

**DIRECT TESTIMONY  
OF  
DAVID F. WALKER  
ON BEHALF OF  
VIRGINIA ELECTRIC AND POWER COMPANY  
BEFORE THE  
STATE CORPORATION COMMISSION OF VIRGINIA  
CASE NO. PUR-2023-00217**

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 XII,” which includes new Programs to supplement the overall Portfolio; and (2)

1 update and continue rate adjustment clauses (“RACs”) designated Riders C1A, C2A, and  
2 C4A<sup>1</sup> (collectively, the “Application”).

3 Specifically, the purpose of my testimony is to:

- 4 (1) Provide an overview and updates to the Company’s approach to DSM;
- 5 (2) Present an overview of the Company’s request for approval of DSM Phase XII;
- 6 (3) Address the Virginia Clean Economy Act (“VCEA”) energy savings targets and  
7 discuss efforts underway to enhance program performance and increase energy  
8 savings;
- 9 (4) Provide an overview of the Company’s cost recovery request for the rate year  
10 period of September 1, 2024, through August 31, 2025 (“Rate Year”) through  
11 Riders C1A, C2A, and C4A;
- 12 (5) Describe the Company’s compliance with the Virginia State Corporation  
13 Commission’s (the “Commission”) order and directives in the 2022 DSM  
14 proceeding, 2021 DSM proceeding, the 2020 DSM proceeding, and the 2020  
15 evaluation, measurement, and verification (“EM&V”) proceeding; and
- 16 (6) Introduce the other witnesses presenting testimony and summarize the requests  
17 presented by the Company with this Application.

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

19 A. Yes. Company Exhibit No. \_\_, DFW, consisting of Schedules 1-3, was prepared under  
20 my direction and supervision, and is accurate and complete to the best of my knowledge  
21 and belief.

---

<sup>1</sup> As a result of the VCEA, which established new parameters on customer exemptions and opt-outs, the Company proposed and was subsequently approved in the Company’s 2020 DSM proceeding, Case No. PUR-2020-00274, that the true-up for energy efficiency programs in Phases VII and VIII would fall under Rider C3A until August 31, 2021 and begin in Rider C4A as of September 1, 2021. The Company therefore seeks approval to recover the Phase VII and Phase VIII true-up calculated in this proceeding and related financing costs, as well as any ongoing financing costs related to previous Over/Under deferral balances pertaining to the Phase VII and Phase VIII Programs, in Rider C4A and ultimately end the C3A rate adjustment clause.

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

2 A. My testimony is organized as follows:

- 3 I. Overview and Update to Company's DSM Approach
- 4 II. Request for Approval of Proposed Phase XII Programs
- 5 III. VCEA Targets & Efforts to Enhance Performance and Increase Energy
- 6 Savings
- 7 IV. Cost Recovery Request
- 8 V. Additional Compliance with the Commission's Orders
- 9 VI. Introduction of Company Witnesses and Summary of Requests

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

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

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

19 Customers are required to meet specific eligibility criteria described in the program terms  
20 and conditions specific to each DSM program, which are available on the Company's  
21 website. The terms and conditions, Frequently Asked Questions, as well as other  
22 program materials, are developed post-Commission approval to assist customers in  
23 understanding eligibility and program expectations for the large offering of DSM

1 programs available to residential and non-residential customers. The field implementation  
2 and administration services for the DSM Programs are provided by third-party  
3 implementation vendors, which currently include CLEAResult, EnergyHub, Honeywell,  
4 ICF, Itron, Resource Innovations, PowerSecure and TRC Solutions. Each vendor is  
5 under contract with Dominion Energy Virginia to implement and operate certain field-  
6 service-level functions for each DSM Program. Dominion Energy Virginia's Energy  
7 Conservation Department program managers have oversight responsibility to ensure the  
8 third-party implementation vendors are operating in accordance with the Commission's  
9 approval and contracted responsibilities.

10 Energy savings associated with the Company's DSM Programs are determined by  
11 EM&V each year by the Company's independent, third-party EM&V vendor, DNV. The  
12 Company continues to file annual EM&V reports detailing energy and demand  
13 reductions, as well as spending, participation, and other performance indicators, by  
14 program via other performance reporting dashboards.

15 In 2022, approximately 389,276 residential and non-residential customers participated in  
16 the Company's DSM Programs and over 5.1 million LED bulbs were discounted. The  
17 Company also provided over 19,000 appliance rebates to our residential customers and  
18 issued over 7,000 welcome kits. Furthermore, over 500 small business customers  
19 participated in the Company's Small Business Improvement Enhanced Program, resulting  
20 in approximately 4.5 million kWh net savings.

