

August 30, 2018

VIA ELECTRONIC FILING

Ms. M. Lynn Jarvis, Chief Clerk
North Carolina Utilities Commission
Dobbs Building
430 North Salisbury Street
Raleigh, North Carolina 27603

Re: *Application of Dominion Energy North Carolina for Approval of Cost Recovery for Renewable Energy and Energy Efficiency Portfolio Standard Compliance and Related Costs*
Docket No. E-22, Sub 557

Dear Ms. Jarvis:

Pursuant to North Carolina General Statutes (“N.C.G.S.”) § 62-133.8 and Rule R8-67(e) of the Rules and Regulations of the North Carolina Utilities Commission (“Commission”), Virginia Electric and Power Company, d/b/a Dominion Energy North Carolina (the “Company”), hereby files its Application for approval to recover the Company’s Renewable Energy and Energy Efficiency Portfolio Standard Compliance and Related Costs (“Application”). In support of its Application, the Company is filing the Direct Testimony and Exhibits of George E. Hitch, Alan J. Moore, and Robert C. Rice. In accordance with Commission Rule R8-67(c), the Company is also filing its 2018 Renewable Energy and Energy Efficiency Portfolio Standard Compliance Report for calendar year 2017, as Exhibit GEH-1 to the Direct Testimony of Company Witness Hitch.

Portions of the Application contain confidential information related to renewable energy certificate (“REC”) contract pricing and other vendor contract information, including Company Exhibit GEH-1, Company Exhibit GEH-2, Schedules 1 and 2, and Company Exhibit AJM-1, Schedules 1 and 2. Information designated by the Company as confidential qualifies as “trade secrets” under N.C.G.S. § 66-152(3). *See Order Granting in Part and Denying in Part Motion for Disclosure*, Docket No. E-100, Sub 137 (June 3, 2013) (holding “specific information concerning REPS contract prices, REC quantities and prices, and other terms would impair [the Company’s] ability to negotiate and transact business on favorable terms” and therefore qualifies as trade secret information). Pursuant to N.C.G.S. § 132-1.2, the Company has redacted this confidential information from this public version of the Company’s Application and is contemporaneously filing

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these confidential pages under seal. The Company will make this information available to other interested parties pursuant to an appropriate nondisclosure agreement.

Please do not hesitate to contact me if you have any questions. Thank you for your assistance in this matter.

Very truly yours,

/s/Andrea R. Kells

ARK:kjg

Enclosures

cc: Robert B. Josey



**Dominion
Energy[®]**

**Application, Direct Testimony
and Exhibits of Virginia Electric
and Power Company, d/b/a
Dominion Energy North
Carolina**

**Before the North Carolina Utilities
Commission**

**In the Matter of
Application by Virginia Electric and
Power Company, d/b/a Dominion
Energy North Carolina, for Approval
of Renewable Energy and Energy
Efficiency Portfolio Standard Cost
Recovery Rider Pursuant to N.C.G.S.
§ 62-133.8 and NCUC Rule R8-67**

Docket No. E-22, Sub 557

Filed: August 30, 2018

PUBLIC VERSION

**Dominion Energy North Carolina
Application for Approval to Recover Renewable Energy
and Energy Efficiency Portfolio Standard Compliance Costs**

DOCKET NO. E-22, SUB 557

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**STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH**

DOCKET NO. E-22, SUB 557

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of

Application by Virginia Electric and Power)	
Company, d/b/a Dominion Energy North	)	APPLICATION FOR APPROVAL
Carolina, for Approval of Renewable	)	OF REPS COST RECOVERY RIDER
Energy and Energy Efficiency Portfolio	)	AND 2018 REPS COMPLIANCE
Standard Cost Recovery Rider Pursuant to	)	REPORT
G.S. 62-133.8 and Commission Rule R8-67)	

Pursuant to North Carolina General Statutes (“N.C.G.S”) § 62-133.8 and Rule R8-67 of the Rules and Regulations of the North Carolina Utilities Commission (“NCUC” or the “Commission”), Virginia Electric and Power Company, d/b/a Dominion Energy North Carolina (“Dominion Energy North Carolina” or the “Company”), by counsel, hereby applies to the Commission for approval of its annual Renewable Energy and Energy Efficiency (“REPS”) cost recovery riders, Riders RP and RPE, as further described herein (“Application”). Through this Application, Dominion Energy North Carolina also requests Commission approval of the Company’s 2018 REPS Compliance Report for calendar year 2017 REPS compliance, being filed herewith as Company Exhibit GEH-1 attached to the direct testimony of Company Witness George E. Hitch.

In support thereof, the Company respectfully asserts as follows:

1. The Company is a public utility operating in the State of North Carolina as Dominion Energy North Carolina and is engaged in the business of generating, transmitting, distributing, and selling electric power and energy to the public for compensation. As such, the Company’s operations in the State are subject to the jurisdiction of the Commission. 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 a wholly-owned subsidiary of Dominion Energy, Inc. Dominion Energy North Carolina serves approximately 120,000 customers in North Carolina, with a service territory of about 2,600 square miles in northeastern North Carolina, including Roanoke Rapids, Albemarle, Ahoskie, Elizabeth City, and the Outer Banks. The Company serves major industrial facilities, as well as commercial, governmental, and residential customers. The post office address of Dominion Energy North Carolina is P.O. Box 26666, Richmond, Virginia 23261.

2. The attorneys for the Company are:

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Copies of all pleadings, testimony, orders, and correspondence in this proceeding should be served upon the attorneys listed above.

3. Session Law 2007-397 (“Senate Bill 3”) established annual renewable energy compliance obligations starting in 2010 for all electric power suppliers providing retail service in North Carolina. These obligations are codified in N.C.G.S. § 62-133.8(b), (c),¹ (d), (e), and (f). N.C.G.S. § 62-133.8(h)(1) also establishes that electric power suppliers, including Dominion Energy North Carolina, shall be allowed to recover their reasonable and prudent “incremental costs” incurred to comply with their REPS obligations and any similar future federal mandate, as well as to fund research that encourages the development of renewable energy, energy efficiency, and improved air quality, up to \$1,000,000 per year. Subsection (h)(5) of this statute directed the Commission to establish a procedure for the annual assessment of the per-account charges to allow for timely recovery of all reasonable and prudent costs of compliance with the REPS requirements and funding of eligible research. N.C.G.S. § 62-133.8(h)(5).

4. Senate Bill 3 also established a cost containment framework for REPS cost recovery, providing that electric power suppliers shall be allowed to expend and recover all such reasonable and prudent incremental REPS compliance costs and the funding of qualifying research through an annual rider up to the per-account annual charges specified in Subsection (h)(4) of the statute. Specifically, this subsection, as amended by Session Law 2017-192 enacted on July 27, 2017, provides that electric public utilities’ incremental REPS costs for 2015 and after shall not exceed the following per-account charges: \$27.000 per Residential account; \$150.00 per Commercial account; and \$1,000.00 per Industrial account.

¹ The compliance obligation set forth in N.C.G.S. § 62-133.8(c) does not apply to Dominion Energy North Carolina. However, the Company has committed to provide REPS compliance for the Town of Windsor, a full requirements customer of the Company, which is subject to the requirements of this subsection.

5. Commission Rule R8-67 was adopted in February 2008² to implement the legislature's mandate that the Company and the other electric power suppliers achieve compliance with the annual REPS requirements and to provide for timely recovery of the incremental costs incurred by the respective utilities to achieve such compliance up to the per-account cost caps. The Commission also established annual reporting requirements for the electric power suppliers to annually verify REPS compliance for the prior annual compliance period, and to inform the Commission on their future REPS compliance planning. *See* Commission Rule R8-67(c) and (b), respectively.

6. Rule R8-67(c) and (e) provide for the Commission to conduct an annual proceeding for each electric public utility to review the utility's costs to comply with N.C.G.S. § 62-133.8 and to establish the electric public utility's annual rider to recover such costs in a timely manner. The Commission shall also establish an experience modification factor ("EMF") to collect the difference between the electric public utility's actual reasonable and prudent incremental REPS costs incurred and the actual revenues received during the annual test period. Rule R8-67(c) further provides that the Commission shall consider each electric public utility's REPS compliance report at the hearing provided for in Rule R8-67(e) and shall determine whether the electric public utility has complied with N.C.G.S. § 62-133.8(b), (d), (e) and (f).

7. According to Rules R8-67(c) and (e), the electric public utility is to file its application for recovery of its REPS costs, as well as its REPS compliance report, at the same time it files the information required by Rule R8-55, and the Commission is to conduct an annual rider hearing as soon as practicable after the hearing required by Rule

² *In the Matter of Rulemaking Proceeding to Implement Session Law 2007-397*, Order Adopting Final Rules, Docket No. E-100, Sub 113 (Feb. 28, 2013).

R8-55. Rule R8-67 also provides that the electric public utility shall annually use the same test period as used in its annual R8-55 fuel proceeding (unless otherwise ordered by the Commission), and shall also recover its REPS costs through a fixed cost recovery period. Rule R8-67(e)(3)-(4). Therefore, and as discussed in Company Witness Hitch's direct testimony, in previous years, the Company has proposed Rider RP rates to be effective for a calendar year rate period, consistent with the rate period previously used for fuel factor riders under Rule R8-55. Based on discussions with the Public Staff following the conclusion of the Company's 2017 rider proceedings, the Company is proposing for updated Riders RP and RPE to be effective for a February 1, 2019 through January 31, 2020 rate period, and is proposing the same adjustment in its cost recovery rider applications filed pursuant to Rules R8-55 and R8-69. The Company is requesting this adjustment to the annual rate period in order to extend the time for the Commission to issue orders in the Company's three annual rider proceedings filed pursuant to NCUC Rules R8-55, R8-67, and R8-69, respectively, and to then allow the Company additional time to finalize rates and customer notices (including allowing reasonable time for Public Staff review) prior to the updated annual riders' effective date. The Company intends to continue to use a February 1 through January 31 rate period in future rider cases. The annual Rule R8-55 historical EMF test period is the preceding July 1 to June 30 period.

8. Pursuant to the provisions of N.C.G.S. § 62-133.8 and Rule R8-67(e), the Company requests approval of its updated REPS Rider, Rider RP, to recover its reasonable and prudent incremental REPS costs projected to be incurred during the February 1, 2019 – January 31, 2020 rate period, \$826,817, as well as its updated EMF Rider, Rider RPE, to recover all of Dominion Energy North Carolina's reasonable and

prudently-incurred REPS compliance costs during the EMF test period, \$278,308.

Combined, Rider RP and the EMF rider, Rider RPE, are intended to allow the Company to recover \$1,105,125 of incremental REPS costs during the February 1, 2019 – January 31, 2020 rate period.

9. Pursuant to N.C.G.S. § 62-133.8 and Rule R8-67(e), the Company requests Commission approval of annual Rider RP billing adjustments of \$0.34 per month for Residential Customers; \$1.88 per month for Commercial Customers; and \$12.63 per month for Industrial Customers. The Company also requests Commission approval of annual Rider RPE billing adjustments of \$0.12 per month for Residential Customers; \$0.60 per month for Commercial Customers; and \$4.26 per month for Industrial Customers. Rider RP and Rider RPE are proposed to become effective February 1, 2019.

10. Pursuant to Rule R8-69(e)(8) and Rule R8-27, the Company requests approval to defer prudently-incurred costs to FERC Account 182.3, “Other Regulatory Assets,” until recovered. This includes the deferral of the difference between actual reasonable and prudently-incurred incremental costs and the related revenues realized under rates in effect.

11. In support of the requested change in rates, the Company has attached hereto, as required by Rule R8-67(c)(2) and (e), the direct testimony and exhibits of Company Witnesses George E. Hitch, Alan J. Moore, and Robert C. Rice.

WHEREFORE, Dominion Energy North Carolina respectfully requests that the Commission approve the changes to its rates as set forth in Paragraph nine (9) above,

finding them just and reasonable, and approve the Company's 2018 REPS Compliance Report.

Respectfully submitted, this the 30th day of August, 2018.

DOMINION ENERGY NORTH CAROLINA

By: /s/Andrea R. Kells

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OFFICIAL COPY

Aug 30 2018

Thomas P. Wohlfarth

Denise Ann Sunstall
Notary Public

April 30, 2020



**DIRECT TESTIMONY
OF
GEORGE E. HITCH
ON BEHALF OF
DOMINION ENERGY NORTH CAROLINA
BEFORE THE
NORTH CAROLINA UTILITIES COMMISSION
DOCKET NO. E-22, SUB 557**

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Aug 30 2018

1 **Q. Please state your name, business address, and position with Virginia**
2 **Electric and Power Company (“Dominion Energy North Carolina” or the**
3 **“Company”).**

4 **A. My name is George E. Hitch, and my business address is 5000 Dominion**
5 **Boulevard, Glen Allen, Virginia. I am a Senior Market Originator for**
6 **Dominion Energy North Carolina and Dominion Energy Virginia.**

7 **Q. Please describe your current responsibilities for the Company.**

8 **A. I am part of the team responsible for developing Dominion Energy North**
9 **Carolina’s short-term compliance strategy for the North Carolina Renewable**
10 **Energy and Energy Efficiency Portfolio Standard (“REPS”), as well as the**
11 **Virginia Renewable Energy Portfolio Standards (“REPS”). My**
12 **responsibilities include developing the Company’s Rule R8-67(b) REPS**
13 **Compliance Plan and Rule R8-67(c) REPS Compliance Report. I am also**
14 **responsible for managing the Company’s capacity, energy, and renewable**
15 **energy certificate (“REC”) portfolios.**

16 **Q. What is the purpose of your testimony?**

17 **A. My testimony supports the Company’s request to recover all reasonable and**
18 **prudent incremental REPS compliance costs. More specifically, the purpose**

1 of my testimony is to describe the Company's REPS compliance activities
2 under review in this proceeding and the costs the Company has incurred, or
3 will incur, in support of its compliance efforts with North Carolina's REPS
4 under N.C.G.S. § 62-133.8. My testimony supports the Company's
5 incremental REPS compliance costs incurred for calendar year 2017 and
6 future years' compliance, and also forecasts the incremental REPS costs the
7 Company expects to incur during the February 1, 2019 through January 31,
8 2020 rate period ("Rate Period"). Company Witness Alan J. Moore provides
9 support for the Company's adjusted Rate Period proposed in this proceeding.

