

COMMONWEALTH OF VIRGINIA
STATE CORPORATION COMMISSION

AT RICHMOND, MARCH 4, 2020

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APPLICATION OF

VIRGINIA ELECTRIC AND POWER COMPANY

CASE NO. PUR-2020-00031

To revise its fuel factor pursuant to
§ 56-249.6 of the Code of Virginia

ORDER ESTABLISHING 2020-2021 FUEL FACTOR PROCEEDING

On February 21, 2020, Virginia Electric and Power Company ("Company" or "Dominion Energy Virginia") filed with the State Corporation Commission ("Commission") its application ("Application") pursuant to § 56-249.6 of the Code of Virginia ("Code") seeking a decrease in its fuel factor from 2.3254 cents per kilowatt-hour (" ϕ /kWh") to 1.7357 ϕ /kWh, effective for usage on and after May 1, 2020.¹

The Company's proposed fuel factor, reflected in Fuel Charge Rider A, consists of both a current and prior period factor. The Company's proposed current period factor for Fuel Charge Rider A of 1.8569 ϕ /kWh is designed to recover the Company's estimated Virginia jurisdictional fuel expenses, including purchased power expenses, of approximately \$1.24 billion for the period July 1, 2020, through June 30, 2021. The Company's proposed prior period factor for Fuel Charge Rider A of (0.1212) ϕ /kWh is designed to return approximately \$80.7 million, which represents the net of two projected June 30, 2020 fuel balances.²

¹ Application at 2. The Company explains that it has filed its 2020-2021 fuel factor two months early and is requesting a rate reduction effective for usage on and after May 1, 2020, through June 30, 2021, on an interim basis "[t]o facilitate the accelerated implementation of a fuel rate reduction," *Id.*

² Application at 2-3. The first balance is the projected June 30, 2020 over-recovery balance of approximately \$105.7 million associated with recovery of the July 1, 2019 through June 30, 2020 current period expense. The second balance is the projected June 30, 2020 under-recovery balance of approximately \$25.1 million associated with recovery of the remaining portion of the June 30, 2019 prior period expense. *Id.* at 3.

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In total, Dominion Energy Virginia's proposed fuel factor represents a 0.5897¢/kWh decrease from the fuel factor rate presently in effect of 2.3254¢/kWh, which was approved in Case No. PUR-2019-00070.³ According to the Company, this proposal would result in an annual fuel revenue decrease of approximately \$392.6 million between May 1, 2020, and June 30, 2021.⁴ The total proposed fuel factor would decrease the average weighted monthly bill of a residential customer using 1,000 kWh of electricity by \$5.89, or approximately 4.8%.⁵

In response to the Commission's directive in the 2019 Fuel Factor Order, Dominion Energy Virginia also provided testimony addressing how the Company monetizes the unused portion of its natural pipeline capacity portfolio on days when the system is not constrained.⁶

Finally, in conjunction with the filing of its Application on February 20, 2020, the Company filed the Motion of Virginia Electric and Power Company for Entry of a Protective Order ("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 Dominion Energy Virginia should provide public notice of its Application; a public hearing should be scheduled for the purpose of receiving testimony and evidence on the Application; a procedural schedule should be established to allow interested persons an opportunity to file comments on the Application or to participate in this proceeding as a respondent; and the

³ Application at 2. *Application of Virginia Electric and Power Company, To revise its fuel factor pursuant to § 56-249.6 of the Code of Virginia*, Case No. PUR-2019-00070, Doc. Con. Cen. No. 190830012, Order Establishing 2019-2020 Fuel Factor (August 15, 2019) ("2019 Fuel Factor Order").

⁴ Application at 2.

⁵ Direct Testimony of George G. Beasley at 5.

⁶ See, e.g., Direct Testimony of Dale E. Hinson at 4-7; 2019 Fuel Factor Order at 3, 4.

Commission's Staff ("Staff") should be directed to investigate the Application and file testimony and exhibits containing its findings and recommendations thereon. The Commission further finds that a Hearing Examiner should be appointed to rule on discovery matters arising in this case, including the Motion for Protective Order. Finally, the Commission finds that the Company's proposed fuel factor of 1.7357¢/kWh should be placed into effect on an interim basis for usage on and after May 1, 2020.

