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Dominion Energy®

October 3, 2018

Petition of Virginia Electric and Power Company
For approval to implement demand-side management programs and for approval of two updated rate adjustment clauses pursuant to § 56-585.1 A 5 of the Code of Virginia
Case No. PUR-2018-00168

To: Local Government Officials

Pursuant to 20 VAC 5-201-10 J, Virginia Electric and Power Company (the "Company") is providing you a copy of its Petition in the above-referenced matter. Please take notice of its contents.

A copy of the complete Application in this matter may be obtained from the Company at no cost by written or oral request to Audrey T. Bauhan, Senior Counsel, Law Department, Dominion Energy Services, Inc., 120 Tredegar Street, RS-2, Richmond, Virginia 23219, (804) 819-2029.

Audrey T. Bauhan
Audrey T. Bauhan
Senior Counsel

Attachment

COMMONWEALTH OF VIRGINIA

STATE CORPORATION COMMISSION

PETITION OF VIRGINIA ELECTRIC AND POWER COMPANY For approval to implement demand-side management programs and for approval of two updated rate adjustment clauses pursuant to § 56-585.1 A 5 of the Code of Virginia	)	Case No. PUR-2018-00168

APPLICATION

Virginia Electric and Power Company ("Dominion Energy Virginia" or the "Company"), by counsel, pursuant to § 56-585.1 A 5 ("Subsection A 5") of the Code of Virginia ("Va. Code"), Rules 10 (20 VAC 5-201-10) and 60 (20 VAC 5-201-60) of the State Corporation Commission of Virginia's ("Commission") Rules Governing Utility Rate Case Applications and Annual Informational Filings (20 VAC 5-201-10, *et seq.*) ("Rate Case Rules"), the Commission's Rules Governing Utility Promotional Allowances (20 VAC 5-303-10, *et seq.*) ("Promotional Allowances Rules"), the Commission's Rules Governing Cost/Benefit Measures Required for Demand Side Management Programs (Rules 20 VAC 5-304-10, *et seq.*) ("Cost/Benefit Rules"), the Commission's Rules Governing the Evaluation Measurement and Verification of the Effects of Utility-Sponsored Demand-Side Management Programs (20 VAC 5-318-10, *et seq.*) ("EM&V Rules"), and the directive contained in Ordering Paragraph (4) of the Commission's May 10, 2018 Final Order ("May 10, 2018 Final Order") in Case No. PUR-2017-00129,[1] ("2017 DSM proceeding"), respectfully requests the Commission approve the Company's:

[1] *Petition of Virginia Electric and Power Company For approval to implement new, and to extend existing, demand-side management programs and for approval of two updated rate adjustment clauses pursuant to § 56-585.1 A 5 of the Code of Virginia*, Case No. PUE-2016-00111, Final Order (June 1, 2017).

(i) Petition for approval to implement eleven new Demand-Side Management programs (individually, "DSM Program" or "Program" and collectively with other DSM Programs, the "DSM Portfolio" or "Portfolio") as the Company's "Phase VII" Programs and cost recovery related thereto; and

(ii) Annual update application to continue two rate adjustment clauses ("RAC"), Riders C1A and C2A, for cost recovery associated with the Company's Phase II Programs approved by the Commission in its April 30, 2012 Order ("April 30, 2012 Order") in Case No. PUE-2011-00093 ("2011 DSM proceeding"),[2] Phase III Programs approved in Case No. PUE-2013-00072 ("2013 DSM proceeding"),[3] Phase IV Programs approved in Case No. PUE-2014-00071,[4] Phase V Program approved in Case No. PUE-2015-00089 ("2015 DSM proceeding"),[5] and Phase VI Program approved in Case No. PUE-2016-00111 ("2016 DSM proceeding"),[6] as well as the Electric Vehicle Pilot Program ("EV Pilot Program") approved in Case No. PUE-2011-00014.[7]

In support of the Company's petition and annual update application (hereinafter collectively, the "Application"), the Company respectfully states the following:

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[2] *Petition of Virginia Electric and Power Company for approval to implement new demand-side management programs and for approval of two updated rate adjustment clauses pursuant to § 56-585.1 A 5 of the Code of Virginia*, Case No. PUE-2011-00093, Order (Apr. 30, 2012).
[3] *Petition of Virginia Electric and Power Company for approval to implement new demand-side management programs and for approval of two updated rate adjustment clauses pursuant to § 56-585.1 A 5 of the Code of Virginia*, Case No. PUE-2013-00072, Final Order (Apr. 29, 2014).
[4] *Petition of Virginia Electric and Power Company For approval to implement new demand-side management programs and for approval of two updated rate adjustment clauses pursuant to § 56-585.1 A 5 of the Code of Virginia*, Case No. PUE-2014-00071, Final Order (Apr. 24, 2015).
[5] *Petition of Virginia Electric and Power Company For approval to implement new demand-side management programs, for approval to continue a demand-side management program, and for approval of two updated rate adjustment clauses pursuant to § 56-585.1 A 5 of the Code of Virginia*, Case No. PUE-2015-00089, Final Order (Apr. 19, 2016).
[6] *Petition of Virginia Electric and Power Company For approval to implement new, and to extend existing, demand-side management programs, and for approval of two updated rate adjustment clauses pursuant to § 56-585.1 A 5 of the Code of Virginia*, Case No. PUE-2016-00111, Final Order (Jun. 1, 2017).
[7] *Application of Virginia Electric and Power Company for approval to establish an electric vehicle pilot program pursuant to § 56-234 of the Code of Virginia*, Case No. PUE-2011-00014, Order Granting Approval (July 11, 2011).

I. BACKGROUND

1. Dominion Energy Virginia is a public service corporation organized under the laws of the Commonwealth of Virginia, furnishing electric service to the public within its certificated service territory. The Company also supplies electric service to non-jurisdictional customers in Virginia and to the public in portions of North Carolina. Dominion Energy Virginia's electric system, consisting of facilities for generation, transmission, and distribution of electric energy, as well as associated facilities, is interconnected with the electric systems of neighboring utilities and is part of the interconnected network of electric systems serving the continental United States. The Company is engaged in the business of generating, transmitting, distributing, and selling electric power and energy to the public for compensation. The Company is also a public utility under the Federal Power Act, and certain of its operations are subject to the jurisdiction of the Federal Energy Regulatory Commission. The Company is an operating subsidiary of Dominion Energy, Inc. By reason of its operation in Virginia and North Carolina and its interconnections with other electric utilities, the Company engages in interstate commerce.

2. The Company's name and post office address are:

Virginia Electric and Power Company
120 Tredegar Street
Richmond, Virginia 23219

3. The names, post office addresses and telephone number of the attorneys for the Company are:

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4. In its April 30, 2012 Order, the Commission approved certain Phase II Programs for a five-year period, including the Residential Bundle Program, consisting of the Residential Home Energy Check-Up Program; the Residential Duct Sealing Program;[8] the Residential Heat Pump Tune-Up Program; and the Residential Heat Pump Upgrade Program.[9] The Commission also approved the Non-residential Bundle Program comprised of the Non-residential Energy Audit Program and the Non-residential Duct Testing & Sealing Program.[10] Finally, the Commission approved the Non-residential Distributed Generation ("DG") Program as a peak-shaving DSM Program. The Commission established five-year cost caps for the Phase II Programs, which specifically included "operating costs, lost revenues, common costs, return on capital expenditures, margins on [operations & maintenance] and evaluation, measurement and verification ("EM&V") costs."[11] In the April 30, 2012 Order, the Commission also adopted the Company's proposal to file in future proceedings updated cost/benefit test results for the Phase II Programs.[12] The Commission approved cost recovery associated with the Phase II Programs and the Company's EV Pilot Program.

[8] Approved as the Residential Duct Testing and Sealing Program.
[9] April 30, 2012 Order at 10.
[10] *Id.* at 12.
[11] *Id.* at 9.
[12] *Id.* at 14.