10 **Q. Are you sponsoring any exhibits or schedules in support of your**
11 **testimony?**

12 A. Yes. Company Exhibit GEH-1 is the Company's 2018 REPS Compliance
13 Report for calendar year 2017 REPS compliance. Company Exhibit GEH-2
14 consists of two schedules, Schedule 1 and 2. (Exhibits GEH 1-2 provided in
15 public and confidential versions filed under seal). Both the Company's 2018
16 REPS Compliance Report and my Schedules 1 and 2 were prepared by me
17 and are accurate and complete to the best of my knowledge and belief.
18 Schedule 1 provides actual REPS compliance costs, by source, that the
19 Company has incurred during the July 1, 2017 to June 30, 2018 experience
20 modification factor true up period ("EMF True Up Period"), as further
21 described in the Company's Application and later in my testimony. My
22 Schedule 2 provides REPS compliance costs, by source, that the Company

1 projects to incur during the Rate Period in support of compliance with the
2 REPS.

3 **Q. Can you please describe the Company's REPS obligations under**
4 **N.C.G.S. § 62-133.8?**

5 A. Pursuant to N.C.G.S. § 62-133.8,¹ as an electric power supplier, the
6 Company² is required to comply with the overall REPS requirement ("Total
7 Obligation") by submitting for retirement a total volume of RECs in each
8 calendar year that is equivalent to the following percentages of its North
9 Carolina retail sales in the prior year:

- 10 • In 2012, 2013, and 2014, three percent (3%);
- 11 • In 2015, 2016, and 2017, six percent (6%);
- 12 • In 2018, 2019, and 2020, ten percent (10%); and
- 13 • In 2021 and thereafter, twelve and one-half percent (12.5%).

14 Furthermore, each electric power supplier must comply with the requirements
15 of N.C.G.S. § 62-133.8(d), (e), and (f) (individually referred to as the "Solar
16 Set-Aside," "Swine Waste Set-Aside," and "Poultry Waste Set-Aside,"
17 respectively). These provisions of the overall REPS require that within the
18 Total Obligation described above, each electric power supplier is to ensure
19 that specific quantities of qualifying solar RECs, swine waste RECs, and

¹ In its *Order Clarifying Electric Power Suppliers' Annual REPS Requirements*, issued on November 26, 2008, in Docket No. E-100, Sub 113, the Commission clarified that the calculation of these requirements for each year shall be based upon the electric utility's North Carolina retail sales for the prior year.

² As discussed later in my testimony, the REPS requirements described in this testimony and accompanying Schedules reflect the REPS requirements of the Company's retail customers only.

1 poultry waste RECs are also submitted for retirement. The Company
2 generally refers to its Total Obligation net of the three set-asides as its
3 “General Requirement.”

4 To comply with the Solar Set-Aside, each electric power supplier is required
5 to submit for retirement a volume of qualifying solar RECs equivalent to the
6 following percentages of its North Carolina retail sales in the prior year:

- 7 • In 2010 and 2011, two-hundredths of one percent (0.02%);
- 8 • In 2012, 2013, and 2014, seven-hundredths of one percent (0.07%);
- 9 • In 2015, 2016, and 2017, fourteen-hundredths of one percent (0.14%);
- 10 and
- 11 • In 2018 and thereafter, two-tenths of one percent (0.2%).

12 To comply with the Swine Waste Set-Aside, each electric power supplier is
13 also required to submit for retirement a volume of qualifying swine waste
14 RECs equivalent to its pro-rata share of total retail electric power sold in
15 North Carolina multiplied by the statewide, aggregate swine set-aside
16 requirement.³ The Company’s Swine Waste Set-Aside requirements, as most
17 recently modified by the Commission,⁴ are as follows:

³ In its *Order on Pro Rata Allocation of Aggregate Swine and Poultry Waste Set-Aside Requirements and Motion for Clarification* in Docket No. E-100, Sub 113 (March 31, 2010), the Commission approved the electric power suppliers’ proposed pro-rata allocation of the statewide aggregate swine and poultry waste set-aside requirements, such that the aggregate requirements will be allocated among the electric power suppliers based on the ratio of each electric power supplier’s prior year retail sales to the total statewide retail sales.

⁴ On October 16, 2017, the Commission issued an Order delaying the initial Swine Waste Set-Aside requirement until 2018 and delaying the scheduled increase in the poultry requirement by one year. *Order Modifying the Swine and Poultry Waste Set-Aside Requirements and Providing Other Relief* at 5, Docket No. E-100, Sub 113 (October 16, 2017).

- 1 • In 2017 and 2018, its pro-rata share of seven-hundredths of one
2 percent (0.07%) of the total retail electric power sold in North Carolina
3 in the year prior;
- 4 • In 2019, 2020, and 2021, its pro-rata share of fourteen-hundredths of
5 one percent (0.14%) of total retail electric power sold in North
6 Carolina in the year prior; and
- 7 • In 2022 and thereafter, its pro-rata share of two-tenths of one percent
8 (0.2%) of total retail electric power sold in North Carolina in the year
9 prior.

10 Finally, each electric power supplier is also to submit for retirement a volume
11 of qualifying poultry waste-to-energy RECs equivalent to its pro-rata share of
12 the aggregate poultry set-aside obligation. The Company's Poultry Waste
13 Set-Aside requirements, as modified by the Commission, are as follows:

- 14 • In 2017, its pro-rata share of 170,000 MWh;
- 15 • In 2018, its pro-rata share of 700,000 MWh; and
- 16 • In 2019 and each year thereafter, its pro-rata share of 900,000 MWh.⁵

17 The Company's pro-rata share will be determined by averaging three years of
18 historic retail sales.⁶ The resulting allocation will be held constant for three
19 years. For example, in 2017 and 2018, the Company's pro-rata share will be

⁵ In its *Order Establishing Method of Allocating the Aggregate Poultry Waste Resource Set-Aside Requirement*, issued on April 18, 2016, in Docket No. E-100, Sub 113, the Commission ordered that, starting with calendar year 2016, the calculation of the requirements for each compliance year shall be based upon the electric utility's North Carolina retail sales for the prior 3 years and held constant for 3 years.

⁶ *Order Addressing Poultry Compliance Shortfall and Requesting Comments on New Allocation Method* at 7, Docket No. E-100, Sub 113 (October 19, 2015).

1 the average of 2013, 2014, and 2015 retail sales. The North Carolina
2 Renewable Energy Tracking System (“NC-RETS”) administrator calculates
3 each electric power supplier’s proportionate share of the Poultry Waste Set-
4 Aside Obligation using this methodology.⁷

5 **Q. Please describe Dominion Energy North Carolina’s REPS compliance for**
6 **the prior compliance years.**

7 A. The Company has fully complied with its prior years’ REPS compliance
8 obligations, including the 2015-2016 Poultry Waste Set-Aside compliance
9 obligation, the 2010-2016 Solar Set-Aside compliance obligation and the
10 2013-2016 Total Obligations, for the 2010 through 2016 REPS compliance
11 periods. The Commission approved the Company’s 2011, 2012, 2013, 2014,
12 2015, 2016, and 2017 REPS Compliance Reports in Orders issued on
13 December 15, 2011,⁸ December 11, 2012,⁹ December 18, 2013,¹⁰ December
14 18, 2014,¹¹ December 16, 2015,¹² December 20, 2016,¹³ and December 13,
15 2017,¹⁴ respectively.

⁷ On August 5, 2016, the Commission approved the NC-RETS administrator’s proposed Poultry Waste Set-Aside allocation in the *Order Establishing 2016, 2017, and 2018 Poultry Waste Set-Aside Requirement Allocation* issued in Docket No. E-100, Sub 113.

⁸ *Order Approving 2010 REPS Compliance*, Docket No. E-22, Sub 475 (Dec. 15, 2011).

⁹ *Order Approving 2011 REPS Compliance*, Docket No. E-22, Sub 487 (Dec. 11, 2012).

¹⁰ *Order Approving REPS and REPS EMF Riders and 2012 REPS Compliance*, Docket No. E-22, Sub 503 (Dec. 18, 2013) (“2013 REPS Order”).

¹¹ *Order Approving REPS and REPS EMF Riders and 2013 REPS Compliance*, Docket No. E-22, Sub 514 (Dec. 11, 2014) (“2014 REPS Order”).

¹² *Order Approving REPS and REPS EMF Riders and 2014 REPS Compliance*, Docket No. E-22, Sub 525 (Dec. 16, 2015).

¹³ *Order Approving REPS and REPS EMF Riders and 2015 REPS Compliance*, Docket No. E-22, Sub 535 (Dec. 20, 2016).

¹⁴ *Order Approving REPS and REPS EMF Riders and 2016 REPS Compliance*, Docket No. E-22, Sub 544 (Dec. 13, 2017).

1 **Q. Please discuss the Company’s REPS obligations during the 2017**
2 **Compliance Period under review and during the 2019 Compliance**
3 **Period.**

4 A. For purposes of the 2017 compliance year, the Company will submit for
5 retirement a total of 239,213 RECs and 18,431 Energy Efficiency Credits
6 (“EECs”) to meet its 2017 Total Obligation. Within this total, the Company
7 will submit for retirement 6,012 RECs to meet the Solar Set-Aside
8 requirement. The Company will also submit for retirement 5,628 RECs to
9 meet the Poultry Waste Set-Aside requirement. As noted above, the initial
10 year for compliance with the Swine-Waste Set Aside has been delayed
11 to 2018.

12 For purposes of the 2019 compliance year, the Company estimates that it will
13 be required to submit for retirement a total of 415,631 RECs to meet its 2019
14 Total Obligation. Within this total, the Company estimates that it will be
15 required to retire approximately 8,313 solar RECs, 2,910 swine waste RECs,
16 and 29,796 poultry waste RECs.

17 **Q. Has the Company complied with its Solar Set-Aside obligation for 2017?**

18 A. Yes. The Company met the 2017 Solar Set-Aside requirement of 6,012 solar
19 RECs. Pursuant to the NC-RETS Operating Procedures, the Company has
20 submitted for retirement 6,012 solar RECs. Specifically, the RECs to be used
21 for 2017 compliance have been transferred from the NC-RETS Dominion
22 Energy North Carolina Electric Power Supplier account to the Dominion
23 Energy North Carolina Compliance Sub-Account. As in past years, upon

1 completion of this regulatory proceeding and approval of the Company's
2 Compliance Report, the Commission will finalize retirement of the RECs.

3 **Q. Has the Company complied with its Poultry Waste Set-Aside obligation**
4 **for 2017?**

5 A. Yes. The Company has met the 2017 Poultry Waste Set-Aside requirement of
6 5,628 poultry waste RECs. Pursuant to the NC-RETS Operating Procedures,
7 the Company has submitted for retirement 5,628 poultry waste RECs. Again,
8 the RECs to be used for 2017 compliance have been transferred from the NC-
9 RETS Dominion Energy North Carolina Electric Power Supplier account to
10 the Dominion Energy North Carolina Compliance Sub-Account.

11 **Q. Has the Company complied with its General Requirement obligation for**
12 **2017?**

13 A. Yes. The Company has met the 2017 General Requirement of 246,004 RECs.
14 Pursuant to NC-RETS Operating Procedures, the Company has submitted for
15 retirement 227,573 RECs and 18,431 EECs in a similar manner to that
16 described above. Upon completion of this regulatory proceeding, the
17 Commission will finalize retirement of these RECs for 2017 compliance.

18 **Q. Is Dominion Energy North Carolina positioned to comply with its REPS**
19 **requirements in 2018?**

20 A. The Company is well-positioned to comply with its Solar Set-Aside, Poultry
21 Waste Set-Aside, Swine Waste Set-Aside, and General Requirements in

1 2018.¹⁵ However, the Company projects that it may not have sufficient in-
2 state Poultry Waste RECs to meet the Town of Windsor's in-state Poultry
3 Waste Set-Aside compliance obligation in 2018. The Company has executed
4 three (3) contracts that could each, individually, provide sufficient RECs in
5 2018. However, each supplier is significantly behind schedule due to delays
6 in securing sites, local community objections, and vendor equipment
7 shortfalls. The Company anticipates some Electric Power Suppliers may file a
8 joint motion to request a delay in the 2018 Swine Waste Set Aside and a
9 modification of the 2018 Poultry Waste Set Aside.

