

WITNESS DIRECT TESTIMONY SUMMARY

Witness: David F. Walker

Title: Director of Strategic Customer Programs

Summary:

Company Witness David F. Walker introduces the Company's proposal in the current Application. First, he addresses updates to the Company's approach to DSM, including an overview of the Company's current Phase XIII request. In this overview, Mr. Walker notes the range of customer participation in the Company's DSM Programs, as well as cost and energy savings flowing from these programs.

Next, Mr. Walker explains the Virginia Clean Economy Act ("VCEA") savings targets as well as current efforts to enhance program performance. More specifically, Mr. Walker explains how the VCEA amended which customers are required to pay for costs – and by extension participate in energy efficiency programs – by removing the automatic exemption under Subsection A 5 c for large commercial and industrial customers. The VCEA, through Va. Code § 56-596.2, further directs that at least 15% of costs be for programs designed to benefit low-income and elderly, disabled individuals, or veterans. The VCEA also specifies total annual energy savings targets starting in year 2022 through 2025, with savings targets to be set by the Commission thereafter.

Mr. Walker further discusses the Company's participation in the independent moderator-led stakeholder group. Specifically, he explains the Company's compliance with the Commission's directive in the 2022 DSM Final Order, Case No. PUR-2022-00210, to refer certain issues to the Stakeholder Group. Mr. Walker provides a report on the progress in developing implementation plans for the four recommendations as directed by 2023 DSM Final Order, Case No. PUR-2023-00217. In addition, Mr. Walker provides an update on the Company's progress towards moving to the consolidated program structure recommended in the Company's Long-Term Plan ("LTP").

Mr. Walker next addresses the VCEA's energy savings targets and discusses efforts underway to enhance Program performance and increase energy savings. He elaborates on the Company's customer awareness campaign, engagement of implementation vendors, and efforts to strengthen the continuous improvement framework.

Mr. Walker also provides an overview of the Company's cost recovery request for the September 1, 2025, through August 31, 2026, rate year ("Rate Year") through Riders C1A and C4A. Mr. Walker further summarizes the Company's compliance with the Commission's 2023, 2022, 2021, and 2020 Final Order directives, as well as the 2020 EM&V proceeding directives.

Mr. Walker concludes by introducing other witnesses in this proceeding and summarizing the Company's requests in support of the current Application.

**DIRECT TESTIMONY
OF
DAVID F. WALKER
ON BEHALF OF
VIRGINIA ELECTRIC AND POWER COMPANY
BEFORE THE
STATE CORPORATION COMMISSION OF VIRGINIA
CASE NO. PUR-2024-00222**

1 **Q. Please state your name, business address, and position with Virginia Electric and**
2 **Power Company (“Dominion Energy Virginia” or the “Company”).**

3 A. My name is David F. Walker, and my business address is 600 East Canal Street,
4 Richmond, Virginia 23219. I am the Director of Strategic Customer Programs for the
5 Company. A statement of my background and qualifications is included as Appendix A.

6 **Q. Please describe your areas of responsibility with Dominion Energy Virginia.**

7 A. I am responsible for delivering Demand-Side Management (“DSM”) programs
8 (individually, “DSM Program” or “Program,” collectively, “DSM Portfolio” or
9 “Portfolio”) for the Company. In addition, I am responsible for program development
10 and deployment of rural broadband infrastructure within the Company’s regulated service
11 territory in Virginia as well as the Grid Transformation Plan fiber projects.

12 **Q. Please describe the purpose of your testimony in this proceeding.**

13 A. My testimony supports the Company’s application for approval to (1) implement DSM
14 “Phase XIII,” which includes one new Program, one pilot, five redesigned Programs to
15 supplement the overall Portfolio; and (2) update and continue rate adjustment clauses
16 (“RACs”) designated Riders C1A and C4A (collectively, the “Application”).

17 Specifically, the purpose of my testimony is to:

18 (1) Provide an overview and updates to the Company’s approach to DSM;

- 1 (2) Present an overview of the Company’s request for approval of DSM Phase XIII;
- 2 (3) Address the Virginia Clean Economy Act (“VCEA”) energy savings targets and
3 discuss efforts underway to enhance program performance and increase energy
4 savings;
- 5 (4) Provide an overview of the Company’s cost recovery request for the rate year
6 period of September 1, 2025, through August 31, 2026 (“Rate Year”) through
7 Riders C1A and C4A;
- 8 (5) Describe the Company’s compliance with the Virginia State Corporation
9 Commission’s (the “Commission”) order and directives in the 2023 DSM
10 proceeding, 2022 DSM proceeding, 2021 DSM proceeding, the 2020 DSM
11 proceeding, and the 2020 evaluation, measurement, and verification (“EM&V”)
12 proceeding; and
- 13 (6) Introduce the other witnesses presenting testimony and summarize the requests
14 presented by the Company in this Application.

