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December 2, 2024

VIA ELECTRONIC MAIL

Jonika Rathi, Research Analyst jonika.rathi@energy.virginia.gov Virginia Department of Energy

Re: Commonwealth of Virginia, ex rel. State Corporation Commission Ex Parte: In

the matter concerning performance-based regulation and alternative regulatory

tools for investor-owned electric utilities

Case No. PUR-2024-00152

Dear Ms. Rathi:

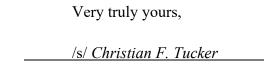
Please accept this letter as the joint comments of the Virginia Committee for Fair Utility Rates (the "Virginia Committee") and the Old Dominion Committee for Fair Utility Rates (the "Old Dominion Committee") (collectively the "Committees"). The Virginia Committee and the Old Dominion Committee consist of large, industrial customers of Virginia Electric and Power Company ("Dominion") and Appalachian Power Company ("APCo"), respectively. The Committees are grateful for the opportunity to participate in this proceeding. At this stage in the stakeholder engagement process, the Committees highlight three principles which should guide the process and analysis of the various alternative regulatory proposals: (1) Affordability; (2) Reliability; and (3) Predictability.

The affordability of rates is the first concern of any rate payer. In considering forms of alternative rate making, proposals should not, directly or indirectly, exert an upward pressure on rates. House Joint Resolution 30 and Senate Joint Resolution 47 (the "Joint Resolutions") require that the State Corporation Commission ("Commission") provides an analysis of the financial incentives of the current regulatory framework. A similar analysis should be performed for the various alternative regulatory tools considered as part of the stakeholder process. At a minimum, no proposal should encourage or reward imprudent expenditure or create the potential for an unreasonable windfall for the utility.

Reliable electric service must continue to remain a priority, especially as the utilities and ratepayers navigate an era of growing demand. On December 12, 2024, the Commission will convene an unprecedented Technical Conference to address datacenter development in the Commonwealth. This growing and uncertain environment leads to reasonable concerns about each utility's ability to meet new demands while continuing to provide reliable power to existing customers. Proposals for alternative ratemaking cannot compromise the reliability of service as an indirect consequence.

Finally, alternative regulatory tools should not compromise rate predictability. Electrical service is a critical cost which can inform a business's production decisions over the course of any given period. Once rates are set by the Commission, they should not be subject to upward fluctuations either over the rate year or outside of proceedings which set rates. Alternative ratemaking tools, to the extent possible, should promote the predictability of rates.

The Committees look forward to participating in the stakeholder engagement process. While the Committees do not have preferred alternative regulatory tools at this time, the Committees reserve the right to provide additional comments, and support (or oppose) specific proposals in the future.



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