10 **Q. Please summarize the actions Dominion Energy North Carolina has**
11 **undertaken to satisfy its current and future REPS requirements.**

12 A. The Company continues to produce and procure RECs to satisfy its REPS
13 obligations. Specifically, the Company has taken the following actions:
14 (1) introduced additional energy efficiency programs that will generate
15 savings that can be counted towards the Company's REPS obligation;
16 (2) executed and continued negotiations for additional REC purchase
17 agreements with renewable facilities; (3) solicited renewable energy proposals
18 of various types, namely for swine waste-to-energy and poultry waste-to-
19 energy resources; (4) participated in joint procurement activities with other
20 electric power suppliers, including the Poultry Waste REC Buyers Group and
21 the Swine Waste REC Buyers Group; and (5) participated in the annual and

¹⁵ In 2018, the Company estimates that it will be required to submit for retirement 416,745 RECs to meet its Total Obligation. Within this total, the Company is also required to retire the following: 8,335 solar RECs, 2,918 swine waste RECs, and 23,174 poultry waste RECs.

1 bi-annual stakeholder meetings organized by the Public Staff to facilitate
2 discussion regarding Swine Waste and Poultry Waste Set-Aside compliance.
3 The Company intends to contract for Poultry and Swine REC supply in excess
4 of the initial Swine Waste and Poultry Waste Set-Aside compliance
5 requirements to compensate for the experienced high failure rate of animal
6 waste to energy projects. The Company will evaluate the banking or sale of
7 Swine or Poultry RECs in excess of its compliance obligations to manage any
8 significant inventories that may develop.

9 **Q. More specifically, what actions has Dominion Energy North Carolina**
10 **taken to procure or develop swine waste-to-energy resources to meet its**
11 **Swine Waste Set-Aside requirements?**

12 A. In an ongoing effort to comply with the Swine Waste Set-Aside, the Company
13 has attempted to obtain swine waste RECs from facilities in Virginia, North
14 Carolina, and across the continental United States. The Company has
15 contacted digester owners and operators, hog producers, and REC
16 marketers/brokers to determine if any swine waste RECs are available for
17 purchase by the Company.

18 Initially, the Swine Waste REC Buyers Group executed seven (7) long-term
19 contracts with a number of swine waste-to-energy developers. Four (4) of
20 these swine waste REC contracts were terminated in May and June 2012 due
21 to consistent failure by the developers to meet project milestones and to
22 demonstrate progress toward commercial operation. Because of these
23 terminations, the Company continues to conduct new searches for other swine

1 waste REC suppliers in North Carolina and across the nation. Dominion
2 Energy North Carolina has spent considerable time and effort in its attempts to
3 locate operational swine waste digesters in the continental United States.

4 In January 2016, the Company executed a contract with Orion Energy
5 Marketing & Consulting, Inc. (“Orion”) for sufficient swine waste RECs to
6 meet compliance during the period 2017 to 2021. Orion made a partial
7 delivery of 2016 vintage RECs, four complete quarterly deliveries in 2017,
8 and two complete quarterly deliveries to date in 2018. Orion is currently
9 meeting all contractual obligations. The Company continues to work with the
10 Swine Waste REC Buyers Group to secure additional swine RECs that could
11 be banked for future use or used for compliance.

12 **Q. Also, what actions has Dominion Energy North Carolina undertaken to**
13 **procure or develop poultry waste-to-energy resources in order to satisfy**
14 **its Poultry Waste Set-Aside requirements?**

15 A. The Company has worked actively and diligently to comply with its Poultry
16 Set-Aside requirements for the Company and the Town of Windsor. The
17 Company, after searching the REC market for available in-state RECs,
18 concluded that joining the Poultry Waste REC Buyers Group was the most
19 prudent way to meet the Town of Windsor’s Poultry Waste Set-Aside
20 requirement.

21 The Poultry Waste REC Buyers Group executed three (3) long-term poultry
22 waste contracts and the Company, as a part of this group, executed three (3)

1 long-term contracts for the Town of Windsor's in-state requirements. One
2 (1) of these contracts was terminated by mutual agreement with the supplier
3 in September 2013. The remaining long-term contracts will not produce any
4 significant poultry waste RECs until late 2018. At this time, the Company
5 believes it can meet the Town of Windsor's in-state Poultry Waste Set-Aside
6 requirement for 2018 only if the Commission delays the scheduled increase
7 from the initial 170,000 MWhs to 700,000 MWhs by one year, as it did for
8 compliance years 2015, 2016 and 2017. The Company also believes it is
9 likely to have sufficient RECs for the Town of Windsor's in-state Poultry
10 Waste Set-Aside requirement for 2019 and 2020.

11 The Company has sufficient poultry waste RECs in NC-RETS to comply
12 with both Dominion Energy North Carolina's and the Town of Windsor's
13 out-of-state Poultry Waste Set-Aside requirements for years 2017-2021.

14 **Q. Please also provide an update on the Company's efforts to comply with its**
15 **General Requirement in 2018.**

16 A. The Company is well-positioned to comply with its General Requirement, and
17 Total Obligation, in 2018. The Company's efforts to comply with the General
18 Requirement and Total Obligation include its continued implementation of
19 energy efficiency programs and the purchase of RECs from renewable energy
20 facilities. As allowed by Senate Bill 3, Dominion Energy North Carolina
21 continues to find that purchasing out-of-state RECs to achieve all aspects of
22 its Total Obligation is the most cost-effective REPS compliance option for the
23 Company and its customers.

1 The Company has sufficient RECs in NC-RETS to comply with both
2 Dominion Energy North Carolina's and the Town of Windsor's General
3 Requirements for 2018.

4 **Q. Please also provide an update on the Company's efforts to comply with its**
5 **Solar Set-Aside requirement in 2018.**

6 A. The Company is well-positioned to comply with its Solar Set-Aside
7 requirement in 2018. The Company has also purchased enough RECs to
8 comply with in-state Solar Set-Aside requirements for the Town of Windsor
9 in 2018-2021.

10 **Q. Is the Company continuing to execute additional REC purchase**
11 **agreements?**

12 A. Yes. The Company continues to execute additional REC purchase
13 agreements, as needed, to meet its future REPS General Obligation and set-
14 aside requirements. The Company addresses its REPS compliance strategy in
15 its 2018 REPS Compliance Plan, which was filed as an Appendix to the
16 Company's 2018 Integrated Resource Plan Update on May 1, 2018, in Docket
17 No. E-100, Sub 157.

18 **Q. What are the Company's costs associated with REPS compliance during**
19 **the EMF true up period and the upcoming Rate Period?**

20 A. Costs requested to be recovered include REC costs, as well as other
21 incremental REPS compliance expenses (e.g., Renewable Energy Tracking
22 System fees) (collectively, "Other Incremental Costs"). Both REC expenses

1 and Other Incremental Expenses incurred after June 30, 2018, will be trued up
2 and recovered as part of the Company's EMF in its 2019 REPS cost recovery
3 proceeding. My Exhibit 2, Schedule 1 presents the Company's reasonable
4 and prudently-incurred incremental REPS Compliance Costs during the EMF
5 True Up Period. My Exhibit 2, Schedule 2 presents the Company's forecasted
6 incremental REPS compliance costs projected to be incurred during the Rate
7 Period.

8 **Q. Has the Company made any purchases of renewable energy as part of its**
9 **compliance strategy?**

10 A. No. The Company has not made any bundled renewable energy purchases to
11 date. For this reason, 100 percent of the Company's incurred REC costs are
12 "incremental costs" recoverable through the REPS Rider. While the
13 Company presents its avoided cost capacity and energy rates in its 2018 REPS
14 Compliance Plan, these avoided costs were not required to determine the
15 incremental costs of Dominion Energy North Carolina's REC purchases for
16 recovery in this proceeding.

17 **Q. In addition to REC costs, please explain the Other Incremental Costs of**
18 **REPS compliance that the Company seeks to recover in this proceeding?**

19 A. My Exhibit 2, Schedules 1 and 2 identify the Other Incremental Costs
20 that the Company has incurred in association with REPS compliance.
21 Other Incremental Costs represent the Company's direct and non-labor
22 costs associated with REPS compliance, including the Company's
23 subscription to NC-RETS, internal REC tracking software costs, and

1 REC broker fees. The Company is not seeking to recover any
2 incremental internal labor costs associated with administration of
3 REPS compliance for either the EMF true up period or forecasted Rate
4 Period in this proceeding.¹⁶

5 The Company is also seeking to recover maintenance and fuel costs
6 associated with its NC Microgrid Project located at its Kitty Hawk
7 District Office. The Microgrid was dedicated and local operation
8 commenced in July 2014, and a small-scale fuel cell was added in July
9 2015. As further explained by Company Witness Moore, the
10 Company is requesting to recover the ongoing operations and
11 maintenance costs associated with the NC Microgrid Project during
12 the Rate Period.

13 As directed in the Commission's *2013 REPS Order*, the Company
14 provided its third and final NC Microgrid Project study phase report as
15 Appendix C to the Company's 2017 REPS Report.

16 **Q. Please describe Dominion Energy North Carolina's internal REC**
17 **Portfolio Management System noted above.**

18 A. The Company uses the Environmental Management Account ("EMA") RECs
19 system developed by APX to support the Company's REPS compliance
20 efforts. The EMA system is a REC asset management tool, which includes
21 multiple REPS compliance functionalities, including supporting the

¹⁶ The Company is reviewing how to most appropriately track and allocate such costs and may seek to recover such incremental internal REPS labor costs in the future.

1 Company's REC portfolio management and valuation, allowing connectivity
2 to NC-RETS, as well as managing post-trade settlement, credit, delivery, and
3 compliance and invoicing services.

4 **Q. What portion of the EMA costs is the Company requesting to recover**
5 **from its North Carolina customers as an incremental cost of REPS**
6 **compliance?**

7 A. Consistent with the approach since the *2014 REPS Order*, the Company has
8 allocated the regulated portion of EMA system costs between Virginia and
9 North Carolina because the EMA system will also be used for REC
10 management in the Company's Virginia jurisdiction. Company Witness
11 Robert C. Rice supports the two-state factor 3 allocation approach, which
12 allocates 5.0619 percent of the regulated portion of the EMA system costs and
13 maintenance fees to the North Carolina jurisdiction. Company Witness
14 Moore presents the EMA costs included for recovery on Page 2 of his
15 Schedule 1 for the Rate Period Rider RP revenue requirement, and Page 3 of
16 his Schedule 2 for the True-up Period EMF Rider RPE revenue requirement.

17 **Q. Do the costs presented in your Exhibit No. 2, Schedules 1 and 2 also**
18 **include REC costs incurred by the Company attributable to the Town of**
19 **Windsor?**

20 A. No. The incremental REPS costs presented in my Schedules 1 and 2 are net
21 of the REC costs incurred by the Company for the Town of Windsor's REPS
22 compliance. As I have noted previously, the Company is uniquely situated in
23 that it is statutorily authorized to use 100 percent out-of-state RECs to achieve

1 REPs compliance. In most instances, the Company has found purchasing out-
2 of-state RECs to be more cost effective than almost all other REPS
3 compliance options, even including using its utility-owned renewable
4 generating facilities for North Carolina REPS compliance.¹⁷ In contrast to the
5 Company, the Town of Windsor is required to obtain 75% of its RECs from
6 in-state renewable resources. Thus, the Company has been required to
7 purchase in-state RECs that are specifically designated for the Town of
8 Windsor's REPS compliance. For this reason, the Company has directly
9 assigned specific REC costs to the Town of Windsor that may be used for its
10 REPS compliance, and has excluded them from the REPS costs that the
11 Company is requesting to recover from the North Carolina retail jurisdiction
12 in this proceeding.

13 **Q. Are the REPS Costs incurred for the Town of Windsor's REPS**
14 **compliance presented in the Company's REPS Plan and Report?**

15 A. Yes.

16 **Q. Do the costs presented in your Exhibit No. 2, Schedules 1 and 2 include**
17 **non-REC costs incurred by the Company attributable to the Town of**
18 **Windsor?**

19 A. No. The Company's Other Incremental Costs requested to be recovered in
20 this proceeding do not include non-REC costs reasonably attributable to the

¹⁷ For example, the Company has found it more cost-effective to purchase out-of-state RECs for North Carolina REPS compliance and to sell the biomass RECs generated by the Company's biomass-fueled generating facilities at a higher price into other renewable energy compliance markets. The revenue generated from such REC sales is then credited back to North Carolina customers through base rates.

1 Town of Windsor. While the Town of Windsor's compliance obligation
2 accounts for a very small percent of Dominion Energy North Carolina's non-
3 REC costs of REPS compliance, the Town of Windsor is still responsible for
4 certain of these costs. The Company has either assigned or allocated these
5 costs to the Town of Windsor. For example, broker's fees attributable to REC
6 transactions for the Town of Windsor's REPS compliance are directly
7 assigned to the Town of Windsor. For any Other Incremental Costs not
8 directly assignable to the Town of Windsor, the Company has adopted NC-
9 RETS' approach of allocating its costs based upon each electric power
10 supplier's load-ratio share determined on an energy basis for the prior
11 calendar year. As the Town of Windsor is approximately 1.2 percent of the
12 Company's total load-ratio share, the Company feels that this percentage of its
13 Other Incremental Cost of REPS compliance should be attributable to the
14 Town of Windsor and should not be recovered from North Carolina retail
15 customers. My Exhibit 2, Schedules 1 and 2 specifically exclude Other
16 Incremental Costs assigned or allocated to the Town of Windsor.