5. In its April 29, 2014 Order, the Commission approved the Company's Phase III petition to implement three new Non-residential Programs: Lighting Systems & Controls, Heating & Cooling Efficiency, and Window Film,[13] as well as an expansion of the Phase II Non-residential Energy Audit Program.[14] Like with the Phase II Programs, the Commission established five-year cost caps for the Phase III Programs inclusive of "operating costs, lost revenues, common costs, return on capital expenditures, margins on O&M, and EM&V costs."[15] The Commission also directed the Company to work with Commission Staff to prepare and submit, with every DSM filing going forward, an exhibit similar to what was marked "Exhibit 5" in the 2013 DSM proceeding,[16] which is a summary of DSM Programs proposed by the Company in prior DSM proceedings and includes information regarding each Program's approval status, costs requested, costs approved, costs and participation, and start and end dates, among other content.

6. In its April 24, 2015 Final Order in the 2014 DSM proceeding, the Commission approved, with certain modifications, two new DSM Programs: Residential Income and Age Qualifying Home Improvement Program and Residential Appliance Recycling Program.[17]

7. In its April 19, 2016 Final Order in the 2015 DSM proceeding, the Commission approved the Non-residential Small Business Improvement Program, with certain adjustments, as Phase V of the Company's DSM Portfolio, as well as an extension of the Phase I Residential Air Conditioner ("AC") Cycling Program for an additional five years.[18]

[13] Approved as the Non-residential Solar Window Film Program.
[14] April 29, 2014 Order at 9-11.
[15] *Id.* at 11, n.36.
[16] *Id.* at 17.
[17] April 24, 2015 Final Order at 7.
[18] April 19, 2016 Final Order at 8-9.

8. Finally, in its June 1, 2017 Final Order in the 2016 DSM proceeding, the Commission approved the Non-residential Prescriptive Program, with certain modifications, as Phase VI of the Company's DSM Portfolio, as well as an extension of the Phase II Non-residential DG Program for an additional five years through May 31, 2022.[19]

9. The Company did not seek approval of any new DSM Programs in the 2017 DSM proceeding, but rather sought to extend one existing Phase IV Program, the Residential Income and Age Qualifying Home Improvement Program, for an additional five years.[20] The Commission further directed the Company to "file its annual EM&V reports on or before May 1 every year going forward."[21]

10. Consistent with the Commission's Order Granting Motion issued March 8, 2018, in the 2017 DSM proceeding, the Company filed its 2018 EM&V Report on May 1, 2018.

II. LEGISLATIVE UPDATE

11. The Grid Transformation and Security Act, codified at Va. Code § 56-585.1 A 6 ("GTSA"), became effective on July 1, 2018, and contains several provisions that directly address the Company's administration of its DSM Programs. First, Enactment Clause 15 requires the Company to develop a proposed program of energy conservation measures with projected costs for the utility to "design, implement, and operate . . . energy efficiency programs, including a margin to be recovered on operating expenses" of no less than an aggregate amount of $870 million between July 1, 2018 and July 1, 2028, including any existing approved energy efficiency programs.

12. Enactment Clause 15 further provides that utilities must utilize a "stakeholder process, to be facilitated by an independent monitor" when developing energy efficiency

[19] June 1, 2017 Final Order at 12.
[20] May 10, 2018 Final Order at 2.
[21] *Id.* at Ordering Paragraph (6).

programs. The stakeholder process is to include "representatives from each utility, the State Corporation Commission, the office of Consumer Counsel of the Attorney General, the Department of Mines, Minerals and Energy, energy efficiency program implementers, energy efficiency providers, residential and small business customers, and any other interested stakeholder who the independent monitor deems appropriate." While this Commission-led stakeholder process is being developed, the Company has relied on its existing stakeholder process to design and develop the DSM Programs being proposed in Phase VII.