Accordingly, IT IS ORDERED THAT:

- (1) This matter is docketed and assigned Case No. PUR-2020-00031.
- (2) As provided by § 12.1-31 of the Code and 5 VAC 5-20-120, *Procedure before hearing examiners*, of the Commission's Rules of Practice and Procedure ("Rules of Practice"),⁷ a Hearing Examiner is appointed to rule on any discovery matters that may arise during the course of this proceeding, including the Company's Motion for Protective Order.
- (3) The Company's proposed fuel factor of 1.7357¢/kWh shall be placed into effect on an interim basis for usage on and after May 1, 2020.
- (4) A public hearing shall be convened on May 27, 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 into the record the testimony of public witnesses and evidence offered by 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 before the starting time of the hearing and identify himself or herself to the Commission's Bailiff.
- (5) The Company shall make copies of the public version of its Application, prefiled testimony, and exhibits available for public inspection during regular business hours at each of the

⁷ 5 VAC 5-20-10 *et seq.*

Company's business offices in the Commonwealth of Virginia. A copy also may be obtained by submitting a written request to counsel for Dominion Energy Virginia, Paul E. Pfeffer, 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 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 may download unofficial copies from the Commission's website: <http://www.scc.virginia.gov/case>.

(6) On or before March 17, 2020, Dominion Energy Virginia shall cause the following notice to be published as display advertising (not classified) on one (1) occasion in newspapers of general circulation throughout the Company's service territory in the Commonwealth of Virginia:

NOTICE TO THE PUBLIC OF
 VIRGINIA ELECTRIC AND POWER COMPANY'S
 REQUEST TO REVISE ITS FUEL FACTOR
CASE NO. PUR-2020-00031

On February 21, 2020, Virginia Electric and Power Company ("Company" or "Dominion Energy Virginia") filed with the State Corporation Commission ("Commission") its application ("Application") pursuant to § 56-249.6 of the Code of Virginia seeking a decrease in its fuel factor from 2.3254 cents per kilowatt hour ("¢/kWh") to 1.7357¢/kWh, effective for usage on and after May 1, 2020.

The Company's proposed fuel factor, reflected in Fuel Charge Rider A, consists of both a current and prior period factor. The Company's proposed current period factor for Fuel Charge Rider A of 1.8569¢/kWh is designed to recover the Company's estimated Virginia jurisdictional fuel expenses, including purchased power expenses, of approximately \$1.24 billion for the period July 1, 2020, through June 30, 2021. The Company's

proposed prior period factor for Fuel Charge Rider A of (0.1212)¢/kWh is designed to return approximately \$80.7 million, which represents the net of two projected June 30, 2020 fuel balances.

In total, Dominion Energy Virginia's proposed fuel factor represents a 0.5897¢/kWh decrease from the fuel factor rate presently in effect of 2.3254¢/kWh, which was approved in Case No. PUR-2019-00070. According to the Company, this proposal would result in an annual fuel revenue decrease of approximately \$392.6 million between May 1, 2020, and June 30, 2021. The total proposed fuel factor would decrease the average weighted monthly bill of a residential customer using 1,000 kWh of electricity by \$5.89, or approximately 4.8%.

In response to the Commission's directive in the Order Establishing 2019-2020 Fuel Factor, Dominion Energy Virginia also provided testimony addressing how the Company monetizes the unused portion of its natural pipeline capacity portfolio on days when the system is not constrained.

The Commission entered an Order Establishing 2020-2021 Fuel Factor Proceeding ("Order") that, among other things, scheduled a public hearing for May 27, 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 15 minutes before the starting time of the hearing and contact the Commission's Bailiff. Individuals with disabilities who require an accommodation to participate in the hearing should contact the Commission at least seven (7) days before the scheduled hearing at 1-800-552-7945.

Through its Order, the Commission also required the Company to place its proposed fuel factor of 1.7357¢/kWh into effect on an interim basis for usage on or after May 1, 2020.

Copies of the public version of all documents filed in this case 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>.

The public version of the Company's Application, pre-filed testimony, and exhibits are available for public inspection during regular business hours at each of the Company's business offices in the Commonwealth of Virginia. A copy of the public version of the Company's Application also may be obtained, at no cost, by written request to counsel for Dominion Energy Virginia, Paul E. Pfeffer, 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.