1 Overall, approximately \$41 million were disbursed in rebate payments across the active  
2 programs in 2022. This resulted in Dominion Energy Virginia customers saving  
3 approximately 149 gigawatt-hours of energy last year.

4 My Schedule 1 provides an executive summary of the Company’s 2022 DSM Portfolio  
5 performance and is provided as part of this filing, consistent with the Commission’s  
6 Order in Case No. PUR-2020-00156. This executive summary or “dashboard” was  
7 created based on comments from stakeholders regarding which metrics were of most  
8 interest to them. The data is for the prior calendar year—here 2022—and has been fully  
9 audited via the Company’s internal processes and third-party external EM&V.

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

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

1 The VCEA also amended which customers are required to pay for costs of, and by  
2 extension participate in energy efficiency programs, by removing certain automatic  
3 exemption language, redefining the definition of Large General Service (“LGS”)  
4 Customer, and directing the Commission to establish an opt-out procedure for eligible  
5 customers implementing energy efficiency on their own. This change allowed the  
6 Company to offer its DSM Programs to a broader group of non-residential customers. In  
7 its Final Order in the 2020 DSM proceeding issued on September 7, 2021, the  
8 Commission approved expanding eligibility for existing programs to the LGS Customers.

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

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

1 **Q. Can you comment further on the Company’s participation in the independent**  
2 **moderator-led DSM stakeholder group process?**

3 A. Yes. The Company continues to participate in stakeholder group meetings led by the  
4 Commission-hired independent moderator, and in numerous subgroup meetings on a  
5 variety of subject areas of most interest to stakeholders. During the meetings,  
6 stakeholders provide input on areas of focus for energy efficiency programs and specific  
7 conservation measures. The Company incorporates stakeholder input into its requests for  
8 proposals (“RFP”) and has made adjustments to the DSM process and planned  
9 administration of Programs in line with stakeholder feedback. Company Witness  
10 Michael T. Hubbard addresses the stakeholder and RFP processes further in his testimony  
11 and schedules, including the process of moving from stakeholder idea to pilot or program  
12 proposal.

13 **Q. The Commission’s Final Order in Case No. PUR-2022-00210 (“2022 DSM Final**  
14 **Order”) adopted four recommendations from the Hearing Examiner’s Report that**  
15 **referred certain issues to the Stakeholder Group for consideration and require a**  
16 **report from the Company on these issues. What were the four recommendations**  
17 **from the Hearing Examiner’s Report?**

18 A. The four recommendations included the following:

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

- 1 (24) Refer the issue of dual-fuel customers to the Stakeholder Group and require  
2 a report from the Company on the issue in next year's DSM case;  
3
- 4 (25) Refer the issue of the LTP and DSM Program consolidation  
5 to the Stakeholder Group and require a report from the  
6 Company on the issue in next year's DSM case; and
- 7 (26) Refer the issue of leveraging the functionalities of AMI,  
8 including geo-targeting, in demand-response programs to  
9 the Stakeholder Group and require a report from the  
10 Company on the issue in next year's DSM case.

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

12 A. Yes. Please see my Schedule 2 for the Company's Initial Stakeholder Engagement  
13 Report. Given the complexity of the topics to be addressed, the consensus at the October  
14 23, 2023 stakeholder meeting, as an initial step, was for the stakeholders to provide  
15 written feedback to the Company regarding the four recommendations referred to the  
16 stakeholder process. The feedback collected and compiled by the independent moderator  
17 is attached as Appendix A to my Schedule 2. Utilizing this feedback, the Process  
18 Subgroup (a formal subgroup of the Stakeholder Process) will develop a plan to provide a  
19 more comprehensive response to the four topics, including the process that the  
20 stakeholder group will use to conduct more in-depth research and discussion, and a  
21 schedule for the process with anticipated meeting dates (as determined by the stakeholder  
22 group) to provide input for the more comprehensive report on each of the  
23 recommendations. The Process Subgroup anticipates meeting in January 2024, and the  
24 Company will provide further updates to the Commission as progress is made.



