STATE OF NORTH CAROLINA
BEFORE THE
NORTH CAROLINA UTILITIES COMMISSION

DOCKET NO. E-22, SUB 562
DOCKET NO. E-22, SUB 566

DOCKET NO. E-22, SUB 562 In the Matter of 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 **DOCKET NO. E-22, SUB 566** In the Matter of Petition of Virginia Electric and Power Company, d/b/a Dominion Energy North Carolina for an Accounting Order to Defer Certain Capital and Operating Costs Associated with Greensville County Combined Cycle Addition	))))))))))))))))))	**Brief of Nucor Steel–Hertford**

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Pursuant to the oral order entered by Chair Charlotte A. Mitchell, Presiding Commissioner, at the conclusion of the hearing held on September 25, 2019, the Notice of Due Date for Proposed Orders and/or Briefs issued on October 2, 2019, and the Order Granting an Extension of Time to File Briefs and Proposed Orders issued on October 31, 2019, Nucor Steel–Hertford ("Nucor") respectfully submits the following brief for consideration by the North Carolina Utilities Commission (the "Commission" or "NCUC").[1]

[1] *See* Tr. Vol. 8, p. 77:21-24; Notice of Due Date for Proposed Orders and/or Briefs at 1 (Oct. 2, 2019); Order Granting an Extension of Time to File Briefs and Proposed Orders at 2 (Oct. 31, 2019).

I. INTRODUCTION

On March 29, 2019, Dominion Energy North Carolina ("DENC" or "the Company") filed an application to revise its base rates and charges pursuant to G.S. §§ 62-133, -134, and -135 and Rule R1-17 of the Commission's regulations. The application sought approval of an incremental non-fuel base revenue requirement of approximately $27 million over DENC's existing rates and charges. The requested increase was based on a proposed rate of return on equity ("ROE") of 10.75% and a capital structure consisting of 46.99% long-term debt and 53.01% common equity. Further, DENC proposed to use the Summer/Winter Peak and Average ("SWPA") allocation methodology to allocate generation related capacity costs among the customer classes. Over several weeks, multiple parties intervened in the proceeding. The Company filed Supplemental Testimony ("Supplemental Testimony") on August 5, 2019, updating witness testimony and exhibits to the original filing. Most significantly, the Supplemental Testimony updated the non-fuel base revenue requirement requested by the Company to approximately $24.9 million.[2]

Various parties, including Nucor, filed intervenor testimony on August 23, 2019, challenging various aspects of DENC's filing. Notably, Nucor Witness Paul J. Wielgus questioned DENC's use of the SWPA allocation methodology and the rate of return ("ROR") index DENC assigned to Schedule NS—a class of one customer, Nucor. In response, DENC filed rebuttal testimony on September 12, 2019.

DENC and the Public Staff of the Commission ("Staff") thereafter negotiated and executed an Agreement and Stipulation of Settlement ("Stipulation" or "Settlement

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[2] Supplemental Direct Testimony of Paul M. McLeod at 2, lines 6-8.

Agreement") and filed the Stipulation with the Commission on September 17, 2019. The Stipulation purports to resolve some of the revenue requirement and rate design issues presented in DENC's application. On September 23, 2019, Carolina Industrial Group for Fair Utility Rates–I ("CIGFUR") joined the Stipulation. Nucor is not a party to the Stipulation. The matter came for hearing before the Commission on Monday, September 23, 2019.

Nucor's steel mill, located in Hertford County, North Carolina, competes with both domestic and international steel producers. The cost of power is a significant raw material cost that directly impacts Nucor's ability to compete. The proposed non-fuel base rate increase, which is incremental to the base rate increase that took effect in 2017, is significant and could materially harm Nucor's ability to compete.

