

**Virginia State Corporation Commission
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Case Name (if known)	Petition of Virginia Electric and Power Company for Declaratory Judgment
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August 6, 2019

VIA ELECTRONIC FILING

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State Corporation Commission
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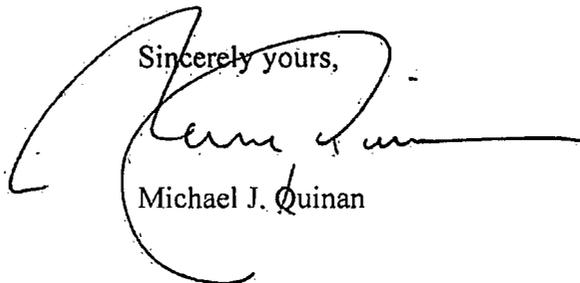
**Re: Petition of Virginia Electric and Power Company For Declaratory Judgment
Case. No. PUR-2019-00118**

Dear Mr. Peck:

Enclosed, please find Costco Wholesale Corporation's Reply of Costco to Response of Dominion to Calpine's Motion for Temporary Relief and Request for Expedited Action in the above-mentioned matter.

Best regards.

Sincerely yours,



Michael J. Quinan

MJQ/tz

Enclosure

cc: Service List

COMMONWEALTH OF VIRGINIA
STATE CORPORATION COMMISSION

PETITION OF)
)
VIRGINIA ELECTRIC AND POWER) Case No. PUR-2019-00118
COMPANY)
)
For declaratory judgment.)

**REPLY OF COSTCO WHOLESALE CORPORATION TO
RESPONSE OF DOMINION TO CALPINE'S MOTION FOR TEMPORARY RELIEF
AND REQUEST FOR EXPEDITED ACTION**

Pursuant to the July 25, 2019, Order of the State Corporation Commission ("Commission"), Costco Wholesale Corporation ("Costco"), by counsel, respectfully submits this *Reply to Response of Dominion to Calpine's Motion for Temporary Relief and Request for Expedited Action* in this proceeding.

In support of Calpine's Motion, Costco states as follows:

1. On July 16, 2019, Virginia Electric and Power Company ("Dominion" or "Company") filed a petition ("Petition") for a declaratory judgment with the State Corporation Commission ("Commission") seeking a determination that (a) a competitive service provider ("CSP") must have control of sufficient renewable generation resources, including renewable capacity and associated renewable energy, to enable it to provide the full load requirements of the customers it seeks to serve pursuant to Va. Code §56-577 A 5 ("Section A 5"), and (b) Calpine Energy Solutions, LLC ("Calpine"), a CSP seeking to serve customers in Dominion's service territory, has not satisfactorily demonstrated that it

can provide "electric energy provided 100 percent from renewable energy" as required by Section A 5.

2. In its Petition, Dominion states that Calpine currently seeks to enroll and provide service to several commercial customers located in Dominion's service territory pursuant to Section A 5. Dominion claims that it has been unable to validate that Calpine has sufficient renewable capacity to meet the requirements of Section A 5 and, therefore, Dominion does not intend to continue the enrollment process for the customers that Calpine is currently seeking to enroll until the Commission rules on the Petition.
3. On July 22, 2019, Calpine filed a motion for temporary injunctive relief and expedited action ("Motion"). In its Motion, Calpine states that Dominion has no basis for failing to continue the enrollment process for the customers that Calpine is currently seeking to enroll and that any further delay in the enrollment process will put Calpine's contracts and relationship with those customers, as well as its possible relationship with future customers, at risk.
4. On July 23, 2019, the Commission issued its Order permitting Dominion to file a response to the Motion on or before July 31, 2019 and permitting Calpine to file a reply to any response on or before August 6, 2019.
5. On July 24, 2019, Costco filed its Notice of Participation as an Interested Party and Request for Leave to File Reply.
6. On July 25, 2019, the Commission issued its Order permitting any interested person that files a notice of participation as a party on or before July 31, 2019 to file a reply to any response to the Motion.