15 **Q. Are you sponsoring an exhibit in this proceeding?**

16 A. Yes. Company Exhibit No. __, DFW, consisting of Schedules 1-3, was prepared under
17 my direction and supervision, and is accurate and complete to the best of my knowledge
18 and belief.

19 **Q. How is your testimony organized?**

20 A. My testimony is organized as follows:

21 I. Overview and Update to Company’s DSM Approach

22 II. Request for Approval of Proposed Phase XIII Programs

23 III. VCEA Targets & Efforts to Enhance Performance and Increase Energy
24 Savings

25 IV. Cost Recovery Request

26 V. Additional Compliance with the Commission’s Orders

27 VI. Introduction of Company Witnesses and Summary of Requests

1 **I. OVERVIEW AND UPDATE TO COMPANY'S DSM APPROACH**

2 **Q. Please provide background on how the Company has conducted DSM Programs in**
3 **Virginia.**

4 **A. In March 2007, a voluntary energy efficiency goal of 10% electricity savings was enacted**
5 **by the Virginia General Assembly. To achieve this goal, Dominion Energy Virginia**
6 **launched its DSM Programs, consisting of energy efficiency and peak shaving programs.**
7 **Dominion Energy Virginia offers voluntary energy conservation programs and useful**
8 **information to help residential and non-residential customers make energy efficient**
9 **improvements and reduce demand during peak periods.**

10 **Customers are required to meet specific eligibility criteria described in the program terms**
11 **and conditions specific to each DSM program, which are available on the Company's**
12 **website. The terms and conditions, Frequently Asked Questions, as well as other**
13 **program materials, are developed post-Commission approval to assist customers in**
14 **understanding eligibility and program expectations for the comprehensive offering of**
15 **DSM programs available to residential and non-residential customers. The field**
16 **implementation and administration services for the DSM Programs are provided by third-**
17 **party implementation vendors, which currently include CLEAResult, EnergyHub,**
18 **Honeywell, ICF, Itron, Resource Innovations, PowerSecure, TRC Solutions, and**
19 **WeaveGrid. Each vendor is under contract with Dominion Energy Virginia to implement**
20 **and operate certain field-service-level functions for each DSM Program. Dominion**
21 **Energy Virginia's Energy Conservation Department program managers have oversight**
22 **responsibility to ensure the third-party implementation vendors are operating in**
23 **accordance with the Commission's approval and contracted responsibilities.**

1 Energy savings associated with the Company’s DSM Programs are determined by
2 EM&V each year by the Company’s independent, third-party EM&V vendor, DNV. The
3 Company continues to file annual EM&V reports detailing energy and demand
4 reductions, as well as spending, participation, and other performance indicators, by
5 program via other performance reporting dashboards.

6 In 2023, approximately 376,000 residential and non-residential customers participated in
7 the Company’s DSM Programs. The Company also provided over 19,100 appliance
8 rebates to our residential customers and issued over 31,000 welcome kits. Furthermore,
9 over 900 small business customers participated in the Company’s Small Business
10 Improvement Enhanced Program, resulting in approximately 3.9 million kWh net
11 savings.

12 Overall, approximately \$46 million were disbursed in rebate payments across the active
13 programs in 2023. This resulted in Dominion Energy Virginia customers saving
14 approximately 910 gigawatt-hours of energy last year.

15 My Schedule 1 provides an executive summary of the Company’s 2023 DSM Portfolio
16 performance and is provided as part of this filing, consistent with the Commission’s
17 Orders in Case Nos. PUR-2023-00217 and PUR-2020-00156. This executive summary
18 or “dashboard” was created based on comments from stakeholders regarding which
19 metrics were of most interest to them. The data is for the prior calendar year—here

1 2023—and has been fully audited via the Company’s internal processes and third-party
2 external EM&V.¹

3 **Q. Please provide an overview of the VCEA as it relates to the Company’s DSM**
4 **Programs.**

5 A. The VCEA became effective on July 1, 2020, and contains several provisions that
6 amended the laws related to DSM programs. According to Subsection A 5 c of the
7 VCEA, a petition for energy efficiency programs shall include a “proposed budget for the
8 design, implementation, and operation of the energy efficiency program, including
9 anticipated savings from and spending on each program, and the Commission shall grant
10 a final order on such petitions within eight months of initial filing.” This subsection also
11 includes provisions that the Commission shall allow a margin for recovery on operating
12 expenses for energy efficiency programs until January 1, 2022, after which a margin is
13 dependent on what the Company has proposed, what the Commission has approved, and
14 whether the Company has met its total annual savings targets.

