

Dominion Energy Services, Inc.
Law Department
120 Tredegar Street, Richmond, VA 23219
DominionEnergy.com



November 10, 2020

**Petition of Virginia Electric and Power Company
For approval of a rate adjustment clause, designated Rider RPS,
Under § 56-585.1 A 5 d of the Code of Virginia
Case No. PUR-2020-00170**

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 Petition in this matter may be obtained from the Company at no cost by written request to Paul E. Pfeffer, Deputy General Counsel, Law Department, Dominion Energy Services, Inc., 120 Tredegar Street, Richmond, Virginia 23219.

/s/ Paul E. Pfeffer
Paul E. Pfeffer
Deputy General Counsel

Attachment

COMMONWEALTH OF VIRGINIA

STATE CORPORATION COMMISSION

PETITION OF)
)
VIRGINIA ELECTRIC AND POWER COMPANY)
) Case No. PUR-2020-00170
For approval of a rate adjustment clause,)
designated Rider RPS, under § 56-585.1 A 5 d)
of the Code of Virginia)

**PETITION OF VIRGINIA ELECTRIC AND POWER COMPANY
AND REQUEST FOR LIMITED WAIVERS**

Virginia Electric and Power Company (“Dominion Energy Virginia” or the “Company”), by counsel, hereby files with the State Corporation Commission of Virginia (“Commission”) its petition for approval of a rate adjustment clause (“RAC”), designated Rider RPS, under § 56-585.1 A 5 d of the Code of Virginia (“Va. Code”) to recover projected and actual costs related to compliance with the mandatory renewable energy portfolio standard program (the “RPS Program”) established through the recently-effective Virginia Clean Economy Act (“VCEA”). The Company further requests limited waivers of certain Rules Governing Utility Rate Applications and Annual Informational Filings (the “Rate Case Rules”). In support of its petitions and request for limited waivers (collectively, the “Petition”), the Company respectfully shows as follows:

GENERAL INFORMATION

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. 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.

2. The Company's address is:

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

3. The names, addresses, and telephone numbers of the attorneys for the Company are:

Paul E. Pfeffer
David J. DePippo
Dominion Energy Services, Inc.
120 Tredegar Street
Richmond, Virginia 23219
(804) 787-6033 (PEP)
(804) 819-2411 (DJD)

Joseph K. Reid, III
Elaine S. Ryan
Sarah R. Bennett
April M. Jones
McGuireWoods LLP
Gateway Plaza
800 East Canal Street
Richmond, Virginia 23219-3916
(804) 775-1198 (JKR)
(804) 775-1090 (ESR)
(804) 775-4730 (SRB)
(804) 775-1042 (AMJ)

BACKGROUND

4. The VCEA—Senate Bill No. 851 and House Bill No. 1526 from the 2020 Regular Session of the Virginia General Assembly—became law in the Commonwealth effective July 1, 2020. Relevant to this proceeding, the VCEA (i) instituted the mandatory RPS Program and

(ii) amended Va. Code § 56-585.1 A 5 d to allow for the recovery of projected and actual costs of compliance with the mandatory RPS Program through a RAC.

5. Va. Code § 56-585.5 C establishes the RPS Program under which the Company must meet annual requirements for the sale of renewable energy based on a percentage of non-nuclear electric energy sold to retail customers in the Company's service territory. Va. Code § 56-585.5 C sets forth the annual RPS Program requirements, as well as the standards for meeting these requirements.

6. Va. Code § 56-585.1 A 5 d, as amended by the VCEA, permits cost recovery related to the RPS Program and establishes the applicable standard of review:

A utility may at any time, after the expiration or termination of capped rates, but not more than once in any 12-month period, petition the Commission for approval of one or more rate adjustment clauses for the timely and current recovery from customers of . . . [p]rojected and actual costs of compliance with renewable energy portfolio standard requirements pursuant to § 56-585.5 that are not recoverable under subdivision 6. The Commission shall approve such a petition allowing the recovery of such costs incurred as required by § 56-585.5, provided that the Commission does not otherwise find such costs were unreasonably or imprudently incurred.