II. <u>SUMMARY OF ARGUMENT</u>

- The Settlement Agreement as filed contradicts the rebuttal testimony of Company witness Haynes admitting an overstatement of the appropriate ROR index for the NS class and, if approved, the Stipulation should be modified to use Haynes' latest target ROR index for Nucor of 0.75, Nucor witness Wielgus' recommendation of 0.70, or something in between.
- The SWPA cost allocation methodology employed by DENC improperly allocates costs between DENC's rate classes and should be rejected or modified in this proceeding.
- If the Commission approves the use of the SWPA cost allocation methodology in this proceeding, the Commission should require that DENC use a 1 coincident peak ("CP") or 2 CP cost allocation method in its next

rate case, consistent with the practices of other regulated North Carolina electric utilities and PJM. If the Commission does not require use of a 1 CP or 2 CP cost allocation method in DENC's next rate case, it should initiate a separate proceeding to determine the appropriate allocation method for DENC's future rate cases. If the Commission takes neither of these steps to require the use of a more appropriate cost allocation method for DENC, the Commission at least should require that DENC file several alternative allocation studies, identified below, in its next general rate case.

III. <u>ARGUMENT</u>

A. IF APPROVED, THE SETTLEMENT AGREEMENT (STIPULATION) SHOULD BE MODIFIED TO IMPLEMENT DENC'S POSITION ON REBUTTAL—THAT THE APPROPRIATE ROR INDEX FOR SCHEDULE NS IS 0.75 NOT 0.80—OR NUCOR WITNESS WIELGUS' RECOMMENDED ROR OF 0.70, OR SOMETHING IN BETWEEN

1. DENC admits the benefits associated with the NS class and agrees that the NS class ROR index should be 0.75, <u>but the Stipulation does not implement</u> an ROR index of 0.75 for Schedule NS / Nucor

In his initial testimony, DENC witness Haynes references the benefits of Nucor's load, and he opines that the appropriate ROR index for Schedule NS is 0.80.[3] Nucor witness Wielgus acknowledges Haynes' lip service as to those benefits, but argues that those benefits make an ROR index of 0.70 more appropriate for Schedule NS.[4] In rebuttal, DENC witness Haynes admitted that, after further consideration, DENC did not adequately

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[3] *See* Direct Testimony of Paul B. Haynes at 28, lines 22-23, and 29, lines 1-5; *see also* Company Exhibit REM-1, Schedule 4, page 1 of 1.

[4] *See* Direct Testimony of Paul J. Wielgus at 17, lines 16-20, and 18, lines 1-20.

take into account the operational benefits of Nucor's load and the appropriate target ROR index for Schedule NS is 0.75, not 0.80.[5] However, *surprisingly*, the Stipulation exhibits reveal that, without explanation, the settling parties used an ROR index of 0.80 to allocate costs to Schedule NS / Nucor thereby contradicting the 0.75 index Haynes advocates for in his rebuttal testimony. [6]

2. The Settlement Agreement—which totally fails to implement the 0.75 ROR index supported by Company witness Haynes—should be evaluated in light of all the evidence presented to reach a just and reasonable result

As detailed above, in his rebuttal testimony DENC witness Haynes recommends that the target ROR index for Nucor / Schedule NS be reduced from 0.80 to 0.75; however, the Stipulation inappropriately bases the allocation to Nucor / Schedule NS on an ROR index of 0.80.[7] When evaluating a non-unanimous stipulation like the one in this case, the Supreme Court of North Carolina has held that "a stipulation entered into by less than all of the parties as to any facts or issues in a contested case proceeding . . . should be accorded full consideration and weighed by the Commission *with all other evidence presented by any of the parties in the proceeding*."[8]

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[5] Rebuttal Testimony of Paul B. Haynes at 45, lines 5-13, and 50, lines 2-10 ("As I described earlier in my Direct Testimony filed back on March 29, 2019, I proposed moving the Schedule NS class to a ROR index of 0.80. In the Company's supplemental filing, Schedule NS had a ROR Index of 0.79. Now, considering this operational benefit to the system and the benefit in cost allocation to the North Carolina jurisdiction . . . , *I believe it is appropriate to target an ROR index of 0.75 for the Schedule NS class. This is a very important large industrial customer, and I believe that this reduction in the recommended ROR index is reasonable*." (internal citations omitted) (emphasis added)).

