

COMMONWEALTH OF VIRGINIA
STATE CORPORATION COMMISSION

AT RICHMOND, DECEMBER 23, 2019

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APPLICATION OF

VIRGINIA ELECTRIC AND POWER COMPANY

CASE NO. PUR-2019-00214

For approval to establish an experimental residential rate schedule, designated Time-Of-Use Rate Schedule 1G (Experimental)

ORDER FOR NOTICE AND HEARING

On December 12, 2019, Virginia Electric and Power Company ("Dominion" or "Company") filed an application ("Application") with the State Corporation Commission ("Commission") for approval to establish a new experimental and voluntary residential time-of-use ("TOU") rate schedule, designated Time-Of-Use Rate Schedule 1G (Experimental) ("TOU Schedule 1G"), pursuant to § 56-234 B of the Code of Virginia ("Code"). The Company states that TOU Schedule 1G was developed during a series of stakeholder group meetings required by the 2019 Virginia General Assembly.¹ The Company requests a rate effective date of January 1, 2021.² Pursuant to Code § 56-234 B, the Commission is required to issue its final order on the Application within six months of the filing date.

The Company explains that time-varying rates can provide more accurate price signals to customers that are better aligned with cost causation than standard rates and that, through improved price signals, such rate structure can incentivize behavioral changes in customers taking service under time-varying rates.³ The Company states that such behavioral changes can

¹ Application at 4; 2019 Va. Acts of Assembly ch.763.

² Application at 7.

³ *Id.* at 7-8.

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benefit participants directly through bill savings and can benefit both participants and non-participants through reduction of system costs.⁴

According to the Application, voluntary TOU Schedule 1G is designed to produce the same overall revenues as the Company's standard residential Rate Schedule 1, although individual customer bills may be higher or lower.⁵ Assuming no change in total usage, for example, if a customer shifts usage from an on-peak period to an off-peak period, the customer would achieve bill savings.⁶ Under TOU Schedule 1G, participants would be charged the same basic customer charge, \$6.58, as residential customers taking service under standard Rate Schedule 1.⁷ In addition, participants would be subject to time-varying energy charges based on the season (summer or non-summer) and the time period of consumption which the Company categorizes as on-peak, off-peak and super off-peak, as follows:⁸

Season	Rate Designation	Applicable Time Period	Applicable Energy Rate (\$/kwh)
Summer (May-Sept.)	On-peak	Monday-Friday: 3 p.m. - 6 p.m.	15.2128
	Off-Peak	Monday-Friday: 5 a.m. - 3 p.m. 6 p.m. - 12 a.m. Weekends/Holidays: 5 a.m. - 12 a.m.	1.8916
	Super Off-Peak	All days: 12 a.m.- 5 a.m.	0.0229
Non-summer (Oct-April)	On-peak	Monday-Friday: 6 a.m. - 9 a.m., 5 p.m. - 8 p.m.	9.7539

⁴ *Id.* at 8.

⁵ *Id.* at 5; Direct Testimony of Paul Haynes at 10-11.

⁶ Direct Testimony of Paul Haynes at 19.

⁷ Application at 5.

⁸ *Id.* at 5-6; Direct Testimony of Paul Haynes at Schedule 3.

	Off-peak	Monday-Friday: 5 a.m.- 6 a.m. 9 a.m.-5 p.m. 8 p.m. – 12 a.m. Weekends/Holidays: 5 a.m. – 12 a.m.	2.6289
	Super Off-Peak	All days 12 a.m. – 5 a.m.	2.2826

In addition to the time-varying energy charges outlined above, customers would pay a distribution charge, a transmission charge and all applicable riders based on usage.⁹

TOU Schedule 1G is proposed to be available to the Company's residential customers with installed advanced metering infrastructure ("AMI") meters – also referred to as "smart meters" – subject to an enrollment limit of 10,000 participants in TOU Schedule 1G.¹⁰ The Company states that AMI is needed to bill time-varying rates because the Company cannot distinguish a customer's consumption at different points in time using standard metering.¹¹ The Company represents that as of November 2019, it has approximately 450,000 AMI meters, of which approximately 400,000 serve residential customers.¹² The Company further notes that it has a pending proposal before the Commission to fully deploy AMI across its Virginia service territory.¹³ The Company further states that it is not proposing the time-varying rate as the default tariff for customers with AMI and states the soonest the Company could propose to

⁹ *Id.*

¹⁰ Application at 5-6.

