

AT RICHMOND, OCTOBER 4, 2019

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PETITION OF

VIRGINIA ELECTRIC AND POWER COMPANY

CASE NO. PUR-2019-00154

For approval of a plan for electric distribution grid transformation projects pursuant to § 56-585.1 A 6 of the Code of Virginia, and for approval of an addition to the terms and conditions applicable to electric service

ORDER FOR NOTICE AND HEARING

On September 30, 2019, Virginia Electric and Power Company ("Dominion" or "Company") filed a petition with the State Corporation Commission ("Commission") for approval of a plan for electric distribution grid transformation projects ("Petition") pursuant to § 56-585.1 A 6 ("Subsection A 6") of the Code of Virginia ("Code"). Specifically, the Company is requesting approval of additional investments over the first three years of its ten-year grid transformation plan ("GT Plan"). The Company refers to these additional proposed investments as "Phase IB" to the GT Plan.<sup>1</sup> The estimated total proposed cost associated with Phase IB is \$517.6 million in capital investment and \$83.2 million in operations and maintenance expense.<sup>2</sup> Pursuant to Subsection A 6, the Commission is required to issue its final order on the Petition within six months of the filing date.

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<sup>1</sup> Petition at 5-6. The Company notes that the Commission previously approved certain proposed Phase I investments related to cyber and physical security, including supporting telecommunications infrastructure, which the Company refers to as "Phase IA" of the GT Plan. See *Petition of Virginia Electric and Power Company, For approval of a plan for electric distribution grid transformation projects pursuant to § 56-585.1 A 6 of the Code of Virginia*, Case No. PUR-2018-00100, Doc. Con. Cen. No. 190130074, Final Order (Jan. 17, 2019).

<sup>2</sup> Petition at 6. According to the Petition, the forecasted total proposed cost associated with the ten-year GT Plan is approximately \$2.8 billion in capital investment and approximately \$480 million in operations and maintenance expense. Direct Testimony of Thomas G. Hulsebosch at Schedule 1.

The Company states that Phase IB will focus on six components of the overall GT Plan, including: (i) advanced metering infrastructure ("AMI"); (ii) the customer information platform ("CIP"); (iii) grid improvement projects, consisting of both grid technologies and grid hardening projects; (iv) telecommunications infrastructure; (v) cyber security; and (vi) the Smart Charging Infrastructure Pilot Program.<sup>3</sup> The Company states that it is presenting the results of a cost-benefit analysis conducted by a third-party consultant that show the proposed investments are beneficial to customers.<sup>4</sup>

As part of the GT Plan, Dominion proposes to fully deploy AMI across its service territory over a six-year period beginning in 2019.<sup>5</sup> As part of the deployment of AMI, the Company states it will seek to install a smart meter at each customer's premises.<sup>6</sup> For individual customers that may prefer not to have smart meter, the Company states that it plans to accommodate those customers where practical.<sup>7</sup> As part of the Petition, the Company proposes a revenue-neutral opt-out policy for residential customers, including a one-time fee of \$84.53 and on-going monthly fees of \$29.20, intended to recover the costs of a customer opting out of smart meter installation.<sup>8</sup> The Company also seeks approval of an addition to its terms and conditions of electric service to charge the proposed opt-out fees.<sup>9</sup>

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<sup>3</sup> Petition at 5.

<sup>4</sup> *Id.* at 6.

<sup>5</sup> Direct Testimony of Nathan J. Frost at 10.

<sup>6</sup> Petition at 7.

<sup>7</sup> *Id.* The Company filed a proposed Smart Meter Opt-Out Policy (draft) as Schedule 5 to the Direct Testimony of Nathan J. Frost.

<sup>8</sup> Petition at 7.

<sup>9</sup> Petition at 7; Direct Testimony of Nathan J. Frost at 30.