[6] *See* Company Stipulation Exhibit REM-1, Stipulation Schedule 4, Pages 1-2, attached hereto as Exhibit A.

[7] *See id.* (reflecting an assigned ROR index for the NS class of 0.80).

[8] *See State ex rel. Utils. Comm'n v. Carolina Util. Customers Ass'n*, 348 N.C. 452, 466 (1998) (emphasis added).

Through the testimony filed in this case, the Commission has been presented with reasoning justifying an ROR index for the NS class at either 0.70 or 0.75 only.[9] There is *no reasoning* on record (other than that contained in DENC's direct testimony which is superseded by DENC's Haynes rebuttal testimony advocating for 0.75) that supports an ROR index for Schedule NS / Nucor any higher than 0.75. Simply put, there is no substantial record evidence supporting an ROR index of 0.80 for Schedule NS / Nucor.

The reasoned record evidence supports an ROR index of 0.70 (per Nucor's testimony) or 0.75 (per DENC's testimony) for Schedule NS / Nucor. In fact, in his rebuttal testimony, witness Haynes explains why an ROR index of 0.80 is *not* appropriate.[10] Witness Haynes revises his direct testimony position and concludes that a target ROR index of 0.75 is "appropriate"[11] and "reasonable"[12] for Schedule NS / Nucor. In said rebuttal testimony, Haynes reasons that a target ROR index of 0.75 for Nucor / Schedule NS more fully recognizes the system benefits provided by Nucor's load and should be applied.[13] In testimony supporting the Stipulation, witness Haynes states that the Stipulation

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[9] *See, e.g.*, Direct Testimony of Paul J. Wielgus at 17-19; Rebuttal Testimony of Paul B. Haynes at 45, lines 5-13, and 50, lines 2-10.

[10] *See* Rebuttal Testimony of Paul B. Haynes at 45, lines 5-13 ("Q. Does that analysis still lead you to a position that the appropriate ROR index for the Schedule NS class based on the fully adjusted class cost of service using the SWPA method should be 0.80? A. No. I have modified my position. This is based on the analyses I presented in my Rebuttal Schedule 2, and my Rebuttal Schedule 3, page 1-7. Upon examining the value of curtailment based on the evaluations in my Rebuttal Schedule 2 and the benefit that the North Carolina jurisdiction and the Nucor class are receiving in the cost of service analysis shown in my Rebuttal Schedule 3, page 7, <u>I believe that a lower ROR index is appropriate</u>." (emphasis added)).

[11] *Id.* at 50, line 8.

[12] *Id.* at 50, lines 5-10.

[13] *See id.* at 50, lines 5-9 ("[C]onsidering [the] operational benefit to the system and the benefit in cost allocation to the North Carolina jurisdiction because of the partially interruptible nature of service to Nucor, I believe it is appropriate to target an ROR index of 0.75 for the Schedule NS class.").

incorporates "an appropriate rate of return index for the Schedule NS class,"[14] but, in fact, the Stipulation exhibits are calculated based on an ROR index for Schedule NS of 0.80,[15] which, as Haynes states in his rebuttal testimony, is not "appropriate."

Accordingly, the ROR index for Nucor / Schedule NS class should be set at or between 0.70 and 0.75, the two indices supported by reasoning of, and recommended by, the witnesses who actively addressed the issue in this case. If the Commission approves the Stipulation in this case, the Commission should require that the ROR index for Nucor / Schedule NS be modified such that it is in the range of 0.70 – 0.75.[16]

B. COST ALLOCATION

1. The Commission should use great care in selecting the applicable cost allocation methodology because that decision has a significant effect on the non-fuel base revenues actually assigned to each class

According to DENC witness Haynes, ROR indices are "used as a guide in apportioning the non-fuel base rate revenue increase."[17] In fact, the cost allocation method

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[14] Settlement Agreement Testimony of Paul B. Haynes at 4, line 10 (emphasis added).