13. Further, the GTSA's amendment to Va. Code § 56-585.1 A 5 c exempts all of the Company's large general service customers from paying costs associated with energy efficiency programs going forward, which, consistent with past treatment, requires the Company to exclude customers in its GS-3 and GS-4 customer classes from participating in its energy efficiency programs as of July 1, 2019 (the start of the Rate Year proposed in this proceeding). This interpretation is consistent with the Commission's May 23, 2018 Order in the 2017 DSM Proceeding, in which the Commission clarified that the GTSA had no impact on the 2017 DSM Proceeding.

III. PROPOSED PHASE VII PROGRAMS

14. The Company seeks approval in this proceeding of the following eleven Phase VII Programs, ten of which are "energy efficiency" ("EE") DSM Programs and one of which is a "demand response" ("DR") DSM Program as those terms are defined by Va. Code § 56-576:

- Residential Appliance Recycling Program (EE)
- Residential Customer Engagement Program (EE)
- Residential Efficient Products Marketplace Program (EE)
- Residential Home Energy Assessment Program (EE)

- Residential Smart Thermostat Management Program (DR)
- Residential Smart Thermostat Management Program (EE)
- Non-residential Lighting Systems & Controls Program (EE)
- Non-residential Heating and Cooling Efficiency Program (EE)
- Non-residential Window Film Program (EE)
- Non-residential Small Manufacturing Program (EE)
- Non-residential Office Program (EE)

The Phase VII Programs are more fully described in the pre-filed direct testimony of Company Witness Michael T. Hubbard.

15. The Company seeks approval of the Phase VII Programs for a five-year period, subject to future extensions as requested and granted by the Commission. The Company believes a five-year approval period is appropriate and allows for competitive pricing and certainty with vendors performing the work. A five-year approval period is also consistent with the approval period for the Company's Phase II, III, V, and VI Programs.

16. The Company proposes a five-year spending cap for the Phase VII Programs of $225.8 million, which, consistent with prior DSM proceedings and Commission orders, is inclusive of operating costs, estimated revenue reductions related to energy efficiency programs ("lost revenues"), common costs, return on capital expenditures, margins on O&M, and EM&V costs. Also consistent with previous Program approvals, the Company proposes that spending within the cap be flexible among the Programs and requests the ability to exceed the spending cap by no more than 5%. Extraordinarily Sensitive Filing Schedule 46B, Statement 7, sponsored by Company Witness Jarvis E. Bates, presents the calculation of the proposed spending cap.

17. The Company's Application, through the pre-filed direct testimony and exhibits of its witnesses and Filing Schedule 46, demonstrates that the Company's proposed Programs meet the guidelines specified in the Cost/Benefit Rules as well as the standards specified in the Promotional Allowances Rules. In accordance with the Cost/Benefit Rules, the Company has analyzed each of the proposed DSM Programs individually, as well as the DSM Portfolio as a whole, using the four required cost/benefit tests: the Participant Test, the Utility Cost Test, the Ratepayer Impact Measure Test, and the Total Resource Cost Test. The results of each of the tests are set forth in Company Witness Deanna R. Kesler's pre-filed direct testimony.

18. It is the Company's understanding that the total proposed costs of the energy efficiency programs being proposed in this proceeding will be counted towards the GTSA's requirement that the Company spend no less than an aggregate amount of $870 million between July 1, 2018 and July 1, 2028, in addition to proposed spending on continuing and approved energy efficiency programs since the effective date of the GTSA. Therefore, as discussed in the direct testimony of Company Witness Bates, the Company's Application in this proceeding consists of a proposal for approximately $262 million of the required $870 million, broken down as follows:

Projected Rate Year Spend ('18 -'19)[22]	Projected Rate Year Spend ('19 -'20)[23]	Projected 5 Yr. Cost Caps[24]	Total
$26.3	$20.4	$215.3	$262.0

[22] For Phases III – VI, this figure represents the projected rate year costs for the 2018-2019 rate year in the revenue requirement approved in Case No. PUR-2017-00129, and includes program costs, common costs, and margin.
[23] For Phases III – VI, this figure represents the projected rate year costs for the 2019-2020 rate year in the revenue requirement proposed in Case No. PUR-2018-00168, and includes program costs, common costs, and margin.
[24] For Phase VII, this figure represents the five year cost caps proposed for the ten energy efficiency programs in Case No. PUR-2018-00168, and includes estimates for program costs, common costs, margin, and lost revenue.

