

STATE CORPORATION COMMISSION

AT RICHMOND, NOVEMBER 19, 2024

*State Corporation Commission
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APPLICATION OF

COLUMBIA GAS OF VIRGINIA, INC.

CASE NO. PUR-2024-00103

For approval to implement a 2025 SAVE Rider
in accordance with Section 20 of its
General Terms and Conditions

ORDER APPROVING SAVE RIDER

On August 23, 2024, Columbia Gas of Virginia, Inc. ("CVA" or the "Company") completed the filing of an application ("Application") with the State Corporation Commission ("Commission"), pursuant to Chapter 26 of Title 56 of the Code of Virginia ("Code"), known as the Steps to Advance Virginia's Energy Plan (SAVE) Act,¹ for approval to implement a SAVE Rider ("2025 SAVE Rider") for calendar year 2025 ("Rate Year"). Pursuant to Code § 56-604 E, the Commission must issue an order approving or denying the proposed 2025 SAVE Rider adjustment within 90 days of the filing of a complete application.

In its Application, CVA states that it separately filed for approval of a base rate case ("2024 Base Rate Case") in which the Company requested, and was granted, Commission authorization to implement its proposed base rates on an interim basis for service rendered on and after the first billing unit of October 2024.² The Company represents that rates and charges proposed in the 2024 Base Rate Case will include recovery of costs associated with all SAVE in-service plant expenditures made through September 30, 2024, and will exclude anticipated

¹ Code § 56-603 *et seq.*

² Application at 4. *See Application of Columbia Gas of Virginia, Inc., For authority to increase rates and charges and to revise the terms and conditions applicable to gas service*, Case No. PUR-2024-00030, Doc. Con. Cen. No. 240620036, Order for Notice and Hearing (June 10, 2024).

SAVE-related expenditures from October 1, 2024 through September 30, 2025.³ As a result, the Company represents that the SAVE Projected Factor will be set to zero concurrent with the implementation of interim base rates effective the first billing unit of October 2024.⁴

In this proceeding, CVA requests recovery of SAVE-related costs incurred after September 30, 2024, including SAVE-related investment; the SAVE-related construction work-in-progress balance at September 30, 2024; and any SAVE-related revenue requirement not recovered in base rates.⁵ CVA proposes that the 2025 SAVE Rider become effective the first billing unit of January 2025.⁶

The Company further states that the proposed 2025 SAVE Rider comprises two components, a Projected Factor and a True-Up Factor.⁷ CVA states that it is requesting a True-Up Factor revenue requirement of \$2,077,775, and a Projected Factor revenue requirement of \$6,028,485, for a total 2025 SAVE Rider revenue requirement of \$8,106,261.⁸ According to the Application, the 2025 SAVE Rider rate calculations are based on a \$73.7 million projected SAVE eligible capital program for 2025; projected 2025 costs associated with the Company's Advanced Leak Detection and Repair Program; and the true-up of the recovery of the actual SAVE cost of service for the calendar year 2023.⁹ The Company states that it used the same

³ Application at 4.

⁴ *Id.*

⁵ *Id.*

⁶ *Id.*

⁷ *Id.* at 3.

⁸ *Id.* at 5-6; *see also* Application at Schedule 46a.

⁹ Direct Testimony of Company Witness Bryant K. Wong at 6.

methodology as approved in Case No. PUR-2023-00119 to allocate the SAVE Plan cost of service to determine the projected rate applicable to each rate schedule.¹⁰

On August 30, 2024, the Commission entered an Order for Notice and Comment in this proceeding that, among other things, required the Company to publish notice of its Application; provided interested persons an opportunity to file comments, participate as respondents, or request a hearing; required the Staff of the Commission ("Staff") to investigate the Application and file a report ("Staff Report") containing its findings and recommendations; and permitted the Company to file a response to the Staff Report ("Response").

The Commission received no comments, notices of participation, or requests for hearing in this proceeding.

On October 15, 2024, the Staff Report was filed, in which Staff presented the following findings and recommendations for the Commission's consideration:¹¹

- (1) Staff recommends a SAVE Rider revenue requirement for the Rate Year of \$8,106,261, comprising a Projected Factor of \$6,028,485, and a True-Up Factor of \$2,077,775. Staff's revenue requirement matches the revenue requirement proposed by the Company.
- (2) Staff supports CVA's proposal to use a 6.691% cost of capital for both the Projected Factor and the True-Up Factor. The Company has proposed a new cost of capital to be effective with the first billing unit of October 2024 in its pending 2024 Base Rate Case. As such, cost of capital should be trued-up in a future SAVE proceeding based on what is ultimately authorized by the Commission.
- (3) Staff does not oppose the use of the Company's proposed revenue allocation methodology to calculate the 2025 SAVE Rider charge.

¹⁰ *Id.* at 5. See *Application of Columbia Gas of Virginia, Inc., For approval to amend and extend its SAVE Plan pursuant to Virginia Code § 56-604, and for approval to implement a 2024 SAVE Rider in accordance with Section 20 of its General Terms and Conditions*, Case No. PUR-2023-00119, 2023 S.C.C. Ann. Rept. 491, Order Granting Approval (Dec. 6, 2023).

¹¹ Staff Report at 11.

- (4) The Company's proposed 2025 SAVE Rider fixed residential monthly charge will result in an increase of \$1.96, or 2.04%.
- (5) Should the Commission approve a revenue requirement that differs from the Company's requested revenue requirement, Staff recommends that the corresponding SAVE Rider charges be adjusted with the revenue apportionment and rate design methodology proposed by the Company.

With respect to finding (4), Staff explained that, effective with the first billing unit of October 2024, a typical residential customer is receiving a fixed SAVE Rider credit of \$0.12 per month. However, effective with the first billing unit of January 2025, the current monthly credit of \$0.12 will end at the same time that the proposed SAVE Rider charge of \$1.84 per month will take effect. As a result of the simultaneous end to the credit and beginning of the new charge, CVA's 2025 SAVE Rider will result in a bill increase for a typical residential customer of \$1.96 per month.¹²

On October 17, 2024, CVA filed its Response, wherein the Company requested that the Commission accept Staff's recommendations.¹³

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds that a total updated 2025 SAVE Rider revenue requirement of \$8,106,261 should be approved. The Commission further finds that CVA's proposed revenue allocation and rate design for the 2025 SAVE Rider should be approved.

¹² See Staff Report at 10.

¹³ Response at 1.

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to Code § 56-603 *et seq.*, the Company's Application is approved, as described herein. Rates consistent with this Order shall become effective with the first billing unit of January 2025.

(2) The Company's updated 2025 SAVE Rider is approved, with a total SAVE revenue requirement of \$8,106,261, comprising a Projected Factor of \$6,028,485, and a True-Up Factor of \$2,077,775.

(3) CVA forthwith shall file with the Clerk of the Commission and shall submit to the Commission's Divisions of Public Utility Regulation and Utility Accounting and Finance revised tariffs for the updated 2025 SAVE Rider, with workpapers supporting the total revenue requirement and rates, all of which shall reflect the findings and requirements set forth in this Order. The Clerk of the Commission shall retain such filing for public inspection both in person and on the Commission's website: scc.virginia.gov/pages/Case-Information.

(4) 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.