The Company proposes to deploy a new CIP that includes replacement of the customer information system ("CIS"), which is the primary system supporting processes such as metering, billing, credit, service orders and revenue reporting.<sup>10</sup> The Company states the existing CIS is outdated and, among other things, is unable to effectively and efficiently offer an expanded set of rate structures and customer-centric programs like time-varying rates.<sup>11</sup> The Company states that it anticipates proposing a new experimental, voluntary time-varying rate later this fall upon conclusion of a stakeholder process initiated pursuant to legislation passed by the 2019 General Assembly.<sup>12</sup>

The Company states that the proposed grid technologies and grid hardening projects will improve service reliability and support the integration of distributed energy resources.<sup>13</sup> Among other things, the Company asserts these projects will (i) improve situational awareness and automatically restore large segments of customers; (ii) rebuild poorly performing grid segments to stronger standards and upgrade specific components to eliminate outages; and (iii) improve the availability of the grid to accept and transport customer-generated energy.<sup>14</sup>

The Company proposes certain telecommunications-related projects, referred to as the Tier 3 Field Area Network. The Company states that these projects will facilitate connectivity to equipment on the distribution system, including devices outside of the substation fence.<sup>15</sup>

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<sup>10</sup> Direct Testimony of Thomas J. Arruda at 5.

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

<sup>12</sup> Direct Testimony of Gregory J. Morgan at 9.

<sup>13</sup> Direct Testimony of Robert S. Wright, Jr., at 6.

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

<sup>15</sup> Direct Testimony of Bradley R. Carroll, Sr., at 9.

According to the Petition, these projects will include investing in field device hardware that connects intelligent grid devices to, among other things, the Company's communication network.<sup>16</sup> Phase IB also includes additional proposed cyber-security investments that the Company asserts are necessary to protect proposed Phase IB GT Plan projects.<sup>17</sup>

According to Dominion, the proposed Smart Charging Infrastructure Pilot Program is aimed at providing the Company with the data and tools necessary to understand and manage electric vehicle ("EV") charging load in furtherance of additional investments, pilots, programs, or rate designs that will support EV adoption while minimizing the impact of EV charging on the distribution grid.<sup>18</sup> The Pilot Program will consist of (i) rebates for the infrastructure and upgrades, if necessary, at EV charging sites; and (ii) rebates for the smart charging equipment that enables managed charging.<sup>19</sup> The Company also seeks a waiver of the Commission's Rules Governing Utility Promotional Allowances if deemed necessary by the Commission, in order to provide the proposed rebates associated with the Smart Charging Infrastructure Pilot Program.<sup>20</sup>

Finally, in conjunction with the filing of its Petition on September 30, 2019, the Company filed the Motion of Virginia Electric and Power Company for Entry of a Protective Order and Additional Protective Treatment ("Motion for Protective Order") and a proposed protective order that establishes procedures governing the use of confidential and extraordinarily sensitive information in this proceeding.

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

<sup>17</sup> Direct Testimony of Jonathan S. Bransky at 5.

<sup>18</sup> Direct Testimony of Nathan J. Frost at 35.

<sup>19</sup> *Id.*

<sup>20</sup> Petition at 7-8. *See* 20 VAC 5-303-10 *et seq.*

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds that this matter should be docketed; the Company should provide public notice of its Petition; public hearings should be scheduled for the purpose of receiving testimony and evidence on the Company's Petition; a procedural schedule should be established to allow interested persons an opportunity to file comments on the Company's Petition or to participate as a respondent in this proceeding; and the Commission's Staff ("Staff") should be directed to investigate the Petition and file testimony and exhibits containing its findings and recommendations thereon. Further, we find that a Hearing Examiner should be appointed to rule on all discovery matters that arise during the course of this proceeding, including the Company's Motion for Protective Order.

Accordingly, IT IS ORDERED THAT:

(1) This matter is docketed and assigned Case No. PUR-2019-00154.

(2) As provided by Code § 12.1-31 and Rule 5 VAC 5-20-120, *Procedure before hearing examiners*, of the Commission's Rules of Practice and Procedure ("Rules of Practice"),<sup>21</sup> a Hearing Examiner is appointed to rule on any discovery matters that may arise during the course of this proceeding, including any motions related to the protective treatment of confidential or extraordinarily sensitive information.

