

COMMONWEALTH OF VIRGINIA
STATE CORPORATION COMMISSION
AT RICHMOND, NOVEMBER 13, 2023

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APPLICATION OF

VIRGINIA ELECTRIC AND POWER COMPANY

CASE NO. PUR-2023-00172

For revision of a rate adjustment clause:
Rider U, new underground distribution facilities,
for the rate year commencing August 1, 2024

ORDER FOR NOTICE AND HEARING

On October 3, 2023, Virginia Electric and Power Company ("Dominion" or "Company") filed an application ("Application") with the State Corporation Commission ("Commission") for an annual update of the Company's rate adjustment clause, Rider U, pursuant to Code § 56-585.1 A 6 and Rules 10 (20 VAC 5-204-10) and 60 (20 VAC 5-204-60) of the Commission's Rules Governing Utility Rate Case Applications and Annual Informational Filings of Investor-Owned Electric Utilities (20 VAC 5-204-10 *et seq.*) ("Rate Case Rules").¹ Through its Application, the Company seeks to recover costs associated with its Strategic Undergrounding Program ("SUP").² Specifically, the Company seeks cost recovery associated with the previously approved Phase One, Phase Two, Phase Three, Phase Four, Phase Five, and Phase Six (collectively, "Previously Approved Phases"), and further requests Commission approval to recover costs associated with proposed Phase Seven of the SUP through Rider U, for the rate year commencing August 1, 2024 through July 31, 2025 ("Rate Year").³

¹ Pursuant to statute, the Commission's final order in this matter is due nine (9) months after the filing of the Application. See Code § 56-585.1 A 7.

² Application at 1.

³ *Id.*

In this proceeding, Dominion has asked the Commission to extend the current rate year by an additional month.⁴ In the Company's most recent application in Case No. PUR-2022-00089, the Commission approved Rider U for an April 1, 2023 through March 31, 2024 rate year.⁵ On August 4, 2023, the Commission extended these Rider U rates until June 30, 2024.⁶ In this Application, the Company requests that the Commission further extend the existing rates until July 31, 2024 and approve the new rates for Rider U with an effective date of August 1, 2024.⁷

Dominion states that proposed Phase Seven of the SUP is designed to convert approximately 383 miles of overhead tap lines to underground facilities at a capital investment of approximately \$258 million.⁸ Dominion states that Phase Seven actual expenditures through July 31, 2023, are approximately \$213 million, and projected expenditures for the period of August 1, 2023 through July 31, 2024, are approximately \$45 million.⁹ The Company states that, in this Application, it is requesting to recover costs of Phase Seven through Rider U for only those projects that will be completed prior to the beginning of the proposed Rate Year, August 1, 2024.¹⁰

⁴ *Id.* at 4.

⁵ *Application of Virginia Electric and Power Company, For revision of a rate adjustment clause: Rider U, new underground distribution facilities, for the Rate Year Commencing April 1, 2023*, Case No. PUR-2022-00089, Doc. Con. Cen. No. 230240085, Final Order (February 27, 2023).

⁶ *Application of Virginia Electric and Power Company, For revision of a rate adjustment clause: Rider U, new underground distribution facilities, for the Rate Year Commencing April 1, 2023*, Case No. PUR-2022-00089, Doc. Con. Cen. No. 230810164, Order on Motion (August 4, 2023).

⁷ Application at 4.

⁸ *Id.*

⁹ *Id.* at 4-5.

¹⁰ *Id.* at 5.

For the Rate Year beginning August 1, 2024, the Company is requesting recovery of a total revenue requirement of \$71.409 million for the Previously Approved Phases, and a revenue requirement of \$78.137 million for proposed Phase Seven, for a combined Rider U revenue requirement of \$149.546 million.¹¹

If the proposed Rider U revenue requirement for the Rate Year is approved, the impact on customer bills would depend on the customer's rate schedule and usage. According to Dominion, implementation of its proposed Rider U on August 1, 2024, would increase the bill of a residential customer using 1,000 kilowatt hours per month by approximately \$2.18 compared to the current Rider U.¹² Dominion indicates it has calculated the proposed Rider U rates in accordance with the same methodology as used for rates approved by the Commission in the most recent Rider U proceeding, Case No. PUR-2022-00089, with the only change being that the FERC account plant balances are, for this case, based on a 2022 end of period cost of service study.¹³

Dominion also requests a waiver, in part, of Rules 20 VAC 5-204-60 ("Rule 60") and 20 VAC 5-20490 ("Rule 90") of the Commission's Rules Governing Utility Rate Applications and Annual Informational Filings of Investor- Owned- Electric Utilities ("Rate Case Rules")¹⁴ with respect to Schedule 46.¹⁵ Rule 60 states that an application for a rate adjustment clause filed pursuant to Chapter 23 of Title 56 of the Code shall include Schedule 46, "Rate Adjustment

¹¹ Direct Testimony of Elizabeth B. Lecky at 12; *See also*, October 25, 2023 Errata Filing

¹² Application at 7.