¹¹ Direct Testimony of Paul Haynes at 9.

¹² *Id.* at 8.

¹³ *Id.* at 9.

change the default tariff for customers would be at the conclusion of the first triennial rate review proceeding, with Commission approval.¹⁴

In addition to having AMI deployed on their premises, participants would be subject to the following eligibility requirements: (i) TOU Schedule 1G would not be available to customers electing to participate in any PJM Interconnection, LLC, Demand Response ("DR") Program or any Company-sponsored DR Program; (ii) a customer who discontinues service under TOU Schedule 1G may not be served under that schedule within one year of such discontinuation of service; and (iii) participation would be limited to net metering customers with systems that have a capacity of less than or equal to 10 kilowatts.¹⁵

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 Application; a public hearing should be scheduled for the purpose of receiving testimony and evidence on the Company's Application; a procedural schedule should be established to allow interested persons an opportunity to file comments on the Company's Application or to participate as a respondent in this proceeding; and the Commission's Staff ("Staff") should be directed to investigate the Application and file testimony and exhibits containing its findings and recommendations thereon. Further, we find that a Hearing Examiner should be appointed to rule on all discovery matters that arise during the course of this proceeding.

Accordingly, IT IS ORDERED THAT:

(1) This matter is docketed and assigned Case No. PUR-2019-00214.

¹⁴ Application at 8.

¹⁵ *Id.* at 6.

(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"),¹⁶ 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 Application shall be convened on May 5, 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 the testimony of public witnesses and the evidence of the Company, any respondents, and the 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 a copy 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, Audrey T. Bauhan, 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 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>.

¹⁶ 5 VAC 5-20-10 *et seq.*

(5) On or before January 28, 2020, 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 APPLICATION
OF VIRGINIA ELECTRIC AND POWER COMPANY FOR
APPROVAL TO ESTABLISH AN EXPERIMENTAL
RESIDENTIAL RATE, DESIGNATED TIME-OF-USE RATE
SCHEDULE 1G (EXPERIMENTAL)
CASE NO. PUR-2019-00214

On December 12, 2019, Virginia Electric and Power Company ("Company") filed an application ("Application") with the State Corporation Commission ("Commission") for approval to establish a new experimental and voluntary residential time-of-use ("TOU") rate schedule, designated Time-Of-Use Rate Schedule 1G (Experimental) ("TOU Schedule 1G"), pursuant to § 56-234 B of the Code of Virginia ("Code"). The Company states that TOU Schedule 1G was developed during a series of stakeholder group meetings required by the 2019 Virginia General Assembly. The Company requests a rate effective date of January 1, 2021. Pursuant to Code § 56-234 B, the Commission is required to issue its final order on the Application within six months of the filing date.

The Company explains that time-varying rates can provide more accurate price signals to customers that are better aligned with cost causation than standard rates and that, through improved price signals, such rate structure can incentivize behavioral changes in customers taking service under time-varying rates. The Company states that such behavioral changes can benefit participants directly through bill savings and can benefit both participants and non-participants through reduction of system costs.

