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Aug 13 2019

August 13, 2019

VIA ELECTRONIC FILING

Ms. Janice Fulmore, Deputy Clerk
Ms. Antonia Dunston, Deputy Clerk
North Carolina Utilities Commission
Dobbs Building
430 North Salisbury Street
Raleigh, North Carolina 27603

*Re: 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 G.S. 62-133.8 and Commission Rule R8-67
Docket No. E-22, Sub 578*

Dear Ms. Fulmore and Ms. Dunston:

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 Emilia L. Catron. In accordance with Commission Rule R8-67(c), the Company is also filing its 2019 Renewable Energy and Energy Efficiency Portfolio Standard Compliance Report for calendar year 2018, 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

Ms. Janice Fulmore, Deputy Clerk
Ms. Antonia Dunston, Deputy Clerk
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from this public version of the Company's Application and is contemporaneously filing 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:mth

Enclosures

cc: Heather D. Fennell, Tim R. Dodge – NC Utilities Commission Public Staff



**Dominion
Energy[®]**

**Application, 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 G.S. 62-
133.8 and Commission Rule R8-67**

Docket No. E-22, Sub 578

Filed: August 13, 2019

**STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH**

DOCKET NO. E-22, SUB 578

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 2019 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. Gen. Stat.”) § 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 (“DENC” 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, DENC also requests Commission approval of the Company’s 2019 REPS Compliance Report for calendar year 2018 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. DENC 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 DENC 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. Gen. Stat. § 62-133.8(b), (c),¹ (d), (e), and (f). N.C. Gen. Stat. § 62-133.8(h)(1) also establishes that electric power suppliers, including DENC, 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. Gen. Stat. § 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: \$27.00 per Residential account; \$150.00 per Commercial account; and \$1,000.00 per Industrial account.

¹ The compliance obligation set forth in N.C. Gen. Stat. § 62-133.8(c) does not apply to DENC. 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. Gen. Stat. § 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. Gen. Stat. § 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). For DENC, the annual Rule R8-55 historical EMF test period is the preceding July 1 to June 30 period, and the rate period is the future twelve-month period from February 1 to January 31 annually (the “Rate Period”).

8. Pursuant to the provisions of N.C. Gen. Stat. § 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 Rate Period, \$1,246,561, as well as its updated EMF Rider, Rider RPE, to recover all of the Company’s reasonable and prudently-incurred REPS compliance costs during the EMF test period, \$106,060. Combined, Rider RP and the EMF rider, Rider RPE, are intended to allow the Company to recover \$1,352,621 million of incremental REPS costs during the Rate Period.

9. Pursuant to N.C. Gen. Stat. § 62-133.8 and Rule R8-67(e), the Company requests Commission approval of annual Rider RP billing adjustments of \$0.51 per month for Residential Customers; \$2.84 per month for Commercial Customers; and \$19.18 per month for Industrial Customers. The Company also requests Commission approval of annual Rider RPE billing adjustments of \$0.04 per month for the Residential Customers, \$0.24 per month for Commercial Customers, and \$1.66 per month for Industrial Customers. In total, the Company requests Commission approval of annual REPS billing adjustments of \$0.55 per month for Residential Customers, \$3.08 per month

for Commercial Customers, and \$20.84 per month for Industrial Customers. Rider RP and Rider RPE are proposed to become effective February 1, 2020.

10. Pursuant to Rule R8-67(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 George E. Hitch, Alan J. Moore, and Emilia L. Catron.

WHEREFORE, DENC 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 2019 REPS Compliance Report.

Respectfully submitted, this the 13th day of August, 2019.

DOMINION ENERGY NORTH CAROLINA

By: /s/ Andrea R. Kells

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**DIRECT TESTIMONY
OF
GEORGE E. HITCH
ON BEHALF OF
DOMINION ENERGY NORTH CAROLINA
BEFORE THE
NORTH CAROLINA UTILITIES COMMISSION
DOCKET NO. E-22, SUB 578**

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 compliance strategy for the North Carolina Renewable Energy and
10 Energy Efficiency Portfolio Standard (“REPS”), as well as the Virginia
11 Renewable Energy Portfolio Standards. My responsibilities include
12 developing the Company’s Rule R8-67(b) REPS Compliance Plan and Rule
13 R8-67(c) REPS Compliance Report. I am also responsible for managing the
14 Company’s capacity, energy, and renewable energy certificate (“REC”)
15 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. Gen. Stat. § 62-133.8. My testimony supports the Company's
5 incremental REPS compliance costs incurred for calendar year 2018 and
6 future years' compliance, and also forecasts the incremental REPS costs the
7 Company expects to incur during the February 1, 2020 through January 31,
8 2021 rate period ("Rate Period").

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

11 A. Yes. Company Exhibit GEH-1 is the Company's 2019 REPS Compliance
12 Report for calendar year 2018 REPS compliance. Company Exhibit GEH-2
13 consists of two schedules, Schedule 1 and 2. (Exhibits GEH 1-2 provided in
14 public and confidential versions filed under seal). Both the Company's 2019
15 REPS Compliance Report and my Schedules 1 and 2 were prepared by me
16 and are accurate and complete to the best of my knowledge and belief.
17 Schedule 1 provides actual REPS compliance costs, by source, that the
18 Company has incurred during the July 1, 2018 to June 30, 2019, experience
19 modification factor true up period ("EMF True Up Period"), as further
20 described in the Company's Application and later in my testimony. My
21 Schedule 2 provides REPS compliance costs, by source, that the Company
22 projects to incur during the Rate Period in support of compliance with the
23 REPS.

1 **Q. Can you please describe the Company’s REPS obligations under N.C.**
2 **Gen. Stat. § 62-133.8?**

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

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

12 Furthermore, each electric power supplier must comply with the requirements
13 of N.C. Gen. Stat. § 62-133.8(d), (e), and (f) (individually referred to as the
14 “Solar Set-Aside,” “Swine Waste Set-Aside,” and “Poultry Waste Set-Aside,”
15 respectively). These provisions of the overall REPS require that within the
16 Total Obligation described above, each electric power supplier is to ensure
17 that specific quantities of qualifying solar RECs, swine waste RECs, and
18 poultry waste RECs are also submitted for retirement. The Company

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 generally refers to its Total Obligation net of the three set-asides as its
2 “General Requirement.”

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

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

11 To comply with the Swine Waste Set-Aside, each electric power supplier is
12 also required to submit for retirement a volume of qualifying swine waste
13 RECs equivalent to its pro-rata share of total retail electric power sold in
14 North Carolina multiplied by the statewide, aggregate swine set-aside
15 requirement.³ The Company’s Swine Waste Set-Aside requirements, as
16 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 8, 2018, the Commission issued an Order reducing the initial swine waste set-aside requirement to 0.02% for the electric public utilities and delaying the initial Swine Waste Set-Aside requirement until 2019 for municipalities. The Commission also modified the poultry waste set-aside aggregate requirement to 300,000 MWh. *Order Modifying the Swine and Poultry Waste Set-Aside Requirements and Providing Other Relief*, Docket No. E-100, Sub 113 (October 8, 2018) (“2018 REPS Modification Order”).

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,

- 1 • In 2018, its pro-rata share of two-hundredths of one percent (0.02%) of
2 the total retail electric power sold in North Carolina in the year prior;
- 3 • In 2019 and 2020, its pro-rata share of seven-hundredths of one
4 percent (0.07%) of total retail electric power sold in North Carolina in
5 the year prior; and
- 6 • In 2021, 2022, and 2023, its pro-rata share of fourteen-hundredths of
7 one percent (0.14%) of total retail electric power sold in North
8 Carolina in the year prior; and
- 9 • In 2024 and thereafter, its pro-rata share of two-tenths of one percent
10 (0.2%) of total retail electric power sold in North Carolina in the year
11 prior.