1 **Q. Please provide an update on the Company’s progress to move to the consolidated**  
2 **program structure that the Company’s consultant, Cadmus, recommended in the**  
3 **Company’s Long-Term Plan (“DSM LTP” or “LTP”).**

4 A. Although we are still using the phased approach for purposes of cost caps and  
5 implementation, we are continuing to move to the consolidated program structure  
6 Cadmus recommended in the Company’s LTP. However, as noted in Company Witness  
7 Michael T. Hubbard’s direct testimony, the seven categories will continue evolve to adapt  
8 to customer needs, program portfolio offerings, and the latest market trends.  
9 Nonetheless, the Company will continue to use the consolidated program structure as an  
10 opportunity to streamline its DSM program portfolio and achieve its energy efficiency  
11 goals.

12 **II. REQUEST FOR APPROVAL OF PROPOSED PHASE XII PROGRAMS**

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

15 A. Consistent with the LTP, Phase XII includes four new program redesigns, which are: (i)  
16 Residential New Construction (EE); (ii) Residential Smart Thermostat Purchase (EE);  
17 (iii) Residential Smart Thermostat Demand Response (DR); and (iv) Non-residential New  
18 Construction (EE). Also, the Company is requesting a modification to the eligibility  
19 criteria for the DSM Phase VIII Small Business Improvement Enhanced Program and  
20 modification to the measures of the Non-residential Midstream Energy Efficiency  
21 Products (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 XII Programs.

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

7 A. The proposed five-year cost cap for the Phase XII Programs in the aggregate is  
8 approximately \$102.4 million and \$117.8 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 2022 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 XII Programs?**

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

1 **III. VCEA TARGETS & EFFORTS TO ENHANCE PERFORMANCE AND**  
2 **INCREASE ENERGY SAVINGS**

3 **Q. Earlier you referenced the energy efficiency savings targets the VCEA established**  
4 **for 2022 through 2025 and beyond. Could you please explain what those targets**  
5 **are?**

6 A. With the passage of the VCEA, the General Assembly has set aggressive carbon  
7 reduction targets through the expansion of renewable generation resources, storage, and  
8 energy efficiency. Specifically with respect to energy efficiency, the General Assembly  
9 established the following total annual energy savings targets:

10 a. In calendar year 2022, at least 1.25 percent of the average  
11 annual energy jurisdictional retail sales by that utility in  
12 2019;

13 b. In calendar year 2023, at least 2.5 percent of the average  
14 annual energy jurisdictional retail sales by that utility in  
15 2019;

16 c. In calendar year 2024, at least 3.75 percent of the average  
17 annual energy jurisdictional retail sales by that utility in  
18 2019;

19 d. In calendar year 2025, at least 5.0 percent of the average  
20 annual energy jurisdictional retail sales by that utility in  
21 2019; and

22 For the time period 2026 through 2028, and for every  
23 successive three-year period thereafter, the Commission  
24 shall establish new energy efficiency savings targets.

25 It is unclear, at this time, whether the Commission will apply the targets on a “gross”  
26 savings or “net” savings basis. Gross savings account for all energy efficiency savings  
27 achieved; whereas net savings are gross savings adjusted for market effects. Although  
28 the Company and parties to the 2021 DSM proceeding sought a determination from the  
29 Commission whether the savings targets would be measured on a net or gross basis, the

1 Commission concluded through the 2021 DSM Final Order, “when Dominion seeks  
2 findings on the savings achieved for purposes of this statute, the Company must factually  
3 establish the amount of savings that occurred *as the result* of its programs and  
4 measures.”<sup>2</sup> In the 2022 DSM proceeding, the Commission adopted the Senior Hearing  
5 Examiner’s recommendation to defer a ruling on the issue of “net” and “gross” savings  
6 until the Company’s 2023 DSM proceeding.

7 Therefore, the Company will not know whether the target will be measured on a net or  
8 gross savings basis for the first savings target for calendar year 2022, until this  
9 proceeding, when a final order is entered in the third quarter of 2024. The Company,  
10 however, maintains its position that the VCEA savings target should be measured on a  
11 gross basis.<sup>3</sup>

12 **Q. In its Final Order in the 2020 DSM proceeding, Case No. PUR-2020-00274, the**  
13 **Commission directed that the Company’s future DSM filings include “[an] exhibit**  
14 **measuring Dominion’s actual and projected compliance or noncompliance with the**  
15 **total energy savings requirements in Code § 56-596.2, using both net and gross**  
16 **savings metrics.” Has the Company done so in this proceeding?**

17 A. Yes. In my Schedule 3 the Company is presenting its current estimation of energy  
18 efficiency savings. It should be noted that this information reflects a snapshot in time and  
19 it does not yet incorporate all of the improvements to energy efficiency savings that will  
20 result from the Company’s implementation of the many recommendations in the DSM  
21 LTP. The Company remains committed to doing everything practicable, in consultation

---

<sup>2</sup> 2021 DSM Update Final Order at 9 (emphasis in original).