On or before May 20, 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 May 19, 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-2020-00031.

Any person or entity may participate as a respondent in this proceeding by filing a notice of participation on or before April 8, 2020. If not filed electronically, an original and fifteen (15) copies of the notice of participation shall be filed with 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 counsel's address set forth above. Pursuant to Rule 5 VAC 5-20-80 B, *Participation as a respondent*, of the Commission's Rules of Practice and Procedure ("Rules of Practice"), any notice of participation shall set forth: (i) a precise statement of the interest of the respondent; (ii) a statement of the specific action sought to the extent then known; and (iii) the factual and legal basis for the action. All filings shall refer to Case No. PUR-2020-00031. Interested persons should obtain a copy of the Commission's Order for further details on participation as a respondent.

On or before April 30, 2020, 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. 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 above. In all filings, respondents shall comply with the Commission's Rules of Practice, including 5 VAC 5-20-140, *Filing and service*; 5 VAC 5-20-150, *Copies and format*; and 5 VAC 5-20-240, *Prepared testimony and exhibits*. All filings shall refer to Case No. PUR-2020-00031.

All documents filed in 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 the Commission's website: <http://www.virginia.scc.gov/case>. A printed copy of the Commission's Rules of Practice and an official copy of the Commission's Order in this proceeding may be obtained from the Clerk of the Commission at the address set forth above.

VIRGINIA ELECTRIC AND POWER COMPANY

(7) On or before March 17, 2020, the Company shall serve a copy of this Order 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.⁸

(8) On or before March 24, 2020, the Company shall provide proof of service and notice as required by Ordering Paragraphs (6) and (7), including the name, title, and address of

⁸ 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 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).

each official served, with Joel H. Peck, Clerk, State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218-2118.

(9) On or before May 20, 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 (8). Any interested person desiring to file comments electronically may do so on or before May 20, 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-2020-00031.

(10) On or before April 8, 2020, any person or entity may participate as a respondent in this proceeding by filing a notice of participation. If not filed electronically, an original and fifteen (15) copies of the notice of participation shall be filed with the Clerk of the Commission at the address set forth in Ordering Paragraph (8). Each respondent shall serve a copy of the notice of participation on counsel for the Company at counsel's address set forth 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-2020-00031.

(11) Within three (3) calendar days of receipt of a notice of participation as a respondent, the Company shall serve upon the respondent a copy of this Order, a copy of the

public version of the Application, and all materials filed by the Company with the Commission, unless these materials already have been provided to the respondent.

(12) On or before April 30, 2020, each respondent may file with the Clerk of the Commission at the address set forth in Ordering Paragraph (8), 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 (8). 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-2020-00031.

(13) The Staff shall investigate the Application. On or before May 13, 2020, the Staff shall file with the Clerk of the Commission an original and fifteen (15) copies of testimony and exhibits concerning the Application, 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 the Company and all respondents.

(14) On or before May 20, 2020, the Company may file with the Clerk of the Commission 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. The Company shall serve a copy thereof 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 (8).

(15) All documents filed in 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.

(16) The Commission's Rules of Practice, 5 VAC 5-20-260, *Interrogatories or requests for production of documents and things*, shall be modified for this proceeding as follows: answers to 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 of the Rules of Practice, 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 Staff.⁹ 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.*

(17) This matter is continued pending further order of the Commission.

AN ATTESTED COPY hereof shall be sent by the Clerk of the Commission to: Paul E. Pfeffer, Esquire, and Audrey T. Bauhan, Esquire, Dominion Energy Services, Inc., 120 Tredegar Street, Richmond, Virginia 23219; Elaine S. Ryan, Esquire, and Timothy D. Patterson, Esquire, McGuireWoods LLP, Gateway Plaza, 800 East Cary Street, Richmond, Virginia 23219; 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

⁹ The assigned Staff attorney is identified on the Commission's website, <http://www.scc.virginia.gov/case>, by clicking "Docket Search," then "Search by Case Information," and entering the case number, PUR-2020-00031, in the appropriate box.

shall be delivered to the Commission's Office of General Counsel and the Divisions of Public Utility Regulation and Utility Accounting and Finance.

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