15 The VCEA also amended which customers are required to pay for costs of, and by
16 extension participate in energy efficiency programs, by removing certain automatic
17 exemption language, redefining the definition of Large General Service (“LGS”)
18 Customer, and directing the Commission to establish an opt-out procedure for eligible
19 customers implementing energy efficiency on their own. This change allowed the

¹ In the 2023 DSM Final Order, the Commission directed the Company to provide in the EM&V dashboard (i) the year’s projected cost per kWh, in terms of total projected costs, divided by total projected net energy savings; and (ii) the actual total costs, divided by the actual total net energy savings. As shown in my Schedule I, the dashboard is consistent with the June 12, 2024 EM&V Report. As such, the Company submits that the additional information will be provided in the next EM&V Report filed in June 2025 and therefore included in the Company’s next DSM proceeding.

1 Company to offer its DSM Programs to a broader group of non-residential customers. In
2 its Final Order in the 2020 DSM proceeding issued on September 7, 2021, the
3 Commission approved expanding eligibility for existing programs to the LGS Customers.

4 Also, as part of the VCEA, Virginia Code § 56-596.2 provides that at least 15% of energy
5 efficiency program costs should be designed to benefit low-income and elderly, disabled
6 individuals, or veterans. Moreover, the VCEA specified total annual energy savings
7 targets for the Company to achieve, starting in year 2022 through 2025, with savings
8 targets to be set by the Commission thereafter. I will address these savings targets and
9 progress later in my testimony.

10 Lastly, the VCEA expanded the scope of the stakeholder group to include feedback and
11 input on (i) the development of energy efficiency programs and portfolios of programs;
12 (ii) compliance with total annual energy savings targets and effect on integrated resource
13 plans; (iii) recommended policy reforms to ensure maximum and cost-effective energy
14 efficiency; and (iv) best practices for EM&V services. Section 56-596.2 also provides
15 that a utility must use a third-party evaluator to perform EM&V on total annual savings
16 targets and requires a third-party evaluator to provide reports on its findings concurrently
17 to the Commission and the utility.

18 **Q. Can you comment further on the Company's participation in the independent**
19 **moderator-led DSM stakeholder group process?**

20 A. Yes. The Company continues to participate in stakeholder group meetings led by the
21 Commission-hired independent moderator, and in subgroup meetings on a variety of
22 subject areas of most interest to stakeholders. During the meetings, stakeholders provide

1 input on areas of focus for energy efficiency programs and specific conservation
2 measures. The Company incorporates stakeholder input into its requests for proposals
3 (“RFP”) and has adjusted the DSM process and planned administration of Programs in
4 line with stakeholder feedback. Company Witness Michael T. Hubbard addresses the
5 stakeholder and RFP processes further in his testimony and schedules, including the
6 process of moving from stakeholder idea to pilot or program proposal.

7 **Q. The Commission’s Final Order in Case No. PUR-2022-00210 (“2022 DSM Final**
8 **Order”) adopted four recommendations from the Hearing Examiner’s Report that**
9 **referred certain issues to the Stakeholder Group for consideration and required a**
10 **report from the Company on these issues. What were the four recommendations**
11 **from the Hearing Examiner’s Report?**

12 A. The four recommendations included the following:

13 (12) Refer the issues regarding how the cost-effectiveness of
14 DSM Programs is currently measured, including: (i) how
15 the Inflation Reduction Act will reduce the cost of some
16 DSM Programs; (ii) how the inclusion of non-energy
17 benefits (e.g., the social cost of carbon) can better quantify
18 the benefits for all programs and bundles; and (iii) how
19 building codes impact the measurement of cost-
20 effectiveness of DSM Programs, to the Stakeholder Group
21 and require a report from the Company on these issues in
22 next year’s DSM case;

23 (24) Refer the issue of dual-fuel customers to the Stakeholder
24 Group and require a report from the Company on the issue
25 in next year’s DSM case;

26 (25) Refer the issue of the LTP and DSM Program consolidation
27 to the Stakeholder Group and require a report from the
28 Company on the issue in next year’s DSM case; and

29 (26) Refer the issue of leveraging the functionalities of AMI,
30 including geo-targeting, in demand-response programs to

1 the Stakeholder Group and require a report from the
2 Company on the issue in next year's DSM case.

3 **Q. Has the Company complied with this directive?**

4 A. Yes, the Company complied with this directive in the Company's 2023 DSM case.

5 **Q. Is there any additional requirements regarding the four recommendations following**
6 **the Company's 2023 DSM case?**

7 A. Yes. In the Company's 2023 DSM case, the Commission adopted the Hearing
8 Examiner's recommendation that the Company continue to report on the progress in
9 developing implementation plans for the four recommendations by no later than
10 September 1, 2024, to Staff in the Commission's Division of Public Utility Regulation
11 ("Staff"); and as part of the Company's next DSM update filing.