<sup>3</sup> See the Company’s Legal Memorandum filed contemporaneously with this filing.

1 with a full range of stakeholders, to identify additional programs and process  
 2 improvements to increase energy savings. As shown in my Schedule 3 and in Tables 1  
 3 and 2 below, the Company achieved, and in fact, exceeded, the energy efficiency savings  
 4 target of 1.25% established for 2022 on a gross basis. On a net basis, the energy savings  
 5 achieved are just below the 2022 target at 1.23%.

**Table 1**

Net at Meter	YEAR	VCEA Target MWh	VCEA Target %	DSM1-8 MWh	DSM9 MWh	DSM10 MWh	DSM11 MWh	DSM12 MWh	Opt-Outs MWh	DSM %
	2022	852,892	1.25%	776,335	4,154	-	-	-	58,754	1.23%
2023	1,705,783	2.50%	1,002,445	79,192	60,671	-	-	59,855	1.8%	
2024	2,558,675	3.75%	1,160,067	165,870	178,878	37,210	-	60,955	2.3%	
2025	3,411,567	5.00%	1,186,909	251,179	343,743	89,556	19,748	62,055	2.9%	

**Table 2**

Gross at Meter	YEAR	VCEA Target MWh	VCEA Target %	DSM1-8 MWh	DSM9 MWh	DSM10 MWh	DSM11 MWh	DSM12 MWh	Opt-Outs MWh	DSM %
	2022	852,892	1.25%	1,220,054	4,781	-	-	-	58,754	1.9%
2023	1,705,783	2.50%	1,485,665	91,548	66,352	-	-	59,855	2.5%	
2024	2,558,675	3.75%	1,663,322	194,941	195,075	40,048	-	60,955	3.2%	
2025	3,411,567	5.00%	1,691,387	295,668	371,684	98,056	23,943	62,055	3.7%	

All values exclude NC and non-Jurisdictional DSM reductions

6 **Q. Is the Company entitled to a margin on energy efficiency operating expenses for**  
 7 **2022 as a result of exceeding the savings target of 1.25%?**

8 A. Yes, Va. Code § 56-585.1 provides the following:

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

1 In addition, § 56-585.1 states that “[t]he Commission shall also award an additional 20  
2 basis points for each additional incremental 0.1 percent in annual savings in any year  
3 achieved by the utility’s energy efficiency programs approved by the Commission . . .  
4 beyond the annual requirements set forth in the [VCEA].” As shown in the table above,  
5 the Company achieved 1.9% of energy savings on a gross basis, which is 65% in excess  
6 of the savings target of 1.25%. Therefore, the Company has added an additional 20 basis  
7 points for each additional incremental 0.1 percent in annual savings, resulting in a 1.2%  
8 adder for the True-Up. Company Witness Justin A. Wooldridge provides additional  
9 support on the Company’s calculated margin in his pre-filed direct testimony.

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

12 A. The LTP emphasized the significance of a broad customer awareness campaign on the  
13 Company’s ability to achieve the VCEA energy savings targets. To that end, the  
14 Commission approved the Company’s request to direct funding toward improving  
15 customer awareness and marketing as well as program enrollment in the 2021 DSM Final  
16 Order. This increased funding is expected to drive greater awareness, changes to  
17 improve customer experience, and enrollment in DSM Programs. Several updates and  
18 additional enhancements have taken place throughout 2023. As discussed in Company  
19 Witness Terry M. Fry’s Direct Testimony Schedule 1, the Company has made  
20 considerable progress since the 2022 DSM proceeding on the implementation of a  
21 portfolio marketing strategy aimed at increasing overall awareness of its DSM programs  
22 and 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 led by the Company's partner, the West Cary Group. The open dialogue between the  
4 Company and stakeholders evolved into a customer awareness subgroup that is  
5 administered by a Commission-hired independent moderator. Most recently, on October  
6 26, 2023, 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. For more details and specifics  
22 on the vendor summit, please refer to Company Witness Fry's Direct Testimony  
23 Schedule 1.

