October 6, 2020

Application of Virginia Electric and Power Company
For revision of rate adjustment clause: Rider US-2, Scott, Whitehouse, and Woodland Solar Power Stations for the Rate Year Commencing September 1, 2021
Case No. PUR-2020-00231

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 Application 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 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

APPLICATION OF

VIRGINIA ELECTRIC AND POWER COMPANY Case No. PUR-2020-00231

For revision of rate adjustment clause: Rider US-2, Scott, Whitehouse, and Woodland Solar Power Stations, for the Rate Year Commencing September 1, 2021

VIRGINIA ELECTRIC AND POWER COMPANY’S RIDER US-2 ANNUAL UPDATE FILING

Pursuant to § 56-585.1 A 6 (“Subsection A 6”) of the Code of Virginia (“Va. Code”) and the directive contained in Ordering Paragraph (4) of the Final Order issued by the State Corporation Commission of Virginia (“Commission”) on July 1, 2020, in Case No. PUR-2019-00159, ¹ Virginia Electric and Power Company (“Dominion Energy Virginia” or the “Company”), by counsel, hereby submits its annual update filing with respect to its Rider US-2 (“2020 Annual Update” or “Update”) for the three utility-scale solar photovoltaic generation facilities: (i) the 17 megawatt (“MW”) (nominal alternating current (“AC”)) Scott Solar Facility located in Powhatan County (“Scott Solar”); (ii) the 20 MW AC Whitehouse Solar Facility located in Louisa County (“Whitehouse Solar”); and (iii) the 19 MW AC Woodland Solar Facility located in Isle of Wight County (“Woodland Solar”) (collectively, “US-2 Solar Projects” or the “Projects”). In support of this 2020 Annual Update, 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 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 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 numbers of the attorneys for the Company are:

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BACKGROUND

4. On June 30, 2016, by its Final Order in Case No. PUE-2015-00104, the Commission approved the US-2 Solar Projects and granted certificates of public convenience and necessity for the Scott Solar, Whitehouse Solar, and Woodland Solar Facilities. The CPCN Order also authorized the Company to recover in a timely manner costs associated with the construction of the Projects, including projected construction work in progress and associated allowance for funds used during construction. For this purpose, the Commission approved a rate adjustment clause ("RAC"), designated Rider US-2, pursuant to Subsection A 6.

5. The CPCN Order states as follows with respect to the Projects:

Based on the record developed herein, and in accordance with our findings above, the Commission concludes that the proposed Solar Projects: (i) will have no material adverse impact upon reliability of electric service; (ii) are required by the public convenience and necessity; and (iii) are not otherwise contrary to the public interest.

6. The CPCN Order approved Rider US-2, effective for usage on and after September 1, 2016, and directed the Company to file its annual Rider US-2 application on or after October 3, 2016.


8. In its Final Order in the 2019 Annual Update proceeding, the Commission

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approved the annual update to Rider US-2 and directed the Company to file an annual update with respect to Rider US-2 “between October 5, 2020, and November 30, 2020.”

9. The Company files this annual Rider US-2 Update to (1) inform the Commission of the status of the Projects and their projected expenditures; and (2) present the Company’s proposed revenue requirement, including proposed cost allocation, rate design, and accounting treatment for service rendered during a proposed rate year commencing on September 1, 2021, and extending through August 31, 2022 (“Rate Year”), as related to Rider US-2 and the Projects.

US-2 SOLAR PROJECTS AND EXPENDITURES UPDATE

A. Status of the US-2 Solar Projects

10. The Scott Solar, Whitehouse Solar, and Woodland Solar Facilities were completed and became operational as scheduled during December 2016. Each facility achieved commercial operations on December 11, 2016. As such, this 2020 Annual Update does not include projected construction expenditures and does not contain the testimony of a construction witness.