According to the Application, voluntary TOU Schedule 1G is designed to produce the same overall revenues as the Company's standard residential Rate Schedule 1, although individual customer bills may be higher or lower. Assuming no change in total usage, for example, if a customer shifts usage from an on-peak period to an off-peak period, the customer would achieve bill savings. Under TOU Schedule 1G, participants would be charged the same basic customer charge, \$6.58, as residential customers taking service under standard Rate Schedule 1. In addition, participants would be subject to time-varying energy charges based on the

season (summer or non-summer) and the time period of consumption which the Company categorizes as on-peak, off-peak and super off-peak, as follows:

Season	Rate Designation	Applicable Time Period	Applicable Energy Rate (¢/kwh)
Summer (May-Sept.)	On-peak	Monday-Friday: 3 p.m. - 6 p.m.	15.2128
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	Super Off-Peak	All days: 12 a.m.- 5 a.m.	0.0229
Non-summer (Oct-April)	On-peak	Monday-Friday: 6 a.m. - 9 a.m., 5 p.m. - 8 p.m.	9.7539
	Off-peak	Monday-Friday: 5 a.m.- 6 a.m. 9 a.m.-5 p.m. 8 p.m. - 12 a.m. Weekends/Holidays: 5 a.m. - 12 a.m.	2.6289
	Super Off-Peak	All days 12 a.m. - 5 a.m.	2.2826

In addition to the time-varying energy charges outlined above, customers would pay a distribution charge, a transmission charge and all applicable riders based on usage.

TOU Schedule 1G is proposed to be available to the Company's residential customers with installed advanced metering infrastructure ("AMI") meters – also referred to as "smart meters" – subject to an enrollment limit of 10,000 participants in TOU Schedule 1G. The Company states that AMI is needed to bill time-varying rates because the Company cannot distinguish a customer's consumption at different points in time using standard metering. The Company represents that as of November 2019, it has approximately 450,000 AMI meters, of which approximately 400,000 serve residential customers. The Company further notes that it has a pending proposal before the Commission to fully deploy AMI across its Virginia service territory. The Company further states that it is not proposing the time-varying rate as the default tariff for customers with AMI and states the soonest the Company could propose to change the default tariff for customers would be at the conclusion of the first triennial rate review proceeding, with Commission approval.

In addition to having AMI deployed on their premises, participants would be subject to the following eligibility requirements: (i) TOU Schedule 1G would not be available to customers electing to participate in any PJM Interconnection, LLC, Demand Response ("DR") Program or any Company-sponsored DR Program; (ii) a customer who discontinues service under TOU Schedule 1G may not be served under that schedule within one year of such discontinuation of service; and (iii) participation would be limited to net metering customers with systems that have a capacity of less than or equal to 10 kilowatts.

The Commission entered an Order for Notice and Hearing that, among other things, scheduled a public hearing on May 5, 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 the Application from the Company, any respondents, and the Commission's Staff. Any person desiring to testify as a public witness at this hearing should appear fifteen (15) minutes prior to the starting time of the hearing and contact the Commission's Bailiff.

The Company's Application and the Commission's Order for Notice and Hearing are available for public inspection during regular business hours at each of the Company's business offices in the Commonwealth of Virginia. Copies also may be obtained by submitting a written request to counsel for the Company, Audrey T. Bauhan, 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 Application 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 April 28, 2020, any interested person wishing to comment on the Company's Application 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 April

28, 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-2019-00214.

On or before March 3, 2020, 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-2019-00214.

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 January 28, 2020, 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.¹⁷

(7) On or before February 28, 2020, 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 April 28, 2020, any interested person may file written comments on the Application 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 April 28, 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-2019-00214.

(9) On or before March 3, 2020, 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,

¹⁷ 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).

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-2019-00214.

(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 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 March 26, 2020, 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-2019-00214.

(12) The Staff shall investigate the Application. On or before April 2, 2020, 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 April 21, 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 seven (7) 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.¹⁸ 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.

¹⁸ 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-2019-00214 in the appropriate box.

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

Vishwa B. Link, Esquire, Lisa R. Crabtree, Esquire, and April M. Jones, 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. 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.