

McGuireWoods LLP
434 Fayetteville Street
Suite 2600
PO Box 27507 (27611)
Raleigh, NC 27601
Phone: 919.755.6600
Fax: 919.755.6699
www.mcguirewoods.com

E. Brett Breitschwerdt
Direct: 919.755.6563

McGUIREWOODS

bbreitschwerdt@mcguirewoods.com

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Aug 24 2017

August 24, 2017

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 Demand-side Management Programs and Energy Efficiency
Measures*
Docket No. E-22, Sub 545

Dear Ms. Jarvis:

Enclosed for filing on behalf of Virginia Electric and Power Company, d/b/a Dominion Energy North Carolina (the "Company") is the corrected direct testimony of Company Witness Debra A. Stephens, which was initially filed in support of the Company's Application on August 15, 2017. Witness Stephens' testimony contains corrections at page 5 to the projected typical customer bill impacts of proposed Riders C and CE.

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

Very truly yours,

s/ E. Brett Breitschwerdt

Enclosures

**DIRECT TESTIMONY
OF
DEBRA A. STEPHENS
ON BEHALF OF
DOMINION ENERGY NORTH CAROLINA
BEFORE THE
NORTH CAROLINA UTILITIES COMMISSION
DOCKET NO. E-22, SUB 545**

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 Debra A. Stephens, and I am a Regulatory Advisor for Dominion
5 Energy North Carolina. My business address is 701 East Cary Street,
6 Richmond, Virginia 23219.

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

8 A. I provide support and analysis for base rate schedules and Demand Side
9 Planning Riders for the Company’s retail jurisdictions. A statement of my
10 background and qualifications is attached as Appendix A.

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

12 A. My testimony supports the Company’s request to recover all reasonable and
13 prudent costs incurred in adopting and implementing the Company’s portfolio
14 of North Carolina demand-side management (“DSM”) and energy efficiency
15 (“EE”) Programs (“DSM/EE programs” or “Programs”), and utility
16 incentives, through its updated Rider C, as well as the Company’s experience
17 modification factor (“EMF”) rider, Rider CE (“Application”). The purpose of
18 my testimony is to present the calculation of the updated DSM/EE Rider,

1 Rider C, and the EMF rider, Rider CE. Rider C is designed to recover the
2 Company's reasonable and prudent costs incurred for the adoption and
3 implementation of the Company's DSM/EE Programs during the rate period,
4 January 1, 2018, through December 31, 2018 ("Rate Period"). Rider CE will
5 true up any over- or under-recovery for the period January 1, 2016, through
6 December 31, 2016. ("Test Period"). The Company is requesting the
7 proposed riders, Rider C and Rider CE, become effective for usage on and
8 after January 1, 2018. Additionally, I provide the calculations for the monthly
9 residential and non-residential non-fuel average base rates that have been used
10 by Company Witness Alan J. Moore in determining gross lost revenues.

11 **Q. Ms. Stephens, are you sponsoring any exhibits or schedules in connection**
12 **with your testimony?**

13 A. Yes. Company Exhibit No. DAS-1, consisting of Schedules 1 through 18,
14 was prepared under my supervision and is accurate and complete to the best of
15 my knowledge and belief. I also provide my supporting workpaper as
16 required by Commission Rule R8-69(f)(i)(viii).

17 **Q. Would you please discuss the calculation of the Rider C?**

18 A. Yes. The Company has calculated the Rider C rates in accordance with the
19 following methodology. To develop the Rider C rate applicable to each of the
20 Company's customer classes, we must first determine forecasted kWh sales
21 for each customer class. For the North Carolina jurisdiction, the Company
22 only forecasts kWh sales and customers by "revenue class" (*i.e.*, Residential,
23 Commercial, Industrial, Public Authority, and Outdoor Street Lighting/Traffic