12 On September 27, 2024, the independent moderator sent an e-mail to Staff and
13 stakeholders attaching the meeting notes from the September 10, 2024 Process Subgroup
14 (a formal subgroup to the Stakeholder process) meeting. The meeting notes that were
15 provided to Staff and stakeholders are included as Schedule 2 to my direct testimony and
16 are intended to serve as a report on the progress of developing implementation plans for
17 the four recommendations.

18 **Q. Please provide an update on the Company's progress to move to a consolidated**
19 **program structure that the Company's consultant, Cadmus, recommended in the**
20 **Company's Long-Term Plan ("DSM LTP" or "LTP").**

21 A. Although we are still using the phased approach for purposes of cost caps and
22 implementation, we are continuing to move to a consolidated program structure that
23 Cadmus recommended in the Company's LTP. However, as noted in Company Witness

1 Michael T. Hubbard's direct testimony, the seven categories found in the LTP will
2 continue to evolve to adapt to customer needs, program portfolio offerings, and the latest
3 market trends. As such, the Company will continue to use the consolidated program
4 structure, as well as enhanced awareness and presentment, as an opportunity to streamline
5 its DSM program portfolio and achieve its energy efficiency goals.

6 **II. REQUEST FOR APPROVAL OF PROPOSED PHASE XIII PROGRAMS**

7 **Q. What are the Programs for which the Company is seeking approval through this**
8 **Application?**

9 A. Consistent with the LTP, Phase XIII includes five redesigned programs, one new
10 program, and one new pilot, which are:

- 11 • Residential Smart Thermostat Demand Response (DR)
- 12 • Non-residential Small Business Improvement (EE)
- 13 • Non-residential Data Center (EE)
- 14 • Non-residential Enhanced Prescriptive (EE)
- 15 • Non-residential Curtailment (DR)
- 16 • Non-residential Distributed Generation (DR)
- 17 • Residential Battery Storage Pilot (DR)

18 Also, the Company is requesting a modification to the measure mix of the DSM Phase XI
19 Residential Income and Age Qualifying Bundle (EE).

1 The direct testimony and schedules of Company Witness Hubbard provide additional
2 detail regarding these Programs and the measures included therewith, as well as the
3 projected participation and energy and demand savings. Additionally, the direct
4 testimony of Company Witness Rachel L. Hagerman provides additional detail regarding
5 the cost/benefit modeling and scores for the Phase XIII Programs.

6 **Q. What is the proposed cost cap for the Phase XIII Programs?**

7 A. The proposed five-year cost cap for the Phase XIII Programs in the aggregate is
8 approximately \$222.3 million and \$255.7 million with the 15% variance allowance.
9 Information regarding the individual proposed cost caps for each Program, and the
10 associated details, are provided by Company Witness Jarvis E. Bates. Consistent with the
11 Commission's approval in the 2023 DSM Update Final Order, the Company requests the
12 Commission allow spending flexibility up to 15% above the proposed caps. Doing so
13 allows the Company to embrace popular and successful Programs and unlock greater
14 energy efficiency savings than otherwise may be achieved.

15 **Q. What are the closure dates proposed for the Phase XIII Programs?**

16 A. Consistent with the Commission's Order in Case Nos. PUR-2021-00247, PUR-2022-
17 00210, and PUR-2023-00217, the Company is not proposing predetermined program
18 closure dates for non-pilot programs; however, five-year budgets are being submitted for
19 each program.

1 measuring Dominion’s actual and projected compliance or noncompliance with the
 2 total energy savings requirements in Code § 56-596.2, using both net and gross
 3 savings metrics.” Has the Company done so in this proceeding?

4 A. Yes. In my Schedule 3 the Company is presenting its current estimation of energy
 5 efficiency savings. It should be noted that this information reflects a snapshot in time,
 6 and it does not yet incorporate all the improvements to energy efficiency savings that will
 7 result from the Company’s continued implementation of the recommendations in the
 8 DSM LTP. The Company remains committed to doing everything practicable, in
 9 consultation with a full range of stakeholders, to identify additional programs and process
 10 improvements to increase energy savings. As shown in my Schedule 3 and in Table 1
 11 below, on a net basis, the energy savings achieved are below the 2023 target at 1.4%.²

Table I

Net at Meter	YEAR	VCEA Target MWh	VCEA Target %	DSM1-8 MWh	DSM9 MWh	DSM10 MWh	DSM11 MWh	DSM12 MWh	Opt-Outs MWh	Total DSM MWh	DSM %**
	2022	852,892	1.25%	775,939	2,693	-	-	-	58,754	837,387	1.23%
2023	1,705,783	2.50%	868,204	37,426	3,889	-	-	59,855	969,373	1.4%	
2024	2,558,675	3.75%	921,810	89,498	88,757	37,213	-	60,955	1,198,233	1.8%	
2025	3,411,567	5.00%	932,045	158,830	262,669	89,567	19,748	62,055	1,524,914	2.2%	

² On July 26, 2024, the Commission issued its final order in the Company’s 2023 DSM proceeding. The Commission found that energy savings should be calculated on a net basis rather than a “gross” basis. See *Application of Virginia Electric and Power Company, For approval of its 2023 DSM Update pursuant to § 56-585.1 A 5 of the Code of Virginia*, Case No. PUR-2023-00217, Final Order (July 26, 2024). Therefore, the Company has provided the achieved energy savings on a “net” basis only.

