



COMMONWEALTH of VIRGINIA

Office of the Governor

Matthew R. McGuire
Counsel to the Governor

October 19, 2026

VIA ELECTRONIC FILING

Mr. Bernard Logan, Clerk
c/o Document Control Center
State Corporation Commission
P.O. Box 2118
Richmond, VA 23219

RE: Joint Petition of Dominion Energy, Inc., Virginia Electric and Power Company, OSW Project LLC, WG Development Corp., CS HoldCo, LLC, and NextEra Energy, Inc. – For approval of a disposition and acquisition of control of a public utility pursuant to Chapter 5 of Title 56 of the *Code of Virginia*
Case No. PUR-2026-00112

Dear Mr. Logan:

Please find enclosed the Direct Testimony and Attachments of Richard McCann on behalf of Governor Abigail D. Spanberger and Chief Energy Officer Josephus Allmond for filing in the above-referenced case.

Should you have any questions regarding this filing, please do not hesitate to contact me.

Sincerely,

A handwritten signature in blue ink, appearing to read "Matthew R. McGuire".

Matthew R. McGuire

Enclosures

cc: Service List

**COMMONWEALTH OF VIRGINIA
STATE CORPORATION COMMISSION**

JOINT PETITION OF	)	
	)	
DOMINION ENERGY, INC., VIRGINIA	)	
ELECTRIC AND POWER COMPANY,	)	
OSW PROJECT LLC, WG DEVELOPMENT	)	
CORP., CS HOLDCO, LLC, and NEXTERA	)	
ENERGY, INC.	)	CASE NO. PUR-2026-00112
	)	
For approval of a disposition and acquisition	)	
of control of a public utility pursuant to	)	
Chapter 5 of Title 56 of the <i>Code of Virginia</i>	)	

**SUMMARY OF THE DIRECT TESTIMONY OF RICHARD
MCCANN ON BEHALF OF GOVERNOR ABIGAIL D.
SPANBERGER AND CHIEF ENERGY OFFICER JOSEPHUS
ALLMOND**

October 19, 2026

**Summary of the Direct Testimony of Richard McCann on behalf of Governor Spanberger
and Chief Energy Officer Allmond**

My testimony evaluates the Joint Petition to determine whether the commitments made will ensure that “just and reasonable rates will not be impaired or jeopardized” and are otherwise in the public interest. I conclude that the Joint Petitioners, through the commitments made in the Joint Petition and Supplemental Testimony, have not yet met that standard.

In order for the Commission to approve the proposed transaction, the following additional ratepayer-related commitments should be made:

- 1) **Residential Rate Freeze for Six Years:** There cannot be an increase to base rates for three rate case cycles.
- 2) **Triple Ratepayer Benefit:** This would make the rebate \$29 per month for four years.
- 3) **Fixing Dominion’s Capital Structure:** The debt share in Dominion’s capital structure must be increased from 48% to 60% to reduce the Company’s rate on return.
- 4) **Requiring the “Probability of Dispatch” Method:** This change reduces the residential share of relevant costs by 25%.
- 5) **Improved Disconnection Policies:** Extend disconnection protections to households with infants, those with serious medical conditions or inability to pay due to financial hardship, and during high Air Quality Index days.

In order for the Commission to approve the proposed transaction, the following additional clean energy-related commitments should be made:

- 1) **Energy Efficiency and Distributed Energy Resources Prioritization:** Energy Efficiency and distributed energy resources must be designated as the first priorities for meeting forecasted loads in all resource planning and acquisition activities.
- 2) **Formation of a Zero-Carbon Energy Generation Company:** A new separate subsidiary must be created and headquartered in Virginia for building zero-carbon energy generation to serve large data centers that is financially walled off from the rest of customers.
- 3) **Creation of a State Energy Efficiency Utility:** An independent energy efficiency utility should be recommended to the General Assembly to meet our energy efficiency goals.
- 4) **Decarbonization Incentive Rate:** A decarbonization incentive rate must be established for electrified uses like heat pumps to replace furnaces and electric vehicles to replace fossil-fueled cars.
- 5) **Eliminating Rooftop Solar Cap:** The elimination of the cap on the net metering program should be recommended to the General Assembly to spur more local energy generation.

Mandatory, Comprehensive Enforceability provisions must be imposed to hold the Joint Petitioners fully accountable for any violation of commitments, including the labor and workforce commitments.

Unless these additional commitments are substantially addressed or alternative solutions are identified, the Commission should reject the joint petition.

**COMMONWEALTH OF VIRGINIA
STATE CORPORATION COMMISSION**

JOINT PETITION OF

DOMINION ENERGY, INC., VIRGINIA
ELECTRIC AND POWER COMPANY,
OSW PROJECT LLC, WG DEVELOPMENT
CORP., CS HOLDCO, LLC, and NEXTERA
ENERGY, INC.

CASE NO. PUR-2026-00112

For approval of a disposition and acquisition
of control of a public utility pursuant to
Chapter 5 of Title 56 of the *Code of Virginia*

**DIRECT TESTIMONY OF RICHARD MCCANN ON BEHALF OF
GOVERNOR ABIGAIL D. SPANBERGER AND CHIEF ENERGY
OFFICER JOSEPHUS ALLMOND**

October 19, 2026

1 **INTRODUCTION**

1 **1.1 Qualifications**

2 **Q. Please state your name, position, and business address.**

3 A. My name is Richard McCann. I am a partner with the consulting firm M.Cubed. My
4 business address is 426 12th Street, Davis, California 95616.