17 **Q. Are you satisfied that the Company's REPS compliance costs incurred**
18 **during the EMF true up period have been prudently incurred, and that**
19 **the projected Rate Period costs will be prudently incurred?**

20 A. Yes. The Company has incurred and also projects to incur all of its costs
21 associated with REPS compliance in a prudent manner. For example,
22 Dominion Energy North Carolina has effectively evaluated its options and
23 negotiated with counter-parties to procure reasonably-priced out-of-state

1 RECs for compliance with the Solar, Swine Waste, and Poultry Waste Set-
2 Asides. This also holds true for the General Requirements RECs. Dominion
3 Energy North Carolina has significant experience and expertise within the
4 national REC market, and the Company has taken full advantage of its
5 statutory ability to procure its full REC requirements from out-of-state
6 facilities. As noted above, this strategy has resulted in very reasonable
7 compliance costs for our customers.

8 **Q. Does this conclude your testimony?**

9 A. Yes.

**BACKGROUND AND QUALIFICATIONS
OF
GEORGE E. HITCH**

I joined Dominion Energy (the “Company”) in 2002 as an Hourly Trader. I have a Bachelor of Science Degree from Virginia Tech. I have been an Hourly Trader, Coordinator Hourly Trading and Generation Asset Trader at both the regulated utilities and Dominion Energy Marketing. I have traded physical and financial power, capacity and RECs in the spot and forward markets.

I am currently a Senior Market Originator and part of the group responsible for managing the Company’s regulated capacity, energy and REC portfolios, and developing and executing compliance strategies for the Company’s North Carolina Renewable Energy and Energy Efficiency Portfolio Standards and the Virginia Renewable Energy Portfolio Standards.

STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH

DOCKET NO. E-22, SUB 557

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of	)	2018	REPS	COMPLIANCE
Dominion Energy North Carolina	)	REPORT OF DOMINION ENERGY		
REPS Compliance Report Pursuant	)	NORTH	CAROLINA	FOR
to Rule R8-67(c)	)	CALENDAR YEAR 2017		

Pursuant to North Carolina General Statute (“N.C.G.S.”) § 62-133.8 and Rule R8-67(c) of the Rules of the North Carolina Utilities Commission (“Commission”), Virginia Electric and Power Company, d/b/a Dominion Energy North Carolina (“Dominion Energy North Carolina” or the “Company”), hereby files its 2018 North Carolina Renewable Energy and Energy Efficiency Portfolio Standards (“NC REPS”) Compliance Report for calendar year 2017.

As required by Rule R8-67(c)(1), each year, each electric power supplier shall file with the Commission a report describing the electric power supplier’s compliance with the requirements of N.C.G.S. § 62-133.8(b), (c),¹ (d), (e), and (f) during the previous calendar year. The elements of the Company’s 2018 NC REPS Compliance Report for calendar year 2017 are stated below and correspond to the items listed in Rule R8-67(c)(1).

As demonstrated by this Report, the Company achieved its 2017 REPS compliance requirements by satisfying the solar carve-out requirement, the poultry waste carve-out, and the general REPS requirement.² The Company also satisfied the solar requirement, poultry requirement, and general REPS requirement for the Town of Windsor, a wholesale customer.

(i) Provide the sources, amounts, and costs of renewable energy certificates, by source, used to comply with N.C.G.S. § 62-133.8(b), (c), (d), (e), and (f). Renewable energy

¹ The compliance obligation set forth in N.C.G.S. § 62-133.8(c) does not apply to electric public utilities, such as Dominion Energy North Carolina. However, the Company has committed to provide REPS compliance services for the Town of Windsor, a full requirements customer of the Company, which is subject to the requirements of this subsection.

² On October 16, 2017, the Commission issued an Order delaying the initial Swine Waste Set-Aside requirement until 2018 and delaying the scheduled increase in the poultry requirement by one year. *Order Modifying the Swine and Poultry Waste Set-Aside Requirements and Providing Other Relief*, Docket No. E-100, Sub 113 (October 16, 2017) (“2017 Delay Order”).

certificates for energy efficiency may be based on estimates of reduced energy consumption through the implementation of energy efficiency measures, to the extent approved by the Commission;

Status: As the Commission has previously confirmed, N.C.G.S. § 62-133.8(b)(2)(e) provides that Dominion Energy North Carolina may use unbundled out-of-state RECs to meet some or all of the Company’s NC REPS requirements.³ With regard to the Town of Windsor’s compliance obligations, 75% of its general obligation and set-aside REPS requirements must be satisfied by renewable power or RECs generated from in-state facilities.

The Company purchased unbundled out-of-state poultry waste RECs, out-of-state wind RECs, and in-state and out-of-state solar RECs to comply with its 2017 NC REPS requirements. In addition, the Company is using energy efficiency (“EE”) savings created by Commission-approved EE programs for 2017 compliance. The Company also purchased sufficient in-state and out-of-state solar RECs, poultry waste RECs, and biomass RECs for the Town of Windsor.

Figure 1.1 shows RECs to be retired for 2017 compliance with the solar set-aside REPS requirement for the Company, as well as for the Town of Windsor. Figure 1.2 shows poultry waste RECs to be retired for 2017 compliance with the poultry waste set-aside REPS requirement for the Company, as well as for the Town of Windsor. Figure 1.3 shows the wind, biomass, energy efficiency, and hydro RECs to be retired for 2017 compliance with the general REPS requirement for the Company, as well as for the Town of Windsor.

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Figure 1.1 RECs Used for 2017 Solar Set-Aside Compliance

	Quantity	Price / MWh	REC Cost
For DENC (Requirement)	6,012		
	771		
	2,500		
	1,329		
	1,412		
For Town of Windsor (Requirement)	69		
	52		
	17		
Total Volume	6,081	Total REC Cost	\$32,846.25

³ Order on Dominion’s Motion for Further Clarification, Docket No. E-100, Sub 113 (Sept. 22, 2009) (holding that the meaning of N.C.G.S. § 62-133.8(b)(2)(e) is to allow Dominion Energy North Carolina to achieve up to 100% REPS general obligation and set-aside compliance using out-of-state RECs).

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Figure 1.2 RECs Used for 2017 Poultry Waste Set-Aside Compliance

	Quantity	Price / MWh	REC Cost
For DENC (Requirement)	5,628		
	5,628		
For Town of Windsor (Requirement)	65		
	16		
	16		
	10		
	23		
Total Volume	5,693	Total REC Cost	\$134,441.18

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Figure 1.3 RECs Used for 2017 General REPS Compliance

	Quantity	Price / MWh	REC Cost
For DENC (Requirement)	246,004		
	17,417		
	8,519		
	9,693		
	3,785		
	188,159		
DENC Energy Efficiency ¹	18,431	N/A ²	N/A ²
For Town of Windsor (Requirement)	2,805		
	247		
	1,858		
	700		
Total Volume	246,704	Total REC Cost	\$74,788.83

1) Vintage 2017 energy efficiency credits ("EECs") are derived from Appendix C of the Company's 2018 Evaluation, Measurement, and Verification Report, as filed in Docket No. E-22, Sub 545, on May 1, 2018.

2) The cost of EECs is based upon the Company's EE program deployment cost approved annually by the Commission for recovery pursuant to N.C.G.S. § 62-133.9.

ii) *Provide the actual North Carolina retail sales and year-end number of customer accounts by customer class;*

Status: The following figures are based on the actual Dominion Energy North Carolina retail sales and year-end number of customer accounts by customer class as of December 31, 2017.⁴

Actual North Carolina Retail Sales:	4,167,444MWh
Residential Customer Accounts:	102,620
Commercial Customer Accounts:	18,088
Industrial Customer Accounts:	<u>51</u>
Total Accounts:	120,759

In addition, the Company has a full requirement contract with the Town of Windsor, and its actual retail sales were 46,928 MWh for calendar year 2017 (as reported to the Company by the Town of Windsor).

(iii) *Current avoided cost rates and the avoided cost rates applicable to energy received pursuant to long-term power purchase agreements are discussed below;*

Status: The Company's most recently approved Schedule 19 avoided cost rates that would be generally applicable to energy received pursuant to renewable power purchase agreements were approved by the Commission in Docket No. E-100, Sub 148.⁵ However, no long-term power purchase agreements have been entered into to comply with N.C.G.S. § 62-133.8(b), (c), (d), (e), or (f), so Dominion Energy North Carolina's avoided costs are not required to determine its incremental costs of 2017 REPS compliance.

(iv) *Provide the Company's actual total and incremental costs during the calendar year incurred to comply with N.C.G.S. § 62-133.8(b), (c), (d), (e), and (f);*

Status: Figure 2.1 shows the Company's actual total and incremental REPS compliance costs incurred during calendar year 2017 were comprised of the following: purchasing various types of RECs, as well as other reasonable and prudent incremental direct costs.

⁴ Pursuant to the Commission's *Order Clarifying Electric Power Suppliers' Annual REPS Requirements* in Docket No. E-100, Sub 113 (November 26, 2008), each year's solar, swine waste, and poultry waste set aside requirements are based on the previous year's actual sales. The Company's actual 2016 sales were 4,294,053 MWh. The Town of Windsor's actual 2016 sales were 48,968MWh.

⁵ *Order Establishing Standard Rates and Contract Terms for Qualifying Facilities*, Docket No. E-100, Sub 148 (Oct. 11, 2017).

For the Town of Windsor, the Company incurred costs of approximately \$6,100 during calendar year 2017. Since the Company is purchasing unbundled RECs, actual and incremental compliance costs are the same.

Figure 2.1 DENC Total Costs

	REC Purchases	Direct	Total Costs
Actual Total Compliance Costs	\$200,193.58	\$34,070.42	\$234,264.00
Actual Total Avoided Costs	-	-	-
Actual Incremental Costs	\$200,193.58	\$34,070.42	\$234,264.00

(v) Provide a comparison of the actual incremental costs incurred during the calendar year to the per-account annual charges (in N.C.G.S. § 62-133.8(h)(4)) applied to its total number of customer accounts as of December 31 of the previous calendar year;

Status: Dominion Energy North Carolina determined the number of year-end 2016 customer accounts by customer class. The year-end number of customer accounts was then multiplied by the per-account charges set forth in N.C.G.S. § 62-133.8(h)(4) to calculate the cost cap by customer class and in the aggregate. The Company then allocated its share of the incremental costs based upon the customer class' pro rata share of the aggregate cost cap.

Figure 2.2 DENC Customers

	Total 2016 Year-End Retail Accounts	2017 Per-Account Cost Cap	Total Annual Cost Cap	Actual Incremental Costs
Account Type				
Residential	102,258	\$27.00	\$2,760,966.00	\$117,607.29
Commercial	17,911	\$150.00	\$2,686,650.00	\$114,441.70
Industrial	52	\$1,000.00	\$52,000.00	\$2,215.01
Total	120,221	Total	\$5,499,616.00	\$234,264.00

(vi) Discuss the status of compliance with the requirements of N.C.G.S. § 62-133.8(b), (c), (d), (e), and (f);

Status:

Solar REPS requirements of N.C.G.S. § 62-133.8(d). The Company has complied with the N.C.G.S. § 62-133.8(d) solar set-aside requirement for 2017 through the purchases of 6,012 solar RECs, representing 0.14% of its 2016 retail megawatt hour sales of 4,294,053. The Company also purchased 69 qualifying solar RECs on behalf of the Town of Windsor, representing 0.14% of the Town of Windsor's 2016 retail megawatt hour sales of 48,968.

Swine Waste Set-Aside requirements of N.C.G.S. § 62-133.8(e). Through the 2017 Delay Order, the Commission delayed the Company's and the Town of Windsor's 2017 swine waste set-aside compliance obligation by one (1) year. However, as directed by Ordering Paragraph 7 of both the 2012 and 2013 Delay Orders, Dominion Energy North Carolina has continued to take all reasonable actions to purchase any available swine RECs. In addition, the Company filed Semiannual Progress Reports as required by Ordering Paragraph 3 of the 2015 Delay Order.⁶ The Company has also attended all the animal waste-to-energy stakeholder meetings arranged by the Public Staff.

The Company has sufficient RECs in NC-RETs to satisfy both Dominion Energy North Carolina and the Town of Windsor's 2018 requirements. The Company continues to work with the Swine Waste REC Buyers Group to secure additional swine RECs that could be used for compliance or banked for future use.

Poultry Waste Set-Aside requirements of N.C.G.S. § 62-133.8(f). Dominion Energy North Carolina has complied with the N.C.G.S. § 62-133.8(f) poultry waste set-aside requirement for 2017 through the purchases of 5,628 poultry waste RECs, representing 0.13% of the Company's 2016 retail megawatt hour sales of 4,294,053. The Company also purchased 65 qualifying poultry waste RECs on behalf of the Town of Windsor, representing 0.13% of the Town of Windsor's 2016 retail megawatt hour sales of 48,968.

Because the Company may meet all of its Poultry Waste Set-Aside requirements with out-of-state RECs, the Company will be able to meet its 2018 poultry REPS requirement, as well as the 25% out-of-state allowance for the Town of Windsor's poultry waste REPS requirements. At this time, the Company does not reasonably anticipate that it can meet the Town of Windsor's in-state poultry waste set-aside requirement for 2018 unless the Commission delays the scheduled increase in the requirement by one year.

⁶ *Order Modifying the Swine and Poultry Waste Set-Aside Requirements and Providing Other Relief*, Docket No. E-100, Sub 113 (Dec. 1, 2015) ("2015 Delay Order").