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, has begun process evaluations for two  
11 programs, as part of its strategic undertaking outlined in the LTP. This step directly  
12 aligns with the recommendation in the LTP that targeted process evaluations of high-  
13 priority Programs would help the Company to optimize Programs and continually  
14 improve their effectiveness. The process evaluations were conducted on the DSM Phase  
15 VIII Small Business Improvement Enhanced Program, as well as the two program  
16 components that will comprise the recently approved Residential Home Retrofit Bundle,  
17 the DSM Phase VII Residential Home Energy Assessment Program and the Phase VIII  
18 Home Retrofit Program. More details regarding these process evaluations are provided  
19 in the LTP Project Management Report, Company Witness Terry M. Fry's Direct  
20 Testimony Schedule 1. The Company will continue to work with Cadmus on the next  
21 steps to complete and finalize the process evaluations for these two programs, and  
22 incorporate the findings into its program operations, where practicable.



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

5 A. As detailed and supported by Company Witness Bates, including the Phase XII  
6 Programs, the Company is progressing toward this statutory goal with these program  
7 costs comprising 13.7% of its DSM Portfolio costs.

8 **Q. Separate from the VCEA energy efficiency savings targets, the GTSA requires the**  
9 **Company to propose a minimum of \$870 million towards energy efficiency between**  
10 **2018-2028. With the filing of this Application, what level of energy efficiency**  
11 **specific spending has the Company proposed?**

12 A. As detailed by Company Witness Bates, and inclusive of the programs proposed in this  
13 Application, the Company has proposed approximately \$797.0 million (including \$84.1  
14 million requested with this Application) of spending on energy efficiency programs since  
15 the passage of the GTSA, meaning the Company is well on its way to meeting the  
16 proposed spending target.

#### 17 **IV. COST RECOVERY REQUEST**

18 **Q. Please provide an overview of the Company’s cost recovery request.**

19 A. With this Application, the Company requests recovery through Riders C1A, C2A, and  
20 C4A of (i) Rate Year costs associated with its Phase II, III, IV, V, VI, VII, VIII, IX, X,  
21 XI, and XII Programs ; and (ii) True-up of actual costs and revenues for the period of  
22 January 1, 2022 through December 31, 2022, for eligible programs through a Monthly  
23 True-Up Adjustment.

1 The total revenue requirement requested in this proceeding is \$92,622,744 and is detailed  
 2 in Company Witness Justin A. Wooldridge’s pre-filed direct testimony. Company  
 3 Witness Emilia L. Catron addresses the proposed allocation methodology for the revenue  
 4 requirement, which is consistent with the methodology previously approved by this  
 5 Commission. Lastly, Company Witness Casey R. Lawson presents the Riders C1A,  
 6 C2A, and C4A and associated estimated customer bill impacts.

7 **V. ADDITIONAL COMPLIANCE WITH THE COMMISSION’S ORDERS**

8 **Q. As applicable to this proceeding, please discuss the Commission’s Final Order in the**  
 9 **2020 DSM proceeding, Case No. PUR-2020-00274, the Company’s 2021 DSM**  
 10 **proceeding, Case No. PUR-2021-00147, and the Company’s 2022 DSM proceeding,**  
 11 **Case No. PUR-2022-00210, and how the Company has complied with the directives**  
 12 **therein.**

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

<b>Filing Requirement (Order)</b>	<b>Company Compliance</b>
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.
Provide information reflecting how EM&V plans are developed in conjunction with DSM program design rather than after such DSM	Please see the direct testimony of Company Witness Dan Feng.

<b>Filing Requirement (Order)</b>	<b>Company Compliance</b>
programs are implemented (2020 DSM Final Order)	
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 operations and maintenance (“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 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.
Refer the issues regarding how the cost-effectiveness of DSM Programs is currently	As mentioned above, please see my Schedule 2 for the Company’s

<b>Filing Requirement (Order)</b>	<b>Company Compliance</b>
<p>measured, including: (i) how the Inflation Reduction Act will reduce the cost of some DSM Programs; (ii) how the inclusion of non-energy benefits (e.g., the social cost of carbon) can better quantify the benefits for all programs and bundles; and (iii) how building codes impact the measurement of cost-effectiveness of DSM Programs, to the Stakeholder Group and require a report from the Company on these issues in next year's DSM case (2022 DSM Final Order)</p>	<p>Stakeholder Engagement Report.</p>
<p>Include the same health and safety measures in both the Residential and Non-Residential IAQ Bundles (2022 DSM Final Order)</p>	<p>Please see the direct testimony of Company Witness Michael T. Hubbard.</p>
<p>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)</p>	<p>Please see the direct testimony of Company Witness Terry Fry. Specifically, please see his Schedule 1 for the LTP Project Management Report.</p>
<p>Refer the issue of dual-fuel customers to the Stakeholder Group and require a report from the Company on the issue in next year's DSM case (2022 DSM Final Order)</p>	<p>As mentioned above, please see the Company's Stakeholder Engagement Report filed contemporaneously with this filing.</p>
<p>Refer the issue of the LTP and DSM Program consolidation to the Stakeholder Group and require a report from the Company on the issue in next year's DSM case (2022 DSM Final Order)</p>	<p>As mentioned above, please see the Company's Stakeholder Engagement Report filed contemporaneously with this filing.</p>
<p>Refer the issue of leveraging the functionalities of Advanced Metering Infrastructure including geo-targeting, in demand-response programs to the Stakeholder Group and require a report from the Company on the issue in next year's DSM case (2022 DSM Final Order)</p>	<p>As mentioned above, please see the Company's Stakeholder Engagement Report filed contemporaneously with this filing.</p>