1 **Q. Is the Company entitled to a margin on energy efficiency operating expenses for**
2 **2023?**

3 A. No, Va. Code § 56-585.1 provides the following:

4 Beginning January 1, 2022, and thereafter, if the Commission
5 determines that the utility meets in any year the annual energy
6 efficiency standards set forth in § 56-596.2, in the following year,
7 the Commission shall award a margin on energy efficiency program
8 operating expenses in that year, to be recovered through a rate
9 adjustment clause, which margin shall be equal to the general rate
10 of return on common equity determined as described in subdivision

11 As explained in Company Witness Justin A. Wooldridge’s testimony, the Company did
12 not meet the energy savings targets on a “net” basis and therefore has not calculated a
13 margin on operations and maintenance (“O&M”) expenses.

14 **Q. Please describe how the Company’s customer awareness initiative is designed to**
15 **enhance program performance and increase energy savings.**

16 A. The LTP emphasized the significance of a broad customer awareness campaign on the
17 Company’s ability to achieve the VCEA energy savings targets. To that end, the
18 Commission approved the Company’s request to direct funding toward improving
19 customer awareness and marketing as well as program enrollment in the 2021 DSM Final
20 Order. This increased funding is expected to drive greater awareness, changes to
21 improve customer experience, and enrollment in DSM Programs. Several updates and
22 additional enhancements have taken place throughout 2024. As discussed in Company
23 Witness Terry M. Fry’s Direct Testimony Schedule 1, the Company has made
24 considerable progress since the 2023 DSM proceeding on the implementation of a
25 portfolio marketing strategy aimed at increasing overall awareness of its DSM programs
26 and the benefits of adopting energy conservation technologies and behaviors.

1 Additionally, as noted above, the Company has actively engaged with the DSM
2 stakeholder group by providing updates on the customer awareness campaign, which is
3 being supported by the Company's partner, the West Cary Group. The open dialogue
4 between the Company and stakeholders evolved into a customer awareness subgroup that
5 is administered by a Commission-hired independent moderator. Most recently, on
6 October 28, 2024, the independent moderator invited stakeholders to review the proposed
7 marketing concepts developed by the West Cary Group for the Company's customer
8 awareness campaign and solicited their feedback to understand customers' preferences in
9 marketing messaging. The results of this customer awareness survey will be utilized by
10 the West Cary Group and the Company to continue to inform a strategic marketing
11 campaign for its DSM Program portfolio.

12 **Q. Has the Company engaged its implementation vendors regarding ways to enhance**
13 **program performance and increase savings?**

14 A. Yes. The Company has continued to host vendor summits for its numerous program
15 implementation vendors to ensure consistency with its communication and the
16 importance to cross-promote its DSM programs. The intention of the vendor summits is
17 to create a collaborative work environment for all the Company's implementation
18 vendors by providing ongoing coordination and information to ensure that all parties
19 involved are maximizing opportunities to inform customers about the range of available
20 energy efficiency options available to them through the general awareness campaign and
21 the Company's robust DSM program portfolio offering.

1 **Q. The LTP also identified strengthening the continuous improvement framework as a**
2 **way to potentially enhance program participation and increase savings. Please**
3 **address the Company's efforts in this regard.**

4 A. Strengthening the continuous improvement framework requires the Company to assess,
5 improve, and track the effectiveness of our Programs' design and delivery. This helps the
6 Company optimize Programs over time. The Company is in regular and consistent
7 communication with its implementation providers to gauge performance of the Programs
8 and discuss opportunities for improvement where needed. The Company is also actively
9 coordinating with DNV to conduct several baseline reviews and impact evaluations.

10 Moreover, the Company's consultant, Cadmus, completed process evaluations for two
11 programs, as part of its strategic undertaking outlined in the LTP: DSM Phase VIII Small
12 Business Improvement Enhanced Program, as well as the two program components that
13 will comprise the recently approved Residential Home Retrofit Bundle, the DSM Phase
14 VII Residential Home Energy Assessment Program and the Phase VIII Home Retrofit
15 Program. This step directly aligns with the recommendation in the LTP that targeted
16 process evaluations of high-priority Programs would help the Company to optimize
17 Programs and continually improve their effectiveness.