III. APPROVAL OF UPDATED RIDERS C1A AND C2A

A. Status of Approved DSM Programs

19. The Company has eight currently active DSM Programs, as follows:

- Residential Air Conditioner ("AC") Cycling Program (Phase I)
- Non-residential Distributed Generation ("DG") Program (Phase II)
- Non-residential Heating and Cooling Efficiency Program (Phase III)
- Non-residential Lighting Systems & Controls Program (Phase III)
- Non-residential Window Film Program (Phase III)
- Residential Income and Age Qualifying Home Improvement Program (Phase IV)
- Small Business Improvement Program (Phase V)
- Non-residential Prescriptive Program (Phase VI)

The Phase III Programs are set to expire at the conclusion of the current rate year. Detailed participation and cost information through June 30, 2018, for the Company's DSM Portfolio is provided in Schedule 3 to the pre-filed direct testimony of Company Witness Michael T. Hubbard.

20. The Company launched its Phase VI Non-residential Prescriptive Program in July 2017, which provides eligible customers incentives for the installation of energy efficiency improvements including measures such as duct testing and sealing, HVAC system tune-ups, and upgrades to refrigeration systems and commercial kitchen appliances. As of June 30, 2018, the Program has provided incentives to 628 customers, with 20 participating contractors in the contractor network for this Program.

21. As required by the April 30, 2012 Order, the Company is filing in this proceeding updated going-forward cost/benefit test results for the Phase I, II, III, IV, V, and VI Programs. Company Witness Deanna R. Kesler provides these results in her pre-filed direct testimony.

B. Cost Recovery Request to Implement Phase VII Programs and Accounting Update for Phase II, III, IV, V, and VI Programs and EV Pilot

1. Rate Year

22. The Company presents a rate year of July 1, 2019 through June 30, 2020 ("Rate Year") for the updated Riders C1A and C2A.

2. Electric Vehicle Pilot Program

23. Consistent with the cost recovery approved in prior DSM Orders, the Company is seeking recovery of costs associated with the EV Pilot Program under Va. Code § 56-585.1 A 5 to be included in Rider C1A.[25]

3. Rate of Return on Common Equity

24. For purposes of calculating the projected revenue requirement for the Rate Year, the Company has utilized a general rate of return on common equity ("ROE") of 9.2%, as per the Commission's Final Order in Case No. PUR-2017-00038.[26] For the 2017 calendar year Monthly True-up Adjustment, the Company has utilized a general ROE of 9.6% for the period of January 1, 2017 through June 30, 2017, an ROE of 9.4% for the period of July 1, 2017 through November 28, 2017, and an ROE of 9.2% for the period of November 29, 2017 through December 31, 2017. The 9.6% ROE was approved by the Commission in its February 29, 2016 Final Order in Case No. PUE-2015-00061 ("2015 Annual Update"), and the 9.4% ROE was

[25] *See* April 30, 2012 Order at 15-16. Granting this continued approval is consistent with 2011 legislation which directed in relevant part that, "[a]n electric utility that participates in such an approved [EV] pilot program shall be entitled to recover annually the costs of its participation in any such pilot program conducted by the utility on or after January 1, 2011." 2011 Va. Acts of Assembly Ch. 408.

[26] *Application of Virginia Electric and Power Company For determination of the fair rate of return on common equity to be used as the general rate of return applicable to its rate adjustment clauses pursuant to § 56-585.1:1 C of the Code of Virginia*, Case No. PUR-2017-00038 (filed Mar. 31, 2017).

approved by the Commission in the 2016 Annual Update. As noted above, the 9.2% ROE was approved by the Commission in its Final Order in Case No. PUR-2017-00038.

