, 2016, any interested person desiring to submit comments electronically may do so by following the instructions found on the Commission's website: <http://www.scc.virginia.gov/case>. Compact discs or any other form of electronic storage medium may not be filed with the comments. All comments shall refer to Case No. PUE-2016-00046.

(10) Any person or entity may participate as a respondent in this proceeding by filing a notice of participation on or before June 13, 2016. If not filed electronically, an original and fifteen (15) copies of the notice of participation shall be submitted to the Clerk of the Commission at the address set forth in Ordering Paragraph (9), and the respondent shall simultaneously serve a copy of the notice of participation on counsel to the Company at the address in Ordering Paragraph (5). 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 5 VAC 5-20-30, *Counsel*, of the Rules of Practice. All filings shall refer to Case No. PUE-2016-00046.

(11) On or before June 13, 2016, each respondent may file with the Clerk of the Commission at the address set forth in Ordering Paragraph (9), 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. If not filed electronically, an original and fifteen (15) copies of such testimony and exhibits shall be submitted to the Clerk of the Commission. In all filings, the respondent shall comply with the Commission's Rules of Practice, including 5 VAC 5-20-140, *Filing and service*; 5 VAC 5-20-150, *Copies and format*; and 5 VAC 5-20-240, *Prepared testimony and exhibits*. All filings shall refer to Case No. PUE-2016-00046.

(12) Within three (3) business days of receipt of a notice of participation as a respondent, the Company shall serve upon each respondent a copy of this Order for Notice and Hearing, a copy of the Application, and all materials filed by the Company with the Commission in this proceeding, unless these materials already have been provided to the respondent.

(13) On or before June 15, 2016, the Staff shall investigate the Application and file with the Clerk of the Commission an original and fifteen (15) copies of the Staff's testimony and exhibits, 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.

(14) On or before June 22, 2016, Dominion Virginia Power shall file with the Clerk of the Commission: (a) 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; and (b) a summary not to exceed one page of each direct witness's testimony if not previously included therewith.

The Company simultaneously shall serve a copy on the Staff and all respondents. If not filed electronically, an original and fifteen (15) copies of such rebuttal testimony and exhibits shall be submitted to the Clerk of the Commission at the address set forth in Ordering Paragraph (9).

(15) 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, *Interrogatories or requests for production of documents and things*, 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, or by facsimile, 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.¹² 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.*

(16) This matter is continued generally.

AN ATTESTED COPY hereof shall be sent by the Clerk of the Commission to: Lisa S. Booth, Esquire, and William H. Baxter, II, Esquire, Dominion Resources Services, Inc., 120 Tredegar Street, Richmond, Virginia 23219; Kris M. Dahl, Esquire, and Lisa R. Crabtree, Esquire, McGuireWoods LLP, Gateway Plaza, 800 East Canal Street, Richmond, Virginia 23219; and C. Meade Browder, Jr., Senior Assistant Attorney General, Division of Consumer Counsel, Office of the Attorney General, 900 East Main Street, Second Floor, Richmond, Virginia 23219. A copy also shall be delivered to the Commission's Office of General Counsel and Divisions of Energy Regulation and Utility Accounting and Finance.

¹² The assigned Staff attorney is identified on the Commission's website, <http://www.scc.virginia.gov/case>, by clicking "Docket Search," and clicking "Search Cases," and entering the case number, PUE-2016-00046, in the appropriate box.