B. Operation and Maintenance and Capital Expenditures

11. The Company maintains a five-year budget plan based on expected operating and maintenance (“O&M”) and capital maintenance expenditures. These plans are based on third-party service agreements, land lease agreements, manufacturer recommended capital replacements, Asset Retirement Obligation accretion expenses, and expected insurance expenses. The Company also maintains a five-year budget plan for expected capital expenditures associated with operations. Company Witness Kelly S. Scott’s pre-filed direct testimony describes these expenditures in detail and provides the current Five-Year O&M Budget Plan and

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3 2019 RAC Order at 4, Ordering Paragraph (4).

12. Mr. Scott’s testimony details the actual and projected O&M expenses for the US-2 Solar Projects. For the period beginning January 1, 2019 and ending June 30, 2020, actual O&M expenses are $459,906 for Scott Solar, $504,433 for Whitehouse Solar, and $575,115 for Woodland Solar. For the period July 1, 2020 through August 31, 2021, the projected O&M expenses are $491,033 for Scott Solar, $661,729 for Whitehouse Solar, and $604,534 for Woodland Solar. For the September 1, 2021 through August 31, 2022 rate year, the Company has projected O&M expenses of $452,988 for Scott Solar, $556,133 for Whitehouse Solar, and $473,972 for Woodland Solar.

13. Mr. Scott’s testimony also details the actual and projected operations related capital maintenance expenditures for the US-2 Solar Projects. For the period beginning January 1, 2019 and ending June 30, 2020, there were actual capital maintenance expenditures of $133,124 for Scott Solar, $787,308 for Whitehouse Solar, and $728,554 for Woodland Solar. For the period beginning July 1, 2020 and ending August 31, 2021, the Company has projected capital expenditures of $14,771 for Scott Solar, $12,622 for Whitehouse Solar, and $517,763 for Woodland Solar. For the Rate Year beginning September 1, 2021 and ending August 31, 2022, the Company has projected capital maintenance expenditures of $5,522 for Scott Solar, $5,580 for Whitehouse Solar, and $430,580 for Woodland Solar.

14. As part of this 2020 Annual Update, the Company respectfully requests that the Commission approve the updated expenditures for the US-2 Solar Projects, subject to subsequent true-ups, and find that such expenditures are reasonable and prudent in order to fulfill the Company’s service obligations as a public electric utility.
US-2 SOLAR PROJECTS ACCOUNTING UPDATE

A. Rate of Return on Common Equity

15. Consistent with the Commission’s November 21, 2019 Final Order in the Company’s 2019 Return on Common Equity Proceeding in Case No. PUR-2019-00050,\(^6\) the Company is utilizing the approved return on common equity ("ROE") of 9.2% for the period subsequent to the date of that Final Order in this proceeding. For purposes of calculating the Projected Cost Recovery Factor component of the revenue requirement in this 2020 Annual Update, the Company utilized that 9.2% ROE. For purposes of calculating the 2019 Actual True-Up Factor, the Company used that 9.2% ROE for the period subsequent to the date of that Final Order in this proceeding and 9.2% ROE, which was approved by the Commission in its November 29, 2017 Final Order in Case No. PUR-2017-00038,\(^7\) for the time period prior to the 2019 Final Order, as discussed further in the pre-filed direct testimony of Company Witness Elizabeth B. Lecky.

B. Revenue Requirement Update

16. The revenue requirement calculation for the continuation of the Rider US-2 RAC is described in detail in Company Witness Lecky’s testimony. As discussed in more detail in Ms. Lecky’s testimony, the proposed Rate Year for this proceeding is from September 1, 2021 through August 31, 2022. Pursuant to Va. Code § 56-585.1 A 10 and consistent with the Commission’s Order on Commission Staff’s Motion in Limine dated July 14, 2009 in Case No. PUE-2009-00019, the 2020 Annual Update utilizes the Company’s December 31, 2019 year-end

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\(^6\) Application of Virginia Electric and Power Company For the determination of the fair rate of return on common equity pursuant to § 56-585.1:1 C of the Code of Virginia, Case No. PUR-2019-00050, Final Order at 16 (Nov. 21, 2019).

