October 6, 2020

Application of Virginia Electric and Power Company For revision of rate adjustment clause: Rider BW, Brunswick County Power Station, for the Rate Year Commencing September 1, 2021
Case No. PUR-2020-00230

To: Local Government Officials

Pursuant to 20 VAC 5-201-10 J, Virginia Electric and Power Company (the “Company”) is providing 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, or electronically to paul.e.pfeffer@dominionenergy.com

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

Attachment
COMMONWEALTH OF VIRGINIA
STATE CORPORATION COMMISSION

APPLICATION OF

VIRGINIA ELECTRIC AND POWER COMPANY

For revision of rate adjustment clause: Rider BW,
Brunswick County Power Station, for the Rate Year
Commencing September 1, 2021

Case No. PUR-2020-00230

VIRGINIA ELECTRIC AND POWER COMPANY'S
RIDER BW ANNUAL UPDATE FILING

Pursuant to § 56-585.1 A 6 (“Subsection A 6”) of the Code of Virginia (“Va. Code”) and the directive contained inOrdering Paragraph (4) of the Final Order issued by the State Corporation Commission of Virginia (“Commission”) on June 23, 2020, in Case No. PUR-2019-00160 (“2019 RAC Order”), Virginia Electric and Power Company (“Dominion Energy Virginia” or the “Company”), by counsel, hereby submits its annual update filing with respect to its Rider BW (“2020 Annual Update” or “Update”) for the Brunswick County Power Station (the “Station”), a 1,358 MW (nominal) natural gas-fired combined-cycle electric generating facility in Brunswick County, Virginia, including the related transmission interconnection facilities (collectively, the “Brunswick County Project” or the “Project”). 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

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1 Application of Virginia Electric and Power Company, For revision of rate adjustment clause: Rider BW, Brunswick County Power Station, for the Rate Year Commencing September 1, 2020, Case No. PUR-2019-00160, Final Order (June 23, 2020) (“2019 Annual Update”).
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 Resources, 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:

    Paul E. Pfeffer
    Dominion Energy Services, Inc.
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**BACKGROUND**

4. On August 2, 2013, by its Final Order in Case No. PUE-2012-00128, the Commission approved and granted a certificate of public convenience and necessity for the Brunswick County Project, finding that the Project will serve the public convenience and
necessity and is in the public interest (the “CPCN Order”). The CPCN Order also authorized the Company to recover in a timely manner costs associated with the development of the Brunswick County Project. For this purpose, the Commission approved Rider BW, a rate adjustment clause (“RAC”) pursuant to Subsection A 6.

5. The CPCN Order states as follows with respect to Rider BW:

(6) Rider BW, as approved herein, shall become effective for service rendered on and after September 1, 2012.

(7) The Company shall file its annual Rider BW application on or before November 1st of each year.

6. On November 1, 2013, Dominion Energy Virginia submitted its application in Case No. PUE-2013-00122, requesting approval of its first update to its RAC, designated Rider BW, pursuant to Subsection A 6 with respect to the Brunswick County Project. In its Final Order issued on July 8, 2014 (“2013 RAC Order”), the Commission directed the Company to file its subsequent annual update filing with respect to its Rider BW “[o]n or before November 1, 2014.”

7. The Company has since annually updated its Rider BW RAC in the 2014 Annual Update proceeding (Case No. PUE-2014-00103), the 2015 Annual Update Proceeding (Case No. PUE-2015-00102), the 2016 Annual Update Proceeding (Case No. PUE-2016-00112), the 2017 Annual Update Proceeding (Case No. PUR-2017-00128), the 2018 Annual Update Proceeding

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8. In its Final Order in the 2019 Annual Update proceeding, the Commission approved the annual update to Rider BW and directed the Company to file an annual update with respect to Rider BW “[b]etween October 5, 2020, and November 30, 2020.”

9. Pursuant to the provisions of the Commission’s Brunswick County CPCN Order and the Commission’s Final Order in the 2019 Annual Update proceeding, the Company files this 2020 Annual Update to Rider BW to (1) inform the Commission of the status of the Brunswick County Project and its projected expenditures; and (2) present the Company’s 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 BW and the Brunswick County Project.

