

COMMONWEALTH OF VIRGINIA
STATE CORPORATION COMMISSION

AT RICHMOND, JULY 7, 2023

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APPLICATION OF

VIRGINIA ELECTRIC AND POWER COMPANY

CASE NO. PUR-2022-00187

For revision of rate adjustment clause: Rider OSW,
Coastal Virginia Offshore Wind Commercial Project,
for the Rate Year commencing September 1, 2023

FINAL ORDER

On November 1, 2022, Virginia Electric and Power Company ("Dominion" or "Company") filed with the State Corporation Commission ("Commission") an annual update with respect to the Company's rate adjustment clause, designated Rider Offshore Wind ("Rider OSW"), pursuant to Code § 56-585.1 A 6 ("Application"). Through its Application, the Company seeks to inform the Commission of the status of the Coastal Virginia Offshore Wind Commercial Project ("Project") and to recover costs associated with the Project.¹

In Case No. PUR-2021-00142, the Commission, among other things, approved the Company's request for approval of Rider OSW for recovery of costs associated with the Project.² The Commission further directed the Company to file annual Rider OSW update proceedings on or before November 1 of each year.³

¹ Ex. 2 (Application) at 1, 4.

² *Application of Virginia Electric and Power Company, For approval and certification of the Coastal Virginia Offshore Wind Commercial Project and Rider Offshore Wind, pursuant to § 56-585.1:11, § 56-46.1, § 56-265.1 et seq., and § 56-585.1 A 6 of the Code of Virginia*, Case No. PUR-2021-00142, Doc. Con. Cen. No. 220820117, Final Order (Aug. 5, 2022).

³ *Id.* at 12.

In this proceeding, Dominion stated the Project is proceeding on time and on budget, consistent with the timelines and estimates the Company provided in Case No. PUR-2021-00142.⁴ The Company represents that the total Project cost forecast remains \$9.8 billion, including approximately \$1.4 billion of combined transmission costs.⁵

In its Application, Dominion requested approval of a total revenue requirement for Rider OSW of approximately \$271 million for the rate year commencing September 1, 2023, and extending through August 31, 2024 ("Rate Year").⁶

On December 2, 2022, the Commission issued an Order for Notice and Hearing that, among other things, docketed this matter; directed Dominion to provide public notice of its Application; scheduled hearings for the purpose of receiving testimony from public witnesses and evidence on the Application; provided interested persons an opportunity to file comments on the Application or to participate as respondents in this proceeding; directed Commission Staff ("Staff") to investigate the Application and file testimony and exhibits containing its findings and recommendations thereon; and appointed a Hearing Examiner to conduct all further proceedings in this matter on behalf of the Commission.

Notices of participation were filed by Appalachian Voices, the Virginia Committee for Fair Utility Rates, and the Office of the Attorney General's Division of Consumer Counsel. Staff filed testimony on April 12, 2023. Dominion filed rebuttal testimony on April 26, 2023. The Commission received one public comment in this case.

⁴ Ex. 2 (Application) at 5.

⁵ *Id.*

⁶ *Id.* at 4, 8.

The public witness hearing was scheduled to convene telephonically on May 9, 2023, but was canceled because no public witnesses signed up to testify.⁷ The evidentiary hearing was convened on May 10, 2023.

On May 22, 2023, the Report of Mary Beth Adams, Hearing Examiner ("Report") was issued. In the Report, the Hearing Examiner made the following findings:

- (i) Approval of an updated Rider OSW with a revenue requirement of \$270.995 million is reasonable;
- (ii) For purposes of this proceeding, Rider OSW rates should be designed to recover the approved revenue requirement based on the allocation and rate design methodology presented by the Company;
- (iii) The Company should be directed to provide two long-term bill analyses with future Rider OSW applications: one analysis utilizing the Company's methodology and the other utilizing Staff's methodology;
- (iv) In addition to its 30-year base case LCOE calculation with the most current assumptions, the Company should be directed to provide two additional sensitivities in its next Rider OSW filing: one sensitivity utilizing a 25-year life expectancy for the Project and another using a 35-year life expectancy for the Project; and
- (v) The Company should be directed to comply with Staff's uncontested recommendations.⁸

The Hearing Examiner recommended that the Commission adopt the above findings, approve the updated Rider OSW rates recommended in the Report, and dismiss the case from the Commission's docket of active cases.⁹

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds that the findings and recommendations set forth in the Hearing Examiner's Report should be

⁷ Tr. 7-8.

⁸ Report at 16.

⁹ *Id.* No participant filed comments opposing any of the findings or recommendations contained in the Report.

adopted. We agree that the record supports a Rider OSW revenue requirement of \$270.995 million for service rendered during the Rate Year. We further agree with the Hearing Examiner that the Company should be directed to provide two long-term bill analyses with future OSW applications using the Company's methodology and the Staff's methodology, respectively, and that the Company should provide two additional sensitivities regarding the levelized cost of energy of the Project based on 25-year and 35-year life expectancy, respectively, of the Project.

In granting this approval which will result in a rate increase, the Commission notes its awareness of the economic pressures that are impacting all utility customers. We are sensitive to the effects of rate increases, especially in times such as these. The Commission, however, must follow the laws applicable to this case, as well as the findings of fact supported by the evidence in the record. This is what we have done herein.

Accordingly, IT IS ORDERED THAT:

- (1) The findings and recommendations set forth in the Hearing Examiner's Report are adopted as set forth herein.
- (2) Rider OSW is approved as described herein with a revenue requirement in the amount of \$270.995 million for the Rate Year.
- (3) Rider OSW shall be effective for usage on and after September 1, 2023.
- (4) The Company forthwith shall file a revised Rider OSW and supporting workpapers with the Clerk of the Commission and with the Commission's Divisions of Public Utility Regulation and Utility Accounting and Finance, as is necessary to comply with the directives set forth in this Final Order. The Clerk of the Commission shall retain such filings for public inspection in person and on the Commission's website: scc.virginia.gov/pages/Case-Information.

(5) The Company shall file its next Rider OSW application on or before November 1, 2023.

(6) This case is dismissed.

Commissioner Patricia L. West participated in this matter.

A COPY hereof shall be sent electronically 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.