12 Finally, each electric power supplier is also to submit for retirement a volume
13 of qualifying poultry waste-to-energy RECs equivalent to its pro-rata share of
14 the aggregate poultry set-aside obligation. The Company's Poultry Waste
15 Set-Aside requirements, as modified by the Commission in the 2018 REPS
16 Modification Order, are as follows:

- 17 • In 2018, its pro-rata share of 300,000 MWh;
- 18 • In 2019, its pro-rata share of 700,000 MWh; and
- 19 • In 2020 and each year thereafter, its pro-rata share of 900,000 MWh.⁵

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 Company's pro-rata share will be determined by averaging three years of
2 historic retail sales.⁶ The resulting allocation will be held constant for three
3 years. For example, in 2019, 2020, and 2021, the Company's pro-rata share
4 will be the average of 2016, 2017, and 2018 retail sales. The North Carolina
5 Renewable Energy Tracking System ("NC-RETS") administrator calculates
6 each electric power supplier's proportionate share of the Poultry Waste Set-
7 Aside Obligation using this methodology.⁷

8 **Q. Please describe the Company's historical REPS compliance.**

9 A. The Company has fully complied with its prior years' REPS compliance
10 obligations, including the 2015-2017 Poultry Waste Set-Aside compliance
11 obligation, the 2010-2017 Solar Set-Aside compliance obligation and the
12 2013-2017 Total Obligations, for the 2010 through 2017 REPS compliance
13 periods. The Commission approved the Company's 2011, 2012, 2013, 2014,
14 2015, 2016, 2017, and 2018 REPS Compliance Reports in Orders issued on
15 December 15, 2011,⁸ December 11, 2012,⁹ December 18, 2013,¹⁰ December

⁷ *Order Establishing 2016, 2017, and 2018 Poultry Waste Set-Aside Requirement Allocation*, Docket No. E-100, Sub 113 (Aug. 5, 2016).

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").

1 18, 2014,¹¹ December 16, 2015,¹² December 20, 2016,¹³ December 13,
2 2017,¹⁴ and January 4, 2019,¹⁵ respectively.

3 **Q. Please discuss the Company's REPS obligations during the 2018**
4 **Compliance Period under review and during the 2020 Compliance**
5 **Period.**

6 A. For purposes of the 2018 compliance year, the Company has submitted for
7 retirement a total of 389,194 RECs and 27,551 Energy Efficiency Credits
8 ("EECs") to meet its 2018 Total Obligation. Within this total, the Company
9 has submitted for retirement 8,336 RECs to meet the Solar Set-Aside
10 requirement. The Company will submit for retirement 9,932 RECs to meet
11 the Poultry Waste Set-Aside requirement. The Company will also submit for
12 retirement 834 RECs for compliance with the Swine-Waste Set Aside
13 requirement.

14 For purposes of the 2020 Compliance Period, the Company estimates that it
15 will be required to submit for retirement a total of 426,500 RECs to meet its
16 2020 Total Obligation. Within this total, the Company estimates that it will

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) ("2015 REPS Order").

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

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

¹⁵ *Order Approving REPS and REPS EMF Riders and 2017 REPS Compliance*, Docket No. E-22, Sub 557 (Jan. 4, 2019) ("2018 REPS Order").

1 be required to retire approximately 8,530 solar RECs, 2,986 swine waste
2 RECs, and approximately 29,796 poultry waste RECs.

3 **Q. Has the Company complied with its Solar Set-Aside obligation for 2018?**

4 A. Yes. The Company met the 2018 Solar Set-Aside requirement of 8,336 solar
5 RECs. Pursuant to the NC-RETS Operating Procedures, the Company has
6 submitted for retirement 8,336 solar RECs. Specifically, the RECs to be used
7 for 2018 compliance have been transferred from the NC-RETS Dominion
8 Energy North Carolina Electric Power Supplier account to the Dominion
9 Energy North Carolina Compliance Sub-Account. As in past years, upon
10 completion of this regulatory proceeding and approval of the Company's
11 Compliance Report, the Commission will finalize retirement of the RECs.

12 **Q. Has the Company complied with its Poultry Waste Set-Aside obligation**
13 **for 2018?**

14 A. Yes. The Company has met the 2018 Poultry Waste Set-Aside requirement of
15 9,932 poultry waste RECs. Pursuant to the NC-RETS Operating Procedures,
16 the Company has submitted for retirement 9,932 poultry waste RECs. Again,
17 the RECs to be used for 2018 compliance have been transferred from the NC-
18 RETS Dominion Energy North Carolina Electric Power Supplier account to
19 the Dominion Energy North Carolina Compliance Sub-Account.

1 **Q. Has the Company complied with its General Requirement obligation for**
2 **2018?**

3 A. Yes. The Company has met the 2018 General Requirement of 397,643 RECs.
4 Pursuant to NC-RETS Operating Procedures, the Company has submitted for
5 retirement 370,092 RECs and 27,551 EECs in a similar manner to that
6 described above. Upon completion of this regulatory proceeding, the
7 Commission will finalize retirement of these RECs for 2018 compliance.

8 **Q. Is Dominion Energy North Carolina positioned to comply with its REPS**
9 **requirements in 2019?**

10 A. The Company currently has sufficient RECs in NC-RETS to comply with its
11 Solar Set-Aside, Poultry Waste Set-Aside, Swine Waste Set-Aside and
12 General Requirements in 2019.¹⁶ However, the Company anticipates some
13 Electric Power Suppliers may file a joint motion to request a delay in or
14 modification of the 2019 Swine Waste Set Aside and a modification of the
15 2019 Poultry Waste Set Aside.

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

18 A. The Company continues to procure unbundled RECs to satisfy its REPS
19 obligations. Specifically, the Company has taken the following actions: (1)
20 introduced additional energy efficiency programs that will generate savings

¹⁶ In 2019, the Company estimates that it will be required to submit for retirement 440,079 RECs to meet its Total Obligation. Within this total, the Company is also required to retire the following: 8,802 solar RECs; 3,081 swine waste RECs; and 23,174 poultry waste RECs.

1 that can be counted towards the Company's REPS obligation; (2) executed
2 and continued negotiations for additional REC purchase agreements with
3 renewable facilities; (3) solicited renewable energy proposals of various types,
4 namely for swine waste-to-energy and poultry waste-to-energy resources; (4)
5 participated in joint procurement activities with other electric power suppliers,
6 including the Poultry Waste REC Buyers Group and the Swine Waste REC
7 Buyers Group; and (5) participated in the annual and bi-annual stakeholder
8 meetings organized by the Public Staff to facilitate discussion regarding
9 Swine Waste and Poultry Waste Set-Aside compliance. The Company
10 intends to contract for Poultry and Swine REC supply in excess of the initial
11 Swine Waste and Poultry Waste Set-Aside compliance requirements to
12 compensate for the experienced high failure rate of animal waste to energy
13 projects. The Company will evaluate the banking or sale of Swine or Poultry
14 RECs in excess of its compliance obligations to manage any significant
15 inventories that may develop.

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

19 A. In an ongoing effort to comply with the Swine Waste Set-Aside, the Company
20 has attempted to obtain swine waste RECs from facilities in Virginia, North
21 Carolina and across the continental United States. The Company has
22 contacted digester owners and operators, hog producers and REC

1 marketers/brokers to determine if any swine waste RECs are available for
2 purchase by the Company.

3 In January 2016, the Company executed a contract with Orion Energy
4 Marketing & Consulting, Inc. (“Orion”) for sufficient swine waste RECs to
5 meet compliance during the period 2017 to 2021. Orion is currently meeting
6 all contractual obligations. The Company continues to work with the Swine
7 Waste REC Buyers Group to secure additional swine RECs that could be
8 banked for future use or used for compliance.

