

COMMONWEALTH OF VIRGINIA
STATE CORPORATION COMMISSION

AT RICHMOND, MAY 16, 2018

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APPLICATION OF

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VIRGINIA ELECTRIC AND POWER COMPANY

CASE NO. PUR-2018-00063

For approval of an extension and modifications to special rates, terms and conditions pursuant to Virginia Code § 56-235.2

ORDER FOR NOTICE AND COMMENT

On April 27, 2018, Virginia Electric and Power Company ("Dominion" or "Company") filed an application ("Application") in both public and confidential versions with the State Corporation Commission ("Commission") pursuant to § 56-235.2 of the Code of Virginia ("Code") and the Commission's Rules for Filing an Application to Provide Electric and Gas Service Under a Special Rate, Contract or Incentive.¹ This Application requests the Commission to approve a modification and extension of the Special Rates, Terms and Conditions for the Company's provision of electric service to Chaparral (Virginia) Inc. ("Chaparral"), last approved by the Commission in Case No. PUE-2013-00053.² Also on April 27, 2018, Dominion filed a Motion for Entry of a Protective Order and a Motion for Interim Authority to Extend Existing Special Rates Contract.

¹ 20 VAC 5-310-10 *et seq.*

² Application at 1, 8; *Application of Virginia Electric and Power Company, For approval of an extension to special rates, terms and conditions pursuant to Virginia Code § 56-235.2*, Case No. PUE-2013-00053, 2013 S.C.C. Ann. Rept. 411, Final Order (Oct. 3, 2013).

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The Commission initially approved a special rate contract between the Company and Chaparral in 1999, which could have extended through June 30, 2004.³ However, on August 22, 2003, in Case No. PUE-2003-00176, the Commission granted Chaparral's request to terminate service under the special rate contract and to take electric service under Dominion's Rate Schedule 10.⁴

Subsequently, Chaparral informed the Company that, although average rates under Schedule 10 were lower than the rates under the original special rate contract, the rates remained higher than Chaparral could profitably manage.⁵ Therefore, on July 8, 2004, Dominion filed an application in Case No. PUE-2004-00083 for approval of a new special rate and contract pursuant to § 56-235.2 of the Code for electric service to Chaparral.⁶ On October 8, 2004, the Commission approved the Special Rates, Terms and Conditions ("Agreement") set out in the July 8, 2004 application, subject to certain modifications.⁷ The Commission found that the special rate would have no economic impact on existing customers and the Agreement would not jeopardize the continuation of reliable utility service.⁸ On October 20, 2010, the Commission extended the Agreement through November 30, 2013, with no change in the electric rates.

³ Application at 2-3 citing *Application of Virginia Electric and Power Company, For approval of a special rate contract pursuant to § 56-235.2 of the Code of Virginia*, Case No. PUE-1998-00333, 1999 S.C.C. Ann. Rept. 419, Final Order (Jan. 26, 1999).

⁴ Application at 3; *Application of Chaparral (Virginia) Inc., For early termination of special contract and related findings*, Case No. PUE-2003-00176, 2003 S.C.C. Ann. Rept. 499, Final Order (Aug. 22, 2003).

⁵ Application at 3.

⁶ *Id.*

⁷ *Id.* citing *Application of Virginia Electric and Power Company, For approval of special rates and terms and conditions for electric service pursuant to Virginia Code § 56-235.2 and for expedited consideration of the application*, Case No. PUE-2004-00083, 2004 S.C.C. Ann. Rept. 491, Final Order (Oct. 8, 2004).

⁸ *Application of Virginia Electric and Power Company, For approval of special rates and terms and conditions for electric service pursuant to Virginia Code § 56-235.2 and for expedited consideration of the application*, Case No. PUE-2004-00083, 2004 S.C.C. Ann. Rept. 491, 493, Final Order (Oct. 8, 2004).

