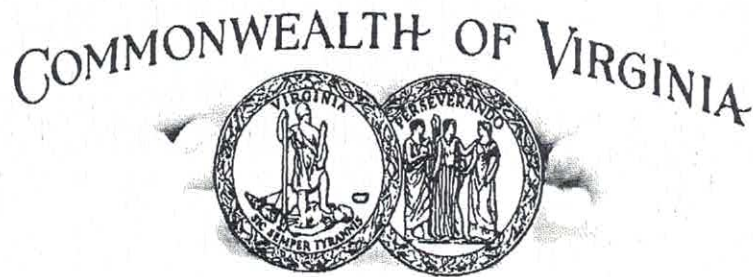


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STATE CORPORATION COMMISSION
DIVISION OF UTILITY ACCOUNTING AND FINANCE

January 27, 2020

The Honorable Jerrauld C. Jones
Pocahontas Building, Room E420
900 East Main Street
Richmond, Virginia 23219

The Honorable R. Lee Ware
Pocahontas Building, Room E308
900 East Main Street
Richmond, Virginia 23219

Dear Delegates Jones and Ware:

I am writing in response to your request to the State Corporation Commission concerning the Fair Energy Bills Act ("HB 1132"). Please see below for answers to your questions.

1. Does HB 1132 alter the Commission's standard of review when considering utility applications for new pumped hydro-electric energy storage, offshore wind, solar projects, or any other projects under 56-585.1A?

Answer: No.

2. If the Commission approves new projects for pumped hydro-electric energy storage, offshore wind, solar, or any other projects under 56-585.1A, does HB1132 prevent a utility from timely recovering the costs of those projects?

Answer: No, electric utilities may choose to apply to recover costs of the listed generation facilities either through base rates or a rate adjustment clause.

3. Is it accurate that Dominion's rates for generation and distribution have not been set on a cost of service basis by the Commission since 1992?

Answer: Yes.

4. Does this bill empower the Commission to return to customers money that Dominion has earned above its authorized fair rate of return?

Answer: Yes.

5. Based on the Commission's annual estimates, how much money has Dominion over-earned since the General Assembly passed the Regulation Act of 2007?

Answer: When over-earnings are defined as earnings above the Commission authorized return on equity, Dominion has experienced approximately \$1.6 billion of over-earnings since 2007.

6. Since 2007, how much of those over-earnings have customers received as refunds or rate credits?

Answer: Approximately \$701 million of refunds and approximately \$458 million of additional bill credits.

7. Based on the Commission's annual estimates, how much money has Dominion over-earned since rates for generation and distribution were last set on a cost of service basis in 1992?

Answer: The Commission did not make any determinations of over-earnings between 1999 and 2007 due to frozen rates. Between 1994 and 2006, Staff's reports or testimony to the Commission reflected approximately \$1.8 billion of over-earnings. It should be noted that Dominion Energy Virginia generally reported a different level of over-earnings during that period.

The \$1.8 billion identified by Staff combined with \$1.6 billion in overearnings between 2007 and 2018 (described in the previous answer) adds up to approximately \$3.4 billion of over-earnings reported between 1994 and 2018.

8. Since 1992, how much of those over-earnings have customers received as refunds or rate credits?

Answer: Approximately \$1.3 billion.

Please let me know if you have any other questions.

Sincerely,



Kimberly B. Pate
Director Utility Accounting and Finance