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

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

18 The Poultry Waste REC Buyers Group executed three (3) long-term poultry
19 waste contracts and the Company, as a part of this group, executed three (3)
20 long-term contracts for the Town of Windsor’s in-state requirements. One
21 (1) of these contracts was terminated by mutual agreement with the supplier
22 in September 2013. Prestage Ag Energy (“Prestage”) started making regular

1 monthly deliveries in November 2019. Prestage is currently meeting all
2 contractual obligations. The remaining long-term contract will not produce
3 any significant poultry waste RECs until fall of 2019. At this time, the
4 Company has sufficient RECs in NC-RETS meet the Town of Windsor's in-
5 state Poultry Waste Set-Aside requirement for 2019 and 2020. The Company
6 also believes it is likely to have sufficient RECs for Town of Windsor's in-
7 state Poultry Waste Set-Aside requirement for 2021.

8 The Company has sufficient poultry waste RECs in NC-RETS to comply
9 with both Dominion Energy North Carolina's and Town of Windsor's out-
10 of-state Poultry Waste Set-Aside requirements for years 2019-2021.

11 **Q. Please also provide an update on the Company's efforts to comply with its**
12 **General Requirement in 2019.**

13 A. The Company is well-positioned to comply with its General Requirement, and
14 Total Obligation, in 2019. The Company's efforts to comply with the General
15 Requirement and Total Obligation include its continued implementation of
16 energy efficiency programs and the purchase of RECs from renewable energy
17 facilities. As allowed by Senate Bill 3, Dominion Energy North Carolina
18 continues to find that purchasing out-of-state RECs to achieve all aspects of
19 its Total Obligation is the most cost-effective REPS compliance option for the
20 Company and its customers.

1 The Company has sufficient RECs in NC-RETS to comply with both
2 Dominion Energy North Carolina's and Town of Windsor's General
3 Requirements for 2019.

4 **Q. Please also provide an update on the Company's efforts to comply with its**
5 **Solar Set-Aside requirement in 2019.**

6 A. The Company is well-positioned to comply with its Solar Set-Aside
7 requirement in 2019. The Company has also purchased enough RECs to
8 comply with in-state Solar Set-Aside requirements for the Town of Windsor
9 in 2019-2021.

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 2019 REPS Compliance Plan, which will be filed with the Company's
16 2019 Integrated Resource Plan Update in September 2019.

17 **Q. What are the Company's costs associated with REPS compliance during**
18 **the EMF True Up Period and the upcoming Rate Period?**

19 A. Costs requested to be recovered include REC costs, as well as other
20 incremental REPS compliance expenses (e.g., Renewable Energy Tracking
21 System fees) (collectively, "Other Incremental Costs"). Both REC expenses
22 and Other Incremental Expenses incurred after June 30, 2019, will be trued up

1 and recovered as part of the Company's EMF in its 2020 REPS cost recovery
2 proceeding. My Exhibit 2, Schedule 1 presents the Company's reasonable
3 and prudently-incurred incremental REPS Compliance Costs during the EMF
4 True Up Period. My Exhibit 2, Schedule 2 presents the Company's forecasted
5 incremental REPS compliance costs projected to be incurred during the Rate
6 Period.

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

9 A. No, the Company has not made any bundled renewable energy purchases to
10 date. For this reason, 100 percent of the Company's incurred REC costs are
11 "incremental costs" recoverable through the REPS Rider. While the
12 Company will present its avoided cost capacity and energy rates in its 2019
13 REPS Compliance Plan, these avoided costs were not required to determine
14 the incremental costs of Dominion Energy North Carolina's REC purchases
15 for recovery in this proceeding.

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

18 A. My Exhibit 2, Schedules 1 and 2 identify the Other Incremental Costs
19 that the Company has incurred in association with REPS compliance.
20 Other Incremental Costs represent the Company's direct and non-labor
21 costs associated with REPS compliance, including the Company's
22 subscription to NC-RETS, internal REC tracking software costs, and
23 REC broker fees. The Company is not seeking to recover any

1 incremental internal labor costs associated with administration of
2 REPS compliance for either the EMF True Up Period or forecasted
3 Rate Period in this proceeding.¹⁷

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

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

14 A. The Company uses the Environmental Management Account ("EMA") RECs
15 system developed by APX to support the Company's REPS compliance
16 efforts. The EMA system is a REC asset management tool, which includes
17 multiple REPS compliance functionalities, including supporting the
18 Company's REC portfolio management and valuation, allowing connectivity
19 to NC-RETS, as well as managing post-trade settlement, credit, delivery, and
20 compliance, and invoicing services.

¹⁷ The Company continues to review how to most appropriately track and allocate such costs and may seek to recover such incremental internal REPS labor costs in future REPS cost recovery cases.

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

4 A. Consistent with the approach since the 2014 REPS Order, the Company has
5 allocated the regulated portion of EMA system costs between Virginia and
6 North Carolina because the EMA system will also be used for REC
7 management in the Company's Virginia jurisdiction. Company Witness
8 Emilia L. Catron supports the two-state factor 3 allocation approach, which
9 allocates 5.0659 percent of the regulated portion of the EMA system costs and
10 maintenance fees to the North Carolina jurisdiction. Company Witness
11 Moore presents the EMA costs included for recovery on Page 2 of his
12 Schedule 1 for the Rate Period Rider RP revenue requirement, and Page 3 of
13 his Schedule 2 for the True-up Period EMF Rider RPE revenue requirement.

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

17 A. No. The incremental REPS costs presented in my Schedules 1 and 2 are net
18 of the REC costs incurred by the Company for Town of Windsor's REPS
19 compliance. As I have noted previously, the Company is uniquely situated in
20 that it is statutorily authorized to use 100 percent out-of-state RECs to achieve
21 REPs compliance. In most instances, the Company has found purchasing out-
22 of-state RECs to be more cost effective than almost all other REPS
23 compliance options, even including using its utility-owned renewable

1 generating facilities for North Carolina REPS compliance.¹⁸ In contrast to the
2 Company, Town of Windsor is required to obtain 75% of its RECs from in-
3 state renewable resources. Thus, the Company has been required to purchase
4 in-state RECs that are specifically designated for Town of Windsor's REPS
5 compliance. For this reason, the Company has directly assigned specific REC
6 costs to Town of Windsor that may be used for its REPS compliance, and has
7 excluded them from the REPS costs that the Company is requesting to recover
8 from the North Carolina retail jurisdiction in this proceeding.

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

11 A. Yes.

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

15 A. No. The Company's Other Incremental Costs requested to be recovered in
16 this proceeding do not include non-REC costs reasonably attributable to Town
17 of Windsor. While Town of Windsor's compliance obligation accounts for a
18 very small percent of Dominion Energy North Carolina's non-REC costs of
19 REPS compliance, Town of Windsor is still responsible for certain of these
20 costs. The Company has either assigned or allocated these costs to Town of

¹⁸ 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 Windsor. For example, broker's fees attributable to REC transactions for
2 Town of Windsor's REPS compliance are directly assigned to Town of
3 Windsor. For any Other Incremental Costs not directly assignable to Town of
4 Windsor, the Company has adopted NC-RETS' approach of allocating its
5 costs based upon each electric power supplier's load-ratio share determined on
6 an energy basis for the prior calendar year. As Town of Windsor is
7 approximately 1.2 percent of the Company's total load-ratio share, the
8 Company feels that this percentage of its Other Incremental Cost of REPS
9 compliance should be attributable to Town of Windsor and should not be
10 recovered from North Carolina retail customers. My Exhibit 2, Schedules 1
11 and 2 specifically exclude Other Incremental Costs assigned or allocated to
12 Town of Windsor.

