

COMMONWEALTH OF VIRGINIA
STATE CORPORATION COMMISSION

AT RICHMOND, JULY 22, 2019

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APPLICATION OF

VIRGINIA ELECTRIC AND POWER COMPANY

CASE NO. PUR-2019-00104

For revision of rate adjustment clause: Rider US-3,
Colonial Trail West and Spring Grove 1 Solar Projects,
For the rate year commencing June 1, 2020

ORDER FOR NOTICE AND HEARING

On July 1, 2019, Virginia Electric and Power Company d/b/a Dominion Energy Virginia ("Dominion" or "Company"), pursuant to § 56-585.1 A 6 of the Code of Virginia ("Code"), filed with the State Corporation Commission ("Commission") an annual update of the Company's rate adjustment clause, Rider US-3 ("Application"). Through its Application, the Company seeks to recover costs associated with two utility scale solar photovoltaic generating facilities: (i) the Colonial Trail West Solar Facility, an approximately 142 megawatt ("MW") (nominal alternating current ("AC")) facility located in Surry County; and (ii) the Spring Grove 1 Solar Facility ("SG1 Solar"), an approximately 98 MW AC facility located in Surry County (collectively, "US-3 Solar Projects" or "Projects").¹ Dominion filed a Motion for Entry of a Protective Order and Additional Protective Treatment ("Motion for Protective Order"), as well as a proposed Protective Order with its Application.

On January 24, 2019, and April 15, 2019, respectively, the Commission approved Dominion's construction and operation of the US-3 Projects and also approved a rate adjustment

¹ Application at 1.

clause, designated Rider US-3, for the Company to recover costs associated with the construction of the Projects.²

In this proceeding, Dominion has asked the Commission to approve Rider US-3 for the rate year beginning June 1, 2020, and ending May 31, 2021 ("2020 Rate Year").³ The three components of the proposed total revenue requirement for Rider US-3 will be the Projected Cost Recovery Factor, the Allowance for Funds Used During Construction ("AFUDC") Cost Recovery Factor and the Actual Cost True-Up Factor.⁴ However, the Company's proposed revenue requirement for the 2020 Rate Year does not contain an Actual Cost True-Up Factor.

The Commercial Operations Date ("COD") for SG1 Solar is expected to occur during October 2020, during the Rate Year.⁵ Thus, the Company is requesting Projected Cost Recovery Factor revenue requirements of approximately \$30,926,000 and \$30,747,000 (on an annualized basis) for pre- and post-COD periods, respectively; and an annualized AFUDC Cost Recovery Factor of \$616,000 for the pre-COD period. The total annualized revenue requirement requested by the Company for the pre-COD period is \$31,542,000. The total annualized revenue requirement requested by the Company for the post-COD period is \$30,747,000. These revenue requirements would produce approximately \$13,142,000 and \$17,936,000 in pre- and post-COD

² *Petition of Virginia Electric and Power Company, For approval and certification of the proposed US-3 Solar Projects 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-3, under § 56-585.1 A 6 of the Code of Virginia, Case No. PUR-2019-00101, Doc. Con. Ctr. No. 190140132, Order Granting Certificates (Jan. 24, 2019)("CPCN Order"); Petition of Virginia Electric and Power Company, For approval and certification of the proposed US-3 Solar Projects 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-3, under § 56-585.1 A 6 of the Code of Virginia, Case No. PUR-2019-00101, Doc. Con. Ctr. No. 190420099, Order Approving Rate Adjustment Clause (Apr. 15, 2019)("RAC Order").*

³ Application at 3.

⁴ *Id.* at 6.

⁵ Prefiled Direct Testimony of Alan J. Moore, Schedule 1.

revenues, respectively, and therefore the total revenue requirement requested for the Rate Year is \$31,078,000.⁶

The Company proposed to use a rate of return on common equity in this proceeding of 10.75%, consistent with the direct testimony of Robert B. Hevert in Case No. PUR-2019-00050 currently pending before the Commission.⁷

If the proposed Rider US-3 for the 2020 Rate Year is approved, the impact on customer bills would depend on the customer's rate schedule and usage. According to Dominion, implementation of its proposed Rider US-3 on June 1, 2020, would increase the bill of a residential customer using 1,000 kilowatt hours per month by approximately \$0.41.⁸

Consistent with the Commission's directive in the RAC Order, the Company included with its Application a cost allocation study for intermittent facilities, including a report prepared by the Brattle Group.⁹ The Company indicates that it based the projected rates in this case on its previously-approved Factor 1 methodology.