**BRUNSWICK COUNTY PROJECT AND EXPENDITURES UPDATE**

**A. Status of the Brunswick County Project**

10. On April 25, 2016, the Brunswick County Project achieved Provisional Acceptance, thus commencing commercial operations. The Project was completed ahead of schedule and under budget. On June 4, 2018, Final Acceptance was granted to the engineering, procurement and construction contractor closing out the requirements for that agreement. The Company is not presenting any construction-related testimony or updates as part of this 2020 Annual Update filing.

**B. Operations and Maintenance and Capital Expenditures**

11. The Company maintains a five-year budget plan for the Project based on expected

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7 2019 Annual Update Final Order, Ordering Paragraph (4).
operating and maintenance ("O&M") expenditures, including costs for expected operating levels, staffing, planned outages, and minor capital improvements. The Company also maintains a five-year budget plan for expected capital expenditures associated with Station operations. The Direct Testimony of Company Witness Christopher D. Dibble describes these expenditures in detail and provides the current Five-Year O&M Budget Plan and the current Five-Year Capital Budget Plan for the Brunswick County Project.

12. The actual O&M expenses for the period beginning January 1, 2019 through June 30, 2020, were $29,874,206. The projected O&M expenses for the period beginning July 1, 2020 through August 31, 2021, are $23,866,470. And, the projected O&M expenses for the Rate Year beginning September 1, 2021 through August 31, 2022, are $21,237,126.

13. Mr. Dibble's testimony also details the capital expenditures for the Project. For the period January 1, 2019 and ending June 30, 2020, the actual capital expenditures were $77,523,310. The projected capital expenditures for the period July 1, 2020 through August 31, 2021, are $13,478,841. Finally, the projected capital expenses for the Rate Year beginning September 1, 2021 through August 31, 2022, are $27,473,733. This O&M and capital expenditure information was provided to Company Witness Christopher J. Lee for use in calculating the revenue requirement in this proceeding.

14. As part of this 2020 Annual Update, the Company respectfully requests that the Commission approve the updated expenditures on the Brunswick County Project, 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.
BRUNSWICK COUNTY PROJECT ACCOUNTING UPDATE

A. Rate of Return on Common Equity

15. The Company has utilized an enhanced rate of return on common equity ("ROE") of 10.2% for purposes of calculating the Projected Cost Recovery Factor revenue requirement over the Rate Year in this 2020 Annual Update. This includes a proposed general ROE of 9.2% and a 100 basis points enhanced return, as provided for in Subsection A 6 for a combined-cycle generating station. For purposes of this Application and consistent with the Commission’s November 21, 2019 Final Order in the Company’s 2019 ROE Proceeding in Case No. PUR-2019-00050, the Company is utilizing the approved ROE of 9.2% for the period subsequent to the date of that Final Order.8 The 100 basis points equity adder was approved by the Commission in the Final Order approving Rider BW in Case No. PUE-2012-00128.9

16. For purposes of calculating the 2019 Actual Cost True-Up Factor, the Company has used an enhanced ROE of 10.2% This includes a general rate of return on common equity of 9.2%, plus an ROE acder of 100 basis points. The 100 basis points equity adder was approved by the Commission in the CPCN Order in the initial Brunswick County RAC case (Case No. PUE-2012-00128) through the first 10 years of the Project’s service life. The 9.2% general ROE was approved by the Commission in its Final Order in Case No. PUR-2019-00050.

B. Revenue Requirement Update

17. The revenue requirement calculation for the continuation of the Rider BW RAC is described in detail in Company Witness Lee’s testimony. Expenses requested for recovery in

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8 Application of Virginia Electric and Power Company For determination of the fair rate of return on common equity pursuant to § 56-565.1 C of the Code of Virginia, Case No. PUR-2019-00050, Final Order (Nov. 21, 2019).
9 Application of Virginia Electric and Power Company For approval and certification of the proposed Brunswick County Power Station and related transmission facilities pursuant to §§ 56-380 D, 56-265.2, and 56-46.1 of the Code of Virginia, and for approval of a rate adjustment clause, designated Rider BW, pursuant to § 56-585.1 A 6 of the Code of Virginia, Case No. PUE-2012-00128, Final Order at 18 (Aug. 2, 2013).
this 2020 Annual Update are non-fuel, direct expenses of the Brunswick County Project. As noted above, the proposed Rate Year for this Update is from September 1, 2021 through August 31, 2022. Pursuant to Va. Code § 56-585.1 A 1 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 capital structure and year-end cost of capital for purposes of setting rates during the Rate Year.

