

COMMONWEALTH OF VIRGINIA
STATE CORPORATION COMMISSION
AT RICHMOND, SEPTEMBER 23, 2016

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APPLICATION OF

VIRGINIA ELECTRIC AND POWER COMPANY

CASE NO. PUE-2015-00108

For approval to establish experimental companion rates, designated Rate Schedule MBR - GS-3 (Experimental) and Rate Schedule MBR - GS-4 (Experimental) pursuant to § 56-234 B of the Code of Virginia

FINAL ORDER

On November 3, 2015, Virginia Electric and Power Company ("Dominion Virginia Power" or "Company") filed with the State Corporation Commission ("Commission") an application ("Application") for approval to establish experimental companion rates, designated Rate Schedule MBR - GS-3 (Experimental) and Rate Schedule MBR - GS-4 (Experimental) (collectively, "MBR Rate Schedules") pursuant to § 56-234 B of the Code of Virginia ("Code").

Specifically, Dominion Virginia Power requested an opportunity to test market-based rates, on an experimental basis, for certain high load-factor customers.¹ The Company stated that such an experimental rate could gauge customer interest in a market-based rate; would allow the Company to gather necessary information about market-based rate implementation with respect to customers outside of the context of a special rate contract; and is in furtherance of the public interest.²

¹ Ex. 2 (Application) at 3.

² *Id.* Dominion Virginia Power recently filed for, and received, approval of a special rate contract for a similar market-based rate, pursuant to § 56-235.2 of the Code, for a customer with unique load characteristics and a corporate commitment to increase renewable energy supply. See *Application of Virginia Electric and Power Company, For approval of special rates, terms and conditions pursuant to § 56-235.2 of the Code of Virginia and new rate schedules SCR – GS-3 and SCR – GS-4*, Case No. PUE-2015-00103, Doc. Con. Cen. No. 160120076, Final Order (Jan. 19, 2016).

As proposed in the Company's Application, the MBR Rate Schedules contain newly designed and optional market-based rates structured to reflect pricing in the PJM Interconnection, LLC ("PJM") wholesale market for qualifying customers who would otherwise take service under Rate Schedule GS-3 or Rate Schedule GS-4.³ The Company represented that the MBR Rate Schedules include a: (1) generation capacity charge; (2) generation energy charge; (3) PJM ancillary service charge; (4) PJM administrative fee charge; and (5) margin charge.⁴

In its Application, Dominion Virginia Power represented that, to be eligible for the MBR Rate Schedules, customers must: (i) be currently taking electric service under Rate Schedule GS-3 or Rate Schedule GS-4, subject to certain qualifications and limitations specified in the MBR Rate Schedules; (ii) have a measured peak demand of five megawatts or more during at least three billing months in the current and previous 11 billing months; (iii) have a billing history with the Company for at least 12 consecutive billing months in the current and previous 11 billing months; and (iv) have a qualifying average monthly load factor of at least 85%.⁵ The Company also proposed that the MBR Rate Schedules expire on December 31, 2022.⁶

On December 10, 2015, the Commission entered an Order for Notice and Hearing, which, among other things, docketed the Application; required Dominion Virginia Power to publish notice of its Application; gave interested persons the opportunity to comment on, or participate in, the proceeding; scheduled a public hearing; directed the Commission's Staff

³ Ex. 2 (Application) at 3.

⁴ *Id.*

⁵ *Id.* at 4.

⁶ *Id.* at 6.

("Staff") to investigate the Application and file testimony; and appointed a Hearing Examiner to conduct all further proceedings in this matter.