Dominion also requests a waiver of Rules 20 VAC 5-201-60 ("Rule 60") and 20 VAC 5-201-90 ("Rule 90") of the Rules Governing Utility Rate Applications and Annual Informational Filings ("Rate Case Rules") with respect to Schedule 45.¹⁰ Rule 60 of the Rate Case Rules requires that an application filed pursuant to Code § 56-585.1 A 6 include

⁶ *Id.* at 10.

⁷ Application 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*, Case No. PUR-2019-00050, Doc. Con. Cen. No. 190360065, Application at 4-5 (Mar. 29, 2019) ("2019 ROE Application").

⁸ Application at 8; Prefiled Direct Testimony of J. Clayton Crouch at 9.

⁹ Application at 7; Prefiled Direct Testimony of Agustin J. Ros.

¹⁰ Application at 10.

Schedule 45, "Return on Equity Peer Group Benchmark," with the utility's direct testimony.¹¹

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 notes that it has filed its 2019 ROE Application, which seeks approval of a 10.75% ROE to be applied to the Company's § 56-585.1 A 5 and § 56-585.1 A 6 rate adjustment clauses, including Rider US-3.¹² Dominion indicates that, in this proceeding, it is requesting that the general ROE of 10.75%, as sought by the Company in its 2019 ROE Application, be used to calculate the Projected Cost Recovery Factor revenue requirement for Rider US-3.¹³ Accordingly, the Company asserts that waiver of this schedule in this proceeding is warranted by judicial economy and efficiency of case administration.

Finally, in conjunction with the filing of its Application on July 1, 2019, the Company filed a Motion for Protective Order and a proposed Protective Order that establishes 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; Dominion 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 participate as a respondent in this proceeding; and the Staff of the Commission ("Staff")

¹¹ *Id.*

¹² *Id.*

¹³ *Id.*

should be directed to investigate the Application and file testimony and exhibits containing its findings and recommendations thereon.

We grant Dominion's request to waive the filing of Schedule 45 for purposes of making the Application complete and commencing this proceeding.

Accordingly, IT IS ORDERED THAT:

(1) This matter is docketed and assigned Case No. PUR-2019-00104.

(2) 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"),¹⁴ 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.

(3) A public hearing on the Application shall be convened on January 14, 2020, at 10 a.m., in the Commission's second floor courtroom, Tyler Building, 1300 East Main Street, Richmond, Virginia 23219, to receive into the record the testimony of public witnesses and the evidence of the Company, any respondents, and Staff. 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.

(4) The Company shall make copies of the public version 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,

¹⁴ 5 VAC 5-20-10 *et seq.*

Lisa S. Booth, Esquire, Dominion Energy 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 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>.

(5) On or before September 3, 2019, 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 FOR REVISION OF RATE
ADJUSTMENT CLAUSE
CASE NO. PUR-2019-00104

- **Virginia Electric and Power Company d/b/a Dominion Energy Virginia ("Dominion") has applied for approval to revise its rate adjustment clause, Rider US-3.**
- **Dominion requests a total revenue requirement of approximately \$31.1 million for its 2020 Rider US-3.**
- **A Hearing Examiner appointed by the Commission will hear the case on January 14, 2020, at 10 a.m.**
- **Further information about this case is available on the State Corporation Commission's website.**

On July 1, 2019, Virginia Electric and Power Company d/b/a Dominion Energy Virginia ("Dominion" or "Company"), pursuant to § 56-585.1 A 6 of the Code of Virginia, filed with the State Corporation Commission ("Commission") an annual update of the Company's rate adjustment clause, Rider US-3 ("Application"). Through its Application, the Company seeks to recover costs associated with two utility scale solar photovoltaic generating facilities: (i) the Colonial Trail West Solar Facility, an approximately 142 megawatt ("MW") (nominal alternating current ("AC")) facility located in Surry County; and (ii) the Spring Grove 1 Solar Facility ("SG1 Solar"), an approximately 98 MW AC facility located in Surry County (collectively, "US-3 Solar Projects" or "Projects"). Dominion filed a Motion for Entry of a Protective Order and Additional Protective Treatment, as well as a proposed Protective Order with its Application.