5 **Q. Please summarize your professional background and its relevance to this proceeding.**

6 A. I have been consulting since 1985. I specialize in environmental and energy resource
7 economics and policy. I have testified in over five dozen regulatory and court proceedings
8 and prepared reports for numerous federal, state, and local regulatory agencies on energy,
9 air quality, and water supply and quality issues. I have testified in Massachusetts, Illinois,
10 Indiana, Kentucky, Oklahoma, Nevada, Utah, Washington, and California. I also have
11 testified before the Federal Energy Regulatory Commission in the California Energy Crisis
12 Refund Proceeding. I have analyzed many different aspects of energy utility and market
13 operations in the Western Interconnect covering seventeen states. I have testified on rate
14 setting to protect customers' solar project investment and setting appropriate exit fee levels
15 for community choice aggregators. I have testified numerous times on the impacts of
16 electricity rates on qualifying facilities, agricultural groundwater pumping,
17 reimbursements to master-metered manufactured housing community customers for utility
18 services, and competitive fuel choices, as well as on reviewing appropriate levels of
19 authorized utility investments. I also worked with the California Energy Commission to
20 estimate the costs for new alternative generating technologies and develop several system
21 modeling tools for local capacity planning and renewable generation integration.

22 I have been a partner with M.Cubed since 2014. I was a founding partner in 1993
23 until I left for a stint at another firm in 2008. M.Cubed specializes in economic and public

1 policy consulting to public and private sector clients. My experience and qualifications are
2 described in the resume attached to this Testimony (**Attachment RM-1**).

3 **Q. Have you previously testified before the Virginia State Corporation Commission?**

4 A. No.

5 **1.2 Purpose of This Testimony**

6 **Q. On whose behalf are you testifying today?**

7 A. I am testifying on behalf of Governor Abigail D. Spanberger and Chief Energy Officer
8 Josephus Allmond, in their official capacities. Governor Spanberger is vested with the
9 “chief executive power” of the Commonwealth and must “take care that the laws be
10 faithfully executed.”¹ Chief Energy Officer Allmond serves in the Governor’s Cabinet and
11 is tasked with “navigat[ing] and address[ing] energy challenges across state government,”
12 including “engag[ing] with the Virginia State Corporation Commission” and “the public
13 electric utilities serving the Commonwealth.”² It is a core policy of Governor Spanberger’s
14 administration to foster an affordable, reliable, local, and clean energy system that serves
15 every Virginia household, while enabling a thriving economy across the Commonwealth.

16 **Q. What is the purpose of your testimony?**

17 A. Governor Spanberger and Chief Energy Officer Allmond have asked me to evaluate the
18 proposed merger between Dominion Energy Virginia (“Dominion”) and NextEra Energy
19 (“NextEra”) (together, the “Joint Petitioners”) to determine whether the commitments
20 made as part of this proceeding will ensure that “just and reasonable rates will not be
21 impaired or jeopardized” and are otherwise in the public interest.³ If the commitments

¹ Va. Const. art. V, §§ 1, 7.

² Executive Order No. 14 (Mar. 25, 2026).

³ Va. Code Ann. § 56-90.

1 proposed by the Joint Petitioners do not meet that standard, Governor Spanberger and Chief
2 Energy Officer Allmond have asked me to propose additional solutions that would provide
3 the Commission with confidence that the transaction under review will ensure that “just
4 and reasonable rates will not be impaired or jeopardized” and is otherwise in the public
5 interest.⁴

6 I determine that the Joint Petitioners have not met their statutory requirement to
7 demonstrate that the provision of adequate service at just and reasonable rates by the new
8 utility will not be impaired or jeopardized, based on the commitments made in the initial
9 and supplemental filings of this proceeding. Further, the Joint Petitioners have not shown
10 how the merger will deliver on the transformational changes that are required at this
11 moment to ensure that the proposed merger is otherwise in the public interest.

12 The electricity industry is on the verge of a transformation on the scale of
13 deregulation and restructuring 30 years ago, and the expansion of nuclear power 60 years
14 ago. The Joint Petitioners acknowledge this, observing that the “[u]nprecedented demand
15 growth and incorporation of new types of resources to meet customer demand, among other
16 factors are presenting *historic challenges* to both electric service reliability, including
17 resource adequacy, and affordability.”⁵ At this pivotal moment, bold actions are necessary
18 to guard against the risk of unjust and unreasonable rates in the face of unprecedented
19 transformation. The Commonwealth should revisit the basis and process of utility
20 regulation to better align utility shareholder incentives with customer interests and ensure

⁴ *Id.*

⁵ Joint Petition, *Joint Petition of Dominion Energy, Inc., Va. Elec. & Power Co., OSW Project LLC, WG Dev. Corp., CS Holdco, LLC, & NextEra Energy, Inc., for approval of a disposition and acquisition of control of a public utility*, Case No. PUR-2026-00112 (July 17, 2026) at 18 (emphasis added) [hereinafter Joint Petition].

1 that ratepayers are protected from risks not envisioned when the current regulatory
2 structure was established.

3 What I present here are a number of additional commitments that the Commission
4 should require from the Joint Petitioners in order to make the requisite showing that the
5 provision of adequate service at just and reasonable rates by the new utility will not be
6 impaired or jeopardized and that the proposed merger is in the public interest. Unless these
7 additional commitments are substantially addressed or alternative solutions are identified,
8 the Commission should reject the joint petition.

9 **1.3 Summary of Issues**

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

11 A. I proceed through sets of issues that the Commission should address before approving the
12 merger of these two utility holding companies. By incorporating the recommendations in
13 this Testimony into any approval, the Commission will better protect Virginians from the
14 risks posed by the merger while ensuring that the benefits touted by the Joint Petitioners
15 are delivered to customers and workers.

16 I begin by summarizing our recommendations for action by the Commission. I then
17 list the deficiencies in the Petition related to affordability, clean energy commitments,
18 workforce and labor, and enforceability conditions.

19 Next, I discuss several steps for sharing the benefits promoted by the Joint
20 Petitioners with customers. These include reducing financial burdens on customers while
21 distributing financial gains to customers. I also call for a rate freeze for three biennial rate
22 review cycles (i.e., six years). I discuss technical fixes to lower Dominion's cost of capital
23 by increasing its share that is debt financed and changing the method for allocating revenue

responsibility among rate classes to better align cost causality with utility resource acquisition practices.