13 **Q. Are you satisfied that the Company's REPS compliance costs incurred**
14 **during the EMF True Up Period have been prudently incurred, and that**
15 **the projected Rate Period costs will be prudently incurred?**

16 A. Yes. The Company has incurred and also projects to incur all of its costs
17 associated with REPS compliance in a prudent manner. For example,
18 Dominion Energy North Carolina has effectively evaluated its options and
19 negotiated with counter-parties to procure reasonably-priced out-of-state
20 RECs for compliance with the Solar, Swine Waste and Poultry Waste Set-
21 Asides. This also holds true for the General Requirements RECs. Dominion
22 Energy North Carolina has significant experience and expertise within the
23 national REC market, and the Company has taken full advantage of its

1 statutory ability to procure its full REC requirements from out-of-state
2 facilities. As noted above, this strategy has resulted in very reasonable
3 compliance costs for our customers.

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

5 A. Yes.

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

I joined Dominion Energy North Carolina (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
NORTH CAROLINA UTILITIES COMMISSION
RALEIGH**

DOCKET NO. E-22, SUB 578

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of)	2019 REPS COMPLIANCE
Dominion Energy North Carolina)	REPORT OF DOMINION ENERGY
REPS Compliance Report Pursuant)	NORTH CAROLINA FOR
to Rule R8-67(c))	CALENDAR YEAR 2018

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 (“DENC” or the “Company”) hereby files its 2019 North Carolina Renewable Energy and Energy Efficiency Portfolio Standards (“NC REPS”) Compliance Report for calendar year 2018.

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 2019 NC REPS Compliance Report for calendar year 2018 are stated below and correspond to the items listed in Rule R8-67(c)(1).

As demonstrated by this Report, the Company achieved its 2018 REPS compliance requirements by satisfying the solar carve-out requirement, the poultry waste carve-out, the swine 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.

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 Town of Windsor, a full requirements customer of the Company, which is subject to the requirements of this subsection.

² On October 8, 2018, the Commission issued an Order reducing the initial swine waste set-aside requirement to 0.02% for the electric public utilities and delaying the initial Swine Waste Set-Aside requirement until 2019 for municipalities. The Commission also modified the poultry waste set-aside aggregate requirement to 300,000 MWh. *Order Modifying the Swine and Poultry Waste Set-Aside Requirements and Providing Other Relief*, Docket No. E-100, Sub 113 (October 8, 2018) (“2018 Delay Order”).

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(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 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 swine and poultry waste RECs, out-of-state wind RECs and in-state and out-of-state solar and hydro RECs to comply with its 2018 NC REPS requirements. In addition, the Company is using energy efficiency (“EE”) savings created by Commission-approved EE programs for 2018 compliance. The Company also purchased sufficient in-state and out-of-state solar, poultry, and biomass RECs, for the Town of Windsor.

Figure 1.1 shows RECs to be retired for 2018 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 2018 compliance with the poultry waste set-aside REPS requirement for the Company, as well as for the Town of Windsor. Figure 1.3 shows swine waste RECs to be retired for 2018 compliance with the swine waste set-aside REPS requirement for the Company. Figure 1.4 shows the wind, biomass, energy efficiency and hydro RECs to be retired for 2018 compliance with the general REPS requirement for the Company, as well as for the Town of Windsor.

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).

Figure 1.1 RECs Used for 2018 Solar Set-Aside Compliance

	Quantity	Price / MWh	REC Cost
For DENC (Requirement)	8,336		
	3,079		
	295		
	1,555		
	3,048		
	286		
	73		
For Town of Windsor (Requirement)	94		
	94		
Total Volume	16,766	Total REC Cost	

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Figure 1.2 RECs Used for 2018 Poultry Set-Aside Compliance

	Quantity	Price / MWh	REC Cost
For DENC (Requirement)	9,932		
	9,932		
For Town of Windsor (Requirement)	114		
	28		
	14		
	72		
Total Volume	10,046	Total REC Cost	

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Figure 1.3 RECs Used for 2018 Swine Waste Set-Aside Compliance

	Quantity	Price / MWh	REC Cost
For DENC (Requirement)	834		
	834		
For Town of Windsor (Requirement)	0		
Total Volume	834	Total REC Cost	

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Figure 1.3 RECs Used for 2018 General REPS Compliance

	Quantity	Price / MWh	REC Cost
For DENC (Requirement)	397,643		
	3,615		
	3,368		
	5,900		
	902		
	16,892		
	92,778		
	99,047		
	109,692		
	37,898		
DENC Energy Efficiency ¹	27,551	N/A ²	N/A ²
For Town of Windsor (Requirement)	4,485		
SEPA (Hydro)	244	\$0.00	\$0.00
	3,181		
	1,060		
Total Volume	402,128	Total REC Cost	

1) Vintage 2018 energy efficiency credits (“EECs”) are derived from Appendix C of the Company’s 2019 Evaluation, Measurement, and Verification Report, as filed in Docket No. E-22, Sub 556, on May 1, 2019.

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.

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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, 2018.⁴

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 2017 sales were 4,167,444 MWh. The Town of Windsor’s actual 2017 sales were 46,928 MWh.

Actual North Carolina Retail Sales: 4,400,784MWh

Residential Customer Accounts:	103,159
Commercial Customer Accounts:	18,227
Industrial Customer Accounts:	<u>50</u>
Total Accounts:	121,436

In addition, the Company has a full requirement contract with the Town of Windsor, and its actual retail sales were 50,462 MWh for calendar year 2018 (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 2018 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 that the Company’s actual total and incremental REPS compliance costs incurred during calendar year 2018 comprised purchases of various types of RECs, as well as other reasonable and prudent incremental direct costs.

Figure 2.1 DENC Total Costs

	REC Purchases	Direct	Total Costs
Actual Total Compliance Costs	\$426,955.64	\$15,623.38	\$442,579.02
Actual Total Avoided Costs	-	-	-
Actual Incremental Costs	\$426,955.64	\$15,623.38	\$442,579.02

For the Town of Windsor, the Company incurred costs of approximately \$11,000 during calendar year 2018. Since the Company is purchasing unbundled RECs, actual and

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

incremental compliance costs are the same.

(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 2017 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 2017 Year-End Retail Accounts	2018 Per-Account Cost Cap	Total Annual Cost Cap	Actual Incremental Costs
Account Type				
Residential	102,620	\$27.00	\$2,770,740.00	\$221,550.98
Commercial	18,088	\$150.00	\$2,713,200.00	\$216,950.03
Industrial	51	\$1,000.00	\$51,000.00	\$4,078.01
Total	120,759	Total	\$5,534,940.00	\$442,579.02

(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 2018 through the purchases of 8,336 solar RECs, representing 0.20% of its 2017 retail megawatt hour sales of 4,167,444. The Company also purchased 94 qualifying solar RECs on behalf of the Town of Windsor, representing 0.20% of Windsor's 2017 retail megawatt hour sales of 46,928.

Swine Waste Set-Aside requirements of N.C.G.S. § 62-133.8(e). Through the 2018 Delay Order, the Commission reduced the initial swine waste set-aside requirement to 0.02% for the electric public utilities and delayed the Town of Windsor's 2018 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. Dominion Energy North Carolina has complied with the N.C.G.S. § 62-133.8(e) swine waste set-aside requirement for 2018 through the purchases of 834 swine waste RECs, representing 0.02% of the Company's 2017 retail megawatt hour sales of 4,167,444.

The Company has sufficient RECs in NC-RETs to satisfy both Dominion Energy North Carolina and the Town of Windsor's 2019, 2020, and 2021 swine waste set-aside requirements. The Company continues to work with the Swine Waste REC Buyers Group to monitor developments in the swine waste to energy sector.