(3) A public hearing on the Petition shall be convened at 1 p.m. on January 27, 2020, in the Commission's second floor courtroom located in the Tyler Building, 1300 East Main Street, Richmond, Virginia 23219, to receive the testimony of public witnesses. 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. A public hearing shall convene on January 28, 2020, at 9:30 a.m., in the

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<sup>21</sup> 5 VAC 5-20-10 *et seq.*

same location, to receive the testimony and evidence offered by the Company, respondents, and the Staff on the Company's Petition.

(4) The Company shall make a copy of its Petition, 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. A copy also may be obtained by submitting a written request to counsel for the Company, Sarah R. Bennett, Esquire, McGuireWoods LLP, Gateway Plaza, 800 East Canal Street, Richmond, Virginia 23219. If acceptable to the requesting party, the Company may provide the documents by electronic means. Copies of public versions 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 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 October 24, 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 PETITION  
OF VIRGINIA ELECTRIC AND POWER COMPANY FOR  
APPROVAL OF A PLAN FOR ELECTRIC DISTRIBUTION  
GRID TRANSFORMATION PROJECTS PURSUANT TO  
§ 56-585.1 A 6 OF THE CODE OF VIRGINIA, AND FOR  
APPROVAL OF AN ADDITION TO THE TERMS AND  
CONDITIONS APPLICABLE TO ELECTRIC SERVICE  
CASE NO. PUR-2019-00154

On September 30, 2019, Virginia Electric and Power Company ("Dominion" or "Company") filed a petition with the State Corporation Commission ("Commission") for approval of a plan for electric distribution grid transformation projects

("Petition") pursuant to § 56-585.1 A 6 ("Subsection A 6") of the Code of Virginia. Specifically, the Company is requesting approval of additional investments over the first three years of its ten-year grid transformation plan ("GT Plan"). The Company refers to these additional proposed investments as "Phase IB" to the GT Plan. The estimated total proposed cost associated with Phase IB is \$517.6 million in capital investment and \$83.2 million in operations and maintenance expense. Pursuant to Subsection A 6, the Commission is required to issue its final order on the Petition within six months of the filing date.

The Company states that Phase IB will focus on six components of the overall GT Plan, including: (i) advanced metering infrastructure ("AMI"); (ii) the customer information platform ("CIP"); (iii) grid improvement projects, consisting of both grid technologies and grid hardening projects; (iv) telecommunications infrastructure; (v) cyber security; and (vi) the Smart Charging Infrastructure Pilot Program. The Company states that it is presenting the results of a cost-benefit analysis conducted by a third-party consultant that show the proposed investments are beneficial to customers.

As part of the GT Plan, Dominion proposes to fully deploy AMI across its service territory over a six-year period beginning in 2019. As part of the deployment of AMI, the Company states it will seek to install a smart meter at each customer's premises. For individual customers that may prefer not to have smart meter, the Company states that it plans to accommodate those customers where practical. As part of the Petition, the Company proposes a revenue-neutral opt-out policy for residential customers, including a one-time fee of \$84.53 and on-going monthly fees of \$29.20, intended to recover the costs of a customer opting out of smart meter installation. The Company also seeks approval of an addition to its terms and conditions of electric service to charge the proposed opt-out fees.

The Company proposes to deploy a new CIP that includes replacement of the customer information system ("CIS"), which is the primary system supporting processes such as metering, billing, credit, service orders and revenue reporting. The Company states the existing CIS is outdated and, among other things, is unable to effectively and efficiently offer an expanded set of rate structures and customer-centric programs like time-varying rates. The Company states that it anticipates proposing a new experimental, voluntary time-varying rate later this fall upon conclusion of a stakeholder process initiated pursuant to legislation passed by the 2019 General Assembly.