Next, I address how to align Dominion's resource acquisition with the Commonwealth's clean economy goals. Those include putting energy efficiency and distributed energy resources at the top of the priority list for acquiring new resources and meeting rising demand, creating a separate generation company subsidiary to serve new large load customers, and creating a separate state entity to implement energy efficiency measures. I conclude with a rate design proposal to incentivize decarbonization through electrification and recommendation to eliminate the cap on new rooftop solar customers receiving credits through net energy metering.

To finish, I explain the Commission's authority to adopt enforcement commitments, as well as what types of enforcement measures the Commission can impose, to ensure that the Joint Petitioners follow through on all commitments imposed as part of any approval.

1.4 Summary of Recommendations

Q. What are your recommendations in this proceeding based on the analysis presented in your testimony?

A. The Joint Petitioners have not met their burden with the commitments included in the Joint Petition and Supplemental Testimony. In order for the Commission to approve the proposed transaction, the following additional commitments must be made or substantially addressed:

1. Fairness in Billing and Collections. The Joint Petitioners must, at a minimum, continue to use the current standard practices used by Dominion—rather than Florida Power & Light Co. ("FPL"), the utility owned by NextEra—in working

1 with customers who have fallen behind on their bills. The Joint Petitioners must
2 also extend disconnection protections to households with infants, those with serious
3 medical conditions or inability to pay due to financial hardship, and during high Air
4 Quality Index days.

5 2. Enhance Retail-Ratepayer Benefits. The Joint Petitioners must share the financial
6 benefits of the merger with ratepayers by funding a rebate equal to the exit fee
7 included in the merger agreement of \$6.52 billion. The rebate should be paid out as
8 a rebate of \$29 per month for 48 months.

9 3. Residential Rate Freeze for First Three Post-Closing Biennial Reviews. The Joint
10 Petitioners must forgo any increase to residential base rates in the first three biennial
11 reviews following the closing of any approved merger to guarantee that (1) merger-
12 related integration, financing, and affiliate-cost risks; and (2) a failure to realize any
13 anticipated efficiencies, do not jeopardize residential service at just and reasonable
14 rates.

15 4. Adjust Dominion's Capital Structure. The debt share in Dominion's capital
16 structure must be increased to 60% and the credit rating allowed to adjust into the
17 BBB range.

18 5. Require the "Probability of Dispatch" Method. Dominion must be ordered to
19 change its revenue-responsibility allocation method to the "Probability of
20 Dispatch" method because it better aligns with principles of economic efficiency
21 and better reflects the rationales used for investing in different generation assets.

- 1 6. Prioritize Energy Efficiency and Distributed Energy Resources. Energy efficiency
2 and distributed energy resources must be designated as the first priorities for
3 meeting forecasted loads in all resource planning and acquisition activities.
- 4 7. Form a Clean Energy Generation Company. A new separate generation company
5 that is financially walled off from Dominion must be created and headquartered in
6 Virginia for building clean energy generation to primarily serve large data centers.
- 7 8. Recommend Establishing an Independent Energy Efficiency Utility. The
8 Commission should recommend that the General Assembly establish an
9 independent state energy efficiency utility funded from a separate electricity charge
10 to manage all energy efficiency programs. This approach has been used
11 successfully in Vermont and Oregon.
- 12 9. Offer a Decarbonization Incentive Rate. The Commission should require that
13 Dominion establish a decarbonization incentive rate for electrified uses, such as for
14 heat pumps to replace furnaces, and electric vehicles to replace fossil-fueled cars.
15 A decarbonization incentive rate will create more transparency in the utility's
16 marginal costs of service, which can be used to better compensate for distributed
17 energy resources and energy efficiency measures.
- 18 10. Recommend Eliminating Rooftop Solar Cap. The Commission should recommend
19 that the current net metering cap for customer rooftop solar be eliminated.
- 20 11. Impose Mandatory and Comprehensive Enforceability. The Commission must
21 adopt enforcement commitments and measures that hold the Joint Petitioners fully
22 accountable for any deviation from the commitments imposed as part of any

1 approval, including agreement to significant monetary penalties and specific
2 performance under Commission oversight.

3 **2 DEFICIENCIES IN PETITION**

4 **2.1 Ratepayer Affordability**

5 **Q. What commitments do the Joint Petitioners make in terms of affordability?**

6 A. The Joint Petitioners are committing to provide \$2.25 billion in near-term bill credits,
7 79.47% of which will accrue to Virginia customers.⁶ Based on the changes to credit
8 allocation in Supplemental Testimony, Dominion has promised Virginia residential
9 customers a \$10 bill credit each month for four years.⁷ The Joint Petitioners also commit
10 to hold utility customers harmless from all merger-related costs.⁸ The Joint Petitioners
11 describe additional qualitative benefits to customers resulting from “the combined
12 company’s scale, financial strength, and operational breadth.”⁹ Specifically, NextEra
13 Witness Ketchum asserts that “the combination will improve efficiency through broader
14 utilization of corporate capabilities and stronger purchasing power, which over time will
help lower long term costs while maintaining safe and reliable service.”¹⁰

⁶ Joint Petition at 10.

⁷ Supplemental Testimony of Edward H. Baine, *Joint Petition of Dominion Energy, Inc., Va. Elec. & Power Co., OSW Project LLC, WG Dev. Corp., CS Holdco, LLC, & NextEra Energy, Inc., for approval of a disposition and acquisition of control of a public utility*, Case No. PUR-2026-00112 (Sept. 14, 2026) at 2:18–3:3 [hereinafter Baine Supplemental Testimony].

⁸ Direct Testimony of Michael H. Dunne, *Joint Petition of Dominion Energy, Inc., Va. Elec. & Power Co., OSW Project LLC, WG Dev. Corp., CS Holdco, LLC, & NextEra Energy, Inc., for approval of a disposition and acquisition of control of a public utility*, Case No. PUR-2026-00112 (July 15, 2026) at 11:5–7 [hereinafter Dunne Direct Testimony].

