

COMMONWEALTH OF VIRGINIA  
STATE CORPORATION COMMISSION  
AT RICHMOND, NOVEMBER 4, 2024

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PETITION OF

VIRGINIA ELECTRIC AND POWER COMPANY

CASE NO. PUR-2024-00029

For revision of rate adjustment clause:  
Rider CCR, for the recovery of costs incurred to comply  
with § 10.1-1402.03 of the Code of Virginia,  
pursuant to Code § 56-585.1 A 5 e

FINAL ORDER

On March 5, 2024, pursuant to § 56-585.1 A 5 e of the Code of Virginia ("Code"), Virginia Electric and Power Company ("Dominion" or "Company") filed a petition ("Petition") with the State Corporation Commission ("Commission") for an annual update with respect to the Company's coal combustion residuals ("CCR") rate adjustment clause, designated Rider CCR, for the recovery of costs incurred to comply with the requirements of Virginia Senate Bill 1355,<sup>1</sup> codified as Code § 10.1-1402.03.<sup>2</sup>

By way of background, on October 26, 2021, by its Order Approving Rate Adjustment Clause in Case No. PUR-2021-00045 ("2021 Order"), the Commission approved the Company's request for approval of Rider CCR, for the recovery of costs associated with certain environmental projects involving CCR removal (collectively, "Projects") at the Company's Bremo Power Station, Chesterfield Power Station, Possum Point Power Station, and Chesapeake Energy Center (collectively, the "Power Stations").<sup>3</sup> On October 16, 2023, by its Final Order in

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<sup>1</sup> 2019 Va. Acts ch. 651.

<sup>2</sup> Petition at 1.

<sup>3</sup> *Petition of Virginia Electric and Power Company, For approval of a rate adjustment clause, designated Rider CCR, for the recovery of costs incurred to comply with § 10.1-1402.03 of the Code of Virginia, pursuant to Virginia Code § 56-585.1 A 5 e*, Case No. PUR-2021-00045, 2021 S.C.C. Ann. Rept. 428, Order Approving Rate Adjustment Clause (Oct. 26, 2021); Petition at 4.

Case No. PUR-2023-00022 ("2023 Rider CCR proceeding"), the Commission approved the most recent annual update to Rider CCR and directed the Company to "file its next Rider CCR application on or after February 28, 2024."<sup>4</sup>

Dominion filed this annual update to inform the Commission of the status of the Projects at the Power Stations, and to provide the proposed cost allocation, rate design, and accounting treatment for service rendered during a proposed rate year commencing December 1, 2024, and extending through November 30, 2025 ("Rate Year"), as related to proposed Rider CCR.<sup>5</sup>

The Company's proposed revenue requirement consists of two components: the Projected Cost Recovery Factor and the Actual Cost True-Up Factor.<sup>6</sup> The Company requested a Projected Cost Recovery Factor revenue requirement of \$220,660,684, and an Actual Cost True-Up Factor revenue requirement of \$(117,667,009).<sup>7</sup> Thus, the Company proposed a total revenue requirement of \$102,993,674 for recovery in this Rider CCR proceeding for the Rate Year.<sup>8</sup>

Dominion proposed, consistent with the Company's 2023 Rider CCR proceeding, to continue allocating Rider CCR costs on an energy basis using a Factor 3 non-bypassable allocation methodology, as approved by the Commission in the 2021 Order.<sup>9</sup>

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<sup>4</sup> *Petition of Virginia Electric and Power Company, For revision of rate adjustment clause: Rider CCR, for the recovery of costs incurred to comply with § 10.1-1402.03 of the Code of Virginia, pursuant to Code § 56-585.1 A 5 e*, Case No. PUR-2023-00022, Doc. Con. Cen. No. 231030138, Final Order at 5 (Oct. 16, 2023); Petition at 5.

<sup>5</sup> Petition at 5.

<sup>6</sup> *Id.* at 10.

<sup>7</sup> *Id.* at 10-11.

<sup>8</sup> *Id.* at 11.

<sup>9</sup> *Id.* at 12.

If the revised Rider CCR for the Rate Year were approved, the impact on customer bills would depend on the customer's rate schedule and usage. According to Dominion, implementation of its revised Rider CCR on December 1, 2024, would decrease the monthly bill of a residential customer using 1,000 kilowatt hours per month by approximately \$1.20.<sup>10</sup>

Dominion's Petition also requested a waiver, in part, of Rules 20 VAC 5-204-60 ("Rule 60") and 20 VAC 5-204-90 ("Rule 90") of the Commission's Rules Governing Utility Rate Applications and Annual Informational Filings of Investor-Owned Electric Utilities ("Rate Case Rules")<sup>11</sup> with respect to paper copies of certain Filing Schedule 46 materials.<sup>12</sup>