[15] *See* Company Stipulation Exhibit REM-1, Stipulation Schedule 4, Pages 1-2, attached hereto as Exhibit A. On cross examination, witness Haynes maintained that the Stipulation precluded DENC from applying 0.75 because, when coupled with the reduction in the base fuel component of base rates—a *non rate base placeholder which is trued-up in fuel adjustment proceedings*—Nucor would receive a net rate decrease. *See* Tr. Vol. 5, p. 15-20. On cross examination, witness Haynes admitted that base fuel has no impact on ROR ("[I]n a cost-of-service study, fully adjusted, the fuel revenues and fuel expenses are supposed to be equal. We run what's called a deferred fuel account to track any over/under recovery and that should equalize it within the cost of service. So there should be no impact on the rate of return." Tr. Vol. 5, p. 8:21-24, 9:1-4 (emphasis added).) Per the Stipulation, all classes must receive a rate increase after taking into account the reduction in the change in base *fuel* (i.e., the fuel *placeholder* in base rates). Given that fuel should have no impact on the ROR or the ROR index, the Stipulation should be modified to implement the ROR index that witness Haynes identified as the "appropriate" and "reasonable" target index for Schedule NS / Nucor of 0.75 or that identified as appropriate by Nucor witness Wielgus, 0.70, or something in between.

[16] *See* Direct Testimony of Paul J. Wielgus at 17-19; Rebuttal Testimony of Paul B. Haynes at 50, lines 5-10 (stating that a 0.75 ROR index is appropriate for the NS Class).

[17] Direct Testimony of Paul B. Haynes at 22, lines 5-7.

that is used is more than just a "guide," it not only impacts jurisdictional allocations but also has a substantial impact on the Company's class-specific apportionment of the revenue increase.[18] As filed, the Company's application—which allocates excessive generation related capacity costs to Schedule NS—would have a significant rate impact on Nucor (the only customer taking service under Schedule NS). Use of an allocation method that excessively focuses on energy results in the misallocation of generation-related capacity costs.

Using the 1 CP cost allocation method, which the NCUC has approved in Duke Energy cases,[19] the Company's targeted ROR index for Nucor (i.e., 0.80 per Haynes' direct testimony revised by Haynes to 0.75 per his rebuttal testimony) would result in a *decrease* of approximately $10.5 million in the revenue requirement applied to Schedule NS.[20] In contrast to 1 CP, using the SWPA method coupled with DENC's system load factor weighting of the energy component (also referred to as the "average" demand component) results in an *increase* of approximately $483,083 in the non-fuel base revenue requirement applied to Schedule NS.[21] The enormous difference between the results derived from a 1 CP allocation method versus the SWPA allocation method as proposed by the Company—

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[18] The Company expresses class-specific RORs via an index that compares each class' ROR to the North Carolina jurisdictional ROR. *See id.* at 22, lines 5-12. An index greater than 1 represents a higher ROR compared to the North Carolina jurisdiction, while an index less than 1 represents a lower ROR compared to the North Carolina jurisdiction. *See id.* at 22, lines 13-18.

[19] The Commission has approved the 1 CP cost allocation methodology for Duke Energy Progress (previously Progress Energy) and Duke Energy Carolinas in at least the past two rate cases for each utility. *See* Order Accepting Stipulation, Deciding Contested Issues, and Requiring Revenue Reduction, Finding of Fact No. 28, Docket No. E-7, Sub 1146 (June 22, 2018); Order Accepting Stipulation, Deciding Contested Issues, and Granting Partial Rate Increase, Finding of Fact No. 31, Docket No. E-2, Sub 1142 (Feb. 23, 2018); Order Granting General Rate Increase, Finding of Fact No. 26, Docket No. E-7, Sub 1026 (Sept. 24, 2013); Order Granting General Rate Increase, Finding of Fact No. 36, Docket No. E-2, Sub 1023 (May 30, 2013).

[20] Direct Testimony of Jacob M. Thomas at 5, lines 17-19.

[21] *See* Company Stipulation Exhibit PBH-1, Schedule 1, page 1 of 3, line 19.

a shift of approximately $11 million *per year* to the detriment of the NS class (Nucor)—illustrates how important it is that the NCUC make this choice with an eye towards identifying the genuine causes for increasing capacity costs and sending more accurate price signals to those sources of the demand that produced the need for additional capacity.