⁹ *Id.* at 6:2–3.

¹⁰ Direct Testimony of John W. Ketchum, *Joint Petition of Dominion Energy, Inc., Va. Elec. & Power Co., OSW Project LLC, WG Dev. Corp., CS Holdco, LLC, & NextEra Energy, Inc., for approval of a disposition and acquisition of control of a public utility*, Case No. PUR-2026-00112 (July 15, 2026) at 6:15–17 [hereinafter Ketchum Direct Testimony].

1 **Q. Do these commitments ensure that adequate service to the public at just and**
2 **reasonable rates will not be impaired or jeopardized?**

3 A. No. Although the hold-harmless commitment is positive, a \$10 monthly bill credit does not
4 provide much confidence when Dominion has already petitioned the Commission to
5 recover more than \$10 per month in fuel-related costs this year alone.¹¹ Further, the Joint
6 Petitioners have not endeavored to quantify the “qualitative benefits” of the proposed
7 combination, expecting vague assertions of future benefit to carry the day. In fact, the Joint
8 Petitioners admit that “[n]o Virginia-specific cost/benefit analyses, merger savings
9 analyses, or market power studies have been prepared in connection with the proposed
10 Merger.”¹² In response to discovery, questioning why none of these analyses were
11 performed,¹³ the Joint Petitioners merely point to other discovery responses, demonstrating
12 the depth of their unpreparedness, as shown below:

- 13 • “The Joint Petition and supporting testimony and exhibits, as presented, are
14 complete, compliant with Virginia law and the Commission’s rules and guidelines,
15 and fully support approval of the Merger pursuant to the Utility Transfers Act”;¹⁴

¹¹ See Order Establishing 2026-2027 Fuel Factor, *Application of Va. Elec. & Power Co. to revise its fuel factor pursuant to § 56-249.6 of the Code of Virginia*, Case No. PUR-2026-00058 (Sept. 29, 2026) at 3 (finding that “implementation of the Fuel Securitization Option on an interim basis would increase the bill of a residential customer using 1,000 [kilowatt-hour] per month by \$7.97 per month for the Rate Year”); see also Rep. of Chief Hr’g Exam’r D. Mathias Roussy, Jr., *Application of Va. Elec. & Power Co. to revise its fuel factor pursuant to § 56-249.6 of the Code of Virginia*, Case No. PUR-2026-00058 (Aug. 25, 2026) at 81 (showing a \$2.26 per month customer bill impact for a seven-year securitization of deferred fuel factor balance).

¹² Ex. A to Joint Petition at 8 of 16.

¹³ Joint Petitioners’ Response to Governor Spanberger Set 3-3. Copies of this and all other discovery responses cited in this Testimony are included in **Attachment RM-2**, except for very large responses, which are not included but can be provided upon request.

¹⁴ Joint Petitioners’ Response to Sierra Club Set 2-19 (citing Joint Petitioners’ Responses to OAG Set 01-27, OAG Set 1-41, & OAG Set 01-81).

- 1 • “The Joint Petitioners have not prepared or commissioned a standalone synergy
2 study or quantitative synergy model that projects a specific amount of merger-
3 related synergies for [Dominion]”;¹⁵
- 4 • “The Joint Petitioners have not prepared a standalone year-by-year quantification
5 of anticipated benefits to NextEra shareholders from the proposed transaction”;¹⁶
- 6 • “The Joint Petitioners have not prepared a standalone quantitative analysis
7 identifying or assigning specific dollar values to any specific efficiencies expected
8 to result from the proposed transaction”;¹⁷ and
- 9 • “The Joint Petitioners have not made a commitment guaranteeing a specified
10 amount of quantified operational efficiencies or cost savings resulting from the
11 optimization of the combined business.”¹⁸

12 Without any such analyses, Joint Petitioners’ qualitative descriptions of future benefits
13 simply are not enough to demonstrate that the proposed merger meets the statutory
14 standard.

15 **2.2 Clean Energy Commitments**

16 **Q. What commitments do the Joint Petitioners make in terms of clean energy?**

17 A. The Joint Petitioners assert that the combined company would “remain fully dedicated to
18 the nation-leading public policy priorities that Virginia has established, including through

¹⁵ Joint Petitioners’ Response to OAG Set 1-27(b).

¹⁶ Joint Petitioners’ Response to OAG Set 1-41(a).

¹⁷ Joint Petitioners’ Response to OAG Set 1-81(a).

¹⁸ Joint Petitioners’ Response to OAG Set 1-81(c).

1 the Virginia Clean Economy Act ('VCEA'), *with its reliability backstop*, and related
2 commitments and targets in other legislation.”¹⁹

3 **Q. What is the reliability backstop?**

4 A. The reliability backstop is a provision in the VCEA that allows the utility to build new, or
5 continue to use, fossil-fuel generation resources past 2045 if not doing so would “threaten
6 the reliability or security of electric service to customers.”²⁰

7 **Q. Why does Dominion mention the reliability backstop?**

8 A. The reliability backstop is the only way Dominion envisions “compliance” with the VCEA.
9 The Company is currently proposing in Cumberland County what would be its largest gas-
10 fired power plant,²¹ after recently receiving approval to build a 1 gigawatt dual fuel (gas
11 and fuel oil) peaker plant in Chesterfield County.²² That is only the half of it, as Dominion’s
12 most recent integrated resource plan indicates that under its preferred path forward, the
13 Company would build another 5 gigawatts of gas-fired generation.²³ Dominion does not
14 plan to retire any of these 9 gigawatts of new gas-fired generation by the VCEA’s 2045
15 deadline, nor does the Company plan to retire any of its existing fossil fuel generating

¹⁹ Direct Testimony of Edward H. Baine, *Joint Petition of Dominion Energy, Inc., Va. Elec. & Power Co., OSW Project LLC, WG Dev. Corp., CS Holdco, LLC, & NextEra Energy, Inc., for approval of a disposition and acquisition of control of a public utility*, Case No. PUR-2026-00112 (July 15, 2026) at 11:16–19 (emphasis added) [hereinafter Baine Direct Testimony].