18 And, the Company continues to conduct process evaluations going forward. Specifically,
19 the Company recently initiated the process evaluation for two additional programs, the
20 Non-residential Custom and the Residential New Construction programs. More details
21 regarding these process evaluations are provided in the LTP Project Management Report,
22 Company Witness Terry M. Fry's Direct Testimony Schedule 1. The Company will
23 continue to work with Cadmus on the next steps to complete and finalize the process

1 evaluations for these two programs, and incorporate the findings into its program
2 operations, where practicable.

3 **Q. Also, as part of the VCEA, Virginia Code § 56-596.2 provides that at least 15% of**
4 **energy efficiency program costs should be designed to benefit low-income and**
5 **elderly, disabled individuals, or veterans. With the filing of this Application, what is**
6 **the Company's progress towards this goal?**

7 A. As detailed and supported by Company Witness Bates, the Company approximates \$110
8 million of the proposed \$933.9 million will be designated to meet this statutory target
9 requirement, including the Phase XIII Programs. The Company is progressing toward
10 this statutory goal with these program costs comprising 11.7% of its DSM Portfolio costs.
11 This target is constantly shifting as the market proposes programs in differing sectors for
12 residential, non-residential and customers in need.

13 **Q. Separate from the VCEA energy efficiency savings targets, the GTSA requires the**
14 **Company to propose a minimum of \$870 million towards energy efficiency between**
15 **2018-2028. With the filing of this Application, what level of energy efficiency**
16 **specific spending has the Company proposed?**

17 A. As detailed by Company Witness Bates, and inclusive of the programs proposed in this
18 Application, the Company has proposed approximately \$933.9 million (including \$136.9
19 million requested with this Application) of spending on energy efficiency programs since
20 the passage of the GTSA, meaning the Company has exceeded the proposed spending
21 target well ahead of 2028.

1 **IV. COST RECOVERY REQUEST**

2 **Q. Please provide an overview of the Company's cost recovery request.**

3 A. With this Application, the Company requests recovery through Riders C1A and C4A of
4 (i) Rate Year costs associated with its Phase II, III, IV, V, VI, VII, VIII, IX, X, XI, XII
5 and XIII Programs; and (ii) True-up of actual costs and revenues for the period of
6 January 1, 2023 through December 31, 2023, for eligible programs through a Monthly
7 True-Up Adjustment.

8 The total revenue requirement requested in this proceeding is \$96,647,628 and is detailed
9 in Company Witness Justin A. Wooldridge's pre-filed direct testimony. Company
10 Witness Eleanor K. Keeton addresses the proposed allocation methodology for the
11 revenue requirement, which is consistent with the methodology previously approved by
12 this Commission. Lastly, Company Witness Jessica C. Powell presents the Riders C1A
13 and C4A and associated estimated customer bill impacts.

14 **V. ADDITIONAL COMPLIANCE WITH THE COMMISSION'S ORDERS**

15 **Q. As applicable to this proceeding, please discuss the Commission's Final Order in the**
16 **2020 DSM proceeding, Case No. PUR-2020-00274, the Company's 2021 DSM**
17 **proceeding, Case No. PUR-2021-00147, the Company's 2022 DSM proceeding, Case**
18 **No. PUR-2022-00210, and the Company's 2023 Proceeding, Case No. PUR-2023-**
19 **00217 and how the Company has complied with the directives therein.**

20 A. In the 2020 DSM Final Order, the 2021 DSM Final Order, the 2022 DSM Final Order,
21 and the 2023 DSM Final Order, the Commission directed the Company to comply with
22 certain requirements. Please see the table below for a summary of how the Company
23 complied with each filing requirement relevant to this instant filing.

Filing Requirement (Order)	Company Compliance
Provide an exhibit measuring the Company's actual and projected compliance or noncompliance with the total energy savings requirements in Va. Code § 56-596.2, using both net and gross savings metrics (2020 DSM Final Order)	As mentioned above, my Schedule 3 provides the requested information using a net savings metrics consistent with Commission's 2023 DSM Final Order.
Provide information reflecting how EM&V plans are developed in conjunction with DSM program design rather than after such DSM programs are implemented (2020 DSM Final Order)	Please see the direct testimony of Company Witness Dan Feng.
Provide with its next DSM filing a chart that summarizes the following for all active programs through the end of the True-up period: (i) total incentives; (ii) incentive cost per participant; (iii) non-incentive cost per participant; (iv) margin cost per participant; (v) total cost per participant; and (vi) the percentage of margin and non-incentive costs in relation to total costs (2020 DSM Final Order)	Please see the direct testimony of Company Witness Jarvis Bates and his related schedules for the requested information.
Provide detailed supporting cost information for the measures included in its IAQ Programs going forward (2020 DSM Final Order)	Please see the direct testimony of Company Witness Michael Hubbard for the requested information. Specifically, please see his Schedules 1 – 4 for the supporting costs of the IAQ Programs.
Calculate return on equity ("ROE") only for purposes of the True-Up and do not include margin as part of the calculation for the Projected Cost Recovery Factor; exclude margin for Company's O&M costs until the Commission determines the Company has met its annual energy efficiency standards and margin will be applied as part of the future true-up (2020 DSM Final Order)	Please see the direct testimony of Company Witness Justin A. Wooldridge for the requested information and his related schedules.
Provide additional information in future EM&V Reports to evaluate how programs are performing (2021 DSM Final Order)	Please see the direct testimony of Company