General REPS requirements of N.C.G.S. § 62-133.8(b). Dominion Energy North Carolina has complied with the N.C.G.S. § 62-133.8(b) general REPS requirement for 2017, by retiring 246,004 RECs and EECs, representing 5.73% of the Company's 2016 retail megawatt hour sales and consisting of eligible wind RECs and EECs. The Company also purchased 2,558 qualifying general obligation RECs and retired 247 SEPA hydro RECs, on behalf of the Town of Windsor, representing 5.77% of the Town of Windsor's 2016 retail megawatt hour sales.

(vii) Identify any renewable energy certificates or energy savings to be carried forward pursuant to N.C.G.S. § 62-133.8(b)(2)f or (c)(2)f;

Appendix A contains the renewable energy certificates to be carried forward by the Company on behalf of Dominion Energy North Carolina and the Town of Windsor.

(viii) The dates and amounts of all payments made for renewable energy certificates; and

Appendix B contains the dates and amounts of all payments made for renewable energy certificates for the period August 1, 2017, through June 30, 2018.

(ix) For electric membership corporations and municipal electric suppliers, reduced energy consumption achieved after January 1, 2008, through the implementation of a demand-side management program.

Status: As an investor owned utility, this question is not applicable to the Company.

Pursuant to Rule R8-67(c)(4), in each electric power supplier's initial REPS compliance report, the electric power supplier shall propose a methodology for determining its cap on incremental costs incurred to comply with N.C.G.S. § 62-133.8(b), (c), (d), (e), and (f) and fund research as provided in N.C.G.S. § 62-133.8(h)(1), including a determination of year-end number of customer accounts. The proposed methodology may be specific to each electric power supplier, shall be based upon a fair and reasonable allocation of costs, and shall be consistent with N.C.G.S. § 62-133.8(h). The electric power supplier may propose a different methodology that meets the above requirements in a subsequent REPS compliance report filing. For electric public utilities, this methodology shall also be used for assessing the per-account charges pursuant to N.C.G.S. § 62-133.8(h)(5).

Status:

The Company has defined a “Customer” for the purposes of REPS billing as a “service point” or “application of a tariff” to determine the per-account REPS charge. The following rate schedules are not considered “accounts” for purposes of the per-account charge because these rate schedules are generally secondary accounts and customers on these rate schedules will pay a per-account charge under another primary tariff connected with these rate schedules.

- Residential Time Controlled Storage Water Heating (Schedule 1W)
- Residential Dual Fuel (Schedule 1DF)
- Outdoor Lighting (Schedule 26)
- County, Municipal or State – Traffic Control (Schedule 30T)
- Commercial Electric Heating (Schedule 7)
- Commercial Schedule SG (Schedule SG)

Further, if a customer has a non-demand metered service point on contiguous property, with the same service address, premise, and name, that account may be deemed to be auxiliary and not subject to the REPS riders if the Company is notified by the Customer. Upon written notification from the Customer, accounts meeting these criteria will be coded in the billing system to allow the customer to receive only one monthly REPS charge at the Primary service point. A governmental customer for purposes of the application of the REPS charge is considered a commercial account.

Qualifying Research Projects of G.S. 62-133.8(h)(1). In 2013, the Commission approved the Company’s request to pursue a Microgrid demonstration project as a research project qualifying for REPS rider cost recovery pursuant to G.S. 62-133.8(h)(1).⁷ The Microgrid project is located at the Company’s Kitty Hawk District Office. Construction of the Microgrid project started in February 2014. The facility was dedicated and local operation commenced in July 2014. A fuel cell was added to the project in July 2015.

The Commission’s 2013 Order approving the Microgrid project directed Dominion Energy North Carolina to file annual project updates with the Commission detailing its Microgrid study results after each year of the three-year demonstration period (2015 to 2017). The Company submitted its third and final annual study period report as Appendix C to the 2017 REPS Compliance Report.

⁷ *Order Approving REPS and REPS EMF Riders and 2012 REPS Compliance*, Docket No. E-22, Sub 503 (Dec. 18, 2013).

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**Appendix A Renewable Energy Certificates to be Carried Forward by the Company On Behalf
of Dominion Energy North Carolina and the Town of Windsor**

Location	Fuel Type	Windsor	Company	Total
Out-of-State		635	120,722	121,357
In-State		18	0	18
Out-of-State		443	14,481	14,924
In-state		480	0	480
Out-of-State		8,459	240	8,699
In-State		123	0	123
In-state		22,156	51,516	73,672
In-state		0	13,785	13,785
In-state		1,099	13,297	14,396
Out-of-State		255	2,573	2,828
Out-of-State		0	547,104	547,104
		33,668	763,718	797,386

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**Appendix B Payments Made Between August 1, 2017 and June 30, 2018 On
Behalf of the Company and the Town of Windsor for Renewable Energy
Certificates**

Seller	Payment Date	Payment
	8/14/2017	\$2,392.20
	9/1/2017	\$97,500.00
	9/7/2017	\$100,000.00
	10/11/2017	\$96,000.00
	10/27/2017	\$24,312.96
	10/23/2017	\$142,100.00
	10/10/2017	\$98.46
	10/18/2017	\$6,330.00
	11/19/2017	\$1,860.00
	11/28/2017	\$2,325.75
	12/26/2017	\$1,275.00
	12/26/2017	\$1,020.00
	1/24/2018	\$142,100.00
	1/11/2018	\$930.30
	1/22/2018	\$15,750.00
	3/28/2018	\$165.87
	4/24/2018	\$144,235.00
	4/27/2018	\$7,500.00
	5/2/2018	\$275.52
	5/2/2018	\$83,600.00
	5/10/2018	\$3,150.00
Payments made through 6/30/2018		\$872,921.06

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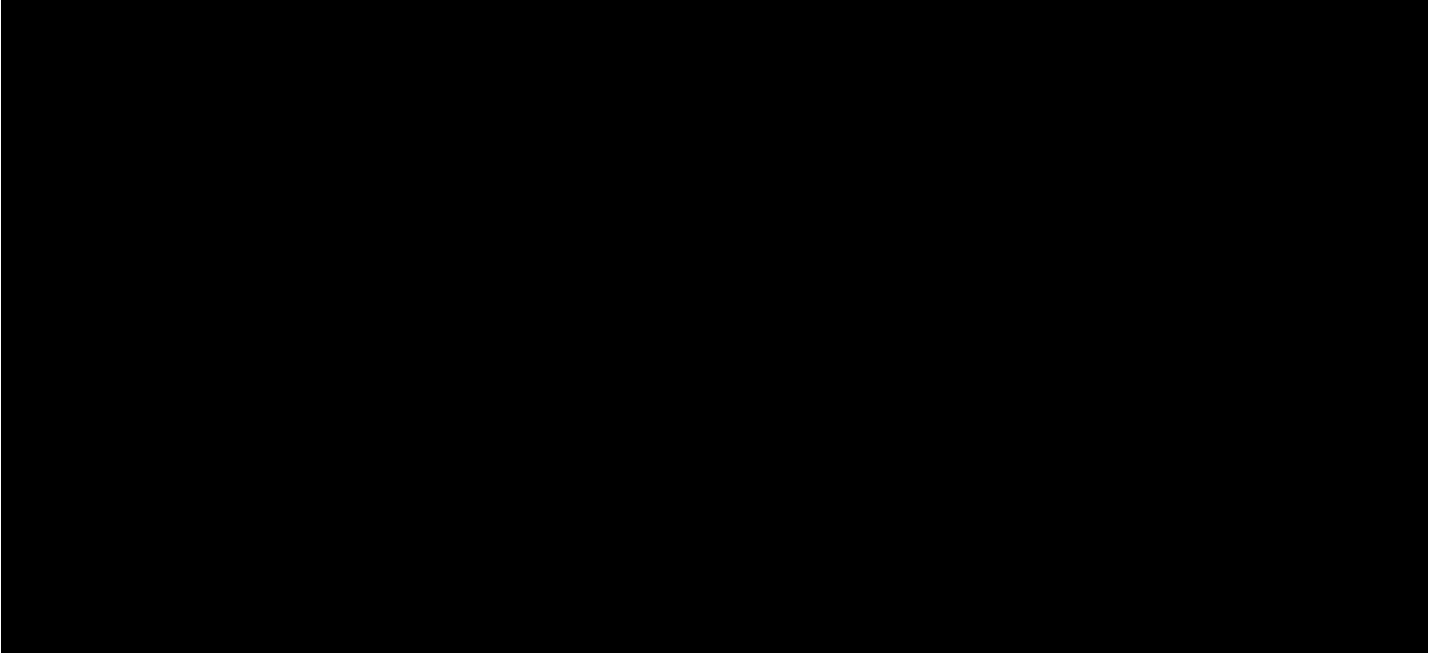
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Dominion Energy North Carolina

Docket No. E-22, Sub 557

For the EMF True Up Period July 1, 2017 to June 30, 2018

<u>Supplier</u>	<u>Renewable Resources</u>	<u>Volume</u>	<u>Price</u>	<u>Date Invoice</u> <u>Paid</u>	<u>Cost</u>
					\$2,392
					\$97,500
					\$100,000
					\$96,000
					\$24,313
					\$142,100
					\$6,330
					\$1,860
					\$2,326
					\$142,100
					\$930
					\$15,750
					\$144,235
					\$7,500
					\$83,600
					\$276
					<u>\$3,150</u>
					\$870,362
Other Incremental Costs					
	NC-RETS				\$11,236
	EMA Maintenance Fee				\$1,661
	Brokerage				<u>\$21,053</u>
					\$33,950
Less Net Revenue from Excess REC Sales					-\$35,940
Less EMA Credit ToW					<u>-\$20</u>
	Total				\$868,352

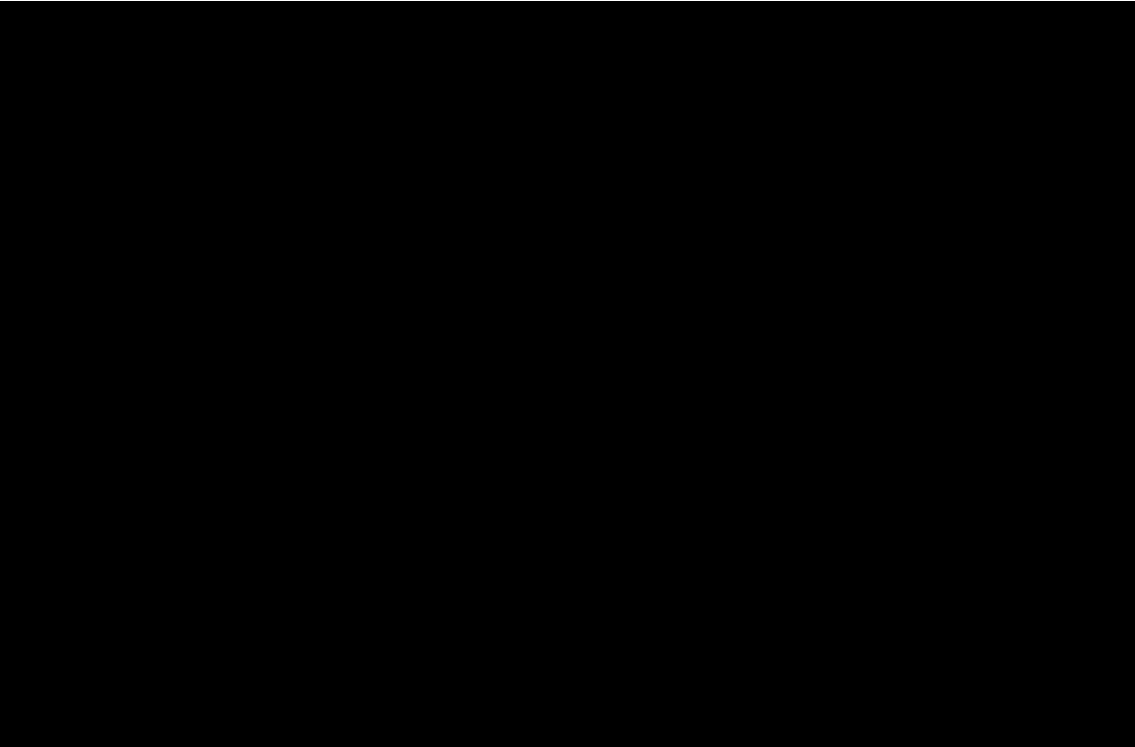
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Dominion Energy North Carolina

Docket No. E-22, Sub 557

For the Rate Period February 1, 2019 to January 31, 2020

<u>Supplier</u>	<u>Renewable Resources</u>	<u>Volume</u>	<u>Price</u>	<u>Estimated Delivery</u>	<u>Cost</u>
					\$120,000
					\$144,236
					\$6,300
					\$6,300
					\$18,000
					\$4,500
					\$2,066
					\$6,300
					\$146,388
					\$6,300
					\$6,300
					\$2,066
					\$6,300
					\$146,388
					\$6,300
					\$6,300
					\$6,300
					\$6,300
					\$146,388
					\$6,300
					<u>\$6,300</u>
					\$805,631
Other Incremental Costs					
NC-RETS					\$11,400
EMA Maintenance Fee					\$1,722
Brokerage					<u>\$7,500</u>
					\$20,622
Total					\$826,253

**DIRECT TESTIMONY
OF
ALAN J. MOORE
ON BEHALF OF
DOMINION ENERGY NORTH CAROLINA
BEFORE THE
NORTH CAROLINA UTILITIES COMMISSION
DOCKET NO. E-22, SUB 557**

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1 **Q.** Please state your name, business address, and position with Virginia
2 Electric and Power Company (“Dominion Energy North Carolina,” or
3 the “Company”).