²⁰ Va. Code Ann. §§ 56-585.5, 56-585.1(A)(5)(c).

²¹ Patrick Larsen, *Dominion Energy moves forward with plans for Cumberland natural gas plant*, VPM News (July 20, 2026), <https://www.vpm.org/news/2026-07-16/dominion-energy-cumberland-county-gas-plant-permit-hoffman-pjm-valley-link/>.

²² Final Order, *Application of Va. Elec. & Power Co. for approval of certificates of public convenience and necessity to construct and operate the proposed Chesterfield Energy Reliability Center electric generation and related transmission facilities pursuant to §§ 56-580 D and 56-46.1 of the Code of Virginia and for approval of a rate adjustment clause, designated Rider CERC, under § 56-585.1 A 6 of the Code of Virginia*, Case No. PUR-2025-00037 (Nov. 25, 2025) at 26.

²³ See 2026 IRP Update, *In re: Va. Elec. & Power Co.’s 2026 Integrated Resource Plan Update filing pursuant to Va. Code § 56-597 et seq.*, Case No. PUR-2026-00163 (Oct. 15, 2026) at 9 (planning to build 8,965 megawatts of new natural gas fired generation) [hereinafter 2026 IRP Update].

resources as required by the VCEA.²⁴ Under the “nation-leading public policy” that requires the retirement of fossil fuel generation by 2045 and envisions the utility receiving 100% of its electricity from zero-carbon sources, Dominion plans to retire no fossil fuel generation while increasing emissions by 40%.

Q. Would NextEra more faithfully implement Virginia’s clean energy goals?

A. Despite repeatedly claiming to be the largest developer of renewables in the country,²⁵ NextEra does not inspire more confidence, based on its official public documents. In its 2026 Proxy Statement, for example, NextEra stated that:

[G]iven the demand for all forms of power generation, *the Company currently does not see a realistic path to achieving actual zero-carbon emissions by 2045*. In fact, the Company has already disclosed that its current business plan contemplates that the Company will seek to develop additional natural gas generation and transmission assets at scale, which would be inapposite to the realization of ‘aggressive emissions reduction targets.’ In light of this, the Company does not maintain ‘aggressive emission reduction policies[.]’²⁶

Q. What does this mean for Virginia’s renewed participation in the Regional Greenhouse Gas Initiative (“RGGI”)?

A. Neither Joint Petitioner has a plan to decarbonize, which presents a problem with regard to Virginia’s participation in RGGI. The Joint Petitioners claim that “the Company will continue to comply with . . . state-mandated compliance obligations under [RGGI].”²⁷ But the statute that requires participation in RGGI contemplates a market-based trading

²⁴ See *id.* at 56 (noting zero megawatts of planned retirements); Va. Code Ann. § 56-585.5.

²⁵ Ketchum Direct Testimony at 3, 5.

²⁶ 2026 Notice of Annual Meeting and Proxy Statement, NextEra Energy, Inc. (May 21, 2026) at 24, https://www.sec.gov/ix?doc=/Archives/edgar/data/0000753308/000110465926038551/tm261592-1_def14a.htm (emphasis added).

²⁷ Joint Petitioners’ Response to Governor Spanberger Set 2-5.

1 program that has zero carbon emission allowances in 2050 and any year beyond 2050.
2 Dominion’s preferred plan—to emit 47 million tons of carbon dioxide per year by that
3 time—simply cannot coexist with RGGI.²⁸

4 **Q. Have Joint Petitioners demonstrated that they will endeavor to comply with**
5 **Virginia’s climate and clean energy laws?**

6 A. No. To be truly committed to Virginia’s established climate and clean energy policies, the
7 Joint Petitioners must reverse course and commit to a robust build out of zero-carbon
8 resources, but nothing in the Joint Petition demonstrates such a commitment.²⁹

9 **2.3 Workforce and Labor**

10 **Q. What commitments did the Joint Petitioners originally make in terms of workforce**
11 **protections?**

12 A. Joint Petitioners originally made commitments to provide 18 months of employment
13 protection for Dominion employees and 24 months of compensation protection for non-
14 union Dominion employees.³⁰ For all intents and purposes, these were the only substantive
15 employment protections in the original application.

²⁸ 2026 IRP Update at 58.

²⁹ *See id.* at 56 (detailing “Forced Retirements” scenario that retires fossil fuel generation in line with the VCEA requirements and builds significantly more zero-carbon energy than the Company’s preferred plan); *see also* 2026 Virginia Energy Plan, Va. Dep’t of Energy, Off. of Chief Energy Officer, & Secretariat of Commerce & Trade (Oct. 1, 2026) at 96–98, <https://energy.virginia.gov/va-energy-plan.shtml> [hereinafter 2026 Virginia Energy Plan].

³⁰ Baine Direct Testimony at 6:16–20.

1 **Q. Have Joint Petitioners made additional commitments with regards to workforce**
2 **protections?**

3 A. Yes. Responding to concerns about workforce protections, the Joint Petitioners provided
4 several additional workforce-related commitments in Supplemental Testimony:

- 5 • Building a new office tower in Richmond adjacent to the existing Dominion Energy
6 headquarters at shareholder expense;³¹
- 7 • Maintaining Virginia employee headcount level for the combined company of at
8 least 10,431 employees for five years and bringing approximately 600 additional
9 enterprise positions to Virginia;³²
- 10 • Bringing an additional 400 jobs to Virginia through commitments from other
11 companies;³³ and
- 12 • Establishing a \$100 million shareholder-funded workforce development
13 organization dedicated to preparing Virginians for careers in the growing energy
14 economy.³⁴

³¹ Supplemental Testimony of John W. Ketchum, *Joint Petition of Dominion Energy, Inc., Va. Elec. & Power Co., OSW Project LLC, WG Dev. Corp., CS Holdco, LLC, & NextEra Energy, Inc., for approval of a disposition and acquisition of control of a public utility*, Case No. PUR-2026-00112 (Sept. 14, 2026) at 3:25–26 [hereinafter Ketchum Supplemental Testimony]. *But see Dominion Energy cancels plan for second office tower*, Associated Press (Apr. 20, 2021), <https://apnews.com/article/richmond-virginia-caf9b7b9b672ec9c6c783f7b7aec5881> (Dominion canceling plans in 2021 to build a second tower at shareholder expense).