Filing Requirement (Order)	Company Compliance
	Witness Dan Feng.
Include updated cost/benefit analysis of the DSM programs, along with a comparison of the updated cost/benefit analysis to the original cost/benefit analysis when the Program was approved, as well as the results of cost/benefit analyses from prior EM&V Reports (2021 DSM Final Order)	Please see the direct testimony of Company Witness Rachel L. Hagerman and her related schedules.
Include the same health and safety measures in both the Residential and Non-Residential IAQ Bundles (2022 DSM Final Order)	Please see the direct testimony of Company Witness Michael T. Hubbard.
Provide a Project Management Report as part of its annual DSM filing detailing what tasks were completed in the last twelve months, what tasks will be completed in the next twelve months, and what tasks remain to be completed to fully implement the Long-Term Plan (2022 DSM Final Order)	Please see the direct testimony of Company Witness Terry Fry. Specifically, please see his Schedule 1 for the LTP Project Management Report.
The Company should continue to provide a Long-term Plan Project Management Report in future DSM filings until the Commission determines otherwise. Such report should incorporate quantifiable data sets where feasible (2023 DSM Final Order)	Please see the direct testimony of Company Witness Terry M. Fry.
The Commission should require the Company to continue its commitment to using the Stakeholder Group to develop a progress report for the Four Stakeholder Group Issues. The Company should report on the progress in developing such plans both (i) by no later than September 1, 2024, to Staff in the Commission's Division of Public Utility Regulation; and (ii) as part of the Company's next DSM update filing. (2023 DSM Final Order)	Please see my direct testimony Schedule 2.
The Company should report, as part of its annual DSM update filings, on the number of projects in the Phase XII Non-residential New Construction Program; the type of project (industrial, commercial, or data center); the projected energy savings of the projects; and each project's stage. (2023 DSM Final Order)	This Program is not expected to launch until 2025, so there is no information to provide at this time.
The Company should continue to provide, in future DSM updates, a chart identifying its progress toward fulfilling the \$870 million proposed spending requirement. (2023 DSM	Please see Company Witness Bates's direct

Filing Requirement (Order)	Company Compliance
Final Order)	testimony.

1 **Q. In Case No. PUR-2020-00156, which reviewed the Company’s EM&V practices, the**
2 **Commission directed additional filing requirements with respect to the Company’s**
3 **DSM updates. Has the Company adhered to these requirements?**

4 **A.** Yes. Company Witness Dan Feng addresses the additional filing requirements issued by
5 the Commission in the EM&V proceeding and how the Company complied with the
6 necessary requirements for this DSM Update filing. Please see the table below for a
7 summary of how the Company complied with each filing requirement relevant for this
8 instant filing.

Filing Requirement	Company Compliance
Provide an executive summary dashboard in the December filing and in May with the EM&V Report, which will present a summary of the Company’s 2023 DSM Portfolio performance	As noted above, please see my Schedule 1 for the requested information.
Provide a sample data chart for existing and proposed programs, which will present a mix of verified persistent savings and projections for future years	Please see the direct testimony of Company Witness Michael Hubbard for the requested information. The data chart is provided as his Schedule 7.
File the EM&V Report in the Company’s December DSM filing (in electronic form for the December filing) and in May ³ of the docket of the prior complete DSM update case	Please see the direct testimony of Company Witness Dan Feng. Ms. Feng sponsors the EM&V Report as her Appendix C. The EM&V Report is

³ On May 13, 2022, the Commission granted the Company’s motion to extend the filing date of its EM&V Reports from May 15 to June 15 each year. *Petition of Virginia Electric and Power Company, For approval of its 2021 DSM Update pursuant to § 56-585.1 A 5 of the Code of Virginia*, Case No. PUR-2021-00247, Order on Motion (May 13, 2022).

Filing Requirement	Company Compliance
	provided electronically on an eRoom designated for this proceeding.

1 **Q. Lastly, in the 2017 DSM Final Order, the Commission directed the Company to (i)**
2 **conduct biennial internal audits of the controls surrounding incentive and rebate**
3 **payments with regard to each of the Company’s DSM programs, and (ii) provide to**
4 **Staff the audit report with supporting documentation, including a detailed**
5 **description of how the audit findings have been addressed. Please comment.**

6 **A.** The Company continues to submit the audit report on the required schedule. The next
7 audit will be performed in 2025 based on calendar year 2024 results and the
8 corresponding report will be submitted to the Commission Staff once available.