On March 26, 2024, the Commission entered an Order for Notice and Hearing ("Procedural Order") that, among other things: (i) docketed this matter; (ii) scheduled a public hearing on the Petition for August 15, 2024, with public witness testimony being provided telephonically prior to commencement of the evidentiary hearing; (iii) granted the Company's request for a waiver of Rule 60 and Rule 90 with respect to Filing Schedule 46; (iv) directed the Company to provide notice of its Petition; (v) established a schedule for the filing of notices of participation and the submission of prefiled testimony; and (vi) assigned this case to a Hearing Examiner to conduct all further proceedings on the Commission's behalf.<sup>13</sup>

On July 12, 2024, the Staff of the Commission ("Staff") filed its direct testimony and exhibits. On July 26, 2024, Dominion filed its rebuttal testimony. The Commission also received a written public comment in this proceeding from one interested person.

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<sup>10</sup> *Id.*

<sup>11</sup> 20 VAC 5-204-5 *et seq.*

<sup>12</sup> Petition at 14.

<sup>13</sup> Procedural Order at 5-7, 11-13.

A public evidentiary hearing was convened in the Commission's courtroom on August 15, 2024, to receive testimony and evidence offered by Dominion and Staff on the Petition.<sup>14</sup> One public witness testified at the hearing, Mr. Thomas Tye. Mr. Tye is the manager of Deep Creek Commons, LLC and he testified regarding removal of 1,700 feet of abandoned sewer main associated with the Deep Creek Interceptor Force Main Risk Mitigation Project buried under the Deep Creek Commons, LLC property. Dominion's counsel agreed to have a Company representative contact Mr. Tye about this issue.<sup>15</sup>

On September 13, 2024, Hearing Examiner Bryan D. Stogdale issued a report that analyzed the law, the evidence, and the arguments in this case and made detailed findings and recommendations ("Report"). The Report made the following findings:<sup>16</sup>

1. Although the record supports Staff's Rate Year Rider CCR revenue requirement calculation of \$105.02 million, the Rider CCR revenue requirement approved herein should be limited to the revenue requirement of \$102,993,674 that was included in the public notice provided in this case, with the understanding that any revenue deficiency can be addressed in a future Actual Cost True-Up Factor.
2. Relative to the Possum Point CCR Project, Dominion should be directed to provide and discuss in its future Rider CCR annual update filings: (i) changes in budgeted CCR Project costs, by budget subcategory; and (ii) any delay in projected start dates, completion dates, or key activity milestones, by workstream, regarding compliance with Code § 10.1-1402.05.
3. Relative to the Chesapeake CCR Project, Dominion should be directed to: (i) quantify the amount of CCR that the Company intends to beneficiate; (ii) provide an update on the timeline associated with the issuance of the [request for proposal for CCR beneficiation]; and (iii) present a timeline identifying when the Company anticipates that conducting an environmental justice analysis will be feasible in its next Rider CCR annual update filing.

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<sup>14</sup> On April 19, 2024, the Virginia Committee for Fair Utility Rates ("Committee") filed a notice of participation in this case. The Committee requested to be excused from attending the hearing, and the request was granted.

<sup>15</sup> Tr. at 14.

<sup>16</sup> Report at 21-22.

4. Dominion should be directed to provide an update on the approved recovery methodology for CCR Project costs associated with the North Carolina jurisdiction following the issuance of a final order in the [Dominion Energy North Carolina base rate proceeding (Docket No. E-22, Sub 694) filed on March 28, 2024 ("NC Rate Case")]. Should there be any changes resulting from the NC Rate Case that may affect Commission-approved cost recovery methodologies in this case or going forward, Dominion should be directed to provide further updates regarding the NC Rate Case in future Rider CCR annual update filings.

Consequently, the Report recommended that the Commission enter an order that:<sup>17</sup>

1. **ADOPTS** the findings set forth above;
2. **APPROVES** a \$102,993,674 revenue requirement to revise the Rider CCR rate for service to be rendered from December 1, 2024, through November 30, 2025; and
3. **DISMISSES** this case from the Commission's docket of active cases.

On October 4, 2024, Dominion filed comments on the Report ("Comments"), wherein the Company stated that it "agrees with the Report's recommendations, including the recommended revenue requirement," and "respectfully requests the Commission issue a final order in this proceeding adopting the Report's findings and recommendations, and approving the Company's Petition with a revenue requirement of \$102,993,674."<sup>18</sup>

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds that the Hearing Examiner's findings and recommendations as set forth in the Report are supported by law and evidence, have a rational basis, and should be adopted without modification.

Accordingly, IT IS ORDERED THAT:

- (1) The Report's findings and recommendations are adopted.

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<sup>17</sup> *Id.* at 22.

<sup>18</sup> Comments at 2.

(2) The Commission approves a \$102,993,674 revenue requirement to revise the Rider CCR rate for service to be rendered from December 1, 2024, through November 30, 2025.

(3) This matter is dismissed.

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.