Through this 2010 Commission Order, the term of the special rates conformed to the period of frozen rates for the Company's standard tariff offerings pursuant to the 2009 Rate Case Final Order in Case No. PUE-2009-00019.⁹

On October 3, 2013, the Commission granted Dominion's application to further extend the Agreement, through and until May 31, 2018, with no other material modifications to the Agreement, finding that the Agreement would have no adverse economic impact on existing customers and would not jeopardize the continuation of reliable utility service.¹⁰

Through its current Application, Dominion seeks a four-year extension of the Agreement, through and until May 31, 2022.¹¹ In support of its Application, Dominion represents that during the 2018 regular session, the Virginia General Assembly passed Senate Bill No. 966 ("SB 966"), which provides, in part, for an initial review of rates to be held in 2021.¹² Dominion asserts that the proposed extension will provide a level of stability and predictability for Chaparral that is important to its economic viability, while Chaparral's base and rider-related rates for service are determined in accordance with the Commission's orders in Dominion's intervening rate reviews and rider proceedings.¹³ Dominion asserts that the proposed extension of the Agreement will

⁹ Application at 5; *Application of Virginia Electric and Power Company, For approval of an extension and modifications to special rates, terms and conditions pursuant to Virginia Code § 56-235.2*, Case No. PUE-2010-00072, 2010 S.C.C. Ann. Rept. 568, Final Order (Oct. 20, 2010); *Application of Virginia Electric and Power Company, For a 2009 statutory review of rates, terms and conditions for the provision of generation, distribution, and transmission services pursuant to § 56-585.1 A of the Code of Virginia*, Case No. PUE-2009-00019, 2010 S.C.C. Ann. Rept. 301, Order Approving Stipulation and Addendum (March 11, 2010).

¹⁰ *Application of Virginia Electric and Power Company, For approval of an extension to special rates, terms and conditions pursuant to Virginia Code § 56-235.2*, Case No. PUE-2013-00053, 2013 S.C.C. Ann. Rept. 411, 413, Final Order (Oct. 3, 2013).

¹¹ Application at 6.

¹² *Id.* Governor Northam signed SB 966 on March 9, 2018, and the legislation will take effect on July 1, 2018.

¹³ Application at 7.

protect the public interest, will not unreasonably prejudice or disadvantage any customer or class of customers, and will not jeopardize the continuation of reliable utility service.¹⁴ Dominion further asserts that its proposed extension is consistent with the Commission's approval of the Agreement extensions granted in Case Nos. PUE-1998-00333, PUE-2004-00083, and PUE-2013-00053, and supportive of Chaparral's significant direct and indirect economic contributions to the Commonwealth.¹⁵

Through its Motion for Interim Authority to Extend Existing Special Rates Contract ("Motion"), filed concurrent with the Application, Dominion requests that the Commission grant interim authorization for Dominion to operate under the Agreement until the Commission has an opportunity to act on the Application. In support of its Motion, Dominion asserts that the requested interim authority will protect the public interest, not unreasonably prejudice or disadvantage any customer or class of customers, and will not jeopardize the continuation of reliable electric utility service.¹⁶

NOW THE COMMISSION, upon review and consideration of the Application, is of the opinion and finds that this matter should be docketed and that interested persons should be permitted to comment or request a hearing on Dominion's Application. We grant Dominion's Motion to operate under the Agreement on an interim basis. Further, we assign a Hearing Examiner to rule on any discovery matter that may arise in this proceeding, including the Company's Motion for Entry of a Protective Order.

¹⁴ *Id.*

¹⁵ *Id.*

¹⁶ Motion at 2.

Accordingly, IT IS ORDERED THAT:

(1) This case is docketed and assigned Case No. PUR-2018-00063.

(2) As provided by § 12.1-31 of the Code and 5 VAC 5-20-120, *Procedure before hearing examiners*, of the Commission's Rules of Practice and Procedure ("Rules of Practice"),¹⁷ the Commission assigns a Hearing Examiner to rule on any discovery matter that may arise during the course of this proceeding, including the Company's Motion for Entry of a Protective Order.

