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OFFICIAL COPY

Jan 31 2020

January 31, 2020

VIA ELECTRONIC FILING

Ms. Kimberley A. Campbell, Chief Clerk
North Carolina Utilities Commission
Dobbs Building
430 North Salisbury Street
Raleigh, North Carolina 27603

Re: *Docket No. E-22, Sub 560*
Docket No. E-22, Sub 562
Compliance Filing in Response to November 20, 2018 Public Staff's
Comments

Dear Ms. Campbell:

Enclosed for filing in the above-referenced proceedings, please find on behalf of Virginia Electric and Power Company, d/b/a Dominion Energy North Carolina, its *Motion Requesting Authorization to Discontinue Quarterly Reporting.*

Should you have any questions, please do not hesitate to contact me. Thank you for your assistance in this matter.

Very truly yours,

/s/E. Brett Breitschwerdt

EBB:kjg

Enclosures

STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH

DOCKET NO. E-22, SUB 560
DOCKET NO. E-22, SUB 562

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of

DOCKET NO. E-22, SUB 560)	MOTION REQUESTING
)	AUTHORIZATION TO
Dominion Energy North Carolina Filings to)	DISCONTINUE
Reflect The Federal Tax Cuts and Jobs Act)	QUARTERLY REPORTING
)	
DOCKET NO. E-22, SUB 562)	
)	
Application by Virginia Electric and Power)	
Company, d/b/a Dominion Energy North Carolina)	
for Adjustment of Rates and Charges Applicable)	
to Electric Utility Service in North Carolina)	

NOW COMES Virginia Electric and Power Company, d/b/a Dominion Energy North Carolina (“DENC” or the “Company”), by and through counsel, and hereby submits this request for authorization to discontinue quarterly reporting on the Company’s deferral balances of tax savings arising from the 2017 Federal Tax Cuts and Jobs Act (“Tax Act”) (“Request”), as required by the North Carolina Utilities Commission’s (“Commission”) October 5, 2018 *Order Addressing the Impacts of the Federal Tax Cuts and Jobs Act on Public Utilities* in Docket No. M-100, Sub 148 (the “October 5, 2018 Order”).

In support of this Request, the Company shows:

1. In its October 5, 2018 Order, the Commission directed DENC and certain other utilities to “adjust their base rates to reflect the reduction in the federal corporate income tax rate to 21% for taxable years beginning after December 31, 2017, as outlined

in the Tax Act.” The October 5, 2018 Order further required DENC and other affected utilities to “file proposals ... to adjust their rates to reflect the reduction in the federal corporate income tax rate to 21% by no later than October 25, 2018.” The October 5, 2018 Order also specifically directed that the Public Staff work with DENC to determine the impact, if any, to DENC’s State Rider EDIT due to the Tax Act and to file a recommendation with the Commission on how the Commission should address the decrease in the federal corporate income tax rate on DENC’s State Rider EDIT. The October 5, 2018 Order further held that it would be appropriate for the Company to establish a deferred regulatory liability account to hold the difference in 2018 tax expense amounts provisionally billed and collected since January 1, 2018, and for such amounts to be considered in the Company’s next base rate case, but no later than October 5, 2021. Finally, the October 5, 2018 Order required DENC to file quarterly reports on deferred accounts associated with the Tax Act once new rates and charges were approved. The quarterly reports were to detail the status of the provisional revenues collected since January 1, 2018, and the EDIT deferred account.

2. On October 26, 2018, DENC filed its proposal as required in the October 5, 2018 Order, including proposing to immediately implement a rebilling procedure for the period January 1, 2018, through the effective date of revised rates and to provide all customers a one-time billing credit, including interest, refunding all provisionally collected amounts net of provisional and excess amounts credited through State Rider EDIT.

3. On March 4, 2019, the Commission issued its Order Approving Proposal and Requiring Filing of Revised Tariffs and Customer Notice (“March 4, 2019 Order”).

The March 4, 2019 Order specifically approved the Company's proposed rebilling procedure for the deferred provisionally collected revenues.

4. On March 29, 2019, DENC filed an application for a general rate case in Docket No. E-22, Sub 562 ("2019 Rate Case"). Through the Company's application, DENC proposed to address the federal EDIT associated with the Tax Act through both an adjustment to the Company's base rates and a one-year rider, Rider EDIT.

5. On April 30, 2019, DENC filed its Initial Quarterly Status Report and Request to Discontinue Quarterly Reporting ("Initial Request"). In its Initial Request, DENC stated that it was requesting to discontinue the quarterly reporting because: (1) the Company is currently refunding the deferred provisionally collected revenues pursuant to the rebilling procedure approved in the March 4, 2019 Order; and (2) the Company proposed to address the federal EDIT associated with the Tax Act in the context of its 2019 Rate Case. The Initial Request stated that the Company was implementing the rebilling procedure for the period January 1, 2018, through March 13, 2019, and that process would be completed for all North Carolina jurisdictional customers during the second quarter of 2019.

