

STATE CORPORATION COMMISSION

AT RICHMOND, FEBRUARY 27, 2025

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PETITION OF

VIRGINIA ELECTRIC AND POWER COMPANY

CASE NO. PUR-2024-00097

For approval of a rate adjustment clause, designated Rider GEN, under § 56-585.1 A 6 of the Code of Virginia and the consolidation of Riders B, BW, GV, US-2, US-3, and US-4 pursuant to § 56-585.1 A 7 of the Code of Virginia

FINAL ORDER

On June 4, 2024, pursuant to §§ 56-585.1 A 6 and 56-585.1 A 7 of the Code of Virginia ("Code"), Virginia Electric and Power Company ("Dominion" or "Company") filed with the State Corporation Commission ("Commission") a petition ("Petition"):¹

1. For approval of a new rate adjustment clause, designated Rider GEN, to recover the costs associated with: (i) the Company's Altavista, Hopewell, and Southampton biomass units, (ii) the Brunswick County Power Station, (iii) the Greensville County Power Station, (iv) the Scott Solar, Whitehouse Solar, and Woodland Solar facilities (collectively, "US-2 Solar Facilities"), (v) the Colonial Trail West Solar and Spring Grove 1 Solar facilities (collectively, "US-3 Solar Facilities"), (vi) the Sadler Solar facility ("US-4 Solar Facility"), and (vii) a proposed liquified natural gas ("LNG") storage facility and related transmission interconnection facilities ("LNG Storage Facility") (collectively, the "Rider GEN Facilities");²
2. For approval to consolidate Riders B, BW, GV, US-2, US-3, and US-4, resulting in: (i) the recovery of costs associated with the Rider GEN Facilities through the new Rider GEN rate adjustment clause; and (ii) the

¹ Pursuant to Code § 56-585.1 A 7, the Commission must issue a final order within nine months of the filing date.

² Ex. 2 (Petition) at 1, 3.

withdrawal of Riders B, BW, GV, US-2, US-3, and US-4, effective April 1, 2025;³

3. For approval to extend the currently approved Rider BW rate for the rate year commencing September 1, 2023, through August 31, 2024, until March 31, 2025;⁴
4. For approval of a biennial update procedure for Rider GEN with approval of two initial consecutive rate years: (i) April 1, 2025, through March 31, 2026 ("Rate Year 1"); and (ii) April 1, 2026, through March 31, 2027 ("Rate Year 2");⁵ and
5. For approval to project rate base, depreciation expense, and certain other costs into the rate year, and for relief from the requirement to use the stipulated methodology approved in Case No. PUE-2015-00059 ("Stipulated Methodology")⁶ in this and future revenue requirements for Rider GEN and other cases on a going-forward basis.⁷

If the proposed Rider GEN revenue requirement for the rate years is approved, the impact on customer bills would depend on the customer's rate schedule and usage. According to Dominion, implementation of its proposed Rider GEN for Rate Year 1 on April 1, 2025 would increase the bill of a typical residential customer using 1,000 kilowatt hours per month by

³ *Id.* at 1. Rider B is a previously approved rate adjustment clause to recover costs associated with the Altavista, Hopewell, and Southampton biomass units; Rider BW is a previously approved rate adjustment clause to recover costs associated with the Brunswick County Power Station; Rider GV is a previously approved rate adjustment clause to recover costs associated with the Greensville County Power Station; Rider US-2 is a previously approved rate adjustment clause to recover costs associated with the US-2 Solar Facilities; Rider US-3 is a previously approved rate adjustment clause to recover costs associated with the US-3 Solar Facilities; and Rider US-4 is a previously approved rate adjustment clause to recover costs associated with the US-4 Solar Facility. *See id.* at 3-5.

⁴ *Id.* at 1-2.

⁵ *Id.* at 2. Dominion states that, for purposes of setting rates during two consecutive rate years, the end-of-test-period capital structure and cost of capital are the Company's December 31, 2023 year-end capital structure and year-end cost of capital. Dominion requests that any issues related to the use of the year-end 2023 capital structure be litigated in this docket such that the Company will not be required to file Filing Schedules 3 through 5 in its remaining rider filings this year. *Id.* at 10.

⁶ *Application of Virginia Electric and Power Company, For revision of rate adjustment clause: Rider R, Bear Garden Generating Station, For the rate year commencing April 1, 2016*, Case No. PUE-2015-00059, 2016 S.C.C. Ann. Rept. 245, Final Order (Feb. 29, 2016).