³² Ketchum Supplemental Testimony at 4:1–2.

³³ *Id.* at 5:9–10.

³⁴ *Id.* at 4:6–7.

1 **Q. Do these additional commitments provide more certainty regarding protections for**
2 **Virginia workers?**

3 A. These additional commitments, in addition to additional detail provided by the Joint
4 Petitioners in discovery,³⁵ provide more certainty that existing Virginia jobs would be
5 protected, and that new Virginia jobs would be created. But the commitments must be
6 backed by significant enforcement mechanisms to ensure Virginia workers receive these
7 promised protections and benefits. Otherwise, those protections and benefits may remain
8 mere promises.

3 **SHARING BENEFITS OF THE MERGER WITH RATEPAYERS**

9 **3.1 Reducing Financial Burdens on Customers**

10 **Q. What metrics can be used to measure financial burdens on customers from utility**
11 **rates?**

12 A. Whether rates are financially burdensome on residential customers can be measured in
13 several ways. The first is via a comparison of the average rates and bills imposed by a
14 utility to a national average of all utilities or to a specific class of utilities such as investor-
15 owned utilities like Dominion and NextEra. That benchmark can be indicative but is by its
16 nature a broad characterization that cannot fully reflect the distribution of burdens across
17 customers.

18 A second method is the share of household income devoted to monthly electricity
19 bills, or energy burden. That assessment requires a detailed disaggregation of the
20 distribution of household incomes and a matching with associated energy bills. Virginia's
21 Percentage of Income Payment Program PIPP limits participating customers' bills to 10%

³⁵ Joint Petitioners' Responses to Governor Spanberger Sets 2-1 & 2-2, Staff Set 14-352(b) & Attachments, Staff Set 14-352(b)(1)(JJ) *through* Staff Set 14-352(b)(10)(JJ), & Staff Set 14-348(a).

1 of annual household income (customers with electric heat) or 6% of annual household
2 income (customers with non-electric heat), implying that bills above these thresholds
3 indicate a high energy burden.³⁶ Legislation in 2026 reduced these limits to 5% of
4 household income (customers with electric heat) and 3% of household income (customers
5 with non-electric heat),³⁷ reflecting the trend that even energy burdens at or above 6% are
6 unsustainable for many low-income families.

7 A third metric that shows how bill impacts are reflected in customer responses is
8 the disconnection rate. This metric shows how the energy cost burden shows up in the
9 inability to pay those bills due to a lack of income. I rely on this last metric in particular to
10 assess the current financial burdens on customers.

11 **Q. How does Dominion compare on average bills and disconnection rate metrics for**
12 **energy costs burden and affordability?**

13 A. As a measure of the energy burden on Dominion ratepayers, Dominion customers face
14 average monthly bills that are 1% above the national average³⁸ but ranks fourth in total
15 disconnections among investor-owned utilities,³⁹ with disconnection rates that are 62%
16 above the national average.⁴⁰ This latter metric indicates that Dominion's rates are more
17 burdensome for lower-income households and that Dominion is not sufficiently mitigating
18 those impacts on those customers compared to what other utilities are doing nationally.

³⁶ Va. Code Ann. § 56-585.6.

³⁷ 2026 Va. Acts Ch. 690.

³⁸ *2024 Utility Bundled Retail Sales- Residential*, U.S. Energy Info. Admin. (Oct. 7, 2025),
https://www.eia.gov/electricity/sales_revenue_price/pdf/table_6.pdf.

³⁹ Krysti Shallenberger et al., *New nationwide data reveals utility specific disconnection information*, Energy &
Pol'y Inst. (June 22, 2026), [https://energyandpolicy.org/new-nationwide-data-reveals-utility-specific-disconnection-](https://energyandpolicy.org/new-nationwide-data-reveals-utility-specific-disconnection-information/)
[information/](https://energyandpolicy.org/new-nationwide-data-reveals-utility-specific-disconnection-information/).

⁴⁰ *2024 Residential Utility Disconnections Report*, U.S. Energy Info. Admin. (Apr. 14, 2026),
<https://www.eia.gov/analysis/requests/residential/utility/>.

1 **Q. How does the utility owned by NextEra, FPL, compare on average bills and**
2 **disconnection rate metrics for energy costs burden and affordability?**

3 A. FPL’s monthly bills are 11% above the national average,⁴¹ which can be viewed as being
4 within an acceptable range.⁴² However, FPL ranks second in total disconnections among
5 investor-owned utilities,⁴³ with a disconnections rate 150% higher than the U.S. average
6 and nearly twice that of Dominion’s.⁴⁴

7 **Q. How should the Commission respond to this evidence of energy cost burden and the**
8 **possibility that disconnection rates could rise with the imposition of new management**
9 **goals by NextEra?**

10 A. The Commission must require Joint Petitioners to develop new policies that bring the
11 disconnection rate down to the national average. In addition to the recent improvements to
12 disconnection policies made by the General Assembly,⁴⁵ Joint Petitioners must agree to
13 extend disconnection protections to households with infants, those with serious medical
14 conditions or inability to pay due to financial hardship,⁴⁶ and during high Air Quality Index
15 days.⁴⁷

⁴¹ 2024 *Utility Bundled Retail Sales- Residential*, U.S. Energy Info. Admin. (Oct. 7, 2025), https://www.eia.gov/electricity/sales_revenue_price/pdf/table_6.pdf.