4. Assignment and Allocation of Costs

25. The costs for the DSM Programs may be viewed primarily in two categories: direct (Program costs) and indirect (Common costs). The estimated Program costs include costs primarily based on signed vendor contracts for the approved Programs and estimated costs based updated vendor pricing information for the proposed Phase VII Programs. Costs that are part of the implementation of Programs that are not specifically associated with any individual DSM Program are Common costs and include certain customer communication costs, Energy Conservation department labor costs, dues and association costs, customer service, and external vendor costs. The Company proposes to determine cost responsibility in the same manner as the Commission approved in the 2017 DSM proceeding. The approach for determining jurisdictional responsibility is first to assign Program costs to the jurisdiction based upon participation in the Programs, and second to allocate Common costs to the jurisdiction based on the jurisdiction's Program costs, both capital and expenses, compared to total Program costs for the system. Customer class responsibility is determined by allocating costs to the customer classes on the basis of an average and excess production demand factor. The pre-filed direct testimony of Company Witness J. Clayton Crouch presents the manner in which Program costs and Common costs will be assigned or allocated to the Virginia Jurisdiction using appropriate factors.

5. Revenue Requirement Request

26. The cost components of Riders C1A and C2A are comprised of operating expenses projected to be incurred during the Rate Year and a Monthly True-Up Adjustment

comparing actual costs for the 2017 calendar year to the actual revenues collected during the same period. The Company does not seek recovery of lost revenues at this time through this proceeding. The Company is not waiving any right to seek such lost revenues in future proceedings, subject to Commission approval; however, consistent with prior representations by the Company, the Company will not seek recovery of any lost revenues for periods that have already been trued-up for Riders C1A and C2A.[27] Detailed costs were used to calculate the requested revenue requirement for Riders C1A and C2A for the proposed Rate Year. The calculation of the revenue requirement is discussed in the pre-filed direct testimony of Company Witness Elizabeth Lecky.

27. The projected Rate Year operating expenses from July 1, 2019 through June 30, 2020, are included for recovery on a current basis during the Rate Year. A margin is authorized to be recovered effective for qualifying expenditures on and after July 1, 2009. For purposes of the Rate Year, pursuant to Va. Code § 56-585.1 a 5 c, the margin "shall be equal to the general rate of return on common equity determined as described in subdivision A 2 of [§ 56-585.1]." As noted in Paragraph (20), the Company used a 9.2% ROE for purposes of the projected Rate Year revenue requirement.

28. The revenue requirement also includes a True-up of 2017 calendar year costs associated with Phase II, III, IV, V, and VI DSM Programs and EV Pilot Program through a Monthly True-Up Adjustment. The actual 2017 calendar year expenditures are used to calculate a 2017 actual revenue requirement (including 2016 costs and applicable margin), and then compared to the actual 2017 revenues to produce the Monthly True-Up Adjustment. For purposes of the margin authorized to be recovered for qualifying expenditures during the 2017

[27] For example, in this proceeding, the Company is seeking to True-up calendar year 2017. Accordingly, the Company will not seek recovery of any lost revenues for the 2017 True-up period or any prior period that has already been reviewed by this Commission.

calendar year, the Company utilized a 9.6% ROE for the period of January 1, 2017 through June 30, 2017, an ROE of 9.4% for the period of July 1, 2017 through November 28, 2017, and an ROE of 9.2% for the period of November 29, 2017 through December 31, 2017, as discussed in Paragraph 20.

29. Company Witness Lecky's pre-filed direct testimony details the projected Subsection A 5 costs, differentiated between capital and expense, and Rider C2A costs qualifying for the margin as provided for under Subsection A 5. In addition, Company Witness Lecky depicts the revenue requirement separately for Rider C1A and Rider C2A.

30. The Company requests recovery of the Rate Year Projected Revenue Requirement for Rider C1A in the amount of $2,712,283. This amount combined with the Monthly True-Up Adjustment of ($73,158) provides the Rider C1A Total Revenue Requirement of $2,639,124. For Rider C2A, the Rate Year Projected Revenue Requirement of $50,597,395 is combined with the Monthly True-Up Adjustment of ($4,627,961) for a Rider C2A Total Revenue Requirement of $45,969,434. Thus, the total revenue requirement requested for recovery in this proceeding for Riders C1A and C2A is $48,608,558.