7. On July 31, 2019, Dominion filed its *Response to Calpine Energy Solutions, LLC's Motion for Temporary Injunctive Relief and Request for Expedited Action* ("Dominion Response").
8. The Dominion Response claims that Calpine "makes little attempt to establish irreparable harm," and Dominion cites in support of this claim that Calpine's "support appears to amount only to generalized arguments that its customers may choose to no longer seek service from Calpine based on the questions raised in this proceeding." Dominion further disputes Calpine's "claim" that Dominion's "refusal to process Calpine's enrollments harms [Calpine's] current and potential customers, but provides no explanation of why that might be, let alone any support of substantiation that [Calpine] will suffer any immediate and irreparable harm from maintaining the *status quo* while the legality of the service that [Calpine] intends to provide is resolved."¹
9. These statements expose a willful ignorance of the impact of the Petition on Calpine and its customers.
10. In addition to limiting Costco's ability to achieve cost savings (an issue which is extremely confidential and proprietary), limiting its ability, now and potentially into the future, to purchase renewable energy from CSPs we may choose in forms and on terms we may negotiate, would significantly and irreparably harm Costco.
11. Costco reasonably believed that a Section A 5 offering from a CSP was viable based on Costco's understanding that there were existing Section A 5 sales in Dominion's service territory and based on the fact that, ever since Section A 5 had been applicable starting in

¹ Dominion Response, paragraph 22.

2007, no “renewable capacity” requirement had been raised and found applicable, despite numerous utility challenges to CSP sales under Section A5.

12. In reliance upon these circumstances, Costco spent considerable time and effort to enter into a Section A 5 contract, which entailed negotiating with CSPs, creating company fiscal budgets based upon the contract signed in April for enrollment of meters in June, notifying operators of Costco warehouses in Virginia (which may have resulted in energy savings being allocated to other business costs), and reducing carbon contribution expectations.
13. Even Dominion acted as though a Section A 5 offering from a CSP was viable because 3 of Costco's 28 accounts are now being supplied with a Section A 5 offering from a CSP, and for the remaining 25 accounts, neither Costco nor Calpine received an enrollment rejection notice in the ordinary course of business, as evidenced by these facts:
 - a. Dominion notified Calpine that all of Costco's accounts were enrolled.
 - b. Calpine subsequently notified Costco that all of its accounts were enrolled.
 - c. 3 of the 28 accounts are currently being treated by Dominion as being served by Calpine.
 - d. For the remaining 25 accounts, Costco was never notified by Dominion that a pause was placed on their enrollments.
 - e. For the remaining 25 accounts, Calpine was not notified by Dominion that a pause was placed on the enrollments.
 - f. It was only after Calpine recognized that its usage volumes for billing purposes were not as expected, and made inquiries with Dominion as to the reason for the discrepancy, that Calpine discovered that Dominion had paused the enrollments.

- g. At no point did Dominion notify Costco of any enrollment delay, and in fact Dominion failed to produce information about an enrollment delay to Costco after Costco requested this information.

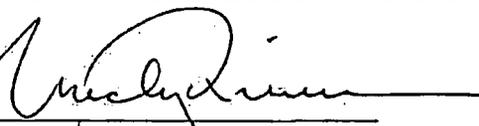
14. Dominion's approach of processing some Costco accounts while without notice pausing other Costco accounts has resulted in Costco spending additional time and effort. Dominion invoiced Costco on the 3 completed accounts with distribution only values, failing to provide information to Calpine of having done so. This situation has caused a significant issue with GAAP requirements for customer financial statement because GAAP requires when reporting sales to reasonably represent any outstanding costs related to achieving those sales. By not providing Calpine with the volumes to bill on these 3 accounts, Costco has been required to utilize additional effort to meet required GAAP rules. In order to do so, Costco must manually estimate costs which is an inconsistent, labor intensive process that must be ongoing until final resolution of Calpine billing.

WHEREFORE, Costco requests that the Commission grant, on an expedited basis, the Motion.

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Respectfully submitted,

COSTCO WHOLESALE CORPORATION

By: 
Counsel

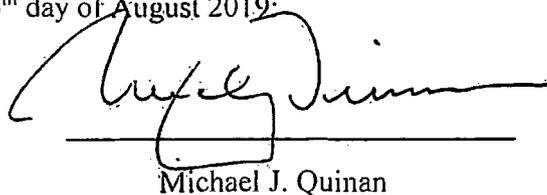
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August 6, 2019

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CERTIFICATE OF SERVICE

I hereby certify that a true copy of the foregoing was emailed or hand-delivered, and sent via first-class mail to the parties listed below this 6th day of August 2019.



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