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

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

20. The Actual Cost True-up Factor will credit to, or recover from, customers any over/under-recovery of costs from the most recently completed calendar year. Actual revenues recovered during 2019 are compared to actual costs incurred during 2019, and any difference in the 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.

21. The specific calculations of the revenue requirement and the components thereto are detailed in the testimony of Mr. Lee. The Company is requesting recovery of the Projected Cost Recovery Factor revenue requirement of $112,977,000, and an Actual Cost True-up Factor revenue requirement of $457,000 for this 2020 Annual Update of Rider BW. Thus, the total

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10 *Application of Virginia Electric and Power Company, For a 2009 statutory review of rates, terms and conditions for the provision of generation, distribution, and transmission services pursuant to § 56-585.1 A 3 of the Code of Virginia, Case No. PUE-2009-00019, Order on Commission Staff’s Motion in Limine (July 14, 2009).*
revenue requirement requested for recovery for the Rate Year is $113,434,000.

RIDER BW RATE DESIGN UPDATE

A. Revised Rider BW Tariff

22. The Company is proposing an updated Rider BW tariff, which is sponsored by Company Witness España M. Davis. Ms. Davis identifies the rates, in either cents per kilowatt-hours, or dollars per kilowatt, that will apply to each Company Rate Schedule. If approved as proposed, the revised Rider BW will be effective for usage on and after September 1, 2021.

B. Rider BW Impact on Customer Bills

23. The implementation of the proposed Rider BW on September 1, 2021, will increase the residential customer’s monthly bill, based on 1,000 kWh usage per month, by $0.15. Company Witness Davis’ testimony at Schedule 3 thereto provides typical bill comparisons for customers receiving service on 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 or demand.

D. Request for Rate Effective Date

24. As Ms. Davis 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 that is at least fifteen (15) days following the date of any Commission order approving Rider BW.

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

25. In support of this 2020 Annual Update, Dominion Energy Virginia presents herewith the pre-filed direct testimony and exhibits of the following witnesses: Christopher D.
Dibble, Christopher J. Lee, and Estaña M. Davis.

A. Filing Schedule 46

26. Filing Schedule 46A, Statement 1, sponsored by Company Witness Dibble, provides schedules of actual and projected O&M and capital expenditures by type of cost and year associated with Rider BW. 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 in previous annual update filings, this Filing Schedule 46A, Statement 2 information contains only those contracts that are new or have changed since the previous 2019 Update proceeding. However, consistent with the Company’s request for waiver below, the Company has provided the Statement 2 documents in electronic format only.

27. Filing Schedule 46B, Statement 1, sponsored by Company Witness Lee, 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 Subsection A 6 RAC. Filing Schedule 46B, Statement 1, also satisfies the project financing requirement of subsection (f) of Filing Schedule 46.

28. Filing Schedule 46C, Statement 1, sponsored by Company Witness Davis, 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.
29. The Company notes that as part of the 2013 Annual Update to Rider BW, pursuant to 20 VAC 5-201-10 E, the Commission granted the Company a limited, ongoing waiver with respect to certain portions of Filing Schedule 46 related to selection of the Brunswick County Project as the preferred alternative to meet the specified need for new generating capacity, which the Commission noted was previously filed and reviewed as part of Case No. PUE-2012-00128.\textsuperscript{11}

B. Request for Waiver of Filing Schedule 45 Requirements

30. 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. Hevert. 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. Therefore, 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

\textsuperscript{11} Case No. PUE-2013-00122, Order for Notice and Hearing, Ordering Paragraph (15) (Nov. 25, 2013).
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

31. 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 BW 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

32. 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 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 Entry of a Protective Ruling, including a form of Proposed Protective Ruling, which is being filed under separate cover but contemporaneously with this 2020 Annual Update.

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

33. The Company’s 2020 Annual Update for approval of Rider BW 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.

34. 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.\(^{12}\) Accordingly, the Company requests that any procedural order issued in this

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\(^{12}\) 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).
proceeding allow for electronic service of materials going forward on localities that request such service in writing.

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 operation of the Brunswick County Project; (2) approve the Company’s proposed Rider BW, 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 BW; and (3) grant such other relief as deemed appropriate and necessary.
Respectfully submitted,

By: [Signature]

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