2. The SWPA allocation methodology is not a good fit for DENC and should be modified in this case

The SWPA method is a poor fit for DENC because it is (i) inconsistent with DENC's primary need for generation capacity, specifically, its need to serve its annual peak load,[22] and (ii) DENC is a load serving entity located within the PJM footprint—a regional transmission organization ("RTO") that uses a coincident peak allocation method to allocate production plant costs. Accordingly, the Commission should ultimately jettison SWPA and require that DENC use a coincident peak allocation methodology because it more accurately reflects DENC's real world situation.

a. The SWPA allocation method improperly relies on energy consumption to allocate DENC's generation capacity costs

Unlike the 1 CP method which does *not* take account of *any* energy (also known as "average demand" as distinct from "peak demand") in allocating generation capacity costs, the SWPA method factors energy consumption into the equation. Exacerbating the contrast to 1 CP, in assigning a weight to the two components of SWPA, (i) demand and (ii) energy, DENC assigns *more* weight to energy than demand. The principal driver of the cost of

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[22] When asked if the Company invests in generation primarily to serve its annual or seasonal peak loads, it answered by stating that "[t]hese investments help the Company meet its service obligations and manage the capacity performance risk in the PJM capacity market." *See* Nucor Exhibit PJW-2, page 4 of 6, DENC's Response to Nucor Data Request No. 2, Question 21. The Company's service obligation is to meet its peak load while at the same time managing its capacity risk in PJM. The Company makes capacity investments to meet these needs. In other words, it is the need for generation capacity to serve peak load that's driving the Company's generation costs.

generation capacity, or so-called "production cost," is the need to serve the Company's system peak—a key fact that the coincident peak allocation methods recognize and respect. The Company's method sends incorrect price signals, which means consumers will not receive an accurate signal of the risk of increasing demand during peak use periods, which in turn will require more generation investment in the future.

b. A CP allocation method is more appropriate for DENC because that method is used by PJM and other investor-owned North Carolina utilities

Not only is it wrong, from a cost causation perspective (i.e., identifying the reason/need for the generation capacity), to attribute greater weight to energy than demand for purposes of allocating generation costs (the need for generation capacity to serve peak load drives the need for generation capacity), doing so is also inappropriate *for DENC* because the Company is located within the PJM footprint, and PJM itself uses a coincident peak method to allocate capacity costs.[23] Moreover, both Duke Energy Progress and Duke Energy Carolinas have proposed, and the Commission has accepted, the use of the 1 CP cost allocation methodology in at least the last two of each of these utility's rate cases.[24] To better align DENC's allocation method with (i) cost causation, (ii) PJM's practice in its footprint, which includes DENC, and (iii) the NCUC's practice in the Duke cases in North Carolina, SWPA should ultimately be replaced by 1 CP or 2 CP.

[23] DENC is a load serving entity located within in the PJM footprint. PJM uses a 5 CP method when calculating capacity obligations and allocating capacity costs to load-serving entities. *See* Tr. Vol. 4, p. 551:3-18; Direct Testimony of Paul J. Wielgus at 6, lines 9-13.

[24] *See, e.g.*, Order Accepting Stipulation, Deciding Contested Issues, and Requiring Revenue Reduction, Finding of Fact No. 28, Docket No. E-7, Sub 1146 (June 22, 2018); Order Accepting Stipulation, Deciding Contested Issues, and Granting Partial Rate Increase, Finding of Fact No. 31, Docket No. E-2, Sub 1142 (Feb. 23, 2018); Order Granting General Rate Increase, Finding of Fact No. 26, Docket No. E-7, Sub 1026 (Sept. 24, 2013); Order Granting General Rate Increase, Finding of Fact No. 36, Docket No. E-2, Sub 1023 (May 30, 2013).

c. If SWPA is used in this case, the Commission should reduce the weight afforded to energy and shift it to demand