⁴² In comparison, the average bills for Pacific Gas and Electric in California, which has the highest rates and bills for an investor-owned utility with more than 1 million customers, are 42% above the national average and considered quite burdensome by most informed observers.

⁴³ *Supra* note 39.

⁴⁴ 2024 *Residential Utility Disconnections Report*, U.S. Energy Information Administration (Apr. 14, 2026), <https://www.eia.gov/analysis/requests/residential/utility/>.

⁴⁵ See 2024 Va. Acts Ch. 790; Va. Code Ann. § 15.2-2121.2 (prohibiting disconnections during extreme heat, extreme cold, weekends, and holidays).

⁴⁶ See 220 Mass. Code Regs. § 25.03 (2026).

⁴⁷ See Or. Admin. R. § 860-021-0407(1)(a) (2026); *id.* at § 860-021-0008(11) (defining “severe air quality event”).

1 **3.2 Sharing Financial Benefits to Ratepayers**

2 **Q. What evidence is there that NextEra and Dominion expect to realize substantial**
3 **financial benefits from the merger?**

4 A. The evidence is implied by the Joint Petitioners’ willingness to take on the risks⁴⁸ of
5 merging the operations of two of the largest utility companies in the country. For NextEra,
6 the most obvious benefit is access to a new market and Dominion’s large data center
7 customer base.⁴⁹ A quantified measure of the minimum expected benefit is provided in the
8 termination fees reported in Dominion’s May 15, 2026 Form 8-K filing with the Securities
9 and Exchange Commission.⁵⁰ As documented in that filing, NextEra agreed to pay
10 Dominion shareholders \$6.52 billion if NextEra acts to terminate the agreement and \$4.83
11 billion if the transaction is terminated through the regulatory process.⁵¹ The termination
12 fee amounts represent the minimum for Dominion shareholders of the additional enterprise
13 valuation to be realized from the merger and would be foregone if the proposed merger is

⁴⁸ Matt Gavin, *What Are Mergers & Acquisitions? 4 Key Risks*, Harvard Bus. Sch. Online (July 25, 2019), <https://online.hbs.edu/blog/post/mergers-and-acquisitions>.

⁴⁹ See *Investor Presentation on Forming America’s leading utility business and energy infrastructure company*, NextEra Energy & Dominion Energy (May 18, 2026) (noting “additional data center opportunities materializing from the 130+ [gigawatt] data center opportunity”), https://www.investor.nexteraenergy.com/~media/Files/N/NEE-IR/news-and-events/events-and-presentations/2026/2026-05-18%20NEED_Presentation_vF.pdf.

⁵⁰ Form 8-K, Dominion Energy, Inc., U.S. Secs. & Exch. Comm’n (May 15, 2026), <https://www.sec.gov/Archives/edgar/data/715957/000119312526227930/d158175d8k.htm>.

⁵¹ See *id.* (“In certain circumstances in connection with or following termination of the Merger Agreement, including (i) upon a termination by Dominion Energy to enter into a definitive agreement for a superior proposal, (ii) following a change of recommendation by the Board or (iii) upon entry into an alternative transaction within 12 months following the public announcement or disclosure of another bona fide acquisition proposal with respect to Dominion Energy prior to such termination (where such termination is due to a failure to obtain the Dominion Energy Shareholder Approval or certain breaches of the Merger Agreement by Dominion Energy), Dominion Energy will be required to pay NextEra Energy a termination fee of \$2.24 billion. In comparable circumstances, NextEra Energy will be required to pay Dominion Energy a termination fee of \$6.52 billion. In other specified circumstances where the Merger Agreement is terminated and such termination results from the failure of one or more specified conditions relating to or involving certain regulatory matters having been satisfied or waived, NextEra Energy will be required to pay Dominion Energy a termination fee of \$4.83 billion.”).

1 terminated. Dominion is required to pay a termination fee of \$2.24 billion to NextEra, and
2 this represents the minimum additional value to NextEra for the merger.

3 **Q. Have Joint Petitioners proposed to share a portion of the merger benefits with**
4 **Dominion customers?**

5 A. Yes. Dominion has filed testimony offering \$1.784 billion in bill credits to Dominion
6 customers with residential customers receiving \$1.15 billion.⁵² The credits would be
7 distributed over a four-year period at \$10 per month.⁵³

8 **Q. Is this sufficient compensation to Dominion ratepayers?**

9 A. No. As Alfred Kahn pointed out in his seminal book, the aim of economic utility regulation
10 is to mimic the results that would occur in a fully competitive market.⁵⁴ In exchange for
11 this regulatory compact, ratepayers provide shareholders with reduced risk exposure to
12 external uncertainties and events over which shareholders have little or no control such as
13 economic conditions, changes in input costs, or large variations in sales. In competitive
14 markets, there is little excess value beyond normal profits to be gained by merging two
15 utility companies. Dominion and NextEra are already both large enough to have extracted
16 all of the benefits from economies of scale,⁵⁵ and going forward, these utilities could even
17 experience organizational *diseconomies* of scale. That there is potential excess valuation

⁵² The remainder of the bill credits will be allocated to the other rate classes—GS-1, GS-2, GS-3, GS-4, Churches, Lighting, and Retail Choice—except for data centers in the GS-5 rate class.

⁵³ Baine Supplemental Testimony at 2:20–21.

⁵⁴ Alfred E. Kahn, *The Economics of Regulation: Principles and Institutions*, I Econ. Principles, The MIT Press, Cambridge, Massachusetts (1988).

⁵⁵ See Laurits R. Christensen & William H. Greene, *Economies of Scale in U.S. Electric Power Generation*, 84 J. of Political Econ. 655, 655–76 (Aug. 1976) (“We find that in 1955 there were significant scale economies available to nearly all firms. By 1970, however, the bulk of U.S. electricity generation was by firms operating in the essentially flat area of the average cost curve. We conclude that a small number of extremely large firms are not required for efficient production and that policies designed to promote competition in electric power generation cannot be faulted in terms of sacrificing economies of scale.”), <https://www.journals.uchicago.edu/doi/10.1086/260470>.