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 2018 through the purchases of 9,932 poultry waste RECs, representing 0.24% of the Company's 2017 retail megawatt hour sales of 4,167,444. The Company also purchased 114 qualifying poultry waste RECs on behalf of the Town of Windsor, representing 0.24% of Windsor's 2017 retail megawatt hour sales of 46,928.

The Company has sufficient RECs in NC-RETs to satisfy both Dominion Energy North Carolina and the Town of Windsor's 2019 and 2020 requirements.

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 2018, by retiring 397,643 RECs and EECs, representing 9.54% of the Company's 2017 retail megawatt hour sales and consisting of eligible wind and hydro RECs and EECs. The Company also purchased 4,241 qualifying general obligation RECs and retired 244 SEPA hydro RECs, on behalf of the Town of Windsor, representing 9.55% of Windsor's 2017 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

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").

Appendix B contains the dates and amounts of all payments made for renewable energy certificates for the period July 1, 2018, through June 30, 2019.

(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 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. While the Company has completed its reporting obligations for the project, there remain residual O&M costs for maintaining the project that are reflected in the Company’s cost recovery application.

**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	REC Type	Windsor	Company	Total
In-State		524	0	524
Out-of-State		607	110,790	111,397
In-State		540	0	540
Out-of-State		443	16,999	17,442
In-state		1,803	17,075	18,878
Out-of-State		93	7,460	7,553
In-State		19,098	123,021	142,119
Out-of-State		7,345	1,215,646	1,222,991
		30,453	1,490,991	1,521,444

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

**Appendix B Payments Made Between July 1, 2018 and June 30, 2019
On Behalf of the Company and the Town of Windsor for Renewable
Energy Certificates**

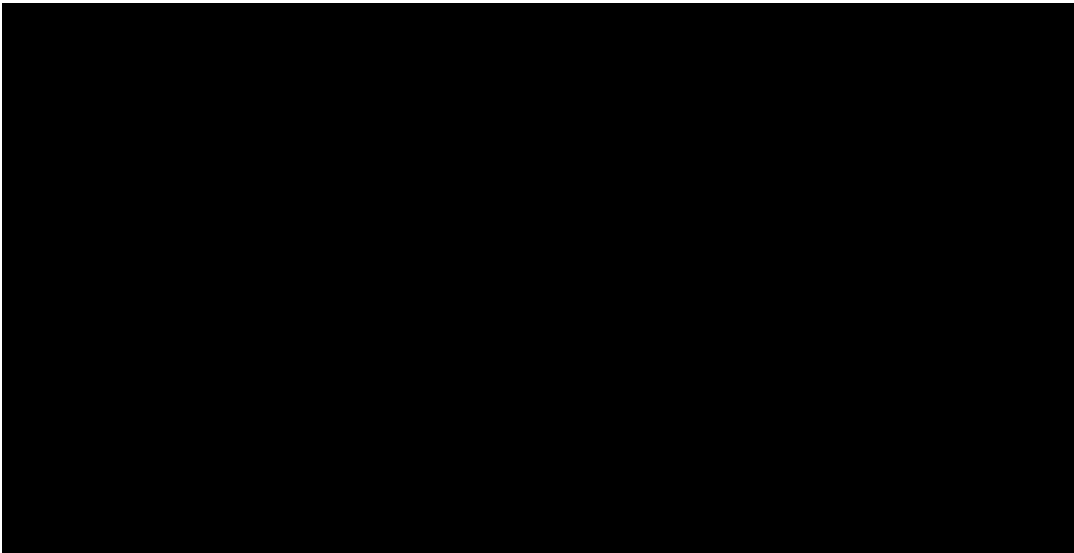
Seller	Transfer Date	Payment
	6/5/2018	\$1,512.00
	7/9/2018	\$630.00
	7/9/2018	\$144,235.00
	9/18/2018	\$441.00
	10/1/2018	\$144,235.00
	10/5/2018	\$1,239.84
	10/5/2018	\$3,843.00
	10/24/2018	\$18,000.00
	11/6/2018	\$23,562.00
	12/4/2018	\$17,577.00
	1/8/2019	\$18,459.00
	1/9/2019	\$144,235.00
	1/10/2019	\$964.32
	12/18/2018	\$3,929.75
	2/13/2019	\$19,278.00
	2/20/2019	\$120,000.00
	2/7/2019	\$28,553.40
	3/26/2019	\$81,600.00
	3/8/2019	\$2,016.00
	4/1/2019	\$145,000.00
	4/1/2019	\$146,387.50
	4/11/2019	\$999.04
	4/17/2019	\$108,154.20
	5/1/2019	\$18,083.10
	5/1/2019	\$4,000.00
	6/12/2019	\$51,750.00
		\$1,196,934.15

CONFIDENTIAL INFORMATION REDACTED

CONFIDENTIAL INFORMATION REDACTED

<u>Supplier</u>	<u>Renewable Resources</u>	<u>Volume</u>	<u>Price</u>	<u>Date Invoice</u>	<u>Paid</u>	<u>Cost</u>
[REDACTED]				July-18		\$1,512
				July-18		\$630
				July-18		\$144,235
				September-18		\$441
				October-18		\$144,235
				October-18		\$1,240
				October-18		\$3,843
				October-18		\$18,000
				November-18		\$23,562
				December-18		\$17,577
				January-19		\$18,459
				January-19		\$144,235
				January-19		\$964
				January-19		\$3,930
				February-19		\$19,278
				February-19		\$120,000
				February-19		\$28,553
				March-19		\$81,600
				March-19		\$2,016
				March-19		\$145,000
				April-19		\$146,388
				April-19		\$999
				April-19		\$108,154
				May-19		\$4,000
May-19		\$18,083				
June-19		<u>\$51,750</u>				
		\$1,248,684				
Other Incremental Costs						
	NC-RETS					\$11,150
	EMA Maintenance Fee					\$1,684
	Brokerage					\$10,384
Less Revenue from Excess REC Sales						-\$403,650
Less EMA Credit ToW						-\$20
Less EMA LD Payment Credit						<u>-\$375</u>
	Total					\$867,857

CONFIDENTIAL INFORMATION REDACTED

<u>Supplier</u>	<u>Renewable Resources</u>	<u>Volume</u>	<u>Price</u>	<u>Estimated Delivery</u>	<u>Cost</u>
				February-20	\$172,000
				February-20	\$146,388
				February-20	\$4,000
				March-20	\$4,500
				April-20	\$1,427
				May-20	\$150,000
				May-20	\$148,593
				July-20	\$1,427
				August-20	\$148,593
				August-20	\$150,000
				October-20	\$1,427
				November-20	\$148,593
				November-20	\$150,000
				January-21	<u>\$1,427</u>
					\$1,228,374
Other Incremental Costs					
NC-RETS					\$11,160
EMA Maintenance Fee					\$1,663
Brokerage					<u>\$4,800</u>
					\$17,623
Total					\$1,245,997

**DIRECT TESTIMONY
OF
ALAN J. MOORE
ON BEHALF OF
DOMINION ENERGY NORTH CAROLINA
BEFORE THE
NORTH CAROLINA UTILITIES COMMISSION
DOCKET NO. E-22, SUB 578**

OFFICIAL COPY

Aug 13 2019

1 **Q.** Please state your name, position, and business address 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 (“N.C.
16 Gen. Stat.”) § 62-133.8(h)(1) provides that the recoverable “incremental cost”
17 of REPS compliance includes “all reasonable and prudent costs incurred by an
18 electric power supplier” to comply with its REPS obligations “that are in

1 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. Gen.
9 Stat. § 62-133.8(h)(1)(b) provides that an electric power supplier may also
10 recover any investments in "research that encourages the development of
11 renewable energy, energy efficiency, or improved air quality, provided those
12 costs do not 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, 2020 through
17 January 31, 2021 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, 2018, through June 30, 2019 ("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. Mr. Moore, are you sponsoring any exhibits or schedules in connection**
4 **with your testimony?**

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

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

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

1 **Q. Is it your understanding that the cost information used to develop the**
2 **revenue requirements in this proceeding includes only Dominion Energy**
3 **North Carolina’s incremental retail REPS compliance expenses and does**
4 **not include costs associated with any wholesale customers’ REPS**
5 **compliance?**

6 A. Yes. Although the Company does provide REPS compliance services for the
7 Town of Windsor, as described by Company Witness Hitch in his pre-filed
8 direct testimony, his Exhibit 2, Schedules 1 and 2 present the Company’s
9 retail incremental REPS compliance costs, net of the costs assigned or
10 allocated to the Town of Windsor. Consistent with previous REPS rider
11 filings, the Company is not allocating any costs associated with the
12 Company’s microgrid research demonstration project located at the
13 Company’s Kitty Hawk District Office (“NC Microgrid Project”) to the Town
14 of Windsor.

