

COMMONWEALTH OF VIRGINIA  
STATE CORPORATION COMMISSION

AT RICHMOND, JANUARY 22, 2019

SECRETARY'S OFFICE  
STATE CONTROL CENTER

2019 JAN 22 P 3: 23

APPLICATION OF

VIRGINIA ELECTRIC AND POWER COMPANY

CASE NO. PUR-2018-00192

For approval to establish a rate schedule  
designated Rate Schedule MBR, pursuant to  
§ 56-234 A of the Code of Virginia

AMENDED ORDER FOR NOTICE AND COMMENT

On December 11, 2018, Virginia Electric and Power Company ("Dominion" or "Company") pursuant to § 56-234 A of the Code of Virginia ("Code") and Rule 80 of the Rules of Practice and Procedure ("Rules of Practice") of the State Corporation Commission of Virginia ("Commission"), filed with the Commission an application to establish a new voluntary rate schedule, designated Rate Schedule MBR, Large General Service Market-Based Rate ("Application"). Through its Application, Dominion also seeks the Commission's approval to close its existing market-based rate schedules to new customers upon the effective date of the new Rate Schedule MBR. Concurrent with its Application, Dominion filed the Motion of Virginia Electric and Power Company for Entry of a Protective Ruling and Additional Protective Treatment ("Motion for Protective Ruling").

According to the Application, Dominion's existing MBR Schedules, Rate Schedule MBR—GS-3 (Experimental) and Rate Schedule BR—GS-4 (Experimental) (collectively, "Existing MBR Rate Schedules") are structured to reflect market-based rate ("MBR") pricing in the PJM Interconnection, LLC ("PJM") wholesale market.<sup>1</sup> The Existing MBR Rate Schedules are applicable to qualifying customers who would otherwise take service under Rate Schedule

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<sup>1</sup> Application at 3.

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GS-3 or Rate Schedule GS-4.<sup>2</sup> The Commission approved the Existing MBR Rate Schedules on September 23, 2016.<sup>3</sup> The Existing MBR Rate Schedules became effective for usage on and after November 1, 2016.<sup>4</sup> The Existing MBR Rate Schedules are set to expire on December 31, 2022.<sup>5</sup>

Dominion states that the Company learned that the applicability provisions of the Existing MBR Rate Schedules are too restrictive and have precluded a number of interested customers from participating under these rate schedules. Dominion also states that the Company learned that customers want the Company's market-based rates to represent more closely how generation demand and transmission service charges are addressed in the PJM wholesale market.<sup>6</sup>

Through the Company's Application, Dominion is thus seeking approval to establish a new voluntary non-experimental MBR rate schedule, designated Rate Schedule MBR, Large General Service Market-Based Rate ("New MBR Rate Schedule").<sup>7</sup> Dominion proposes to make the New MBR Rate Schedule available to qualifying customers who would otherwise take service under Rate Schedule GS-3 or Rate Schedule GS-4.<sup>8</sup>

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<sup>2</sup> *Id.*

<sup>3</sup> *Id.* Application of Virginia Electric and Power Company, For approval to establish experimental companion rates, designated as Rate Schedule MBR—GS-3 (Experimental) and Rate Schedule MBR—GS-4 (Experimental) pursuant to § 56-234 B of the Code of Virginia, Case No. PUE-2015-00108, 2016 S.C.C. Ann. Rept. 301 (Sept. 23, 2016).

<sup>4</sup> *Id.*

<sup>5</sup> Application at 8.

<sup>6</sup> *Id.* at 3.

<sup>7</sup> *Id.*

<sup>8</sup> *Id.* at 3-4.

In response to customer feedback, the Company is proposing several changes from the Existing MBR Rate Schedules in the New MBR Rate Schedules, including: (i) improvement of the applicability and availability of the tariff; (ii) alignment of Generation Demand with the PJM method; (iii) alignment of transmission service charges with the PJM method; and (iv) lowering the Margin Charge.<sup>9</sup> The Margin Charge is intended by Dominion to cover any differences between the Company's MBR rate as designed and its actual marginal PJM costs to service individual customers, as well as to provide some contribution toward the Company's administrative and fixed costs.<sup>10</sup>

Consistent with the Existing MBR Rate Schedules, Dominion proposes a minimum three-year initial term. At the end of the initial term, a customer's subscription would renew automatically for additional one-year terms, subject to the eligibility requirements therein.<sup>11</sup>

Dominion is not proposing the New MBR Rate Schedules as an experimental tariff. Therefore, and among other things, the proposed New MBR Rate Schedule would not have an automatic end date. If the New MBR Rate Schedule is approved, Dominion seeks an order permitting the Company to amend the Existing MBR Rate Schedules to close them to new customers as of the effective date of the New MBR Rate Schedule.<sup>12</sup>

Dominion states that the Company believes the proposed New MBR Rate Schedule is just, reasonable and in the public interest pursuant to Code § 56-234 A because the New MBR Rate Schedule contains market-based components that are closely aligned with the PJM

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<sup>9</sup> *Id.* at 4-5.