¹³ *Id.*

¹⁴ 20 VAC 5-204-5 *et seq.*

¹⁵ Application at 9-10.

Clauses and Prudency Determinations Pursuant to Chapter 23 (§ 56-576 *et. seq.*) of the Code of Virginia." Schedule 46 requires an applicant to provide certain information, including key documents supporting the projected and actual costs recovered through the rate adjustment clause, such as economic analyses, contracts, studies, investigations, results from requests for proposals, and cost/benefit analyses.¹⁶ According to Dominion, the supporting documentation responsive to this requirement is voluminous and not easily reviewed in hard copy (paper) format, and therefore the Company seeks waiver of the requirement to file 12 hard copies of the information.¹⁷ Instead, the Company proposes to: (i) provide the Commission with one hard copy and three electronic copies on compact discs, which were included with the filing, and (ii) provide the documentation to Commission Staff ("Staff") and any future case participants in electronic format.¹⁸

Finally, on October 4, 2023, the Company filed the Motion of Virginia Electric and Power Company for Entry of a Protective Order and Additional Protective Treatment ("Motion for Protective Ruling") and a proposed protective order that establishes procedures governing the use of confidential and extraordinarily sensitive information in this proceeding.

NOW THE COMMISSION, having considered this matter, is of the opinion and finds that this matter should be docketed; Dominion should provide notice of its Application; a public hearing should be scheduled for the purpose of receiving testimony and evidence on the Application as well as public witness testimony; interested persons and the public should have an opportunity to file comments on the Application or participate as respondents in this proceeding;

¹⁶ Rate Case Rule 90, Schedule 46 instructions, § (c) (1) (iii).

¹⁷ Application at 9.

¹⁸ *Id.*

and Staff should be directed to investigate the Application and file testimony and exhibits containing its findings and recommendations thereon. We also appoint a Hearing Examiner to conduct all further proceedings in this matter on behalf of the Commission, including ruling on Dominion's Motion for Protective Ruling. Further, for purposes of making the Application complete and commencing this proceeding, we grant Dominion's request to waive in part the requirements under Rule 60 and Rule 90 of the Rate Case Rules with respect to the filing of certain Schedule 46 materials.

To promote administrative efficiency and timely service of filings upon participants, the Commission will, among other things, direct the electronic filing of testimony and pleadings unless they contain confidential information, and require electronic service on parties to this proceeding.

Accordingly, IT IS ORDERED THAT:

(1) This matter is docketed and assigned Case No. PUR-2023-00172.

(2) All pleadings, briefs, or other documents required to be served in this matter should be submitted electronically to the extent authorized by Rule 5 VAC 5-20-150, *Copies and format*, of the Commission's Rules of Practice and Procedure ("Rules of Practice").¹⁹

Confidential and Extraordinarily Sensitive Information shall not be submitted electronically and should comply with 5 VAC 5-20-170, *Confidential information*, of the Rules of Practice. Any person seeking to hand deliver and physically file or submit any pleading or other document shall contact the Clerk's Office Document Control Center at (804) 371-9838 to arrange the delivery.

¹⁹ 5 VAC 5-10-20 *et seq.*

(3) Pursuant to 5 VAC 5-20-140, *Filing and service*, of the Rules of Practice, the Commission directs that service on parties and Staff in this matter shall be accomplished by electronic means. Concerning Confidential or Extraordinarily Sensitive Information, parties and Staff are instructed to work together to agree upon the manner in which documents containing such information shall be served upon one another, to the extent practicable, in an electronically protected manner, even if such information is unable to be filed in the Office of the Clerk, so that no party or the Staff is impeded from preparing its case.