15 **Q. Can you comment on the tax credits being refunded back to the**
16 **Company’s customers?**

17 A. Yes. The final 20% amortization of the North Carolina Renewable Energy
18 Tax Credits (“RETC”) was recognized in January 2018, which was included
19 in the 2018 REPS cost recovery proceeding, Docket No. E-22, Sub 547, for
20 the rate year of February 1, 2019 through January 31, 2020. Therefore the

1 current filing does not include any RETC with the projected costs for the Rate
2 Period, or the EMF True Up period.¹

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

6 A. As noted above, the Company is requesting to fully recover its reasonable and
7 prudently-incurred incremental REPS compliance costs incurred during the
8 July 1, 2018, through June 30, 2019 EMF True Up Period. As described by
9 Company Witness Hitch, the EMF True Up Period costs proposed to be
10 recovered include: (i) incremental REPS costs incurred during the current
11 EMF True Up Period to achieve REPS compliance for the current and future
12 reporting years; (ii) the Company's "Other Incremental Costs" of REPS
13 compliance; and (iii) actual costs and investment tax credits incurred through
14 the end of the True Up Period related to the Company's NC Microgrid
15 Project.

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

17 A. As summarized on Page 1 of my Schedule 1, through Rider RP, the Company
18 is requesting recovery of projected REPS compliance costs of \$1,246,561. In
19 addition, as summarized on Page 1 of my Schedule 2, the Company's EMF
20 Rider RPE is presenting a revenue requirement in the amount of \$106,060.

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

1 The combined revenue requirements for the two riders, Rider RP and Rider
2 RPE totals \$1,352,621, representing a \$312,915 increase over the rates
3 currently in effect.

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

5 **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 578
Revenue Requirement for the REPS Rider RP
For the Rate Period February 1, 2020 - January 31, 2021

<u>line no.</u>	<u>REPS Rider RP</u>	<u>Item Location / Formula</u>
1 Projected REPS Compliance Costs Revenue Requirement	\$ 1,245,997	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	\$ 1,246,561	Line 1 + Line 2

**Dominion Energy North Carolina
 Docket No. E-22, Sub 578
 Projected Revenue Requirement for REPS Rider RP
 For the Rate Period February 1, 2020 - January 31, 2021**

<u>line no.</u>	<u>Projection</u> <u>Feb-20</u>	<u>Projection</u> <u>Mar-20</u>	<u>Projection</u> <u>Apr-20</u>	<u>Projection</u> <u>May-20</u>	<u>Projection</u> <u>Jun-20</u>	<u>Projection</u> <u>Jul-20</u>	<u>Projection</u> <u>Aug-20</u>	<u>Projection</u> <u>Sep-20</u>	<u>Projection</u> <u>Oct-20</u>	<u>Projection</u> <u>Nov-20</u>	<u>Projection</u> <u>Dec-20</u>	<u>Projection</u> <u>Jan-21</u>	<u>Rate Period</u> <u>Total</u>
1 Projected NC Jurisdiction Revenue Requirement REPS Compliance Costs	[REDACTED]												
2 Projected NC Jurisdiction EMA Revenue Requirement EMA RECS Tracking System Costs	[REDACTED]												
3 Microgrid Research Project Costs	[REDACTED]												
4 Total REPS Rider RP Revenue Requirement	\$ 323,765	\$ 5,877	\$ 2,804	\$ 301,633	\$ 1,377	\$ 2,804	\$ 299,970	\$ 1,377	\$ 2,804	\$ 299,970	\$ 1,377	\$ 2,804	\$ 1,246,561

**Dominion Energy North Carolina
 Docket No. E-22, Sub 578
 DSM/EE Experience Modification Factor REPS Rider RPE for the Test Period July 1, 2018 through June 30, 2019
 For (Refund)/Recovery in the Rate Period February 1, 2020 - January 31, 2021**

line no.		<u>Jul-18</u>	<u>Aug-18</u>	<u>Sep-18</u>	<u>Oct-18</u>	<u>Nov-18</u>	<u>Dec-18</u>	<u>Jan-19</u>	<u>Feb-19</u>	<u>Mar-19</u>	<u>Apr-19</u>	<u>May-19</u>	<u>Jun-19</u>	EMF REPS Rider RPE
1	Monthly REPS Rider RPE Revenue Requirement (Page 2, Line 4)	\$ 147,307	\$ 1,071	\$ 1,970	\$ 168,248	\$ 26,226	\$ 18,553	\$ (235,302)	\$ 171,567	\$ 234,849	\$ 256,517	\$ 24,643	\$ 52,726	\$ 868,376
2	Monthly REPS Compliance Rider RP Revenues (exclude EMF rev)	\$ 60,590	\$ 62,661	\$ 58,777	\$ 62,667	\$ 58,632	\$ 56,967	\$ 64,828	\$ 59,923	\$ 69,194	\$ 69,105	\$ 73,808	\$ 65,163	\$ 762,315
3	REPS EMF Rider RPE (Over)/Under Recovery to be (refunded)/collected over the Rate Period January 1, 2018 - December 31, 2018 (Line 1 - Line 2)	\$ 86,717	\$ (61,590)	\$ (56,807)	\$ 105,581	\$ (32,406)	\$ (38,414)	\$ (300,130)	\$ 111,645	\$ 165,655	\$ 187,412	\$ (49,165)	\$ (12,437)	\$ 106,060

**Dominion Energy North Carolina
Docket No. E-22, Sub 578
Actual Revenue Requirement for DSM/EE Experience Modification Factor REPS Rider RPE
For the Test Period July 1, 2018 - June 30, 2019**

line no.	<u>Actual</u> <u>Jul-18</u>	<u>Actual</u> <u>Aug-18</u>	<u>Actual</u> <u>Sep-18</u>	<u>Actual</u> <u>Oct-18</u>	<u>Actual</u> <u>Nov-18</u>	<u>Actual</u> <u>Dec-18</u>	<u>Actual</u> <u>Jan-19</u>	<u>Actual</u> <u>Feb-19</u>	<u>Actual</u> <u>Mar-19</u>	<u>Actual</u> <u>Apr-19</u>	<u>Actual</u> <u>May-19</u>	<u>Actual</u> <u>Jun-19</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													
Carolina Poultry Power LD Payment													
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)	\$ 147,307	\$ 1,071	\$ 1,970	\$ 168,248	\$ 26,226	\$ 18,553	\$ (235,302)	\$ 171,567	\$ 234,849	\$ 256,517	\$ 24,643	\$ 52,726	\$ 868,376