<sup>10</sup> *Id.* at 7.

<sup>11</sup> *Id.* at 9.

<sup>12</sup> *Id.* at 8-9.

wholesale market.<sup>13</sup> In support of its proposed New MBR Rate Schedule, Dominion further states that the New MBR Rate Schedule is voluntary, and is proposed by Dominion in response to customer demand for MBR pricing. According to Dominion, the New MBR Rate Schedules allow for broader participation than would be available to existing and prospective customers who previously expressed an interest in market-based pricing, but did not qualify to take service under the Existing MBR Rate Schedules.<sup>14</sup>

According to Dominion, the New MBR Rate Schedule would provide an avenue for the Company to compete with third-party suppliers of electric energy (competitive service providers "CSPs") licensed to sell retail electric energy within the Commonwealth.<sup>15</sup> Dominion asserts that permitting the Company to compete with CSPs is in the public interest.<sup>16</sup> Dominion also asserts that when customers take electric energy supply from CSPs, they no longer share, with other Company customers, the cost of generation (including generation-related riders) and fuel. According to Dominion, the New MBR Rate Schedule would thus provide a competitive avenue that would permit the Company to service choice-eligible customers in a just and reasonable manner, in a way that would prevent what Dominion characterizes as the unjustified reallocation of generation and fuel costs to non-participants.<sup>17</sup> Finally, Dominion asserts the New MBR Rate Schedule is in the public interest because it provides a long-term, market-based approach upon which customers could rely in making their long-term energy planning decisions. Such a

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<sup>13</sup> *Id.*

<sup>14</sup> *Id.*

<sup>15</sup> *Id.*

<sup>16</sup> *Id.* at 10.

<sup>17</sup> *Id.*

long-term electric supply option, according to Dominion, creates business certainty for customers. Certainty for the Commonwealth's larger, commercial and industrial businesses is in the public interest, according to Dominion, because it helps to foster a stable business environment in which entities can plan and grow.<sup>18</sup>

NOW THE COMMISSION, upon consideration of the matter, is of the opinion and finds that the Application should be docketed; that the Commission's Staff ("Staff") should investigate the proposed transaction and present its findings in a report ("Staff Report"); that this Order for Notice and Comment should be served upon interested persons; and that interested persons should have an opportunity to comment or request a hearing on the Application. We also find that a Hearing Examiner should be appointed to rule on the discovery matters that arise in this proceeding, including the Company's Motion for Protective Ruling.

Accordingly, IT IS ORDERED THAT:

(1) This case is docketed and assigned Case No. PUR-2018-00192.

(2) As provided by § 12.1-31 of the Code and Rule 5 VAC 5-20-120, *Procedure before Hearing Examiners*, of the Commission's Rules of Practice, a Hearing Examiner is appointed to rule on the discovery matters that may arise in this proceeding, including the Company's Motion for Protective Ruling.

(3) Copies of the Application and the Commission's Order for Notice and Comment may be obtained by submitting a written request to counsel for Dominion, David J. DePippo, 120 Tredegar Street, Riverside 2, Richmond, Virginia 23219. If acceptable to the requesting party, the Company may provide the documents by electronic means. Copies of these documents also shall be available for interested persons to review in the Commission's Document Control

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<sup>18</sup> *Id.*

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>.

(4) On or before February 5, 2019, the Company shall cause to be published as display advertising (not classified) on one occasion in newspapers of general circulation throughout the Company's service territory in Virginia, the following:

NOTICE TO THE PUBLIC OF AN APPLICATION BY  
VIRGINIA ELECTRIC AND POWER COMPANY FOR  
APPROVAL TO ESTABLISH A MARKET-BASED RATE  
SCHEDULE DESIGNATED RATE SCHEDULE MBR  
CASE NO. PUR-2018-00192

On December 11, 2018, Virginia Electric and Power Company ("Dominion" or "Company") pursuant to § 56-234 A of the Code of Virginia ("Code") and Rule 80 of the Rules of Practice and Procedure ("Rules of Practice") of the State Corporation Commission of Virginia ("Commission"), filed with the Commission an application to establish a new voluntary rate schedule, designated Rate Schedule MBR, Large General Service Market-Based Rate ("Application"). Through its Application, Dominion also seeks the Commission's approval to close its existing market-based rate schedules to new customers upon the effective date of the new Rate Schedule MBR.