(4) As provided by Code § 12.1-31 and 5 VAC 5-20-120, *Procedure before hearing examiners*, of the Rules of Practice, a Hearing Examiner is appointed to conduct all further proceedings in this matter on behalf of the Commission, including ruling on Dominion's Motion for Protective Ruling, and to file a final report. A copy of each filing made with the Commission's Clerk's office in this matter shall also be sent electronically to the Office of the Hearing Examiners.²⁰

(5) The Commission hereby schedules a telephonic portion of the hearing for the receipt of testimony from public witnesses on the Application, as follows:

- (a) The portion of the hearing for the receipt of testimony from public witnesses on the Application shall be convened telephonically on April 17, 2024.
- (b) To promote fairness for all public witnesses, each witness will be allotted five minutes to provide testimony.
- (c) On or before April 11, 2024, any person desiring to offer testimony as a public witness shall provide to the Commission (a) your name, and (b) the telephone number that you wish the Commission to call during the hearing to receive your testimony. This information may be provided to the Commission in three ways: (i) by filling out a form on the Commission's website at scc.virginia.gov/pages/Webcasting; (ii) by completing and emailing the PDF version of this form to SCCInfo@scc.virginia.gov; or (iii) by calling (804) 371-9141.

²⁰ Such electronic copies shall be sent to: OHEParalegals@scc.virginia.gov.

(d) Beginning at 10 a.m. on April 17, 2024, the Hearing Examiner appointed to this case will telephone sequentially each person who has signed up to testify as provided above.

(e) This public witness portion of the hearing will be webcast at scc.virginia.gov/pages/Webcasting.

(6) The evidentiary portion of the hearing shall be convened at 10 a.m., on April 17, 2024, or at the conclusion of the public witness portion of the hearing, whichever is later, in the Commission's second floor courtroom located in the Tyler Building, 1300 East Main Street, Richmond, Virginia 23219, to receive testimony and evidence of the Company, any respondents, and Staff on the Application.

(7) An electronic copy of the public version of the Application may be obtained by submitting a written request to counsel for the Company: Jontille D. Ray, Esquire, McGuireWoods LLP, Gateway Plaza, 800 East Canal Street, Richmond, Virginia 23219, or jray@mcguirewoods.com. Interested persons also may download unofficial copies from the Commission's website: scc.virginia.gov/pages/Case-Information.

(8) On or before December 15, 2023, the Company 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 within Virginia:

NOTICE TO THE PUBLIC OF AN APPLICATION BY
VIRGINIA ELECTRIC AND POWER COMPANY
D/B/A DOMINION ENERGY VIRGINIA
FOR REVISION OF A RATE ADJUSTMENT CLAUSE:
RIDER U, NEW UNDERGROUND DISTRIBUTION
FACILITIES, FOR THE RATE YEAR COMMENCING
AUGUST 1, 2024
CASE NO. PUR-2023-00172

- Virginia Electric and Power Company d/b/a Dominion Energy Virginia ("Dominion") has applied for approval to revise its rate adjustment clause, Rider U.
- In this case, Dominion has asked the State Corporation Commission ("Commission") to approve Rider U for the rate year beginning August 1, 2024, and ending July 31, 2025 ("Rate Year").
- For the Rate Year, Dominion requests a revenue requirement of \$149.546 million, which would increase the monthly bill of a typical residential customer using 1,000 kilowatt hours of electricity per month by \$2.18.
- A Hearing Examiner appointed by the Commission will hear the case on April 17, 2024, at 10 a.m.
- Further information about this case is available on the SCC website at: scc.virginia.gov/pages/Case-Information.

On October 3, 2023, Virginia Electric and Power Company ("Dominion" or "Company") filed an application ("Application") with the State Corporation Commission ("Commission") for an annual update of the Company's rate adjustment clause, Rider U, pursuant to Code § 56-585.1 A 6 and Rules 10 (20 VAC 5-204-10) and 60 (20 VAC 5-204-60) of the Commission's Rules Governing Utility Rate Case Applications and Annual Informational Filings of Investor-Owned Electric Utilities (20 VAC 5-204-10 *et seq.*) ("Rate Case Rules"). Through its Application, the Company seeks to recover costs associated with its Strategic Undergrounding Program ("SUP"). Specifically, the Company seeks cost recovery associated with the previously approved Phase One, Phase Two, Phase Three, Phase Four, Phase Five, and Phase Six (collectively, "Previously Approved Phases"), and further requests Commission approval to recover costs associated with proposed Phase Seven of the SUP through Rider U, for the rate year commencing August 1, 2024 through July 31, 2025 ("Rate Year").