Dominion Energy North Carolina
Docket No. E-22, Sub 578
DSM/EE Experience Modification Factor REPS Rider RPE for the Test Period July 1, 2018 through June 30, 2019
EMA RECs Tracking Software Costs
For (Refund)/Recovery in the Rate Period February 1, 2020 - January 31, 2021

line no.	<u>Actual</u> <u>Jul-18</u>	<u>Actual</u> <u>Aug-18</u>	<u>Actual</u> <u>Sep-18</u>	<u>Actual</u> <u>Oct-18</u>	<u>Actual</u> <u>Nov-18</u>	<u>Actual</u> <u>Dec-18</u>	<u>Actual</u> <u>Jan-19</u>	<u>Actual</u> <u>Feb-19</u>	<u>Actual</u> <u>Mar-19</u>	<u>Actual</u> <u>Apr-19</u>	<u>Actual</u> <u>May-19</u>	<u>Actual</u> <u>Jun-19</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	[REDACTED]												
3 Monthly Amortization of System Enhancements to Dominion Owned Software EMA RECS Tracking System	[REDACTED]												
4 Total System Monthly Operating Expense - EMA Software (Line 1 + Line 2 + Line 3) EMA RECS Tracking System	[REDACTED]												
5 Jurisdictional Allocation Factor EMA RECS Tracking System	5.0659%	5.0659%	5.0659%	5.0659%	5.0659%	5.0659%	5.0659%	5.0659%	5.0659%	5.0659%	5.0659%	5.0659%	5.0659%
6 Revenue Requirement NC REPS (Line 4 * Line 5)	[REDACTED]												

**DIRECT TESTIMONY
OF
EMILIA L. CATRON
ON BEHALF OF
DOMINION ENERGY NORTH CAROLINA
BEFORE THE
NORTH CAROLINA UTILITIES COMMISSION
DOCKET NO. E-22, SUB 578**

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 Emilia L. Catron and I am a Regulatory Analyst for the Company.
5 My business address is One James River Plaza, 701 East Cary Street,
6 Richmond, Virginia 23219. A statement of my background and qualifications
7 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, 2020 –
2 January 31, 2021 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, 2018, to June 30, 2019 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, 2020.

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

11 A. Yes. Company Exhibit ELC-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 3 energy 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, 2018. 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 5.0659% 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. The annual revenue cap was calculated by multiplying the revised
8 applicable cost caps for each customer class by the Company's forecasted
9 average adjusted number of customer accounts for the rate year. A cost cap
10 allocation factor was then calculated by dividing the annual REPS revenue
11 cap for each class by the total annual revenue cap established for all classes.
12 This allocation factor was then used to allocate the Company's REPS
13 compliance requirement to each of the three customer classes.

14 The Company also incorporated an adjustment to allocate Energy Efficiency
15 Credit ("EEC") RECs to the customer class that created the EEC savings. The
16 EEC RECs can only be used to meet the Company's General Obligation REC
17 requirement; therefore, Schedule 2 and Schedule 4 have been divided between
18 General Obligation REC costs and all costs other than for General Obligation
19 RECs. Once the EECs were deducted according to the class that created the
20 EE savings, a new adjusted allocation factor was calculated and the Rider
21 RPE revenue requirement from my Schedule 1 was allocated to the customer
22 classes based on the newly calculated allocation factor.

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

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

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

11 A. My Schedule 4 shows the total projected REPS compliance calculation for
12 Rider RP during the Rate Period. The methodology is the same as the
13 calculations for Rider RPE that I have just described, but uses forecasted EEC
14 savings, as well as a forecasted revenue requirement for the Rate Period. My
15 Schedule 1 shows the forecasted Rate Period revenue requirement to be
16 recovered through Rider RP. My Schedule 5 then calculates the monthly per-
17 account customer charge for each customer class. This charge is then adjusted
18 for the North Carolina regulatory fee to calculate the final per-account
19 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. Gen.**
4 **Stat. § 62-133.8(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. Gen. Stat. § 62-133.8(h)(4), as amended by Session Law
9 2017-192, 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, 2020.

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

17 A. Per my Schedule 6, customers served on a residential rate will see a total
18 REPS charge on their bill of \$0.55 which is an increase of \$0.12 per month
19 from the previous monthly REPS charge. Commercial customers will see a
20 \$3.08 charge per month on their bills resulting in an increase of \$0.73 per
21 month from the previous monthly REPS charge, and an industrial customer
22 will see a charge of \$20.84 per month resulting in an increase of \$4.95 per
23 month from the previous monthly REPS charge. Monthly billing schedules

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

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

4 **A.** Yes, it does.

**BACKGROUND AND QUALIFICATIONS
OF
EMILIA L. CATRON**

Emilia L. Catron received a Bachelor of Science degree in Computational and Applied Mathematics and Statistics and Psychology from the College of William and Mary in 2018. Ms. Catron joined the Customer Rates Department in 2016, beginning as an intern and then becoming a full time employee as a Regulatory Analyst I in 2018. In August of 2019, Ms. Catron was promoted to her current position as a Regulatory Analyst II. Her responsibilities include providing support and analysis for the Company's regulatory filings in Virginia and North Carolina. Ms. Catron has previously presented testimony before the State Corporation Commission of Virginia.

Dominion Energy North Carolina
Revenue Requirements for Riders RPE and RP
For the Rate Year Beginning February 1, 2020

Line No.		Revenue Requirement	
1	Rider RPE Revenue Requirement	\$868,376	Exhibit AJM-1, Schedule 2
2	REPS Compliance Rider RPE Revenues	\$762,315	Exhibit AJM-1, Schedule 2
3	REPS Compliance Recovery (Line 1 - Line 2)	\$106,060	REPS EMF Rider RPE (over)/under recovery Exhibit AJM-1, Sch. 2
4	Rider RP Revenue Requirement	\$1,246,561	Exhibit AJM-1, Schedule 1
5	Total REPS Recovery	\$1,352,621	
6	Rider RPE - Cost of General RECs only	\$327,754	Exhibit GEH-2, Schedule 1 Wind
7	Rider RP - Cost of General RECs only	\$172,000	Exhibit GEH-2, Schedule 2 Wind
8	Rider RPE - All other costs	\$540,622	Line 1 Minus Line 6
9	Rider RP - All other costs	\$1,074,561	Line 4 Minus Line 7

Dominion Energy North Carolina
Calculation of Incremental Costs for the EMF True Up Period
Rider RPE

	(1)	(2)	(3)	(4)	(5)	(6)	(7)
						All Costs Other Than for General RECS (5)*Total(6)	Other than General RECS Annual Per- Account Charge (6)/(2)
Line No.	Customer Class	Total Adjusted Number of Accounts*	Annual Rider Cap per Customer Class	Calculated Annual Revenue Cap (2)*(3)	Cost Cap Allocation Factor (4)*Total(4)		
1	Residential	103,324	\$27	\$2,789,748	50.89%	\$33,603	\$0.33
2	Commercial	17,574	\$150	\$2,636,100	48.09%	\$31,752	\$1.81
3	Industrial	56	\$1,000	\$56,000	1.02%	\$675	\$12.05
4	Total	<u>120,954</u>		<u>\$5,481,848</u>	<u>100.00%</u>	<u>\$66,030</u>	

GEH-1, Figure 2.2

	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
Line No.	Customer Class	General RECS Obligation Required for 2018 Compliance Year	Class Allocation of Total RECS Obligation Using Cost Cap Allocation Factor (5)	REP Requirement Supplied by EE by Class**	% of EE REC Supplied by Class** (11)/(9)	Number of RECS Required Net of EE (9)-(11)	Adjusted Cost Cap Allocation Factor (13)/Total(13)	Gen'l REC Rev Req Allocated to Customer Class Based on Adjusted Cost Cap Allocation Factor (14)*Total(15)	General REC Annual Per- Account Charge (15)/(2)
5	Residential	202,363	50.89%	11,158	5.51%	191,205	51.66%	\$20,682	\$0.20
6	Commercial	191,218	48.09%	16,393	8.57%	174,825	47.24%	\$18,910	\$1.08
7	Industrial	4,062	1.02%	-	0.00%	4,062	1.10%	\$439	\$7.85
8	Total	<u>397,643</u>	<u>100.00%</u>	<u>27,551</u>	<u>6.93%</u>	<u>370,092</u>	<u>100.00%</u>	<u>\$40,031</u>	
		From GEH-1, Figure 1.3		From GEH-1, Figure 1.3					

* Rate Year ending January 31, 2021 average projected number of account adjusted to remove companion accounts and auxilliary accounts.