9 **VI. INTRODUCTION OF COMPANY WITNESSES AND SUMMARY OF**
10 **REQUESTS**

11 **Q. What other Company witnesses are filing direct testimony in this proceeding?**

12 **A.** The Company is pre-filing direct testimony of the following eight witnesses in addition to
13 my own:

- 14 • Company Witness Michael T. Hubbard will present testimony regarding the status
15 of the Company’s approved and active DSM Programs and address the
16 Company’s efforts to bring forward cost-effective program designs in our current
17 case. Company Witness Hubbard will also provide an update on the Company’s
18 quality assurance and quality controls process for its DSM Programs.
- 19 • Company Witness Rachel L. Hagerman will discuss the Company’s processes for
20 screening and selection of DSM Programs, including screening criteria for
21 evaluation of DSM Programs. Company Witness Hagerman will also present the
22 results of the cost/benefit test results for the Phase XIII Programs and provide
23 updated cost/benefit test results for the ongoing DSM Programs.

- 1 • Company Witness Jarvis E. Bates will provide cost projections for the Rate Year
2 and proposed cost caps for the Phase XIII Programs. Mr. Bates will also present
3 the actual costs of the approved DSM Programs.
- 4 • Company Witness Justin A. Wooldridge will present the revenue requirement for
5 Riders C1A and C4A over the Rate Year, including the True-up for calendar year
6 2023.
- 7 • Company Witness Eleanor K. Keeton will explain the Company's allocation and
8 assignment of costs for its DSM Programs to the Virginia Jurisdiction and
9 customer classes.
- 10 • Company Witness Jessica C. Powell will present the calculation of Riders C1A
11 and C4A.
- 12 • Company Witness Dan Feng of DNV will sponsor the EM&V Plans for the
13 proposed Phase XIII Programs.
- 14 • Company Witness Terry M. Fry of Cadmus presents the Company's LTP Project
15 Management Report.

16 **Q. Please summarize the requests the Company is making with this 2023 DSM**
17 **Application.**

18 A. The Company's Application in this proceeding requests the following approvals from the
19 Commission:

- 20 • Authorization to offer five redesigned Phase XIII DSM Programs, one new Phase
21 XIII program, and one pilot program to eligible customers and approval of a
22 modification to the measure mix to the DSM Phase XI Residential Income and
23 Age Qualifying Bundled (EE) Program;
- 24 • Approval of the aggregate Phase XIII DSM Program cost cap of \$222.3 million,
25 the individual cost caps presented by Company Witness Bates, and the ability to
26 exceed the cost cap by no more than 15%;
- 27 • Authorization to operate non-pilot Phase XIII DSM Programs without a
28 predetermined closure date;
- 29 • Approval of the Rate Year beginning September 1, 2025 and ending August 31,
30 2026;
- 31 • Approval to recover the Phase III, Phase V, and Phase VI true-up calculated in
32 this proceeding and related financing costs, as well as any ongoing financing costs

1 related to previous over/under deferral balances pertaining to the Phase III, Phase
2 V, and VI Programs in Rider C4A and ultimately end the C2A rate adjustment
3 clause;

- 4 • Approval of a revenue requirement of \$96,647,628 to be recovered through
5 revised Riders C1A and C4A over the Rate Year;
- 6 • Approval of the same allocation methodology as previously-approved in the 2023
7 DSM proceeding;
- 8 • Approval of the Company's request to continue Riders C1A and C4A to be
9 effective for billing purposes on the latter of September 1, 2025, or the first day of
10 the month which is at least 15 days following the date of any Commission order
11 approving Riders C1A and C4A; and
- 12 • Approval of Phase XIII Program EM&V Plans.

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

14 **A.** Yes, it does.

**BACKGROUND AND QUALIFICATIONS
OF
DAVID F. WALKER**

David F. Walker is Director of Strategic Customer Programs for Dominion Energy Virginia's Power Delivery Group. He is responsible for delivering Demand-Side Management ("DSM") programs for the Company as well as program development and deployment of rural broadband infrastructure within the Company's regulated service territory in Virginia. Additional responsibilities include management and support of the Company's Grid Transformation Plan fiber deployment and Energy Conservation initiatives.

Mr. Walker joined Dominion Energy Virginia in 2001 as a Customer Projects Designer in the Distribution Design organization, and has held various roles in Finance, Six Sigma, Energy Marketing, Customer Service, and Key Accounts. In July 2019, Mr. Walker was promoted to Director of Key Accounts and then was moved to oversee the Rural Broadband Program in August 2021.

Mr. Walker holds a Bachelor of Science from Radford University and a Master of Business Administration from Virginia Commonwealth University.