In this proceeding, Dominion has asked the Commission to extend the current rate year by an additional month. In the Company's most recent application in Case No. PUR-2022-00089, the Commission approved Rider U for an April 1, 2023 through March 31, 2024 rate year. On August 4, 2023, the Commission extended these Rider U rates until June 30, 2024. In this Application, the Company requests that the Commission further extend the existing rates until July 31, 2024 and approve the new rates for Rider U with an effective date of August 1, 2024.

Dominion states that proposed Phase Seven of the SUP is designed to convert approximately 383 miles of overhead tap lines to underground facilities at a capital investment of approximately \$258 million. Dominion states that Phase Seven actual expenditures through July 31, 2023, are approximately \$213 million, and projected expenditures for the period of August 1, 2023 through July 31, 2024, are approximately \$45 million. The Company states that, in this Application, it is requesting to recover costs of Phase Seven through Rider U for only those projects that will be completed prior to the beginning of the proposed Rate Year, August 1, 2024.

For the Rate Year beginning August 1, 2024, the Company is requesting recovery of a total revenue requirement of \$71.409 million for the Previously Approved Phases, and a revenue requirement of \$78.137 million for proposed Phase Seven, for a combined Rider U revenue requirement of \$149.546 million.

If the proposed Rider U revenue requirement for the Rate Year is approved, the impact on customer bills would depend on the customer's rate schedule and usage. According to Dominion, implementation of its proposed Rider U on August 1, 2024, would increase the bill of a residential customer using 1,000 kilowatt hours per month by approximately \$2.18 compared to the current Rider U. Dominion indicates it has calculated the proposed Rider U rates in accordance with the same methodology as used for rates approved by the Commission in the most recent Rider U proceeding, Case No. PUR-2022-00089, with the only change being that the FERC account plant balances are, for this case, based on a 2022 end of period cost of service study.

The details of these and other proposals are set forth in the Company's Application. Interested persons are encouraged to review the Company's Application, testimony and supporting exhibits for the details of these proposals.

TAKE NOTICE that the Commission may adopt rates, charges and/or terms and conditions that differ from those appearing in the Company's Application and supporting documents and may apportion revenues among customer classes and/or design rates in a manner differing from that shown in the Application and supporting documents.

The Commission entered an Order for Notice and Hearing in this proceeding that, among other things, scheduled a public hearing on the Application. On April 17, 2024, at 10 a.m., the Hearing Examiner will hold a telephonic portion of the hearing, for the purpose of receiving the testimony of public witnesses. On or before April 11, 2024, any person desiring to offer testimony as a public witness shall provide to the Commission (a) your name, and (b) the telephone number that you wish the Hearing Examiner to call during the hearing to receive your testimony. This information may be provided to the Commission in three ways: (i) by filling out a form on the Commission's website at scc.virginia.gov/pages/Webcasting; (ii) by completing and emailing the PDF version of this form to SCCInfo@scc.virginia.gov; or (iii) by calling (804) 371-9141. This public witness portion of the hearing will be webcast at scc.virginia.gov/pages/Webcasting.

On April 17, 2024, at 10 a.m., or at the conclusion of the public witness portion of the hearing, whichever is later, in the Commission's second floor courtroom located in the Tyler Building, 1300 East Main Street, Richmond, Virginia 23219, the

Hearing Examiner will convene a hearing to receive testimony and evidence related to the Application from the Company, any respondents, and the Commission's Staff.

To promote administrative efficiency and timely service of filings upon participants, the Commission has directed the electronic filing of testimony and pleadings, unless they contain confidential information, and has required electronic service on parties to this proceeding.

An electronic copy of the public version of the Application may be obtained by submitting a written request to counsel for the Company: Jontille D. Ray, Esquire, McGuireWoods LLP, Gateway Plaza, 800 East Canal Street, Richmond, Virginia 23219, or jray@mcguirewoods.com. Interested persons also may download unofficial copies from the Commission's website: scc.virginia.gov/pages/Case-Information.

On or before April 11, 2024, any interested person may submit comments on the Application electronically by following the instructions on the Commission's website: scc.virginia.gov/casecomments/Submit-Public-Comments. Those unable, as a practical matter, to submit comments electronically may file such comments with the Clerk of the State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218-2118. All comments shall refer to Case No. PUR-2023-00172.

On or before February 20, 2024, any person or entity wishing to participate as a respondent in this proceeding may do so by filing a notice of participation with the Clerk of the Commission at: scc.virginia.gov/clk/efiling. Those unable, as a practical matter, to file a notice of participation electronically may file such notice by U.S. mail to the Clerk of the Commission at the address listed above. Notices of participation shall include the email address of the party or its counsel. The respondent shall serve a copy of the notice of participation on counsel to Dominion. Pursuant to 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-2023-00172.