RIDER RPS

7. Generally, the Company will meet the annual requirements of the RPS Program through the retirement of renewable energy certificates ("RECs") that originate from eligible sources as defined in Va. Code § 56-585.5 C. Eligible RECs will be sourced from a combination of RECs generated from Company-owned renewable energy facilities, RECs generated from renewable energy facilities owned by an entity other than the utility with which the Company has entered into a power purchase agreement ("PPA"), long-term REC-only contracts, and market purchases of RECs. The Company may bank the RECs generated by Virginia facilities from 2021 through 2024 for use in 2025 when the requirement for Virginia-located resources begins.

8. To determine the total cost of RECs to be recovered through Rider RPS, the Company first determined its projected RPS Program requirements for 2021, and then used these projections to determine the estimated volume of RECs needed during the rate year of August 1, 2021 to July 31, 2022 (the “Rate Year”). The Company then determined the projected volume of RECs that would come from its PPA facilities and the projected volume of RECs that the Company would need to utilize from its bank or purchase from the market. For any RECs generated from the PPA facilities, the Company included the costs associated with the REC portion of the PPAs. For any RECs the Company would need to purchase or utilize from the bank, the Company multiplied the volume of RECs by a weighted average price in order to determine the cost of the gross purchases and banked RECs needed for the Rate Year. Once the Company determined the total costs of RECs to be recovered in this proceeding, it applied a Virginia jurisdictional allocation factor of 85.0308%. Finally, the Company applied a credit remaining from the Company’s participation in Virginia’s voluntary renewable energy portfolio standard program that was in place under former Va. Code § 56-585.2.

9. The Company’s RAC revenue requirement in this proceeding includes the Projected Cost Recovery Factor. Beginning with the next RAC filing expected to be made in 2021, the revenue requirement will also include the Actual Cost True-Up Factor. The Projected Cost Recovery Factor calculation results in the operating income necessary for recovery of the cost of RECs purchased or utilized during the Rate Year. No Actual Cost True-Up Factor is included in this initial proceeding because this filing represents the initial request for cost recovery. It is anticipated that any true-up for calendar year 2020 will be included in a 2021 update filing for implementation during an August 1, 2022 to July 31, 2023 rate year. At that time, and for years beyond, the Actual Cost True-Up Factor will recover from, or credit to,

customers any under- or over-recovery of costs from the most recently completed calendar year. Actual revenues recovered during the test year are compared to actual costs incurred during the test year. Any difference in these amounts becomes the Actual Cost True-Up Factor credited to, or recovered from, customers through the total revenue requirement requested for recovery during the rate year.

10. The total revenue requirement requested for recovery in this initial Rider RPS Petition for the Rate Year beginning August 1, 2021, is \$13,310,000.

11. The Company proposes to use an energy allocation factor to allocate costs to the Virginia Jurisdiction and the development of a uniform charge per kilowatt-hour (“kWh”) applicable to all bundled service and retail choice customers, calculated to take into account the relevant provisions of the VCEA.

12. The implementation of the proposed Rider RPS on August 1, 2021, will increase the residential customer’s monthly bill, based on 1,000 kWh per month, by \$0.18.

SUPPORTING TESTIMONY, FILING SCHEDULE 46, AND REQUEST FOR LIMITED WAIVERS OF RATE CASE RULES FILING REQUIREMENTS

13. The Company’s Petition is supported by the pre-filed direct testimonies of Company Witnesses C. Eric McMillan and George G. Beasley.

14. Section Rule 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.” The Company is filing with this Petition, Filing Schedule 46, as follows:

- a. Company Witness McMillan sponsors Schedule 46A, consisting of Statements 1 through 4. Schedule 46A, Statement 1, provides projected costs associated with Rider RPS, while Schedule 46A, Statement 2, provides documentation supporting the projected costs. Schedule 46A, Statement 3, provides revenue requirement information for the proposed RAC. Finally, Schedule 46A, Statement 4,

describes all significant accounting procedures and internal controls related to Rider RPS.

- b. Company Witness Beasley sponsors Schedule 46B, consisting of Statement 1, which provides details of the Company's methodology for allocating the Rider RPS revenue requirement.

15. The Company, for good cause shown and pursuant to 20 VAC 5-201-10 E of the Rate Case Rules, 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). Pursuant to the provisions of Va. Code §§ 56-585.1 and 56-585.1:1, and consistent with recent Commission orders granting similar limited waivers,¹ a return on equity determination is not to be made in this proceeding. Therefore, good cause exists, as required by Rule 10 E, for the Commission to waive in part the requirements of Rules 60 and 90 of the Rate Case Rules with respect to Filing Schedule 45.