While a CP allocation method is generally more appropriate for DENC, if SWPA is used in this case, the Commission should adjust the weighting of the two SWPA components—demand and energy—such that the majority of the weight is on the demand component to better reflect cost causation and established cost allocation principles.[25] Such an adjustment would be modest, particularly in comparison to implementing the 1 CP or 2 CP cost allocation method, but it would result in a more accurate price signal to DENC's North Carolina consumers. Nucor witness Paul J. Wielgus recommends that the Commission accept the SWPA allocation method in this case, but only after weighting energy at 40 percent and demand at 60 percent.[26] This adjustment would more accurately reflect the relative significance of demand when allocating generation capacity costs for DENC.[27] However, if the Commission is unable to adopt such an adjustment, equally weighting demand and energy at 50 percent would be preferable to attributing more weight to energy than demand.

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[25] The National Association of Regulatory Utility Commissioners' ("NARUC") *Electric Utility Cost Allocation Manual* justifies incorporating a judgmentally established energy weighting. *See* NARUC, ELECTRIC UTILITY COST ALLOCATION MANUAL 57-59 (1992); *see also* Direct Testimony of Paul J. Wielgus at 9-10 (discussing recognized support for establishing a judgmentally established energy weighting).

[26] *See* Direct Testimony of Paul J. Wielgus at 23, lines 5-6.

[27] *See id.* at 10, lines 14-17.

C. FUTURE PROCEEDINGS AND COST OF SERVICE STUDIES

1. If the Commission accepts the SWPA allocation method in this case, the Commission should initiate a separate proceeding to examine whether SWPA is an appropriate allocation method for future use by DENC

DENC's use of the SWPA allocation method is an outlier in North Carolina. Both Duke Energy Progress and Duke Energy Carolinas have used 1 CP in at least the last two of each of their general rate cases before this Commission.[28] As such, DENC is the only regulated investor-owned electric utility in North Carolina that relies on the SWPA method of allocating costs. At a minimum, given the impact on future supply decisions and rates, modifying the weight assigned to the energy component of SWPA should be examined. Therefore, if the Commission approves SWPA in this case, it should initiate a proceeding to investigate the appropriate cost allocation method to be used by DENC in future rate cases.

2. If the Commission does not initiate a separate proceeding regarding cost allocation, the Commission's order in this case should require DENC to file several alternative cost of service studies for NCUC review in DENC's next rate case

As noted above, the SWPA allocation method is an outlier in North Carolina. The SWPA method is not the most equitable or appropriate method to allocate production costs among the rate classes and fails to send an accurate price signal.[29] Therefore, if the

[28] *See, e.g.*, Order Accepting Stipulation, Deciding Contested Issues, and Requiring Revenue Reduction, Finding of Fact No. 28, Docket No. E-7, Sub 1146 (June 22, 2018); Order Accepting Stipulation, Deciding Contested Issues, and Granting Partial Rate Increase, Finding of Fact No. 31, Docket No. E-2, Sub 1142 (Feb. 23, 2018); Order Granting General Rate Increase, Finding of Fact No. 26, Docket No. E-7, Sub 1026 (Sept. 24, 2013); Order Granting General Rate Increase, Finding of Fact No. 36, Docket No. E-2, Sub 1023 (May 30, 2013).

[29] *See* Direct Testimony of Nicholas Phillips, Jr. at 7, lines 11-18 (stating that SWPA allocates a large portion of cost to high load factor customers and that a peak demand allocation method is more equitable).

Commission does not initiate a separate proceeding regarding cost allocation, the Commission's order in this case should require that DENC file the following additional cost of service studies in its next general base rate case: (1) 1 CP; (2) 2 CP; (3) SWPA weighted at 60% demand and 40% energy; and (4) SWPA weighted at 50% demand and 50% energy.[30]

IV. CONCLUSION

Based on the foregoing, Nucor respectfully requests:

(1) If the Commission approves the Settlement Agreement, that the Commission also require that the ROR index for Schedule NS / Nucor be set at or between 0.70 and 0.75;