On January 24, 2019, and April 15, 2019, respectively, the Commission approved Dominion's construction and operation of the US-3 Projects and also approved a rate adjustment clause, designated Rider US-3, for the Company to recover costs associated with the construction of the Projects.

In this proceeding, Dominion has asked the Commission to approve Rider US-3 for the rate year beginning June 1, 2020, and ending May 31, 2021 ("2020 Rate Year"). The three components of the proposed total revenue requirement for Rider US-3 will be the Projected Cost Recovery Factor, the Allowance for Funds Used During Construction Cost Recovery Factor and the Actual Cost True-Up Factor. However, the Company's proposed revenue requirement for the 2020 Rate Year does not contain an Actual Cost True-Up Factor. The Company is requesting a total revenue requirement of \$31,078,000.

The Company proposed to use a rate of return on common equity in this proceeding of 10.75%, consistent with the direct testimony of Robert B. Hevert in Case No. PUR-2019-00050 currently pending before the Commission.

If the proposed Rider US-3 for the 2020 Rate Year is approved, the impact on customer bills would depend on the customer's rate schedule and usage. According to Dominion, implementation of its proposed Rider US-3 on June 1, 2020, would increase the bill of a residential customer using 1,000 kilowatt hours per month by approximately \$0.41.

Consistent with the Commission's directive, the Company included with its Application a cost allocation study for intermittent facilities, including a report prepared by the Brattle Group. The Company indicates that it based the projected rates in this case on its previously-approved Factor 1 methodology.

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 January 14, 2020, 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 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 fifteen (15) minutes prior to the starting time of the hearing and contact the Commission's Bailiff.

The public version of the Company's Application, as well as 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 Energy 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 the Application and other 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>.

On or before January 7, 2020, any interested person wishing to comment on the Application shall 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. Any interested person desiring to file such comments electronically may do so on or before January 7, 2020, 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. PUR-2019-00104.

On or before October 29, 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 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 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. 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-2019-00104.

On or before November 12, 2019, 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 on the Application, 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 at the address above. 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-2019-00104.

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 Hearing in this proceeding may be obtained from the Clerk of the Commission at the address above.

VIRGINIA ELECTRIC AND POWER COMPANY

(6) On or before September 3, 2019, 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 by either personal delivery or first class mail to the customary place of business or residence of the person served.¹⁵

(7) On or before October 1, 2019, the Company shall file proof of the notice and service required by Ordering Paragraphs (5) and (6), including the name, title, and address of each official served with Joel H. Peck, Clerk, State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218-2118.

(8) On or before January 7, 2020, any interested person may file written comments on the Application with the Clerk of the Commission at the address set forth in Ordering Paragraph (7). Any interested person desiring to submit comments electronically may do so on or before

¹⁵ 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).

January 7, 2020, 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. PUR-2019-00104.

(9) On or before October 29, 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 (7). The respondent simultaneously shall 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. PUR-2019-00104.

(10) Within five (5) 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 public version of the Application, and a copy of the public version of all materials filed by the Company with the Commission, unless these materials already have been provided to the respondent.

(11) On or before November 12, 2019, each respondent may file with the Clerk of the Commission at the address set forth in Ordering Paragraph (7) 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*, and 5 VAC 5-20-240, *Prepared testimony and exhibits*. All filings shall refer to Case No. PUR-2019-00104.

(12) The Staff shall investigate the Application. On or before December 5, 2019, Staff shall file with the Clerk of the Commission an original and fifteen (15) copies of its testimony and exhibits, and each Staff witness's testimony shall include a summary not to exceed one page. The Staff shall serve a copy thereof on counsel to Dominion and all respondents.

(13) On or before December 19, 2019, Dominion shall file with the Clerk of the Commission: (a) any rebuttal testimony and exhibits that it expects to offer on the Application, 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 shall serve a copy of the testimony and exhibits 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 (7).

(14) 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.

(15) 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.¹⁶ 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) The Company's request for waiver of the requirements of 20 VAC 5-201-60 and 20 VAC 5-201-90 for filing Schedule 45 is granted as set forth in this Order.

(17) This matter is continued.

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

Lisa S. Booth, Esquire, and Audrey T. Bauhan, Esquire, Dominion Energy Services, Inc., 120 Tredegar Street, Richmond, Virginia 23219; Elaine S. Ryan, Esquire, and Sarah R. Bennett, 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 23219-3424. 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.

¹⁶ 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-2019-00104, in the appropriate box.