Total EMF \$106,060

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

AJM-1, Schedule 2 page 1 of 3

Line No.	Customer Class	(1) Annual RPE Per- Account Charge**	(2) Monthly RPE Per- Account Charge (2)/12	(3) Regulatory Fee (3)*0.0013	(4) Total Monthly RPE Per- Account Charge (3)+(4)
1	Residential	\$0.5254	\$0.0438	\$0.0001	\$0.0438
2	Commercial	\$2.8828	\$0.2402	\$0.0003	\$0.2405
3	Industrial	\$19.8912	\$1.6576	\$0.0022	\$1.6598

Line No.	Customer Class	(5) Rounded Monthly RPE Per- Account Charge	(6) Per- Account Charge	(7) Total Adjusted Number of Accounts*	(8) Annual Revenue Including Regulatory Fee (7)*(8)*12 ***
4	Residential	\$0.04		103,324	\$49,596
5	Commercial	\$0.24		17,574	\$50,613
6	Industrial	\$1.66		56	\$1,116
					\$101,324

* From Schedule 2 Column 2. Rate Year ending January 31, 2021 average projected number of account adjusted to remove companion accounts and auxilliary accounts.

** From Schedule 2, Page 1 (Column 7 + Column 16).

*** Less than revenue requirement due to rounding to two digits.

Dominion Energy North Carolina
Calculation of Incremental Costs per Customer Class for the Rate Period
Rider RP

	(1)	(2)	(3)	(4)	(5)	(6)	(7)
		Total Adjusted	Annual Rider Cap per	Calculated Annual	Cost Cap Allocation	All Costs other	Other than General
Line No.	Customer Class	Number of	Customer Class	Revenue Cap (2)*(3)	Factor (4)*Total(4)	than for General	RECS Annual Per-
		Accounts*				RECS (5)*Total(6)	Account Charge
							(6)/(2)
1	Residential	103,324	\$27	\$2,789,748	50.89%	\$546,851	\$5.29
2	Commercial	17,574	\$150	\$2,636,100	48.09%	\$516,733	\$29.40
3	Industrial	56	\$1,000	\$56,000	1.02%	\$10,977	\$196.02
4	Total	120,954		\$5,481,848	100.00%	\$1,074,561	

From Exhibit No. ELC - 1, Sch. 1, Line 9

	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
		Class Allocation of	General RECS Obligation	REP Requirement	% of EE REC Supplied	Number of RECs	Adjusted Cost Cap	Gen'l REC Rev Req	General REC
Line No.	Customer Class	Total RECS	Required for 2020	Supplied by EE by	by Class** (11)/(10)	required net of EE	Allocation Factor	Allocated to Customer	Annual Per-
		Obligation Using	Compliance Year (9)*Total	Class**		(10)-(11)	(13)/Total(13)	Class Based on	Account Charge
		Cost Cap Allocation	(10)					Adjusted Cost Cap	Account Charge
		Factor (5)						Allocation Factor	Account Charge
								(14)*Total(15)	(15)/(2)
5	Residential	50.89%	196,025	11,158	5.69%	184,867	51.69%	\$88,909	\$0.86
6	Commercial	48.09%	185,228	16,393	8.85%	168,835	47.21%	\$81,199	\$4.62
7	Industrial	1.02%	3,935	-	0.00%	3,935	1.10%	\$1,892	\$33.79
8	Total	100.00%	385,188	27,551	7.15%	357,637	100.00%	\$172,000	

From Fig. 1.7.1 of the Plan From GEH-1, Figure 1.3

From Exhibit No. ELC - 1, Sch. 1, Line 7

* From Schedule 2 Column 2. Rate Year ending January 31, 2021 average projected number of account adjusted to remove companion accounts and auxilliary accounts.

** From Schedule 2 Column 11. REC Requirement supplied by EE credits are under the 25% Cap

Dominion Energy North Carolina
Rider RP

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Company Exhibit ELC - 1
Schedule 5
Page 1 of 1

Line No.	Customer Class	(1) Annual RP Per- Account Charge **	(2) Monthly RP Per- Account Charge (2)/12	(3) Regulatory Fee (3)*0.0013	(4) Total Monthly RP Per- Account Charge (3)+(4)
1	Residential	\$6.1531	\$0.5128	\$0.0007	\$0.5134
2	Commercial	\$34.0236	\$2.8353	\$0.0037	\$2.8390
3	Industrial	\$229.8151	\$19.1513	\$0.0249	\$19.1762

Line No.	Customer Class	(5) Rounded Monthly RP Per-Account Charge	(6) Total Adjusted Number of Accounts*	(7) Annual Revenue Including Regulatory Fee
4	Residential	\$0.51	103,324	\$632,343
5	Commercial	\$2.84	17,574	\$598,922
6	Industrial	\$19.18	56	\$12,889
				\$1,244,154

* From Schedule 2 Column 2. Rate Year ending January 31, 2021 average projected number of account adjusted to remove companion accounts and auxilliary accounts.

** From Schedule 4, Page 1 (Column 7 + Column 16).

*** Less than revenue requirement due to rounding to two digits.

**Dominion Energy North Carolina
Retail Customers
Total Monthly REPS Charges Per Customer
To Be Effective February 1, 2020**

	(1)	(2)	(3)	(4)	(5)	(6)
		Monthly Rider RPE per	Monthly Rider RP	Total Monthly REPS	Total Adjusted	Annual Payment**
Line No.	Customer Class	Account Charge ***	per Account Charge ****	per Customer Charge (2)+(3)	Number of Accounts*	(4)*(5)*12
1	Residential	\$0.04	\$0.51	\$0.55	103,324	\$681,938
2	Commercial	\$0.24	\$2.84	\$3.08	17,574	\$649,535
3	Industrial	\$1.66	\$19.18	\$20.84	56	\$14,004
						<u>\$1,345,478</u>

* From Schedule 2 Column 2. Rate Year ending January 31, 2021 average projected number of account adjusted to remove companion accounts and auxilliary accounts.

** Includes regulatory fee. Less than total revenue requirement due to rounding.

*** From Schedule 3 Column 6.

**** From Schedule 5 Column 6.

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 charge. 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 accounts. 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	\$0.04
Commercial Customer	\$0.24
Industrial Customer	\$1.66

¹ 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 charge. 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 accounts. 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	\$0.51
Commercial Customer	\$2.84
Industrial Customer	\$19.18

¹ 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.

VERIFICATION

NCUC Docket No. E-22, Sub 578

I, Thomas P. Wohlfarth, Senior Vice President, Regulatory Affairs, for Virginia Electric and Power Company, do solemnly swear that the facts stated in the foregoing *Application for Approval of REPS Cost Recover Rider and 2019 REPS Compliance Report*, insofar as they relate to Virginia Electric and Power Company, d/b/a Dominion Energy North Carolina, are true and correct to the best of my knowledge and belief.

Thomas P. Wohlfarth
Thomas P. Wohlfarth

COMMONWEALTH OF VIRGINIA)
) to wit:
City of Richmond)

The foregoing instrument was sworn to and acknowledged before me this 8th day of August, 2019.

Denise Ann Tunstall
Notary Public

My registration number is 7707756 and my commission expires:

April 30, 2020