16. The Company, for good cause shown and pursuant to 20 VAC 5-201-10 E, additionally respectfully requests that the Commission waive, in part, the requirement under Rules 60 and 90 of the Rate Case Rules to “[p]rovide the annual revenue requirement over the duration of the proposed rate adjustment clause by year and by class.” Specifically, the Company requests waiver of two portions of this requirement. First, the Company seeks waiver of this requirement related to information for the “duration of the proposed rate adjustment clause.” By statute, the RPS Program will continue indefinitely; Rider RPS thus differs from other Company RACs approved by the Commission for assets that have a specific lifetime. Further, the Company cannot project with accuracy at this point the exact manner in which the

¹ See, e.g., *Petition of Virginia Electric and Power Company, For approval and certification of the proposed US-4 Solar Project pursuant to §§ 56-580 D and 56-46.1 of the Code of Virginia, and for approval of a rate adjustment clause, designated Rider US-4, under § 56-585.1 A 6 of the Code of Virginia*, Case No. PUR-2019-00105, Order for Notice and Hearing at 21, Ordering Paragraph (21) (Jul. 31, 2019).

Company will meet its RPS Program requirements many years into the future. Second, the Company seeks waiver of this requirement related to providing information on the revenue requirement “by class.” As explained by Company Witness Beasley, the Company has developed a uniform charge per kilowatt-hour applicable to all bundled service customers in the Virginia jurisdiction. Accordingly, the revenue requirement is not available “by class.” For these reasons, good cause exists, as required by Rule 10 E, for the Commission to waive in part the requirements of Rules 60 and 90 of the Rate Case Rules with respect to this limited portion of Schedule 46.

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

17. The Company’s Petition and accompanying schedules contain extraordinarily sensitive information as designated. Because portions of the Company’s filing contains 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,² this Petition is accompanied by a contemporaneously-filed Motion for Entry of a Protective Order and Additional Protective Treatment, including a Proposed Protective Order.

COMPLIANCE WITH RULE 10 OF THE RATE CASE RULES

18. The Company’s Petition for approval of Rider RPS complies with the requirements contained in Rule 10 of the Rate Case Rules. In accordance with Rule 10 A, the Company filed with the Commission on September 8, 2020, the Company’s notice of intent to file this Petition under Va. Code § 56-585.1 A 5.³ Copies of the public version of this Petition,

² 5 VAC 5-20-170.

³ This notice dated September 8, 2020, indicated the Company’s intent to file this Petition on or after October 5, 2020. On that same day, the Company filed a motion for limited waiver of the 60-day notice requirement of Rule 10 A. On September 23, 2020, the Commission denied the

to the extent required by Rule 10 J, along with the additional information required by Rule 10 J, have been served upon the persons addressed in that Rule. A complete copy of the public version of this Petition has been served upon the Office of the Attorney General's Division of Consumer Counsel in conformity with Rule 10 J. Also included with and following this Petition, pursuant to Rule 10, is a table of contents of this filing, including testimony and schedules.

19. Beyond the initial Petition, Rate Case Rule 10 J requires the Company to serve copies of certain information related to Dominion Energy Virginia's rate proceedings upon local officials via first class mail or personal delivery. The Company has obtained a continuing waiver of Rule 10 J from the Commission to permit electronic delivery of rate application information to the localities in lieu of first class mail delivery upon request from the locality.⁴ Accordingly, the Company requests that any procedural order issued in this proceeding allow for electronic service of materials going forward on localities that request such service in writing.

CONCLUSION

WHEREFORE, Dominion Energy Virginia respectfully requests that the Commission (i) approve the proposed revenue requirement for service rendered on and after August 1, 2021, to recover projected and actual costs related to compliance with the mandatory RPS Program; (ii) approve the Company's proposed Rider RPS, effective for usage on and after August 1, 2021; (iii) grant the Company's requested limited waivers outlined in the Petition; and (iv) grant such other relief as deemed appropriate and necessary.

motion. Based on that order, on September 25, 2020, the Company filed an amended notice of intent to file this Petition under Va. Code § 56-585.1 A 5 on or after November 9, 2020.

⁴ *Petition of Virginia Electric and Power Company, For a continuing waiver of 20 VAC 5-201-10 J of the Rules Governing Utility Rate Applications and Annual Informational Filings to permit electronic service to local officials upon request*, Case No. PUE-2016-00039, Final Order at 2-3 (Apr. 19, 2016).