4 A. My name is Alan J. Moore. I am a Regulatory Analyst III in the Regulatory
5 Accounting Department for Virginia Electric and Power Company doing
6 business in North Carolina as Dominion Energy North Carolina. My business
7 address is 701 East Cary Street, Richmond, Virginia 23219. A statement of
8 my background and qualifications is attached as Appendix A.

9 **Q.** Please describe your area of responsibility with the Company.

10 A. I am responsible for analyzing and calculating revenue requirements for the
11 Company.

12 **Q.** What is the purpose of your testimony in this proceeding?

13 A. My testimony supports the Company’s request to recover all reasonable and
14 prudent incremental Renewable Energy and Energy Efficiency Portfolio
15 Standard (“REPS”) compliance costs. North Carolina General Statute
16 (“N.C.G.S.”) § 62-133.8(h)(1) provides that the recoverable “incremental
17 cost” of REPS compliance includes “all reasonable and prudent costs incurred
18 by an electric power supplier” to comply with its REPS obligations “that are

1 in excess of the electric power supplier's avoided costs other than those costs
2 recovered [through the demand side management rider] pursuant to N.C.G.S.
3 § 62-133.9." North Carolina Utilities Commission ("NCUC" or the
4 "Commission") Rule R8-67(e)(2) states that "[t]he cost of an unbundled
5 renewable energy certificate, to the extent that it is reasonable and prudently-
6 incurred, is an incremental cost and has no avoided cost component," and is,
7 therefore, eligible for full recovery through the REPS Rider. In addition to
8 recovery of all reasonable and prudent REPS compliance costs, N.C.G.S. §
9 62-133.8(h)(1)(b) provides that an electric power supplier may also recover
10 any investments in "research that encourages the development of renewable
11 energy, energy efficiency, or improved air quality, provided those costs do not
12 exceed one million dollars (\$1,000,000) per year."

13 The purpose of my testimony is to address the development of the Company's
14 REPS Riders RP and RPE updated revenue requirements in support of the
15 Company's Application. Specifically, my testimony presents: (i) the
16 Company's forecasted revenue requirement for the February 1, 2019 through
17 January 31, 2020 rate period ("Rate Period") to be recovered through the
18 Company's updated REPS rider, Rider RP; and (ii) the Company's revenue
19 requirement for the Company's experience modification factor ("EMF") true-
20 up period of July 1, 2017, through June 30, 2018 ("EMF True Up Period"), to
21 be recovered through the Company's updated REPS EMF rider, Rider RPE.
22 The Company's Application and the pre-filed direct testimony of Company
23 Witness George E. Hitch support the Company's request to recover all

1 reasonable and prudently-incurred REPS compliance costs incurred during the
2 EMF True Up Period and projected to be incurred during the Rate Period.

3 **Q. Why is the Rate Period proposed in this case different from previous**
4 **years?**

5 A. Pursuant to NCUC Rule R8-67(e)(3), the Rate Period is the same as the period
6 during which the rider established under Commission Rule R8-55, the
7 Company's fuel factor, is in effect. In previous years, the Company has
8 proposed Rider RP rates to be effective for a calendar year Rate Period,
9 consistent with the rate period previously used for fuel factor riders under
10 Rule R8-55. Based on discussions with the Public Staff following the
11 conclusion of the Company's 2017 rider proceedings, the Company is
12 proposing for updated Rider RP to be effective for a February 1, 2019 through
13 January 31, 2020 Rate Period. The Company is requesting this adjustment to
14 the annual Rate Period in order to extend the time for the Commission to issue
15 orders in the Company's three annual rider proceedings filed pursuant to
16 NCUC Rules R8-55, R8-67, and R8-69, respectively, and to then allow the
17 Company additional time to finalize rates and customer notices (including
18 allowing reasonable time for Public Staff review) prior to the updated annual
19 riders' effective date. The Company intends to continue to use a February 1
20 through January 31 rate period in future rider cases.

1 **Q. Mr. Moore, are you sponsoring any exhibits or schedules in connection**
2 **with your testimony?**

3 A. Yes. Company Exhibit AJM-1, consisting of Schedules 1-2 (Schedules 1-2
4 provided in public and confidential versions filed under seal), was prepared
5 under my supervision and direction, and is accurate and complete to the best
6 of my knowledge and belief. My Schedule 1 supports the projected Rate
7 Period revenue requirement for Rider RP. My Schedule 2 presents the
8 revenue requirement for EMF Rider RPE for the True Up Period.

9 **Q. Please summarize the key components of the Rate Period Rider RP**
10 **revenue requirement presented in this case.**

11 A. The testimony and schedules of Company Witness Hitch provide the
12 forecasted Rate Period incremental costs related to the Company's compliance
13 with the REPS requirements of N.C.G.S. § 62-133.8(b), (d), (e) and (f). I
14 have used these cost projections to calculate the forecasted revenue
15 requirement for the REPS Rider RP to be recovered during the Rate Period in
16 this proceeding.

17 **Q. Is it your understanding that the cost information used to develop the**
18 **revenue requirements in this proceeding includes only Dominion Energy**
19 **North Carolina's incremental retail REPS compliance expenses and does**
20 **not include costs associated with any wholesale customers' REPS**
21 **compliance?**

22 A. Yes. Although the Company does provide REPS compliance services for the
23 Town of Windsor, as described by Company Witness Hitch in his pre-filed

1 direct testimony, his Exhibit 2, Schedules 1 and 2 present the Company's
2 retail incremental REPS compliance costs, net of the costs assigned or
3 allocated to the Town of Windsor. Consistent with previous REPS rider
4 filings, the Company is not allocating any research costs associated with the
5 Company's microgrid research demonstration project located at the
6 Company's Kitty Hawk District Office ("NC Microgrid Project") to the Town
7 of Windsor.

8 **Q. Can you comment on the tax credits being refunded back to the**
9 **Company's customers?**

10 A. Yes. The final 20% amortization of the North Carolina Renewable Energy
11 Tax Credits ("RETC") was included in the 2017 REPS cost recovery
12 proceeding, in Docket No. E-22, Sub 544, for the rate year of January 1, 2018
13 through December 31, 2018. Therefore the current filing does not include any
14 RETC with the projected costs for the Rate Period.¹

15 **Q. Please describe the recovery of previously incurred costs during the EMF**
16 **True Up Period through the REPS EMF Rider RPE requested in this**
17 **case.**

18 A. As noted above, the Company is requesting to fully recover its reasonable and
19 prudently-incurred incremental REPS compliance costs incurred during the
20 July 1, 2017, through June 30, 2018 EMF True Up Period. As described by
21 Company Witness Hitch, the EMF True Up Period costs proposed to be

¹ N.C.G.S. § 105-129.16A. requires the NC RETC to be taken in five equal installments beginning with the taxable year in which the property is placed in service. The Company will credit the final one-fifth of the North Carolina RETC to retail customers through the current REPS Rider filing for the 2018 Rate Period.

1 recovered include: (i) incremental REPS costs incurred during the current
2 EMF True Up Period to achieve REPS compliance for the current and future
3 reporting years; (ii) the Company's "Other Incremental Costs" of REPS
4 compliance; and (iii) actual costs and investment tax credits incurred through
5 the end of the True Up Period related to the Company's NC Microgrid
6 Project.

7 **Q. What is the total revenue requirement for Riders RP and RPE?**

8 A. As summarized on Page 1 of my Schedule 1, through Rider RP, the Company
9 is requesting recovery of projected REPS compliance costs of \$826,817. In
10 addition, the Company's EMF Rider RPE is presenting a revenue requirement
11 in the amount of \$278,308. The combined revenue requirements for the two
12 riders, Rider RP and Rider RPE totals \$1,105,125, representing a (\$80,600)
13 decrease over the rates currently in effect.

14 **Q. Does this conclude your pre-filed direct testimony?**

15 A. Yes, it does.

**BACKGROUND AND QUALIFICATIONS
OF
ALAN J. MOORE**

Alan J. Moore received his undergraduate degree from Longwood University with a Bachelor of Science in Business Administration with an Accounting concentration in 2007. Mr. Moore received his Master's of Business Administration degree from Longwood University in 2015. Mr. Moore was hired by the Company in 2007 as an Internal Auditor prior to joining the Regulatory Accounting Department in April 2014. His current position of Regulatory Analyst III in the Regulatory Accounting Department includes responsibility for analyzing and calculating revenue requirements for Dominion Energy North Carolina rate proceedings.

Dominion Energy North Carolina
Docket No. E-22, Sub 557
Revenue Requirement for the REPS Rider RP
For the Rate Period February 1, 2019 - January 31, 2020

<u>line</u> <u>no.</u>	<u>REPS Rider RP</u>	<u>Item Location / Formula</u>
1 Projected REPS Compliance Costs Revenue Requirement	\$ 826,253	Sch 1, Page 2, Lines 1 & 2
2 Projected Microgrid Research Project Costs Revenue Requirement	<u>\$ 564</u>	Sch 1, Page 2, Line 3
3 Total REPS Rider RP Revenue Requirement	\$ 826,817	Line 1 + Line 2

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**Dominion Energy North Carolina
Docket No. E-22, Sub 557
Projected Revenue Requirement for REPS Rider RP
For the Rate Period February 1, 2019 - January 31, 2020**

line no.	<u>Projection</u> <u>Feb-19</u>	<u>Projection</u> <u>Mar-19</u>	<u>Projection</u> <u>Apr-19</u>	<u>Projection</u> <u>May-19</u>	<u>Projection</u> <u>Jun-19</u>	<u>Projection</u> <u>Jul-19</u>	<u>Projection</u> <u>Aug-19</u>	<u>Projection</u> <u>Sep-19</u>	<u>Projection</u> <u>Oct-19</u>	<u>Projection</u> <u>Nov-19</u>	<u>Projection</u> <u>Dec-19</u>	<u>Projection</u> <u>Jan-20</u>	<u>Rate Period</u> <u>Total</u>
1 Projected NC Jurisdiction Revenue Requirement REPS Compliance Costs													\$ 826,253
2 Projected NC Jurisdiction EMA Revenue Requirement EMA RECS Tracking System Costs													\$ -
3 Microgrid Research Project Costs													\$ 564
4 Total REPS Rider RP Revenue Requirement	\$ 271,532	\$ 30,547	\$ 10,113	\$ 154,435	\$ 9,769	\$ 10,113	\$ 154,435	\$ 8,047	\$ 8,047	\$ 154,435	\$ 7,297	\$ 8,047	\$ 826,817

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Dominion Energy North Carolina
Docket No. E-22, Sub 557
DSM/EE Experience Modification Factor REPS Rider RPE for the Test Period July 1, 2017 through June 30, 2018
For (Refund)/Recovery in the Rate Period February 1, 2019 - January 31, 2020

line no.													EMF REPS Rider RPE
	<u>Jul-17</u>	<u>Aug-17</u>	<u>Sep-17</u>	<u>Oct-17</u>	<u>Nov-17</u>	<u>Dec-17</u>	<u>Jan-18</u>	<u>Feb-18</u>	<u>Mar-18</u>	<u>Apr-18</u>	<u>May-18</u>	<u>Jun-18</u>	<u>Total</u>
1 Monthly REPS Rider RPE Revenue Requirement (Page 2, Line 4)	\$ 960	\$ 7,375	\$ 198,483	\$ 271,152	\$ 9,261	\$ 984	\$ 124,128	\$ 3,072	\$ 15,583	\$ 116,778	\$ 88,009	\$ 2,666	\$ 838,453
2 Monthly REPS Compliance Rider RP Revenues (exclude EMF rev)	\$ 36,995	\$ 38,217	\$ 33,573	\$ 36,042	\$ 31,557	\$ 34,813	\$ 46,572	\$ 56,480	\$ 60,428	\$ 60,675	\$ 64,081	\$ 60,711	\$ 560,145
REPS EMF Rider RPE (Over)/Under Recovery to be (refunded)/collected over 3 the Rate Period January 1, 2018 - December 31, 2018 (Line 1 - Line 2)	\$ (36,034)	\$ (30,842)	\$ 164,910	\$ 235,110	\$ (22,296)	\$ (33,829)	\$ 77,555	\$ (53,408)	\$ (44,845)	\$ 56,104	\$ 23,928	\$ (58,045)	\$ 278,308

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Dominion North Carolina Power
Docket No. E-22, Sub 557
Actual Revenue Requirement for DSM/EE Experience Modification Factor REPS Rider RPE
For the Test Period July 1, 2017 - June 30, 2018

line no.	<u>Actual</u> <u>Jul-17</u>	<u>Actual</u> <u>Aug-17</u>	<u>Actual</u> <u>Sep-17</u>	<u>Actual</u> <u>Oct-17</u>	<u>Actual</u> <u>Nov-17</u>	<u>Actual</u> <u>Dec-17</u>	<u>Actual</u> <u>Jan-18</u>	<u>Actual</u> <u>Feb-18</u>	<u>Actual</u> <u>Mar-18</u>	<u>Actual</u> <u>Apr-18</u>	<u>Actual</u> <u>May-18</u>	<u>Actual</u> <u>Jun-18</u>	<u>Totals</u>													
1 NC Jurisdictional REPS Compliance Costs																										
REC Purchases																										
Broker Fees for REC Purchases																										
Admin Expenses (NC - RETS Fees)																										
Excess REC Sales																										
EMA Credit ToW																										
EMA Maintenance Fee																										
2 NC Jurisdiction EMA Costs (Page 3, Line 6)																										
EMA RECS Tracking System																										
3 Micro Grid O&M Expenses																										
4 Revenue Requirement (Line 1 + Line 2 + Line 3)	\$	960	\$	7,375	\$	198,483	\$	271,152	\$	9,261	\$	984	\$	124,128	\$	3,072	\$	15,583	\$	116,778	\$	88,009	\$	2,666	\$	838,453