1 Signals), and this revenue class kWh sales forecast is shown on pages 1
2 through 3 of Schedule 1, as required by Rule R8-69(f)(1)(i). However, these
3 revenue classes are not perfectly aligned with the Company's customer
4 classes. Therefore, the Company must allocate the revenue classes' January
5 2018, through December 2018 forecasted kWh sales down to the customer
6 class level. This allocation was performed using 2014 through 2016 historical
7 monthly customer and kWh usage for each customer class to capture the
8 recent trends of kWh sales and the numbers of customers within each
9 customer class. This allocation by revenue class (and within revenue class by
10 rate schedule) is shown on pages 4 and 5 of my Schedule 1. The summary on
11 page 6 shows the allocation of the 12 months ended December 31, 2018,
12 forecasted kWh sales for each rate schedule, less the kWh sales for the
13 industrial and large commercial customers who have "opted out" under North
14 Carolina General Statute § 62-133.9(f), to produce a net forecast. Pages 7 and
15 8 categorize the net forecasted rate schedule kWh sales into the seven
16 customer classes (*i.e.*, Residential, SGS, NS, LGS, 6VP, Outdoor/Street
17 Lighting, and Traffic Lighting customer classes).

18 The rates for Rider C have been derived based upon these net forecasted kWh
19 sales by customer class. Pages 9 and 10 of Schedule 1 detail the development
20 of the Rider C rate.

21 Page 9 of Schedule 1 shows the customer class allocated revenue
22 requirements associated with DSM/EE program costs that were provided by
23 Company Witness Melba L. Lyons. By dividing these class revenue

1 requirements by their respective customer class forecasted kWh sales, we
2 have calculated customer class rates, which are then adjusted for North
3 Carolina Regulatory Fee. Page 10 shows the rate schedules within their
4 associated customer class and provides their respective Rider C rate.

5 **Q. Have you provided projected North Carolina total retail monthly sales**
6 **for the Rate Period for the commercial and industrial customers who**
7 **have chosen to opt out of the DSM/EE Rider, as required by R8-**
8 **69(f)(1)(vii)?**

9 A. Since the Company generally does not forecast kWh sales for individual
10 customers, we have used actual kWh sales, from January 1, 2016, to
11 December 31, 2016, as a proxy for the projected opt-out kWh sales for the
12 Rate Period for customers that have opted out as of June 30, 2017. Schedule 2
13 of my pre-filed direct testimony contains the aggregated opt-out customer
14 sales by month.

15 **Q. Have you included the Company's proposed Rider C in Schedule 3 of**
16 **your pre-filed direct testimony?**

17 A. Yes. Schedule 3 is comprised of the tariff sheet showing the proposed Rider
18 C as required by R8-69(f)(1)(vi), which, if approved as proposed, would be
19 applicable for usage on and after January 1, 2018.

20 **Q. Would you please discuss the calculation of the Rider CE?**

21 A. Yes. The Company has calculated the Rider CE rates in accordance with the
22 same methodology as previously approved for calculating Rider C. The

1 allocated class Rider CE revenue requirements used in these calculations are
2 provided in Company Witness Lyons' Schedule 3. The forecasted kWh by
3 class and rate schedule for use in developing the Rider CE rates are the same
4 as described in the calculation of the Rider C rates. The results of these
5 calculations are shown in my Schedule 4. The corresponding tariff sheet
6 providing the Rider CE rates is shown in my Schedule 5.

7 **Q. Would you explain how the proposed Riders C and CE will impact**
8 **customers' bills?**

9 A. For this comparison, the Company has used the base and fuel rates that went
10 into effect January 1, 2017, Docket No. E-22 Sub 532, and the Company's
11 fuel case, Docket No. E-22, Sub 534, to calculate the customers' "current
12 bill." For Rate Schedule 1 (residential), based on the proposed January 1,
13 2018 effective date for Riders C and CE, for a customer using 1,000 kWh per
14 month, the weighted monthly residential bill (4 summer months and 8 base
15 months) would increase from \$105.53 to \$106.11, or by 0.55%. For Rate
16 Schedule 5 (small general service), based on the proposed January 1, 2018
17 effective date for Riders C and CE, for a customer using 12,500 kWh per
18 month and 50 kW of demand, the weighted monthly bill (4 summer months
19 and 8 base months) would increase from \$1,015.02 to \$1,026.78, or by 1.16%.
20 For Rate Schedule 6P (large general service), based on the proposed January
21 1, 2018 Riders C and CE, for a customer using 259,200 kWh on-peak and
22 316,800 kWh off-peak per month and 1,000 kW of demand, the monthly bill
23 would increase from \$35,067.07 to \$35,435.71, or by 1.05%.