\(^7\) Application of Virginia Electric and Power Company For the determination of the fair rate of return on common equity to be applied to its rate adjustment clauses, Case No. PUR-2017-00038, Final Order at 10 (Nov. 29, 2017).
capital structure and year-end cost of capital for purposes of setting rates during the Rate Year.

17. The two key components of the revenue requirement are the Projected Cost Recovery Factor and the Actual Cost True-Up Factor.

18. The Projected Cost Recovery Factor in this 2020 Annual Update includes financing costs for rate base as well as projected operating costs for the Projects during the Rate Year.

19. The Actual Cost True-Up Factor will recover from, or credit to, customers any under/over recovery of costs from the most recently completed calendar year. Actual revenues recovered during 2019 are compared to actual costs incurred during 2019. 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 in this 2020 Annual Update.

20. For the Rate Year beginning September 1, 2021, the Company is requesting recovery of the Projected Cost Recovery Factor revenue requirement of $8,975,279, and an Actual Cost True-Up Factor revenue requirement of $553,258 for this Rider US-2. Therefore, the total revenue requirement requested in this 2020 Annual Update for the Rate Year beginning September 1, 2021 is $9,528,537.

**RIDER US-2 RATE DESIGN UPDATE**

A. Revised Rider US-2 Tariff

21. The Company is proposing an updated Rider US-2 tariff, which is sponsored by Company Witness George G. Beasley. Mr. Beasley identifies the rates, in either cents per kilowatt-hour or dollars per kilowatt-hour, that will apply to each Company Rate Schedule. If approved as proposed, the revised Rider US-2 will be effective for usage on and after
September 1, 2021.

B. Rider US-2 Impact on Customer Bills

22. The implementation of the proposed Rider US-2 on September 1, 2021, will decrease the residential customer’s monthly bill, based on usage of 1,000 kWh per month, by $0.01. Mr. Beasley’s testimony provides typical bill charges for Residential Schedule 1, General Service Schedules GS-1, GS-2, GS-3, and GS-4, and Church Schedule 5C at several representative levels of consumption and demand.

C. Request for Rate Effective Date

23. As Mr. Beasley explains, the Company respectfully requests for billing purposes, a rate effective date for usage on and after the latter of September 1, 2021, or the first day of the month which is at least fifteen (15) days following the date of any Commission order approving Rider US-2.

PRE-FILED DIRECT TESTIMONY AND EXHIBITS SUPPORTING FILING SCHEDULE 46 AND REQUEST FOR PARTIAL WAIVER OF THE RATE CASE RULES FILING REQUIREMENTS

24. In support of this 2020 Annual Update, Dominion Energy Virginia presents herewith the pre-filed direct testimony and exhibits of the following witnesses: Kelly S. Scott, Elizabeth B. Lecky, and George B. Beasley.

A. Filing Schedule 46

25. Filing Schedule 46A, Statement 1, sponsored by Company Witness Scott, provides schedules of actual and projected O&M expenses and capital maintenance expenditures by type of cost and year associated with Rider US-2. In addition, Filing Schedule 46A, Statement 2, provides the documentation supporting these O&M and capital costs, including all documents, contracts, studies, investigations, or correspondence that support costs proposed to
be recovered via the RAC. Consistent with the approach presented in other Subsection A 6 annual update filings, this Filing Schedule 46A, Statement 2 information contains only those contracts that are new or have changed since the 2019 Rider US-2 Update filing in Case No. PUR-2019-00159. However, consistent with the Company’s request for waiver below, the Company has provided the Statement 2 documents in electronic format only.

26. Filing Schedule 46B, Statement 1, sponsored by Company Witness Lecky, provides the annual revenue requirement for the Rate Year ending August 31, 2022. In addition, Filing Schedule 46B, Statement 2, provides the annual revenue requirement over the duration of the RAC, and Statement 3 provides documentation supporting Statement 2. Lastly, Filing Schedule 46B, Statement 4, provides a detailed description of all significant accounting procedures and internal controls that the Company has instituted to identify all costs associated with the RAC. Filing Schedule 46B, Statement 1, also satisfies the project financing requirement of subsection of (f) of Filing Schedule 46.