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Dominion North Carolina Power
Docket No. E-22, Sub 557
DSM/EE Experience Modification Factor REPS Rider RPE for the Test Period July 1, 2017 through June 30, 2018
EMA RECs Tracking Software Costs
For (Refund)/Recovery in the Rate Period January 1, 2019 - December 31, 2019

line no.	<u>Actual</u> <u>Jul-17</u>	<u>Actual</u> <u>Aug-17</u>	<u>Actual</u> <u>Sep-17</u>	<u>Actual</u> <u>Oct-17</u>	<u>Actual</u> <u>Nov-17</u>	<u>Actual</u> <u>Dec-17</u>	<u>Actual</u> <u>Jan-18</u>	<u>Actual</u> <u>Feb-18</u>	<u>Actual</u> <u>Mar-18</u>	<u>Actual</u> <u>Apr-18</u>	<u>Actual</u> <u>May-18</u>	<u>Actual</u> <u>Jun-18</u>	<u>Totals</u>
1 Monthly System EMA O&M Expense EMA RECS Tracking System	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2 Monthly Amortization of System EMA Pre-paid Subscription to APX EMA RECS Tracking System													
3 Monthly Amortization of System Enhancements to Dominion Owned Software EMA RECS Tracking System													
4 Total System Monthly Operating Expense - EMA Software (Line 1 + Line 2 + Line 3) EMA RECS Tracking System													
5 Jurisdictional Allocation Factor EMA RECS Tracking System	5.0619%	5.0619%	5.0619%	5.0619%	5.0619%	5.0619%	5.0619%	5.0619%	5.0619%	5.0619%	5.0619%	5.0619%	5.0619%
6 Revenue Requirement NC REPS (Line 4 * Line 5)													

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**DIRECT TESTIMONY
OF
ROBERT C. RICE
ON BEHALF OF
DOMINION ENERGY NORTH CAROLINA
BEFORE THE
NORTH CAROLINA UTILITIES COMMISSION
DOCKET NO. E-22, SUB 557**

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AUG 30 2018

1 **Q.** Please state your name, business address, and your position with Virginia
2 Electric and Power Company (“Dominion Energy North Carolina” or the
3 “Company”).

4 **A.** My name is Robert C. Rice. I am Manager – Customer Rates for Dominion
5 Energy North Carolina. My business address is One James River Plaza, 701
6 East Cary Street, Richmond, Virginia 23219. A statement of my background
7 and qualifications is attached as Appendix A.

8 **Q.** What is the purpose of your testimony in this case?

9 **A.** My testimony supports the Company’s request to recover all reasonable and
10 prudent incremental Renewable Energy and Energy Efficiency Portfolio
11 Standard (“REPS”) compliance costs. The purpose of my testimony is to:
12 (i) describe the Company’s approach to defining a “customer account” for
13 purposes of calculating the REPS riders; (ii) explain the Company’s system-
14 level allocation approach for allocating the cost of the Environmental
15 Management Account RECs (“EMA”) software; and (iii) present the
16 calculation of the Company’s updated REPS rider, Rider RP, and the updated
17 Experience Modification Factor (“EMF”) rider, Rider RPE. Proposed Rider
18 RP is designed to recover the Company’s reasonable and prudent incremental

1 REPS costs forecasted to be incurred during the proposed February 1, 2019 –
2 January 31, 2020 rate period (“Rate Period”). Proposed Rider RPE is
3 designed to recover the Company’s reasonable and prudent incremental REPS
4 costs incurred during the July 1, 2017 to June 30, 2018 EMF true up period
5 (“EMF True Up Period”), as described in the Company’s Application and the
6 prefiled direct testimony of Company Witness George E. Hitch. The
7 Company is requesting that the proposed Rider RP and Rider RPE become
8 effective for usage on February 1, 2019.

9 **Q. Mr. Rice, are you sponsoring any exhibits or schedules in connection with**
10 **your testimony?**

11 A. Yes. Company Exhibit No. RCR-1, consisting of Schedules 1 through 7, was
12 prepared under my supervision and is accurate and complete to the best of my
13 knowledge and belief.

14 **Q. How has Dominion Energy North Carolina defined a “customer” for the**
15 **purposes of developing Rider RP and Rider RPE?**

16 A. The Company has followed the same approach that the Commission approved
17 in the Company’s most recent REPS Rider cost recovery proceeding and prior
18 cases. For purposes of developing the per-account REPS charges, the
19 Company has defined a “customer account” as a “service point” or
20 “application of a tariff.” The following rate schedules are not considered
21 “accounts” for purposes of the per-account charge because these rate
22 schedules are generally secondary accounts and customers on these rate

1 schedules will pay a per-account charge under another primary tariff

2 connected with these rate schedules:

- 3 • Residential Time Controlled Storage Water Heating (Schedule 1W)
- 4 • Residential Dual Fuel (Schedule 1DF)
- 5 • Outdoor Lighting (Schedule 26)
- 6 • County, Municipal or State – Traffic Control (Schedule 30T)
- 7 • Commercial Electric Heating (Schedule 7)
- 8 • Commercial Schedule SG (Schedule SG)

9 Further, if a customer has a service point on contiguous property with the
10 same service address, premise, and name, that account may be deemed to be
11 auxiliary and not subject to the REPS Riders RP and RPE. If the Company
12 identifies an account as an auxiliary account or if the Company is notified by
13 the customer that an account should be classified as an auxiliary account or
14 upon written notification from the customer, accounts meeting these criteria
15 will be coded in the billing system to allow the customer to be charged only a
16 single monthly REPS charge at the customer's primary service point. A
17 governmental customer for purposes of the application of the REPS charge is
18 considered a commercial account.

19 **Q. In determining the Company's incremental REPS compliance costs to be**
20 **recovered through its REPS Riders, has the Company addressed**
21 **allocation of any system-level costs to the North Carolina jurisdiction?**

22 A. Yes. While incremental REPS compliance costs are generally assigned to and
23 fully recoverable from the Company's North Carolina jurisdiction, the
24 Company has also recognized that, in certain unique circumstances, capital
25 investments made by the Company at a system level that are allocated

1 between the Company's respective jurisdictions and are incremental to North
2 Carolina REPS compliance should also be allocated between the Company's
3 respective jurisdictions. The Company has determined that allocation of the
4 costs of its investment in the EMA system represents an instance where such
5 allocation is appropriate.

6 **Q. Would you please explain the method used to allocate these system-level**
7 **EMA costs between Virginia and North Carolina jurisdictional**
8 **customers?**

9 A. Consistent with the approach first approved by the Commission in Docket
10 E-22, Sub 503 and followed in the Company's most recent cost recovery
11 proceeding, the Company has used its two-state factor three allocation
12 approach to determine the proper amount of EMA system costs to be allocated
13 to the North Carolina jurisdiction. This is an allocation factor based upon
14 relative energy sales between the customers served in Virginia and customers
15 served in North Carolina and is based on the twelve months ending December
16 31, 2017. The North Carolina energy sales component excludes the Town of
17 Windsor. Using this approach, the Company's Rider RP revenue requirement
18 for the forecasted Rate Period includes an allocated 5.0619% share of the
19 regulated portion of EMA costs for recovery from the Company's North
20 Carolina jurisdictional customers.

1 **Q. Would you please discuss the calculation of the proposed Rider RPE to**
2 **collect for the EMF True Up Period?**

3 A. Rider RPE is calculated using the Rider RPE revenue requirement provided
4 by Company Witness Alan J. Moore, as shown in my Schedule 1. My
5 Schedule 2 presents the allocation of the Rider RPE revenue requirement
6 amongst the Company's residential, commercial, and industrial customer
7 classes. In 2017, House Bill 589 revised the residential 2015 and thereafter
8 REPS cost cap from \$34 to \$27 effective July 1, 2017. There were no
9 changes to the commercial or industrial cost caps. The annual revenue cap
10 was calculated by multiplying the revised applicable cost caps for each
11 customer class by the Company's forecasted average adjusted number of
12 customer accounts for the 2019 rate year. A cost cap allocation factor was
13 then calculated by dividing the annual REPS revenue cap for each class by the
14 total annual revenue cap established for all classes. This allocation factor was
15 then used to allocate the Company's REPS compliance requirement to each of
16 the three customer classes.

17 The Company also incorporated an adjustment to allocate Energy Efficiency
18 Credit ("EEC") RECs to the customer class that created the EEC savings. The
19 EEC RECs can only be used to meet the Company's General Obligation REC
20 requirement; therefore, schedule 2 and schedule 4 have been divided between
21 General Obligation REC costs and all costs other than for General Obligation
22 RECs. Once the EECs were deducted according to the class that created the
23 EE savings, a new adjusted allocation factor was calculated and the Rider

1 RPE revenue requirement from my Schedule 1 was allocated to the customer
2 classes based on the newly calculated allocation factor.

3 **Q. Would you please discuss the calculation of the monthly RPE per**
4 **customer charges?**

5 A. My Schedule 3 presents the total annual Rider RPE and then calculates the
6 monthly per-account customer charge for each customer class by dividing the
7 annual value by 12. This charge is then adjusted to account for the North
8 Carolina regulatory fee to calculate the final per-account customer charges
9 that will be shown for the residential, commercial, and industrial customer
10 classes in the rider.

11 **Q. Would you please discuss the calculation of the proposed Rider RP to**
12 **collect during the Rate Period?**

13 A. My Schedule 4 shows the total projected REPS compliance calculation for
14 Rider RP during the Rate Period. The methodology is the same as the
15 calculations for Rider RPE that I have just described, but uses forecasted EEC
16 savings, as well as a forecasted revenue requirement for the Rate Period. My
17 Schedule 1 shows the forecasted Rate Period revenue requirement to be
18 recovered through Rider RP. My Schedule 5 then calculates the monthly per-
19 account customer charge for each customer class. This charge is then adjusted
20 for the North Carolina regulatory fee to calculate the final per-account
21 customer charges that will be shown in the Rider RP.

1 **Q. Have you confirmed that the Company's proposed total monthly REPS**
2 **per-account customer charges to be recovered through Riders RP and**
3 **RPE do not exceed the per-account cost caps established in N.C.G.S. § 62-**
4 **133.8(h)(4)?**

5 A. Yes. My Schedule 6 presents the total monthly REPS per-account customer
6 charges to be recovered through Riders RP and RPE. These per-account
7 charges do not exceed the caps on allowable per-account annual charge
8 established in N.C.G.S. § 62-133.8(h)(4), as amended by Session Law 2017-
9 192, and satisfy the requirements of Commission Rule R8-67(e)(9).

10 **Q. Have you included the Company's proposed Riders RP and RPE in**
11 **Schedule 7 of your pre-filed direct testimony?**

12 A. Yes. Schedule 7 comprises the tariff sheets showing the proposed Riders RP
13 and RPE, which, if approved as proposed, would be applicable for usage on
14 and after February 1, 2019.

15 **Q. Are you submitting any proposed revised tariffs to be effective during**
16 **January 2019?**

17 A. Yes. In order to effectuate the transition to a February 1 – January 31 Rate
18 Period, as further discussed in the direct testimony of Company Witness
19 Moore, the Company is proposing to maintain Rider RP as approved by the
20 Commission in the Company's previous REPS cost recovery proceeding, and
21 to reduce Rider RPE for all classes to zero during the period January 1 to
22 January 31, 2019. While this proposal does not require any revision to the
23 currently effective Rider RP tariff sheet, it does require that Rider RPE be

1 revised to show a rate of zero. A tariff sheet showing that proposed change
2 for the month of January 2019 is shown at my Schedule 7, page 2 of 3.

3 **Q. Would you explain how the proposed Riders RP and RPE will impact**
4 **customers' bills?**

5 A. Per my Schedule 6, customers served on a residential rate will see a total
6 REPS charge on their bill of \$0.46 which is a decrease of \$0.03 per month
7 from the previous monthly REPS charge. Commercial customers will see a
8 \$2.48 charge per month on their bills resulting in a decrease of \$0.23 per
9 month from the previous monthly REPS charge, and an industrial customer
10 will see a charge of \$16.89 per month resulting in a decrease of \$1.23 per
11 month from the previous monthly REPS charge. Monthly billing schedules
12 will be prorated only if the number of days in the billing month is less than 26
13 or greater than 40.