1 **Q. For purposes of truing up lost revenues for the Test Period, would you**
2 **describe how the non-fuel average base rates were determined?**

3 A. Yes. We have calculated monthly non-fuel average base rates for the Test
4 Period for each DSM Program. These monthly non-fuel average base rates
5 are provided to Company Witness Moore, who in turn applies these rates to
6 the measured and verified kWh reductions that occurred during the Test
7 Period, as determined and provided by Company Witness Deanna R. Kesler.

8 In truing up gross lost revenues for the Residential Low Income Program, the
9 Residential Heat Pump Tune Up Program, the Residential Heat Pump
10 Upgrade Program, the Residential Duct Testing & Sealing Program, the
11 Residential Home Energy Check-Up Program, and the Residential Income and
12 Age Qualifying Program, we used the actual participants' non-fuel base
13 revenues and their kilowatt-hour consumption for the period of January 1,
14 2016, to December 31, 2016, to develop monthly average non-fuel base rates.
15 These calculations are shown in Schedules 6 through 11 of my testimony. To
16 calculate the average rates for the Residential Lighting program, we used the
17 average non-fuel base rates for all customers on Rate Schedules 1, 1P, and 1T
18 and the kilowatt-hour consumption for the period of January 1, 2016, to
19 December 31, 2016, shown in Schedule 12.

20 **Q. Did you use the same methodology for the Non-Residential Programs in**
21 **truing up lost revenues for the Test Period?**

22 A. Yes. We used the actual participants' non-fuel base revenues and their
23 kilowatt-hour consumption for the applicable true-up period to develop

1 monthly average non-fuel base rates. This analysis used the kWh
2 consumption for those customers who participated in the Commercial
3 Lighting Program, the Commercial HVAC Program, the Non-Residential
4 Energy Audit, the Non-Residential Duct Testing & Sealing Program, the Non-
5 Residential Heating & Cooling Efficiency Program, and the Non-Residential
6 Lighting Systems & Controls Program shown in Schedules 13 through 18
7 during the period of January 1, 2016, to December 31, 2016. No rates were
8 calculated for the Non-Residential Window Film Program since there were no
9 North Carolina participants in the program during 2016.

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

11 **A.** Yes, it does.

**BACKGROUND AND QUALIFICATIONS
OF
DEBRA A. STEPHENS**

Debra A. Stephens graduated from the Virginia Polytechnic Institute & State University in 1978 with a B.S. in Marketing. She continued her education, completing a Masters in Business Administration from Virginia Polytechnic Institute & State University in 1979. In 1985, after spending five years as a Research Analyst for the Virginia Department of Planning & Budget, Ms. Stephens joined Virginia Electric and Power Company as a Statistical Analyst in the Insurance & Loss Prevention Department. In that capacity, she conducted statistical analyses related to insurance and claims, and participated in a Company-wide assessment of Corporate Risk.

In 1995, Ms. Stephens moved to the Energy Efficiency Department and became part of the Market Research Group. In that position, she worked primarily analyzing non-residential customer data to create a segmentation strategy for these customers. In January 2001, Ms. Stephens joined the Regulatory & Pricing Department as analyst supporting interval customer data. This function was moved to the Metering Department in 2002, along with the supporting staff.

Ms. Stephens returned to the State Regulation Group in 2007 as a Regulatory Analyst III. In 2015, Ms. Stephens was promoted to her current position as a Regulatory Advisor. Her responsibilities include providing support and analysis for the Company's regulatory filings in Virginia and North Carolina. Ms. Stephens has previously presented testimony before the State Corporation Commission of Virginia and the North Carolina Utilities Commission.

CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing Corrected Direct Testimony of Company Witness Debra A. Stephens, as filed in Docket No. E-22, Sub 545, was served electronically or via U.S. mail, first-class, postage prepaid, upon all parties of record.

This, the 24th day of August, 2017.

/s/E. Brett Breitschwerdt

E. Brett Breitschwerdt
McGuireWoods LLP
434 Fayetteville Street, Suite 2600

PO Box 27507 (27611)

Raleigh, North Carolina 27601

(919) 755-6563 (Direct)

bbreitschwerdt@mcguirewoods.com

*Attorney for Virginia Electric and Power
Company, d/b/a Dominion Energy North
Carolina*