6. On June 19, 2019, the Public Staff filed a letter in response to the Initial Request stating:

Although DENC has filed a general rate case, the Commission has not issued an Order adopting the final disposition of the Company's EDIT deferred account. The Public Staff anticipates additional reporting requirements concerning the EDIT deferred account balance would be addressed in the final order of the Commission addressing the final disposition of the EDIT deferred account.

The Public Staff also does not support DENC's request to discontinue reports on the balance of the 2018 [Provisional Rate Regulatory Liability or] PRRL until the Company has

provided sufficient information to establish that the balance of the 2018 PRRL is zero. If the Company is able to show that the balance of the 2018 PRRL is zero in its next quarterly filing, the Public Staff would likely support a request discontinuing the reporting requirements concerning the 2018 PRRL.

7. On July 17, 2019, the Commission issued its *Order Denying Request to Discontinue Quarterly Reporting Requirement* (“July 17, 2019 Order”) determining that it was premature for DENC to discontinue reporting at that time.

8. On July 31, 2019, the Company filed its second Quarterly Status Report in compliance with the October 5, 2018 Order and July 17, 2019 Order, presenting (1) detailed information on the Company’s completed rebilling procedure to refund the provisional rate regulatory liability (“PRRL”) amounts to customers thereby reducing the liability to zero; and (2) the Company’s federal EDIT balance associated with the Tax Act, which was then pending before the Commission in the 2019 Rate Case. The July 31, 2019 Quarterly Status Report explained that the rebilling process credited \$15.8 million to customers, which appeared on customer bills as a one-time credit in April and May 2019.

9. On September 17, 2019, the Company and the Public Staff submitted an *Agreement and Stipulation of Partial Settlement* (“Stipulation”) in the 2019 Rate Case docket. As part of the Stipulation, the Company and Public Staff agreed that the Company shall implement Rider EDIT to allow for recovery of federal EDIT of \$1.3 million on a levelized basis over a two-year period, with a return. The \$1.3 million is comprised of (1) the amortization of all unprotected federal EDIT totaling approximately \$8.0 million partially offset by (2) the refund of approximately \$6.8 million associated

with protected federal EDIT amortization attributable to the 22-month period January 1, 2018, through October 31, 2019.

10. On October 31, 2019, the Company filed its third Quarterly Status Report reiterating that the rebilling procedure to refund the PRRL had been completed and presenting an updated federal EDIT balance associated with the Tax Act, which was pending before the Commission in the Company's 2019 Rate Case.

11. On January 23, 2020, the Commission issued a Notice of Decision in the 2019 Rate Case, which fully addressed the disposition of the Company's EDIT deferred accounts by approving Rider EDIT as described in the Stipulation and incorporating a going-level of protected EDIT amortization in base non-fuel rates.¹

12. Based upon the foregoing, the Company submits that the Commission's initial objectives in establishing the reporting requirements in the October 5, 2018 Order have been fully accomplished and further reporting on these issues is no longer necessary. As discussed in the Company's Quarterly Status Reports submitted on July 31, 2019, and October 31, 2019, all PRRL amounts were credited to North Carolina jurisdictional customers through a rebilling procedure in accordance with the Commission's March 4, 2019 Order. With respect to Federal EDIT, the Commission has addressed the EDIT deferred account balances resulting from the Tax Act through its Notice of Decision.

13. Contemporaneously with filing this Request, the Company is filing a Quarterly Status Report in the above-captioned docket in compliance with Ordering Paragraph 8 of the October 5, 2018 Order. As previously discussed herein, all PRRL

¹ Notice of Decision, Docket No. E-22, Sub 562, Paragraph 14 (Jan. 24, 2020).

amounts were credited to North Carolina jurisdictional customers in 2019 reducing the PRRL balance to zero; therefore, the quarterly status report only contains balances for the Company's EDIT deferred account balances as of December 31, 2019.

14. The Company has shared the instant request with the Public Staff. The Public Staff has authorized the Company to represent that its concerns raised in its June 19, 2019 letter opposing the Company's Initial Request have been addressed and that the Public Staff supports DENC's request to discontinue its ongoing quarterly reporting requirements as discussed in this Request provided that the Commission's final order in the 2019 Rate Case does not have a requirement contrary to the Company's request.

WHEREFORE, based upon the foregoing, Dominion Energy North Carolina respectfully requests the Commission authorize the Company to discontinue the quarterly reporting requirements related to Federal EDIT initially established in Ordering Paragraph 8 of the October 5, 2018 Order.

Respectfully submitted, this the 31st day of January, 2020.

/s/E. Brett Breitschwerdt
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Company, d/b/a Dominion Energy North
Carolina*

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing Motion Requesting Authorization to Discontinue Quarterly Reporting, as filed in Docket Nos. E-22, Sub 560 and E-22, Sub 562, was served electronically or via U.S. mail, first-class, postage prepaid, upon all parties of record.

This, the 31st day of January, 2020.

/s/E. Brett Breitschwerdt

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