Notices of participation were filed by the Office of the Attorney General's Division of Consumer Counsel, WestRock CP, LLC ("WestRock"), and EDF Renewable Development, Inc. On February 29, 2016, WestRock filed testimony on the Application. On March 15, 2016, Staff filed testimony on the Application. On March 28, 2016, Dominion Virginia Power filed a letter advising the Commission that it did not oppose the findings and recommendations in Staff's prefiled testimony and that it had reached an agreement with WestRock to explore options to resolve the issues raised in WestRock's prefiled testimony outside of the context of this proceeding.⁷

On April 8, 2016, Dominion Virginia Power and Staff (collectively, "Stipulating Parties") filed a proposed Stipulation and Recommendation ("Stipulation"), which, if approved, would resolve all outstanding issues in this proceeding.

The public hearing was convened as scheduled on April 12, 2016. At the hearing, the Company and Staff presented the proposed Stipulation. No other party at the hearing opposed approval of the Stipulation.⁸

The Stipulation provides in part that: (i) the Company agrees to file a report within 90 days of the proposed December 31, 2022 conclusion date of the MBR Rate Schedules, or should the Company wish to extend the MBR Rate Schedules beyond this proposed conclusion date, the Company agrees to file a report with such proposal for extension; (ii) the report filed by the Company should include (in addition to the information to be included in the annual updates and

⁷ The Company's March 28, 2016 letter further stated that WestRock agreed that it would not offer its prefiled testimony into evidence at the public hearing in this case.

⁸ See Tr. at 15.

final report as proposed in the Company's Application) total revenues collected by year for each account served under the MBR Rate Schedules, total revenues that would have been collected by year for each account served under the MBR Rate Schedules assuming that the accounts were instead billed under the appropriate Rate Schedule GS-3 or Rate Schedule GS-4, and the rate of return on rate base for the Rate Schedule GS-3 and Rate Schedule GS-4 customer classes, both including and excluding the accounts served under the MBR Rate Schedules; (iii) certain information will be maintained by the Company and presented in the Company's next biennial review proceeding, in annual updates to the Commission on the MBR Rate Schedules, and in a report to be filed at the conclusion of the MBR Rate Schedules, including calculations of rate adjustment clause, fuel, and base rate revenues for each customer account taking service pursuant to the MBR Rate Schedules, calculations of rate adjustment clause, fuel, and base rate revenues for each customer account taking service pursuant to the MBR Rate Schedules as though such accounts took service under Rate Schedule GS-3 or Rate Schedule GS-4, general ledger data separately showing the monthly base rate revenue journal entries recorded due to the difference between the revenues produced by the MBR Rate Schedules and the revenues that would have been produced by Rate Schedule GS-3 and Rate Schedule GS-4 (for the periods that data necessary to calculate such difference is available), and cost data for any new employee the Company needs to add to support the MBR Rate Schedules; and (iv) the Stipulating Parties agree that nothing in the Stipulation dictates the regulatory accounting treatment of any revenues or costs in future biennial reviews or other proceedings.⁹

On September 12, 2016, the Report of Deborah V. Ellenberg, Chief Hearing Examiner ("Hearing Examiner's Report" or "Report") was issued. In her Report, the Chief Hearing

⁹ Ex. 7 (Stipulation) at 2-4.

Examiner found that "the proposed experimental MBR Rate Schedules should be approved as necessary in order to acquire information which is in furtherance of the public interest."¹⁰ The Hearing Examiner also found that the Stipulation should be adopted.¹¹

NOW THE COMMISSION, upon consideration of the record in this case, the Hearing Examiner's Report, and the applicable laws and statutes, is of the opinion and finds that the Stipulation is reasonable and should be adopted.

Accordingly, IT IS ORDERED THAT:

- (1) The findings and recommendations of the Hearing Examiner's Report are hereby adopted.
- (2) The Stipulation is reasonable and hereby is adopted.
- (3) This case is dismissed from the Commission's docket and placed in closed status in the records maintained by the Clerk of the Commission.

AN ATTESTED COPY hereof shall be sent by the Clerk of the Commission to all persons on the official Service List in this matter. The Service List is available from the Clerk of the Commission, c/o Document Control Center, 1300 East Main Street, First Floor, Tyler Building, Richmond, Virginia 23219.

¹⁰ Report at 8.

¹¹ *Id.*