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.

<b>Filing Requirement</b>	<b>Company Compliance</b>
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 2022 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 <sup>4</sup> 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 provided electronically on an eRoom designated for this proceeding.

---

<sup>4</sup> 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).

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 completed the most recent internal audit this year and results are being  
7 finalized. Once available, the Company will provide the findings to Staff. Company  
8 Witness Jarvis Bates briefly describes the Company’s compliance with this directive.

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 XII Programs and provide  
23 updated cost/benefit test results for the ongoing DSM Programs.
- 24 • Company Witness Jarvis E. Bates will provide cost projections for the Rate Year  
25 and proposed cost caps for the Phase XII Programs. Mr. Bates will also present  
26 the actual costs of the approved DSM Programs.
- 27 • Company Witness Justin A. Wooldridge will present the revenue requirement for  
28 Riders C1A, C2A, and C4A over the Rate Year, including the True-up for  
29 calendar year 2022.

- 1 • Company Witness Emilia L. Catron will explain the Company’s allocation and  
2 assignment of costs for its DSM Programs to the Virginia Jurisdiction and  
3 customer classes.
- 4 • Company Witness Casey R. Lawson will present the calculation of Riders C1A,  
5 C2A, and C4A.
- 6 • Company Witness Dan Feng of DNV will sponsor the EM&V Plans for the  
7 proposed Phase XII Programs.
- 8 • Company Witness Terry M. Fry of Cadmus presents the Company’s LTP Project  
9 Management Report and provides testimony supporting the use of gross savings  
10 to determine the Company’s compliance with the energy savings targets in Va.  
11 Code § 56-596.2.

12 **Q. Please summarize the requests the Company is making with this 2023 DSM**  
13 **Application.**

14 A. The Company’s Application in this proceeding requests the following approvals from the  
15 Commission:

- 16 • Authorization to offer four new Phase XII DSM Programs to eligible customers  
17 and approval of modifications to the eligibility criteria for the Non-residential  
18 Small Business Improvement Enhanced Program and measures of the Non-  
19 residential Midstream Energy Efficiency Products (EE);
- 20 • Approval of the aggregate Phase XII DSM Program cost cap of \$102.4 million,  
21 the individual cost caps presented by Company Witness Bates, and the ability to  
22 exceed the cost cap by no more than 15%;
- 23 • Authorization to operate Phase XII DSM Programs without a predetermined  
24 closure date;
- 25 • Approval to use only the gross savings metric to measure the Company’s actual  
26 and projected compliance or noncompliance with the total energy savings  
27 requirements in Va. Code § 56-596.2, as recommended by the Company’s LTP;
- 28 • Approval of the Rate Year beginning September 1, 2024 and ending August 31,  
29 2025;
- 30 • Approval to recover the Phase VII and Phase VIII true-up calculated in this  
31 proceeding and related financing costs, as well as any ongoing financing costs  
32 related to previous Over/Under deferral balances pertaining to the Phase VII and

- 1 VIII Programs in Rider C4A and ultimately end the C3A rate adjustment clause;
- 2 • Approval of a revenue requirement of \$92,622,744 to be recovered through  
3 revised Riders C1A, C2A, and C4A over the Rate Year;
- 4 • Approval of the same allocation methodology as previously-approved in the 2022  
5 DSM proceeding;
- 6 • Approval of the Company’s request to continue Riders C1A, C2A, and C4A to be  
7 effective for billing purposes on the latter of September 1, 2024, or the first day of  
8 the month which is at least 15 days following the date of any Commission order  
9 approving Riders C1A, C2A, and C4A; and
- 10 • Approval of Phase XII Program EM&V Plans.

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

12 **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.