The Company states that the proposed grid technologies and grid hardening projects will improve service reliability and support the integration of distributed energy resources. Among other things, the Company asserts these projects will (i) improve situational awareness and automatically restore large segments of customers; (ii) rebuild poorly performing grid segments to stronger standards and upgrade specific components to eliminate outages; and (iii) improve the availability of the grid to accept and transport customer-generated energy.

The Company proposes certain telecommunications-related projects, referred to as the Tier 3 Field Area Network. The Company states that these projects will facilitate connectivity to equipment on the distribution system, including devices outside of the substation fence. According to the Petition, these projects will include investing in field device hardware that connects intelligent grid devices to, among other things, the Company's communication network. Phase IB also includes additional proposed cyber-security investments that the Company asserts are necessary to protect proposed Phase IB GT Plan projects.

According to Dominion, the proposed Smart Charging Infrastructure Pilot Program is aimed at providing the Company with the data and tools necessary to understand and manage electric vehicle ("EV") charging load in furtherance of additional investments, pilots, programs, or rate designs that will support EV adoption while minimizing the impact of EV charging on the distribution grid. The Pilot Program will consist of (i) rebates for the infrastructure and upgrades, if necessary, at EV charging sites; and (ii) rebates for the smart charging equipment that enables managed charging. The Company also seeks a waiver of the Commission's Rules Governing Utility Promotional Allowances if deemed necessary by the Commission, in order to provide the proposed rebates associated with the Smart Charging Infrastructure Pilot Program.

The Commission entered an Order for Notice and Hearing in this case that, among other things, scheduled a public hearing at 1 p.m. on January 27, 2020, in the Commission's second floor courtroom located in the Tyler Building, 1300 East Main Street, Richmond, Virginia 23219, to receive the testimony of public witnesses. Any person desiring to testify as a public witness should appear at the hearing location fifteen (15) minutes prior to the starting time of the hearing and contact the Commission's Bailiff. A public hearing will convene on January 28, 2020, at 9:30 a.m., in the same location, to receive the testimony and



evidence offered by the Company, respondents, and the Commission Staff on the Company's Petition.

The Company's Petition 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, Sarah R. Bennett, Esquire, McGuire Woods LLP, Gateway Plaza, 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 Petition and other documents filed in this case are also 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 21, 2020, any interested person wishing to comment on the Company's Petition shall file written comments 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 comments electronically may do so on or before January 21, 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-2019-00154.

On or before November 12, 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-2019-00154.

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 October 24, 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.<sup>22</sup>

(7) On or before November 7, 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

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<sup>22</sup> Service also may 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 Petitions 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).

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 21, 2020, any interested person may file written comments on the Petition with the Clerk of the Commission at the address shown in Ordering Paragraph (7). Any interested person desiring to submit comments electronically may do so on or before January 21, 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-2019-00154.

(9) On or before November 12, 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 (4). 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-2019-00154.

(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 Petition, 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 December 6, 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 at the address set forth in Ordering Paragraph (7). 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-2019-00154.

(12) The Staff shall investigate the Petition. On or before December 20, 2019, the 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 January 10, 2020, Dominion 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 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.<sup>23</sup> 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.

AN ATTESTED COPY hereof shall be sent by the Clerk of the Commission to: Vishwa B. Link, Esquire, Joseph K. Reid, III, Esquire, Sarah R. Bennett, Esquire, and Jontille D. Ray, Esquire, McGuireWoods LLP, Gateway Plaza, 800 East Canal Street, Richmond, Virginia 23219; Paul E. Pfeffer, Esquire, and Audrey T. Bauhan, Esquire, Dominion Energy Services, Inc., 120 Tredegar Street, Richmond, Virginia 23219; and C. Meade Browder, Jr., Senior Assistant Attorney General, Division of Consumer Counsel, Office of the Attorney General, 202 N. 9<sup>th</sup> Street, 8<sup>th</sup> Floor, Richmond, Virginia 23219. A copy also shall be delivered to the

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<sup>23</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 Case Number PUR-2019-00154 in the appropriate box.

Commission's Office of General Counsel and Divisions of Public Utility Regulation and Utility  
Accounting and Finance.

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