6. Rate Design

31. The revised Riders C1A and C2A, which are sponsored by Company Witness Debra A. Stephens, identify the rates, in cents per kilowatt-hour ("kWh"), that will apply to each Company Rate Schedule or special contract approved by the Commission pursuant to Va. Code § 56-235.2. If approved as proposed, the revised Riders C1A and C2A will be applicable for billing purposes with a rate effective date for usage on or after the first day of the month which is at least fifteen (15) days following the date of any Commission order approving Riders C1A and C2A.

32. The implementation of the proposed Riders C1A and C2A will increase the residential customer's monthly bill, based on 1,000 kWh usage per month, by $0.61. Company Witness Stephens' testimony provides typical bill changes for customers served under Residential Schedule 1, General Service Schedules GS-1, GS-2, GS-3, and GS-4, and Church Schedule 5C, showing the impact that the updated Riders C1A and C2A will have on customer bills, at representative levels of consumption.

V. SUPPORTING TESTIMONY, FILING SCHEDULE 46 AND REQUEST FOR WAIVER OF FILING SCHEDULE 45

33. The Company's Application is supported by the attached prepared direct testimonies of Company Witnesses Brett A. Crable, Michael T. Hubbard, Deanna R. Kesler, Jarvis E. Bates, Elizabeth Lecky, J. Clayton Crouch, Debra A. Stephens, and Dan Feng.

34. Section 20 VAC 5-201-60 of the Rate Case Rules provides that an application filed pursuant to Subsection A 5 "shall include Schedules 45 and 46 as identified and described in 20 VAC 5-201-90, and which shall be submitted with the utility's direct testimony."

A. Request for Waiver of Filing Schedule 45 Requirements

35. The Company, for good cause shown and pursuant to 20 VAC 5-201-10 E, respectfully requests that the Commission waive, in part, the requirements under Rules 60 and 90 of the Rate Case Rules with respect to Filing Schedule 45 (Return on Equity Peer Group Benchmark). Specifically, the Company has requested in this Application that the general ROE of 9.2% be used to calculate the revenue requirement as per the Commission's Final Order in Case No. PUR-2017-00038. Pursuant to Va. Code § 56-585.1:1 C 3, the ROE determined in that proceeding applies to all Subsection A 5 and A 6 RACs effective as of the date of the Commission's November 29, 2017 Final Order. To promote judicial economy and efficiency of case administration, the Company requests a waiver of Filing Schedule 45's filing requirements

in this proceeding. For these reasons, and pending consideration of its procedural request, the Company respectfully requests that the Commission waive, for good cause shown, the requirements of 20 VAC 5-201-60 and 20 VAC 5-201-90 with respect to the submission of Filing Schedule 45 with this Application.

B. Filing Schedule 46

36. The Company is filing with this Application Filing Schedule 46 as follows:

A. Filing Schedule 46A, consisting of Statements 1-2, is sponsored by Company Witness Hubbard. Filing Schedule 46A, Statement 1, provides the scope of work that serves as the basis of the RFP for the proposed Phase VII DSM Programs. Filing Schedule 46A, Extraordinarily Sensitive Statement 2 contains the vendor contracts and change orders executed since the Company's last DSM filing.

B. Filing Schedule 46B, consisting of Statements 1-9, is sponsored by Company Witness Bates. Extraordinarily Sensitive Statement 1 provides Phase II, III, IV, V, VI, and VII System Program, EV Pilot and Common costs for the Rate Year; Statement 2 provides Phase II, III, IV, V, VI, and VII Program penetrations; Extraordinarily Sensitive Statement 3 provides System Phase II, III, IV, V, VI, and VII Program cost details for the Rate Year; Extraordinarily Sensitive Statement 4 provides System proposed Phase II, III, IV, V, VI, and VII Program cost details for calendar years 2019 and 2020; Extraordinarily Sensitive Statement 5 provides DSM System Common cost details for the Rate Year; Extraordinarily Sensitive Statement 6 provides DSM System Common cost details for calendar years 2019 and 2020; Extraordinarily Sensitive Statement 7 provides five years of incremental cost projections associated with the proposed Phase VII Programs; Extraordinarily Sensitive Statement 8 provides calendar year 2017 Phase II, III, IV, V, and Phase VI Program Costs, Common and

EV Pilot actual costs; and Statement 9 supports the assignment of Common costs among DSM Programs.