On or before March 6, 2024, each respondent may file electronically with the Clerk of the Commission at scc.virginia.gov/clk/efiling any testimony and exhibits by which the respondent expects to establish its case. Any respondent unable, as a practical matter, to file testimony and exhibits electronically may file such by U.S. mail to the Clerk of the Commission at the address listed above. Each witness's testimony shall include a summary not to exceed one page. All testimony and exhibits shall be served on the Commission's Staff, the Dominion, and all other respondents. In all filings, respondents shall comply with the Commission's Rules of Practice, as modified by the Commission's Order for Notice and Hearing, including, but not limited to: 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-2023-00172.

Any documents filed in paper form with the Office of the Clerk of the Commission in this docket may use both sides of the paper. In all other respects, except as modified by the Commission's Order for Notice and Hearing, 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, the Commission's Order for Notice and Hearing, the public version of the Application and other documents filed in this case may be viewed on the Commission's website at:
scc.virginia.gov/pages/Case-Information.

VIRGINIA ELECTRIC AND POWER COMPANY

(9) The Company shall serve each official listed in 20 VAC 5-204-10 J 1 as provided by 20 VAC 5-204-10 J 2.

(10) On or before January 12, 2024, the Company shall file proof of the notice and service required by Ordering Paragraphs (8) and (9), including the name, title, address and electronic mail address (if applicable) of each official served, with the Clerk of the Commission by filing electronically at scc.virginia.gov/clk/efiling/.

(11) On or before April 11, 2024, any interested person may file comments on the Application by following the instructions found on the Commission's website: scc.virginia.gov/casecomments/Submit-Public-Comments. Those unable, as a practical matter, to submit comments electronically may file such comments by U.S. mail to the Clerk of the State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218-2118. All comments shall refer to Case No. PUR-2023-00172.

(12) On or before February 20, 2024, any person or entity wishing to participate as a respondent in this proceeding may do so by filing a notice of participation at scc.virginia.gov/clk/efiling. Those unable, as a practical matter, to file a notice of participation electronically may file such notice by U.S. mail to the Clerk of the Commission at the address listed in Ordering Paragraph (11). Such notice of participation shall include the email addresses of such parties or their counsel. The respondent shall serve a copy of the notice of participation on counsel to Dominion. Pursuant to 5 VAC 5-20-80 B, *Participation as a respondent*, of the 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-2023-00172.

(13) Within five (5) business days of receipt of a notice of participation as a respondent, Dominion shall serve upon the respondent a copy of the public version of the Application and supporting materials, unless these materials already have been provided to the respondent.

(14) On or before March 6, 2024, each respondent may file, with the Clerk of the Commission at scc.virginia.gov/clk/efiling, any testimony and exhibits by which the respondent expects to establish its case. Any respondent unable, as a practical matter, to file testimony and exhibits electronically may file such by U.S. mail to the Clerk of the Commission at the address in Ordering Paragraph (11). Each witness's testimony shall include a summary not to exceed one page. All testimony and exhibits shall be served on the Staff, the Company, and all other respondents simultaneous with its filing. In all filings, respondents shall comply with the Rules of Practice, as modified herein, including, but not limited to: 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-2023-00172.

(15) Staff shall investigate the Application. On or before March 15, 2024, Staff shall file with the Clerk of the Commission its testimony and exhibits, and each Staff witness's testimony shall include a summary not to exceed one page. Staff shall serve a copy thereof on counsel to Dominion and all respondents.

(16) On or before March 29, 2024, Dominion shall 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. Dominion shall serve a copy of its rebuttal testimony and exhibits on Staff and all respondents.

(17) All documents filed in paper form 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.

(18) The 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: 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 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 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.²¹ Except as modified herein, discovery shall be in accordance with Part IV of the Rules of Practice, 5 VAC 5-20-240 *et seq.*

(19) Dominion's request to waive in part the requirements under Rule 60 and Rule 90 of the Rate Case Rules with respect to the filing of certain Schedule 46 materials is granted as described herein.

(20) This matter is continued.

Commissioner James C. Dimitri 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.

²¹ The assigned Staff attorney is identified on the Commission's website, scc.virginia.gov/pages/Case-Information, by clicking "Docket Search," then clicking "Search by Case Information," and entering the case number, PUR-2023-00172, in the appropriate box.