27. Filing Schedule 46C, Statement 1, sponsored by Company Witness Beasley, provides the allocation of the revenue requirement and the rate design for the Rate Year ending August 31, 2022. In addition, Filing Schedule 46C, Statement 2, provides the annual revenue requirement by class over the duration of the RAC.

28. The Company notes that as part of the 2016 Annual Update to Rider US-2, pursuant to 20 VAC 5-201-10 E, the Commission granted the Company a limited, ongoing waiver with respect to certain parts of Filing Schedule 46 related to approval of the US-2 Solar Projects as required by the public convenience and necessity, which the Commission noted had
previously been filed and reviewed as part of Case No. PUE-2015-00104.8

B. Request for Waiver of Filing Schedule 45 Requirements

29. 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). As noted above, on November 21, 2019, the Commission issued its Final Order in Case No. PUR-2019-00050, which established an ROE of 9.2%. In that proceeding, the Company filed testimony and other evidence in support of its requested ROE, including Filing Schedule 45 materials and analysis as well as testimony from Company Witness Robert B. Revert. 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 Final Order therein, November 21, 2019. The Company has requested in this 2020 Annual Update that the ROE of 9.2%, as established by the Commission in its Final Order in Case No. PUR-2019-00050, be used to calculate the revenue requirement. 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 2020 Annual Update.

C. Request for Waiver of Filing Schedule 46 Requirements

30. 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 requirements under Rules 60 and 90 of the Rate Case Rules with respect to paper copies of certain Filing Schedule 46 materials. Specifically, the Rate Case Rules require the Company provide all documents, contracts, studies, investigations, or correspondence that support projected costs proposed to be recovered via the rate adjustment clause. Even with the limitation of only including those materials that are new since the prior Rider US-2 filing, the supporting documentation responsive to this requirement is voluminous and, often, not easily reviewed in hard copy (paper) format. Accordingly, and after consultation with certain members of the Commission Staff, the Company seeks waiver of the requirement to file this information in hard copy. Instead, the Company proposes to provide this documentation to Commission Staff and any other future case participant in electronic format only. The Company will make these documents available via an e-room contemporaneously with this filing, with immediate access available to Commission Staff. Should the Commission deny this request, the Company asks for a reasonable allowance of time to print the requisite filing copies of this material and submit it to the Commission prior to the Company’s application being deemed incomplete.

REQUEST FOR CONFIDENTIAL TREATMENT

31. The Company’s 2020 Annual Update contains, at points so designated therein, confidential and/or redacted information, and the non-public version of this filing is being made under seal. Because portions of the Company’s Update contain such confidential and/or redacted information, in compliance with Rule 10 F and Rule 170, 20 VAC 5-201-10 F and 5 VAC 5-20-170, this filing is accompanied by a separate Motion for Entry of Protective Ruling, including a
form of Proposed Protective Ruling, filed by the Company under separate cover but contemparaneously with this 2020 Annual Update.

**COMPLIANCE WITH RULE 10 OF THE RATE CASE RULES**

32. The Company’s 2020 Annual Update for approval of Rider US-2 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 August 6, 2020, the Company’s notice of intent to file this Update under Va. Code § 56-585.1 A 6. Copies of the Public Version of this Update, 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 Update 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 Update, pursuant to Rule 10, is a table of contents of this filing, including exhibits and schedules.

33. Beyond the initial Application, Rule 20 VAC 5-201-10 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 of the Rate Case Rules 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.9 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.

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9 *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).
CONCLUSION

WHEREFORE, the Company respectfully requests that the Commission (1) approve the proposed revenue requirement, cost allocation, rate design, and accounting treatment for service rendered on and after September 1, 2021 through August 31, 2022 for the operation of the US-2 Solar Projects; (2) approve the Company’s proposed Rider US-2, effective for usage on and after the latter of September 1, 2021 or the first day of the month which is at least fifteen (15) days following the date of any Commission order approving Rider US-2; and (3) grant such other relief as deemed appropriate and necessary.

Respectfully submitted,

By: [Signature]

Counsel

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