C. Filing Schedule 46C, Statements 1-3, is sponsored by Company Witness Lecky. Extraordinarily Sensitive Statement 1 provides an annual revenue requirement for the Rate Year ending June 30, 2020; Statement 2 provides the annual revenue requirement over 15 years and projected lost revenues over the same period (regardless of whether those costs are included in base rates or in a rider); and Statement 3 provides a detailed description of all significant accounting procedures and internal controls that the Company has instituted to identify all costs associated with Riders C1A and C2A.

D. Filing Schedule 46D, Statements 1-4, is sponsored by Company Witness Crouch. Statement 1 provides the assignment and allocation of Program and Common costs to the Virginia Jurisdiction; Extraordinarily Sensitive Statement 2 provides the allocation factors of the costs of the DSM Programs to the customer classes; Statement 3 provides the allocation of the revenue requirement for the Rate Year ending June 30, 2020; and Statement 4 provides the annual revenue requirement by class over the duration of Riders C1A and C2A.

E. Filing Schedule 46E, Statement 1, sponsored by Company Witness Stephens, provides the rate design for Riders C1A and C2A for the Rate Year ending June 30, 2020.

VI. REQUEST FOR CONFIDENTIAL TREATMENT AND ADDITIONAL PROTECTIVE TREATMENT OF EXTRAORDINARILY SENSITIVE INFORMATION

37. The Company's Application contains, at points so designated, Confidential and Extraordinarily Sensitive information, which is being filed under seal and subject to the Company's Motion for Protective Ruling and Additional Protective Treatment filed coincident

hereto. Because portions of the Company's Application contain such Confidential and Extraordinarily Sensitive information, in compliance with Rule 10 F of the Rate Case Rules and Rule 170 of the Commission's Rules of Practice and Procedure, 20 VAC 5-201-10 F and 5 VAC 5-20-170, this filing is accompanied by a separate Motion for Protective Ruling and Additional Protective Treatment, including a form Proposed Protective Ruling, filed contemporaneously with this Application.

VII. COMPLIANCE WITH RULE 10 OF THE RATE CASE RULES

38. The Company's Application complies with the requirements contained in Rule 10 of the Rate Case Rules. In accordance with Rule 10 A, 20 VAC 5-201-10 A, the Company filed with the Commission on July 27, 2018, the Company's notice of intent to file this Application under Va. Code § 56-585.1 A 5. Copies of this Application, to the extent required by Rule 10 J of the Rate Case Rules, along with the additional information required by Rule 10 J, are simultaneously with this filing being served upon persons addressed in that Rule. A complete copy of the Public Version of this Application, along with testimony and supporting schedules, has been served upon the Division of Consumer Counsel of the Office of the Attorney General, in conformity with Rule 10 J.

WHEREFORE, Dominion Energy Virginia respectfully requests that the Commission:

(1) Approve the proposed Phase VII Programs for implementation commencing July 1, 2019 for a period of five years;

(2) Approve its proposed revenue requirement, cost allocation, rate design, and accounting treatment for service rendered on and after July 1, 2019;

(3) Approve the Company's updated Riders C1A and C2A to be effective for billing purposes on the latter of July 1, 2019, or the first day of the month which is at least fifteen (15)

days following the date of any Commission order approving Riders C1A and C2A;

(4) Approve the Company's request to file its annual EM&V report on May 1, 2019;

and,

(5) Provide any other relief as deemed appropriate and necessary.

Respectfully submitted,

VIRGINIA ELECTRIC AND POWER COMPANY

By: ______________________
Counsel

Lisa S. Booth
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