According to the Application, Dominion's existing MBR Schedules, Rate Schedule MBR—GS-3 (Experimental) and Rate Schedule BR—GS-4 (Experimental) (collectively, "Existing MBR Rate Schedules") are structured to reflect market-based rate ("MBR") pricing in the PJM Interconnection, LLC ("PJM") wholesale market. The Existing MBR Rate Schedules are applicable to qualifying customers who would otherwise take service under Rate Schedule GS-3 or Rate Schedule GS-4. The Commission approved the Existing MBR Rate Schedules on September 23, 2016. The Existing MBR Rate Schedules became effective for usage on and after November 1, 2016. The Existing MBR Rate Schedules are set to expire on December 31, 2022.

Dominion states that the Company learned that the applicability provisions of the Existing MBR Rate Schedules are too restrictive and have precluded a number of interested customers from participating under these rate schedules. Dominion also states that the Company learned that customers want the Company's market-based rates to represent more closely how generation demand and transmission service charges are addressed in the PJM wholesale market.

Through the Company's Application, Dominion is thus seeking approval to establish a new voluntary non-experimental MBR rate schedule, designated Rate Schedule MBR, Large General Service Market-Based Rate ("New MBR Rate Schedule"). Dominion proposes to make the New MBR Rate Schedule available to qualifying customers who would otherwise take service under Rate Schedule GS-3 or Rate Schedule GS-4.

In response to customer feedback, the Company is proposing several changes from the Existing MBR Rate Schedules in the New MBR Rate Schedules, including: (i) improvement of the applicability and availability of the tariff; (ii) alignment of Generation Demand with the PJM method; (iii) alignment of transmission service charges with the PJM method; and (iv) lowering the Margin Charge. The Margin Charge is intended by Dominion to cover any differences between the Company's MBR rate as designed and its actual marginal PJM costs to service individual customers, as well as to provide some contribution toward the Company's administrative and fixed costs.

Consistent with the Existing MBR Rate Schedules, Dominion proposes a minimum three-year initial term. At the end of the initial term, a customer's subscription would renew automatically for additional one-year terms, subject to the eligibility requirements therein.

Dominion is not proposing the New MBR Rate Schedules as an experimental tariff. Therefore, and among other things, the proposed New MBR Rate Schedule would not have an automatic end date. If the New MBR Rate Schedule is approved, Dominion seeks an order permitting the Company to amend the Existing MBR Rate Schedules to close them to new customers as of the effective date of the New MBR Rate Schedule.

Dominion states that the Company believes the proposed New MBR Rate Schedule is just, reasonable and in the public interest pursuant to Code § 56-234 A because the New MBR Rate

Schedule contains market-based components that are closely aligned with the PJM wholesale market. In support of its proposed New MBR Rate Schedule, Dominion further states that the New MBR Rate Schedule is voluntary, and is proposed by Dominion in response to customer demand for MBR pricing. According to Dominion, the New MBR Rate Schedules allow for broader participation than would be available to existing and prospective customers who previously expressed an interest in market-based pricing, but did not qualify to take service under the Existing MBR Rate Schedules.

According to Dominion, the New MBR Rate Schedule would provide an avenue for the Company to compete with third-party suppliers of electric energy (competitive service providers "CSPs") licensed to sell retail electric energy within the Commonwealth. Dominion asserts that permitting the Company to compete with CSPs is in the public interest. Dominion also asserts that when customers take electric energy supply from CSPs, they no longer share, with other Company customers, the cost of generation (including generation-related riders) and fuel. According to Dominion, the New MBR Rate Schedule would thus provide a competitive avenue that would permit the Company to service choice-eligible customers in a just and reasonable manner, in a way that would prevent what Dominion characterizes as the unjustified reallocation of generation and fuel costs to non-participants. Finally, Dominion asserts the New MBR Rate Schedule is in the public interest because it provides a long-term, market-based approach upon which customers could rely in making their long-term energy planning decisions. Such a long-term electric supply option, according to Dominion, creates business certainty for customers. Certainty for the Commonwealth's larger, commercial and industrial businesses is in the public interest, according to Dominion, because it helps to foster a stable business environment in which entities can plan and grow.

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

Copies of the Application and the Commission's Order for Notice and Comment may be obtained by submitting a written request to counsel for Dominion, David J. DePippo, 120 Tredegar Street, Riverside 2, Richmond, Virginia 23219. If acceptable to the requesting party, the Company may provide the documents by



electronic means. Copies of these 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>.