(2) If the Commission rejects the Settlement Agreement, or if the Settlement Agreement otherwise fails, that the Commission also reject the use of the SWPA allocation methodology as proposed (weighted at 60% energy and 40% demand). In this case, the Commission should apply (i) SWPA with demand weighted at 60% and energy at 40%; or, if that is not acceptable to the Commission, (ii) SWPA with demand and energy each weighted at 50%;

(3) If the Commission does not order that DENC apply either the 1 CP or 2 CP allocation methodology in future rate cases, that the Commission establish a separate proceeding to consider which cost allocation methodology DENC should apply in future cases; and

[30] For more information on the application of these cost of service allocation methods, see generally Direct Testimony and Exhibits of Jacob M. Thomas and see Direct Testimony of Nicholas Phillips, Jr. at 15, lines 17-24, and at 16, lines 1-10.

(4) If the Commission does not establish a proceeding to consider which cost allocation methodology DENC should apply in future cases, that the Commission require DENC to file cost of service studies in its next base rate case using each of the following allocation methodologies: (i) the 1 CP allocation methodology; (ii) the 2 CP allocation methodology; (iii) SWPA with demand weighted at 60% and energy at 40%; and (iv) SWPA with demand weighted at 50% and energy at 50%.

Respectfully submitted, this 6th day of November, 2019.

/s/ Joseph W. Eason

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CERTIFICATE OF SERVICE

The undersigned attorney for Nucor Steel-Hertford hereby certifies that he served the foregoing upon the parties of record in this proceeding by electronic mail and/or depositing copies in the United States mail, postage prepaid.

This 6th day of November, 2019.

/s/ Joseph W. Eason

Joseph W. Eason
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Exhibit A

DOMINION ENERGY NORTH CAROLINA
SUMMER WINTER PEAK & AVERAGE STUDY
EOP - PERIOD ENDED DECEMBER 31, 2018
DOCKET NO. E-22, Sub 562
SUMMARY OF NORTH CAROLINA JURISDICTION AND CUSTOMER CLASS RATES OF RETURN
PER BOOKS, ANNUALIZED, FULLY ADJUSTED AND FULLY ADJUSTED WITH INCREASE

PER BOOKS CLASS RATE OF RETURNS - FROM ITEM 45a

	North Carolina Juris Amount	Residential	SGS, County, & Muni	Large General Service	Schedule NS	6VP	Street & Outdoor Lights	Traffic Lights
Adjusted NOI	$76,357,144	$40,860,712	$17,616,144	$8,721,262	$5,683,186	$2,869,858	$594,375	$11,607
Rate Base	$1,191,741,713	$638,478,788	$217,680,826	$131,715,939	$131,556,266	$51,176,698	$20,965,715	$167,482
ROR	6.4072%	6.3997%	8.0926%	6.6213%	4.3200%	5.6077%	2.8350%	6.9305%
Index		1.00	1.26	1.03	0.67	0.88	0.44	1.08

PER BOOKS CLASS RATE OF RETURNS WITH ANNUALIZED REVENUE - FROM ITEM 45b

	North Carolina Juris Amount	Residential	SGS, County, & Muni	Large General Service	Schedule NS	6VP	Street & Outdoor Lights	Traffic Lights
Adjusted NOI	$78,610,836	$42,426,447	$17,648,291	$9,008,210	$5,685,484	$3,121,241	$710,386	$10,775
Rate Base	$1,191,741,713	$638,478,788	$217,680,826	$131,715,939	$131,556,266	$51,176,698	$20,965,715	$167,482
ROR	6.5963%	6.6449%	8.1074%	6.8391%	4.3217%	6.0990%	3.3883%	6.4337%
Index		1.01	1.23	1.04	0.66	0.92	0.51	0.98