⁷ Ex. 2 (Petition) at 2. The Company includes, as part of its proposal to project rate base into the rate year, a proposal to prorate accumulated deferred income taxes for each calculated rate year ("Proration Methodology"). *Id.* at 11.

approximately \$1.00, compared to the combined total residential rates of the current Riders B, BW, GV, US-2, US-3, and US-4.⁸ For Rate Year 2, implementation of Rider GEN on April 1, 2026, would be an incremental decrease of \$1.84 compared to Rate Year 1.⁹

On July 9, 2024, the Commission issued an Order for Notice and Hearing in this case that, among other things, docketed the Petition; scheduled public witness and evidentiary hearings on the Petition; required Dominion to publish notice of its Petition; gave interested persons the opportunity to file written comments or participate in this proceeding as a respondent; directed Commission Staff ("Staff") to investigate the Petition; and appointed a Hearing Examiner to conduct further proceedings in this matter on behalf of the Commission.

Notices of Participation were filed by the Virginia Committee for Fair Utility Rates ("Committee"), Appalachian Voices, and the Office of the Attorney General's Division of Consumer Counsel ("Consumer Counsel"). The Committee and Appalachian Voices filed testimony on October 22, 2024. Staff filed testimony on November 4, 2024. Dominion filed rebuttal testimony on November 19, 2024.¹⁰ The evidentiary hearing was convened on December 11, 2024. The Committee, Appalachian Voices, Consumer Counsel, the Company, and Staff appeared at the hearing.

On January 7, 2025, the Senior Hearing Examiner issued the Report of Renae M. Carter, Senior Hearing Examiner ("Report"). In the Report, the Senior Hearing Examiner made the following findings:¹¹

⁸ *Id.* at 12. This calculation incorporates the Company's proposed Proration Methodology. *Id.*

⁹ *Id.* at 13. This calculation incorporates the Company's proposed Proration Methodology. *Id.* at 12.

¹⁰ On December 10, 2024, Dominion filed the Supplemental Direct Testimony of Paul M. McLeod, originally filed in Case No. PUR-2023-00195 on January 24, 2024.

¹¹ Report at 31-32.

1. The Commission should approve a new rate adjustment clause to recover the costs associated with the Company's Biomass Facilities, Brunswick County Power Station, Greenville County Power Station, the US-2 Solar Facilities, the US-3 Solar Facilities, the US-4 Solar Facility, and the LNG Storage Facility (if approved in Case No. PUR-2024-00096);
2. The Commission should authorize Dominion to consolidate currently effective Riders B, BW, GV, US-2, US-3, and US-4, resulting in the recovery of costs of the afore-named facilities through the new [rate adjustment clause ("RAC")] effective April 1, 2025 (for Rate Year 1) and April 1, 2026 (for Rate Year 2);
3. The Commission should approve Dominion's withdrawal of Riders B, BW, GV, US-2, US-3, and US-4 effective April 1, 2025;
4. In the interest of customer transparency and to reasonably inform customers of the nature of the costs recovered by the consolidated RAC, the Commission should consider another name for "Rider GEN";
5. It is reasonable and prudent to extend Rider BW's current rate year through March 31, 2025;
6. The record supports Commission approval for use of the following both for Rider GEN and other riders going forward: (i) the Company's proposed capital structure and cost of capital for 2023; (ii) the updated revenue lag; and (iii) the Proration Methodology instead of the Stipulated Methodology from Case No. PUE-2015-00059;
7. The record supports the following revenue requirements for Rider GEN for Rate Years 1 and 2, which incorporate Staff's unopposed miscellaneous adjustments:

Revenue Requirement	Rate Year 1	Rate Year 2
Excluding LNG Storage Facility	\$409.39M	\$277.45M
Including LNG Storage Facility	\$437.95M	\$311.10M

8. The record supports use of the Company's proposed cost allocation methodology and rate design for Rider GEN;
9. The Commission should approve the Company's use of a biennial filing cadence for Rider GEN updates and require the Company to provide, as part of these updates, both individual revenue requirements and the typical residential customer bill impact for each original RAC; and

10. As part of the Company's first Rider GEN update, the Commission should require Dominion to update the data it provided with [its] Petition on pre- and post-in-house-management of the US-3 and US-4 Solar Facilities.

After analyzing the law and weighing the evidence – and providing a thorough and detailed analysis thereof – the Senior Hearing Examiner made the following recommendations:¹²

Accordingly, **I RECOMMEND** the Commission enter an Order that:

1. **ADOPTS** the findings and recommendations of this Report;
2. **APPROVES** the new rate adjustment clause, effective for the Rate Years beginning April 1, 2025, and April 1, 2026, at the revenue requirements described above;
3. **AUTHORIZES** Dominion's withdrawal of Riders B, BW, GV, US-2, US-3, and US-4 effective April 1, 2025; and
4. **DISMISSES** this case from the Commission's docket of active cases.