On or before March 26, 2019, any interested person may file with Joel H. Peck, Clerk, State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218-2118, written comments on the Application. On or before March 26, 2019, 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>. All comments shall refer to Case No. PUR-2018-00192.

On or before March 26, 2019, any person or entity wishing to participate as a respondent in this proceeding may do so by filing a notice of participation. 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 also must be sent to counsel for the Company at the address set forth above. Pursuant to Rule 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. All such filings shall refer to Case No. PUR-2018-00192. For additional information about participation as a respondent, any person or entity should obtain a copy of the Commission's Order for Notice and Comment.

Any person may request a hearing on the Application by filing such request for hearing on or before March 26, 2019. If not filed electronically, an original and fifteen (15) copies of the request for hearing must be submitted to the Clerk of the Commission at the address set forth above. Requests for hearing shall refer to Case No. PUR-2018-00192 and shall include: (i) a precise statement of the interest of the filing party; (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.

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 may be obtained from the Clerk of the Commission at the address above.

VIRGINIA ELECTRIC AND POWER COMPANY

(5) On or before February 5, 2019, the Company shall serve a copy of this Order for Notice and Comment 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; the mayor or manager (or equivalent official); and the county, city, or town attorney. Service shall be made by either personal delivery or first-class mail to the customary place of business or residence of the person served.<sup>19</sup>

(6) On or before March 1, 2019, the Company shall file proof of service as ordered herein with Joel H. Peck, Clerk, State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218-2118, including the name, title, and address of each official served.

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<sup>19</sup> 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).

(7) On or before March 26, 2019, any interested person may file written comments on the Application with the Clerk of the Commission at the address set forth in Ordering Paragraph (6). Any interested person desiring to submit comments electronically may do so on or before March 26, 2019, by following the instructions found on the Commission's website: <http://www.scc.virginia.gov/case>. Compact disks or any other form of electronic storage medium may not be filed with the comments. All comments shall refer to Case No. PUR-2018-00192.

(8) On or before March 26, 2019, any person or entity wishing to participate as a respondent in this proceeding may do so by filing a notice of participation. 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 (6). The respondent simultaneously shall serve a copy of the notice of participation on counsel to the Company at the address in Ordering Paragraph (3). 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. PUR-2018-00192.

(9) On or before March 26, 2019, any person wishing to request a hearing on the Application shall file such request for hearing with the Clerk of the Commission. If not filed electronically, an original and fifteen (15) copies of the request for hearing shall be submitted to the Clerk of the Commission at the address set forth in Ordering Paragraph (6). All requests for

hearing shall refer to Case No. PUR-2018-00192 and shall include: (i) a precise statement why a hearing should be conducted in this matter; and (ii) a precise statement why such issues cannot adequately be addressed in comments. A copy also shall be served on counsel for Dominion at the address set forth in Ordering Paragraph (3).

(10) The Staff shall analyze the Application and present its findings in a Staff Report to be filed on or before April 9, 2019.

(11) On or before April 23, 2019, the Company may file with the Clerk of the Commission any response to the Staff Report, comments, and requests for hearing filed with the Commission. If not filed electronically, an original and fifteen (15) copies of the response may be submitted to the Clerk of the Commission at the address set forth in Ordering Paragraph (6).

(12) The Commission's Rule of Practice and Procedure 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 the receipt of the same. In addition to the service requirements of Rule 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.<sup>20</sup> Any person who requests a hearing shall provide to the Company, the Staff, and any other persons who filed requests for hearing any workpapers or documents used in preparation of the request for hearing, promptly upon request. Except as so modified, discovery

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<sup>20</sup> 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-2018-00192, in the appropriate box.

shall be in accordance with Part IV of the Commission's Rules of Practice,  
5 VAC 5-20-240 *et seq.*

(13) This matter is continued.

AN ATTESTED COPY hereof shall be sent by the Clerk of the Commission to:

Lisa S. Booth, Esquire, and David J. DePippo, Esquire, Dominion Resources Services, Inc.,  
120 Tredegar Street, Riverside 2, Richmond, Virginia 23219; Joseph K. Reid III, Esquire, and  
Lauren E. Wood, Esquire, McGuireWoods LLP, Gateway Plaza, 800 East Canal Street,  
Richmond, Virginia 23219-3916; and C. Meade Browder, Jr., Senior Assistant Attorney General,  
Office of the Attorney General, Division of Consumer Counsel, 202 N. 9th Street, 8th Floor,  
Richmond, Virginia 23219. A copy also shall be delivered to the Commission's Office of  
General Counsel and Divisions of Public Utility Regulation and Utility Accounting and Finance.