(3) On or before June 19, 2018, the Company shall mail by first class mail, postage prepaid (bill inserts are acceptable), the following notice to its Rate Schedule 10, Large Power Service and Rate Schedule GS-4, Large General Service-Primary Voltage customers:

APPLICATION OF VIRGINIA ELECTRIC AND POWER
COMPANY, FOR APPROVAL OF SPECIAL RATES,
TERMS AND CONDITIONS PURSUANT TO
VIRGINIA CODE § 56-235.2
CASE NO. PUR-2018-00063

On April 27, 2018, Virginia Electric and Power Company ("Dominion" or "Company") filed an application ("Application") in both public and confidential versions with the State Corporation Commission ("Commission") pursuant to § 56-235.2 of the Code of Virginia ("Code") and the Commission's Rules for Filing an Application to Provide Electric and Gas Service Under a Special Rate, Contract or Incentive. This Application requests the Commission to approve a modification and extension of the Special Rates, Terms and Conditions for the Company's provision of electric service to Chaparral (Virginia) Inc. ("Chaparral"), last approved by the Commission in Case No. PUE-2013-00053.

The Commission initially approved a special rate contract between the Company and Chaparral in 1999, which could have extended through June 30, 2004. However, on August 22, 2003, in Case No. PUE-2003-00176, the Commission granted Chaparral's

¹⁷ 5 VAC 5-20-10 *et seq.*

request to terminate service under the special rate contract and to take electric service under Dominion's Rate Schedule 10.

Subsequently, Chaparral informed the Company that, although average rates under Schedule 10 were lower than the rates under the original special rate contract, the rates remained higher than Chaparral could profitably manage. Therefore, on July 8, 2004, Dominion filed an application in Case No. PUE-2004-00083 for approval of a new special rate and contract pursuant to § 56-235.2 of the Code for electric service to Chaparral. On October 8, 2004, the Commission approved the Special Rates, Terms and Conditions ("Agreement") set out in the July 8, 2004 application, subject to certain modifications. The Commission found that the special rate would have no economic impact on existing customers and the Agreement would not jeopardize the continuation of reliable utility service. On October 20, 2010, the Commission extended the Agreement through November 30, 2013, with no change in the electric rates. Through this 2010 Commission Order, the term of the special rates conformed to the period of frozen rates for the Company's standard tariff offerings pursuant to the 2009 Rate Case Final Order in Case No. PUE-2009-00019.

On October 3, 2013, the Commission granted Dominion's application to further extend the Agreement, through and until May 31, 2018, with no other material modifications to the Agreement, finding that the Agreement would have no adverse economic impact on existing customers and would not jeopardize the continuation of reliable utility service.

Through its current Application, Dominion seeks a four-year extension of the Agreement, through and until May 31, 2022. In support of its Application, Dominion represents that during the 2018 regular session, the Virginia General Assembly passed Senate Bill No. 966, which provides, in part, for an initial review of rates to be held in 2021. Dominion asserts that the proposed extension will provide a level of stability and predictability for Chaparral that is important to its economic viability, while Chaparral base and rider-related rates for service are determined in accordance with the Commission's orders in Dominion's intervening rate reviews and rider proceedings. Dominion asserts that the proposed extension of the Agreement will protect the public interest, will not unreasonably prejudice or disadvantage any customer or class of customers, and will not jeopardize the continuation of reliable utility service. Dominion

further asserts that its proposed extension is consistent with the Commission's approval of the Agreement extensions granted in Case Nos. PUE-1998-00333, PUE-2004-00083, and PUE-2013-00053, and supportive of Chaparral's significant direct and indirect economic contributions to the Commonwealth.

The Commission entered an Order for Notice and Comment that, among other things, ordered the Company to provide notice of its Application and provided interested persons an opportunity to comment and/or request a hearing on the Company's Application.

A copy of the Application may be obtained, at no charge, by requesting it in writing from the Company's counsel, Andrea D. Gardner, Esquire, McGuireWoods LLP, 800 East Canal Street, Richmond, Virginia 23219. If acceptable to the requesting party, the Company may provide the documents by electronic means. Copies of the Application and related documents are also available for 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>.

On or before July 17, 2018, interested persons may file written comments concerning the issues in this case with Joel H. Peck, Clerk, State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218-2118. Interested persons desiring to submit comments electronically may do so by following the instructions found on the Commission's website: <http://www.scc.virginia.gov/case>. Comments shall refer to Case No. PUR-2018-00063.