CLASS RATE OF RETURNS AFTER ALL RATEMAKING ADJUSTMENTS BEFORE REVENUE INCREASE - FROM ITEM 45c, COL. 3

	North Carolina Juris Amount	Residential	SGS, County, & Muni	Large General Service	Schedule NS	6VP	Street & Outdoor Lights	Traffic Lights
Adjusted NOI	$76,145,262	$36,733,981	$17,096,453	$10,925,342	$6,682,923	$3,891,396	$803,554	$11,614
Rate Base	$1,144,568,870	$620,179,141	$208,806,445	$124,113,361	$121,423,519	$48,043,076	$21,837,654	$165,674
ROR	6.6527%	5.9231%	8.1877%	8.8027%	5.5038%	8.0998%	3.6797%	7.0100%
Index		0.89	1.23	1.32	0.83	1.22	0.55	1.05

CLASS RATE OF RETURNS AFTER ALL RATEMAKING ADJUSTMENTS AND AFTER REVENUE INCREASE - FROM ITEM 45c, COLS. 4 & 5

	North Carolina Juris Amount	Residential	SGS, County, & Muni	Large General Service	Schedule NS	6VP	Street & Outdoor Lights	Traffic Lights
Revenue Increase	$8,583,000	$6,648,522	$769,676	$337,391	$483,083	$144,958	$198,326	$1,045
Adjusted NOI	$82,505,531	$41,658,866	$17,667,373	$11,175,924	$7,041,538	$3,999,031	$950,412	$12,387
Rate Base	$1,145,615,602	$620,646,593	$209,003,926	$124,257,876	$121,598,868	$48,100,506	$21,842,102	$165,732
ROR	7.2019%	6.7122%	8.4531%	8.9941%	5.7908%	8.3139%	4.3513%	7.4744%
Index		0.93	1.17	1.25	0.80	1.15	0.60	1.04

DOMINION ENERGY NORTH CAROLINA
SUMMER WINTER PEAK & AVERAGE STUDY
EOP - PERIOD ENDED DECEMBER 31, 2018
DOCKET NO. E-22, Sub 562
SUMMARY OF NORTH CAROLINA JURISDICTION AND CUSTOMER CLASS RATES OF RETURN
PER BOOKS, ANNUALIZED, FULLY ADJUSTED AND FULLY ADJUSTED WITH INCREASE

CHANGE IN CLASS RATE OF RETURNS DUE TO BASE FUEL RATE CHANGE - FROM ITEM 45c, COLS. 6 & 7

	North Carolina Juris Amount	Residential	SGS, County, & Muni	Large General Service	Schedule NS	6VP	Street & Outdoor Lights	Traffic Lights
Revenue Increase (Allocated on Factor 3)	($2,155,000)	($838,209)	($411,006)	($322,918)	($438,674)	($131,994)	($11,939)	($261)
Δ Adjusted NOI	$5,577	$2,169	$1,064	$836	$1,135	$342	$31	$1
Total Rate Base (from Column 7)	$1,145,615,602	$620,646,593	$209,003,926	$124,257,876	$121,598,868	$48,100,506	$21,842,102	$165,732
Δ ROR	0.0005%	0.0003%	0.0005%	0.0007%	0.0009%	0.0007%	0.0001%	0.0004%
Δ Index		0.00	0.00	0.00	0.00	0.00	0.00	0.00

CLASS RATE OF RETURNS AFTER ALL RATEMAKING ADJUSTMENTS AND AFTER REVENUE INCREASE INCLUDING BASE FUEL RATE CHANGE - FROM ITEM 45c, COL. 4, 6, & 7

	North Carolina Juris. Amount	Residential	SGS, County & Muni	Large General Service	Sch. NS	6VP	Outdoor Street Lights	Traffic Lights
Total Revenue Increase (Col 4 + Col 6)	$6,428,000	$5,810,313	$358,670	$14,473	$44,409	$12,965	$186,387	$784
Adjusted NOI	$82,511,108	$41,661,035	$17,668,436	$11,176,760	$7,042,673	$3,999,373	$950,443	$12,388
Rate Base	$1,145,615,602	$620,646,593	$209,003,926	$124,257,876	$121,598,868	$48,100,506	$21,842,102	$165,732
ROR	7.2023%	6.7125%	8.4536%	8.9948%	5.7917%	8.3146%	4.3514%	7.4748%
Index		0.93	1.17	1.25	0.80	1.15	0.60	1.04