On January 28, 2025, Appalachian Voices, Consumer Counsel, Dominion, and Staff filed comments on the Report.

NOW THE COMMISSION, upon consideration of this matter, opines as follows.¹³

Upon consideration of the record in this matter, the Commission concludes that the Senior Hearing Examiner's findings and recommendations are supported by law and the evidence, have a rational basis, and should be adopted as modified herein. In so concluding, the Commission: (i) approves the consolidation of Riders B, BW, GV, US-2, US-3, and US-4 into a new rate adjustment clause designated Rider GEN; and (ii) approves a total Rider GEN revenue

¹² *Id.* at 32-33.

¹³ The Commission has fully considered the evidence and arguments in the record. *See also Board of Supervisors of Loudon County v. State Corp. Comm'n*, 292 Va. 444, 454 n.10 (2016) ("We note that even in the absence of this representation by the Commission, pursuant to our governing standard of review, the Commission's decision comes to us with a presumption that it considered all of the evidence of the record.") (*Citation omitted*).

requirement inclusive of costs associated with the LNG Storage Facility, totaling \$437,950,000 for the Rate Year beginning April 1, 2025 (Rate Year 1), and \$311,100,000 for the Rate Year beginning April 1, 2026 (Rate Year 2).

The Commission finds that Code § 56-585.1 A 7 does not restrict the costs associated with the LNG Storage Facility from inclusion in the Rider GEN revenue requirement.

Code § 56-585.1 A 7 provides the Commission discretion to "direct the consolidation of any one or more subsets of rate adjustment clauses previously implemented pursuant to subdivision 5 or 6...." The Commission concludes that the LNG Storage Facility costs are sufficiently tied into supporting the operations of the Company's Brunswick County Power Station and Greenville County Power Station, whose costs have been previously approved through Code § 56-585.1 A 6 in Riders BW¹⁴ and GV¹⁵ respectively. Therefore, the Commission approves the inclusion of the incremental costs associated with the LNG Storage Facility in the Rider GEN revenue requirement.

The Commission adopts the Senior Hearing Examiner's finding #6, and approves, for Rider GEN and other riders going forward: (i) the Company's proposed capital structure and cost of capital; (ii) the updated revenue lag; and (iii) the Proration Methodology, with one modification. While we direct that the Proration Methodology should be approved for Rider

¹⁴ *Application of Virginia Electric and Power Company, For approval and certification of the proposed Brunswick County Power Station and related transmission facilities pursuant to §§ 56-580 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, 2013 S.C.C. Ann. Rept. 302, Final Order (Aug. 2, 2013).

¹⁵ *Application of Virginia Electric and Power Company, For approval and certification of the proposed Greenville County Power Station and related transmission facilities pursuant to §§ 56-580 D, 56-265.2, and 56-46.1 of the Code of Virginia, and for approval of a rate adjustment clause, designated Rider GV, pursuant to § 56-585.1 A 6 of the Code of Virginia.* Case No. PUE-2015-00075, 2016 S.C.C. Ann. Rept. 264, Final Order (Mar. 29, 2016).

GEN and other riders moving forward, we find that the application of the Proration Methodology should be reviewed in future true-up factors, where applicable.¹⁶

Accordingly, IT IS ORDERED THAT:

- (1) The Commission adopts the Senior Hearing Examiner's findings and recommendations as modified and discussed herein.
- (2) The Commission approves consolidation of Riders B, BW, GV, US-2, US-3, and US-4 into a new rate adjustment clause designated Rider GEN, effective for service rendered on and after April 1, 2025.
- (3) The Commission approves extension of Rider BW's current rate year through March 31, 2025.
- (4) Rider GEN revenue requirements of \$437,950,000 for Rate Year 1 and of \$311,100,000 for Rate Year 2 are approved.
- (5) The Company forthwith shall file an updated Rider GEN and supporting workpapers with the Clerk of the Commission and with the Commission's Divisions of Public Utility Regulation and Utility Accounting and Finance, as is necessary to comply with the directives set forth in this Final Order. The Clerk of the Commission shall retain such filings for public inspection in person and on the Commission's website: <https://www.scc.virginia.gov/case-information/>.
- (6) The Company shall file its next Rider GEN application on or before June 1, 2026.
- (7) This case is dismissed.

¹⁶ See Ex. 13 (Myers Direct) at 5 n.9.

A COPY hereof shall be sent electronically by the Clerk of the Commission to all persons on the official Service List in this matter. The Service List is available from the Clerk of the Commission.