On or before July 17, 2018, interested persons may request that the Commission convene a hearing on the Company's Application by filing a request for hearing with the Clerk of the Commission at the address set forth above. Requests for hearing shall refer to Case No. PUR-2018-00063 and 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. Persons filing a request for hearing shall send a copy of the request to the Company's counsel at the address set forth above.

Any person or entity may participate as a respondent in this proceeding by filing a notice of participation on or before July 17, 2018. 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 above. A copy of the notice of participation as a respondent must also 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. PUR-2018-00063.

All documents filed 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 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 Comment in this proceeding may be obtained from the Clerk of the Commission at the address above.

VIRGINIA ELECTRIC AND POWER COMPANY

(4) On or before June 19, 2018, the Company shall serve a copy of this Order for Notice and Comment on the Chairman of the Board of Supervisors of Dinwiddie County and the County Administrator of Dinwiddie County. Service shall be made by first class mail to the customary place of business or residence of the person served.¹⁸

¹⁸ Service may also be made electronically if a locality has submitted a written request to the Company for electronic service, pursuant to the Commission's April 19, 2016 Order in Case No. PUE-2016-00039. *See 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).

(5) Dominion shall promptly make a copy of the public version of its Application and this Order available to the public, who may obtain a copy of the Application, at no charge, by requesting it in writing from the Company's counsel, Andrea D. Gardner, Esquire, McGuireWoods LLP, 800 East Canal Street, Richmond, Virginia 23219. If acceptable to the requesting party, the Company may provide the documents by electronic means. Copies of the Application and related documents 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 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 July 17, 2018, interested persons may file written comments concerning the issues in this case with Joel H. Peck, Clerk, State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218-2118. On or before July 17, 2018, 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>. Comments shall refer to Case No. PUR-2018-00063.

(7) On or before July 17, 2018, interested persons may request that the Commission convene a hearing concerning the issues in this case by filing a request for a hearing with the Clerk of the Commission at the address set forth above. Requests for hearing shall refer to Case No. PUR-2018-00063 and 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. A copy also simultaneously shall be served on counsel for the Company at the address set forth in Ordering Paragraph (5).

(8) Any interested person may participate as a respondent in this proceeding by filing, on or before July 17, 2018, an original and fifteen (15) copies of a notice of participation with the Clerk of the Commission at the address set forth above and shall simultaneously serve a copy of the notice of participation on counsel to Dominion at the address set forth above. Pursuant to 5 VAC 5-20-80, *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-2018-00063.

(9) On or before July 17, 2018, the Company shall provide the Commission with the proof of notice required by Ordering Paragraph (3) and proof of service required by Ordering Paragraph (4).

(10) The Commission Staff ("Staff") shall investigate the Application and, on or before August 7, 2018, the Staff may file with the Clerk of the Commission a report on the Company's Application.

(11) On or before August 21, 2018, the Company may file with the Clerk of the Commission a response to any written comments and requests for hearing filed in this proceeding.

(12) All documents filed 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.

(13) 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 five (5) calendar days after receipt of the same. In addition to the service requirements of 5 VAC 5-20-260, 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.¹⁹ 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.*

(14) Dominion's Motion for Interim Authority to Extend Special Rates Contract is granted.

(15) This matter is continued for further orders of the Commission.

AN ATTESTED COPY hereof shall be sent by the Clerk of the Commission to:
 Horace P. Payne, Jr., Esquire, and Audrey T. Bauhan, Esquire, Dominion Resources Services, Inc., 120 Tredegar Street, Riverside 2, Richmond, Virginia 23219; Joseph K. Reid, Esquire, and Andrea D. Gardner, Esquire, McGuireWoods LLP, 800 East Canal Street, Richmond, Virginia

¹⁹ 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, PUR-2018-00063, in the appropriate box.

23219; C. Meade Browder, Jr., Senior Assistant Attorney General, Division of Consumer Counsel, Office of the Attorney General, 202 N. 9th Street, 8th Floor, Richmond, Virginia 23219; and a copy shall be delivered to the Commission's Office of General Counsel and Divisions of Public Utility Regulation and Utility Accounting and Finance.

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