14 **Q. Does this conclude your prefiled direct testimony?**

15 A. Yes, it does.

**BACKGROUND AND QUALIFICATIONS
OF
ROBERT C. RICE**

Robert C. Rice graduated from East Carolina University in 1987 with a Bachelor of Arts degree in Marketing. He was hired by Virginia Electric and Power Company in 1988. From 1988 to 1993, he worked in Commercial Operations in the Customer Service Department as a service representative designing overhead and underground facilities for residential, commercial and industrial customers. In 1993, he transferred to the Company's Energy Efficiency Department as an account manager for large industrial and governmental accounts. In 2001, Mr. Rice moved to the Company's rate department as a regulatory analyst. Effective January 1, 2009, he was appointed to Manager – Cost Allocation and Pricing managing the Load Research group. As of January 1, 2013, he was appointed to Manager – Cost Allocation and Pricing managing the non-traditional rate design group. As of October 1, 2014, he was appointed to Manager – Customer Rates group, the Load Research group and the Cost Allocation group.

Mr. Rice has previously presented testimony before the State Corporation Commission of Virginia and the North Carolina Utilities Commission.

**Dominion Energy North Carolina
Revenue Requirements for Riders RPE and RP**

Line No.		Revenue Requirement	
1	Rider RPE Revenue Requirement	\$838,453	Exhibit AJM-1, Schedule 2
2	REPS Compliance Rider RPE Revenues	\$560,145	Exhibit AJM-1, Schedule 2
3	REPS Compliance Recovery (Line 1 - Line 2)	\$278,308	REPS EMF Rider RPE (over)/under recovery Exhibit AJM-1, Sched. 2
4	Rider RP Revenue Requirement	\$826,817	Exhibit AJM-1, Schedule 1
5	Total REPS Recovery	\$1,105,125	
6	Rider RPE - Cost of General RECs only	\$193,500	Exhibit GEH-2, Schedule 1 Wind
7	Rider RP - Cost of General RECs only	\$138,000	Exhibit GEH-2, Schedule 2 Wind
8	Rider RPE - All other costs	\$644,953	Line 1 Minus Line 6
9	Rider RP - All other costs	\$688,817	Line 4 Minus Line 7

Dominion Energy North Carolina

Calculation incremental costs for the Initial EMF True Up Period

RIDER RPE

	(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)
Line No.	Customer Class	Total Adjusted Number of Accounts*	Annual Rider Cap per Customer Class	Calculated Annual Revenue Cap (II)*(III)	Cost Cap Allocation Factor (IV)*Total(IV)	All Costs other than for General RECS (V)*Total(VI)	Other than General RECS Annual Per- Account Charge (VI)/(II)
1	Residential	103,079	\$ 27	\$ 2,783,133	50.81%	\$ 108,767	\$ 1.055
2	Commercial	17,565	\$ 150	\$ 2,634,750	48.10%	\$ 102,968	\$ 5.862
3	Industrial	60	\$ 1,000	\$ 60,000	1.10%	\$ 2,345	\$ 39.081
4	Total	120,704		\$ 5,477,883	100%	\$214,079	

GEH-1, Figure 2.2

	(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)
Line No.	Customer Class	General RECS obligation required for 2017 Compliance Year	Class allocation of total RECS obligation using cost cap allocation Factor.	REP Requirement Supplied by EE by Class**	% of EE REC Supplied by Class** (IV)/(II)	Number of RECs Required Net of EE (II)-(IV)	Adjusted Cost Cap Allocation Factor (VI)/Total(VI)	Gen'l REC Rev Req Allocated to Customer Class Based on Adjusted Cost Cap Allocation Factor (VII)*Total(VIII)	General REC Annual Per-Account Charge (VIII)/Number of Accounts
5	Residential	124,987	50.81%	6,614	5.29%	118,373	52.02%	\$ 33,409	\$ 0.324
6	Commercial	118,323	48.10%	11,678	9.87%	106,645	46.86%	\$ 30,099	\$ 1.714
7	Industrial	2,695	1.10%	139	5.16%	2,556	1.12%	\$ 721	\$ 12.021
8	Total	246,004	100.00%	18,431	7.49%	227,573	100%	\$64,229	

GEH-1, Figure 1.3

GEH-1, Figure 1.3

* Rate Year ending January 31, 2020 average projected number of account adjusted to remove "companion" accounts and "auxiliary" accounts.

** REC Requirement supplied by EE credits are under the 25% Cap

Total EMF \$278,308

AJM-1, Schedule 2 page 1 of 3

Dominion Energy North Carolina

RIDER RPE

	(I)	(II)	(III)	(IV)	(V)
Line No.	Customer Class	Annual RPE Per-Account Charge	Monthly RPE Per- Account Charge (II)/12	Regulatory Fee (III)*.0014	Total Monthly RPE Per-Account Charge (III)+(IV)
1	Residential	\$ 1.3793	\$ 0.1149	\$ 0.0002	\$ 0.1151
2	Commercial	\$ 7.5757	\$ 0.6313	\$ 0.0009	\$ 0.6322
3	Industrial	\$ 51.1015	\$ 4.2585	\$ 0.0060	\$ 4.2644

	(I)	(II)	(III)	(IV)
		Rounded Monthly RPE Per-Account Charge	Total Adjusted Number of Accounts*	Annual Revenue Including Regulatory Fee (II)*(III)*12
4	Residential	\$ 0.12	103,079	\$ 148,434
5	Commercial	\$ 0.60	17,565	\$ 126,468
6	Industrial	\$ 4.26	60	\$ 3,067
				\$ 277,969

* Rate Year ending January 31, 2020 average projected number of account adjusted to remove "companion" accounts and "auxilliary"

Dominion Energy North Carolina

Calculation of incremental costs per customer class for the Rate Period

RIDER RP

	(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)
		Total Adjusted Number of Accounts*	Annual Rider Cap per Customer Class	Calculated Annual Revenue Cap (II)*(III)	Cost Cap Allocation Factor (IV)*Total(IV)	All Costs other than for General RECS (V)*Total(VI)	Other than General RECS Annual Per- Account Charge (VI)/(II)
Line No.	Customer Class						
1	Residential	103,079	\$ 27	\$ 2,783,133	50.81%	\$ 349,965	\$ 3.395
2	Commercial	17,565	\$ 150	\$ 2,634,750	48.10%	\$ 331,307	\$ 18.862
3	Industrial	60	\$ 1,000	\$ 60,000	1.10%	\$ 7,545	\$ 125.745
4	Total	<u>120,704</u>		<u>\$ 5,477,883</u>	100%	<u>\$ 688,817</u>	

Exhibit No. RCR - 1

	(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)
		General RECS obligation required for 2019 Compliance Year	Class allocation of total RECS obligation using cost cap allocation Factor.	REP Requirement Supplied by EE by Class**	% of EE REC Supplied by Class** (IV)/(II)	Number of RECs required net of EE (II)-(IV)	Adjusted Cost Cap Allocation Factor (VI)/Total(VI)	Gen'l REC Rev Req Allocated to Customer Class Based on Adjusted Cost Cap Allocation Factor (VII)*Total(VIII)	General REC Annual Per- Account Charge (VIII)/Number of Accounts
Line No.	Customer Class								
5	Residential	190,328	50.81%	6,615	3.48%	183,713	51.58%	\$ 71,179	\$ 0.691
6	Commercial	180,181	48.10%	11,678	6.48%	168,503	47.31%	\$ 65,285	\$ 3.717
7	Industrial	4,103	1.10%	139	3.39%	3,964	1.11%	\$ 1,536	\$ 25.598
8	Total	<u>374,612</u>	100.00%	<u>18,432</u>	4.92%	<u>356,180</u>	100%	<u>\$ 138,000</u>	

Fig. 1.7.1 of the Plan

Fig. 1.4.1 of the Plan

Exhibit No. RCR - 1

* Rate Year ending January 31, 2020 average projected number of account adjusted to remove "companion" accounts and "auxilliary" accounts.

** REC Requirement supplied by EE credits are under the 25% Cap

Dominion Energy North Carolina**RIDER RP**

	(I)	(II)	(III)	(IV)	(V)
			Monthly RP Per-		
		Annual RP	Account Charge		Total Monthly RP Per-Account
Line No.	Customer Class	Account Charge	(II)/12	Regulatory Fee (III)*.0014	Charge (III)+(IV)
1	Residential	\$ 4.0856	\$ 0.3405	\$ 0.0005	\$ 0.3409
2	Commercial	\$ 22.5786	\$ 1.8815	\$ 0.0026	\$ 1.8842
3	Industrial	\$ 151.3434	\$ 12.6120	\$ 0.0177	\$ 12.6296

	(I)	(II)	(III)	(IV)
		Rounded Monthly	Total Adjusted	
		RP Per-Account	Number of	Annual Revenue Including
		Charge	Accounts*	Regulatory Fee (II)*(III)*12
4	Residential	\$ 0.34	103,079	\$ 420,562
5	Commercial	\$ 1.88	17,565	\$ 396,266
6	Industrial	\$ 12.63	60	\$ 9,094
				\$ 825,922

* Rate Year ending January 31, 2020 average projected number of account adjusted to remove "companion" accounts and "auxilliary"

**Dominion Energy North Carolina Retail Customers
Total Monthly REPS Charges Per Customer
To Be Effective February 1, 2019**

	(I)	(II)	(III)	(IV)	(V)	(VI)
			Monthly Rider RP	Total Monthly REPS	Total Adjusted	
Line No.	Customer Class	Monthly Rider RPE per account charge	per account charge	per customer charge (II)+(III)	Number of Accounts*	Annual Payment** (IV)*(V)*12
1	Residential	\$ 0.12	\$ 0.34	\$ 0.46	103,079	\$ 568,996
2	Commercial	\$ 0.60	\$ 1.88	\$ 2.48	17,565	\$ 522,734
3	Industrial	\$ 4.26	\$ 12.63	\$ 16.89	60	\$ 12,161
						<u>\$ 1,103,891</u>

* Rate Year ending January 31, 2020 average projected number of account adjusted to remove "companion" accounts and "auxilliary" accounts.

**Includes regulatory fee.

RIDER RPE
REPS EXPERIENCE MODIFICATION FACTOR
(REPS EMF)

Service supplied to Dominion Energy North Carolina retail customers is subject to the Renewable Energy and Energy Efficiency Portfolio Standard (“REPS”) monthly charge¹. This Rider is not applicable to agreements for the Company’s Outdoor Lighting Rate Schedule 26, Traffic Control Rate Schedule 30T, companion rates such as Schedule 1W, Schedule 1DF or Schedule 7, or auxiliary accounts². An auxiliary account is defined as a non-demand metered service at the same premise, with the same service address, and the same customer account name as an account for which a REPS charge has been applied.

Rate Class	Dollars per Customer Charge Monthly Bill
Residential Customer	\$ 0.12
Commercial Customer	\$ 0.60
Industrial Customer	\$4.26

¹ Monthly billing schedules will only be prorated if the number of days in the billing month is less than 26 or greater than 40.

² The Company can identify an account that qualifies as auxiliary service, not subject to this Rider, through the Company’s own research, or notification from the Customer. The Company will verify that such agreement is considered an auxiliary service, after which the Rider charge will not be applied to the auxiliary service account. The customer shall also be responsible for notifying the Company of any change in service that would no longer qualify the service as auxiliary.

RIDER RPE
REPS EXPERIENCE MODIFICATION FACTOR
(REPS EMF)

Service supplied to Dominion Energy North Carolina retail customers is subject to the Renewable Energy and Energy Efficiency Portfolio Standard (“REPS”) monthly charge¹. This Rider is not applicable to agreements for the Company’s Outdoor Lighting Rate Schedule 26, Traffic Control Rate Schedule 30T, companion rates such as Schedule 1W, Schedule 1DF or Schedule 7, or auxiliary accounts². An auxiliary account is defined as a non-demand metered service at the same premise, with the same service address, and the same customer account name as an account for which a REPS charge has been applied.

Rate Class	Dollars per Customer Charge Monthly Bill
Residential Customer	\$ 0.00
Commercial Customer	\$ 0.00
Industrial Customer	\$0.00

¹ Monthly billing schedules will only be prorated if the number of days in the billing month is less than 26 or greater than 40.

² The Company can identify an account that qualifies as auxiliary service, not subject to this Rider, through the Company’s own research, or notification from the Customer. The Company will verify that such agreement is considered an auxiliary service, after which the Rider charge will not be applied to the auxiliary service account. The customer shall also be responsible for notifying the Company of any change in service that would no longer qualify the service as auxiliary.

RIDER RP

RENEWABLE ENERGY & ENERGY EFFICIENCY PORTFOLIO STANDARD RIDER

Service supplied to Dominion Energy North Carolina retail customers is subject to the Renewable Energy and Energy Efficiency Portfolio Standard (“REPS”) monthly charge¹. This Rider is not applicable to agreements for the Company’s Outdoor Lighting Rate Schedule 26, Traffic Control Rate Schedule 30T, companion rates such as Schedule 1W, Schedule 1DF or Schedule 7, or auxiliary accounts². An auxiliary account is defined as a non-demand metered service at the same premise, with the same service address, and the same customer account name as an account for which a REPS charge has been applied.

Rate Class	Dollars per Customer Charge Monthly Bill
Residential Customer	\$ 0.34
Commercial Customer	\$ 1.88
Industrial Customer	\$12.63

¹ Monthly billing schedules will only be prorated if the number of days in the billing month is less than 26 or greater than 40.

² The Company can identify an account that qualifies as auxiliary service, not subject to this Rider, through the Company’s own research, or notification from the Customer. The Company will verify that such agreement is considered an auxiliary service, after which the Rider charge will not be applied to the auxiliary service account. The customer shall also be responsible for notifying the Company of any change in service that would no longer qualify the service as auxiliary.