1 must be arising from opportunities for excess returns on investment given the relative risks
2 faced by Dominion and NextEra. Because ratepayers have taken on the risk that
3 shareholders usually face in competitive markets, ratepayers are entitled to a large share, if
4 not all, of the benefits to accrue from the merger.

5 **Q. What is the amount that Dominion should rebate to ratepayers to provide an**
6 **appropriate share of the projected merger benefits?**

7 A. Given that the minimum projected benefit to Dominion reported by the fiduciary managers
8 of the two companies is \$6.52 billion, this is the benchmark for determining the rebate
9 amount. According to Supplemental Testimony, Joint Petitioners are promising \$2.25
10 billion to all Dominion customers, of which 79.47% is going to Virginia customers (at \$10
11 per month).⁵⁶ But to deliver the appropriate amount of credit to Virginia customers, the
12 credit should be increased by 2.9 times, equivalent to the largest agreed-upon termination
13 fee. Distributed over a four-year period, the residential credit accordingly must be
14 increased to \$29 per month.

15 **Table RM-1 – Proposed Distribution**

	Current commitment, based on proposed distribution to Dominion customers: \$2.25 billion	Scale-up to full benefits, based on Termination Fee Benefit: \$6.52 billion (\$2.25 billion x 2.9)
Share to Virginia customers (79.47%)	\$1.78 billion	\$5.17 billion
Portion to residential customers	\$1.15 billion	\$3.33 billion
Number of months of credit	48 months	48 months
Projected average monthly bill credit	\$10.00 per month	\$28.98 per month

⁵⁶ Supplemental Direct Schedule 1 to Baine Supplemental Testimony, at 1 of 3.

1 **3.3 Prohibiting Increases in Residential Base Rates for the First Three Post-**
2 **Closing Biennial Reviews.**

3 **Q. How should the Commission balance ratepayer affordability through just and**
4 **reasonable rates that are in the public interest while providing fair and efficient**
5 **shareholder returns?**

6 A. Affordability is a foundational issue that the Commission must consider.⁵⁷ This “just and
7 reasonable” requirement closely reflects the “just and reasonable” requirement under the
8 Natural Gas Act of 1938, which the Supreme Court considered in *Federal Power*
9 *Commission v. Hope Natural Gas Co.* (“*Hope*”). As the *Hope* court explained: “The rate-
10 making process under the [Natural Gas Act of 1938], i.e., the fixing of ‘just and reasonable’
11 rates, involves a balancing of the investor and the consumer interests.”⁵⁸ In fact, under
12 *Hope*, consumer interests must be considered under the balancing test; similarly, under
13 *Bluefield*, the Commission must consider what is fair to the public under the balancing
14 test.⁵⁹ Therefore, fixing “‘just and reasonable’ rates” must include balancing *with*
15 “consumer interests,”⁶⁰ of which affordability is of paramount importance. The
16 Commission’s consideration of affordability is wholly consistent with—and required by—
17 the balancing tests under *Hope* and *Bluefield*. The Commission’s objective is not to

⁵⁷ See Va. Code Ann. § 56-90 (“[T]he Commission . . . shall be satisfied that adequate service to the public at *just and reasonable* rates will not be impaired or jeopardized by granting the prayer of the petition, [and] the Commission shall make such order in the premises as it may deem proper and the circumstances require.” (emphasis added)).

⁵⁸ *Fed. Power Comm’n. v. Hope Nat. Gas Co.*, 320 U.S. 591, 603 (1944).

⁵⁹ See *Bluefield Waterworks & Improvement Co. v. Public Serv. Comm’n of W. Va. et al.*, 262 U.S. 679, 692–93 (1923) (noting that the utility has “no constitutional right to profits such as are realized or anticipated in highly profitable enterprises or speculative ventures. The return should be reasonably sufficient to assure confidence in the financial soundness of the utility, and should be adequate, *under efficient and economical management*, to maintain and support its credit and enable it to raise the money necessary for the proper discharge of its public duties.” (emphasis added)).

⁶⁰ *Hope*, 320 U.S. at 603.

1 maximize the Joint Petitioners' profits to the extent that ratepayers do not suffer too
2 much—rather it is to make customers' bills as affordable as possible by minimizing
3 residential rates while providing sufficient financial compensation to the utilities.

4 It is at the Commission's discretion where this balance lies, not the Joint Petitioners.
5 The Commission must balance the interests of the state's environmental, social, and
6 economic goals and policies; shareholders' sufficient compensation for investments; and
7 ratepayers' affordable rates. The Commission traditionally has conducted this balancing as
8 part of its return on equity analysis, but that is not the sole lever available in the context of
9 this proposed merger, which is asking residential ratepayers to take on the risks associated
10 with the unprecedented size and scale of the merger contemplated by the Joint Petition.

11 **Q. What steps can the Commission take in connection with the proposed merger to**
12 **ensure the proper balance is struck in favor of ratepayers given the uncertainty**
13 **inherent in a merger of this size and scale?**

14 A. The Commission has an obligation to rigorously balance the various interests it must
15 consider, particularly under the exceptional and transformative change to the provision of
16 electric service in Virginia under the proposed merger.⁶¹ Under these novel circumstances,
17 the Commission should require the Joint Petitioners to commit to seeking no increase in
18 base rates—as they exist at the time of any Commission approval of the Joint Petition—as
19 part of the first three biennial reviews following the closing of the merger. This freeze is

⁶¹ See Joint Petition at 18 (noting that in the current and future landscape across the electric utility industry, “[u]nprecedented demand growth and incorporation of new types of resources to meet customer demand, among other factors are *presenting historic challenges* to both electric service reliability, including resource adequacy, and affordability” (emphases added)).

1 consistent with the Joint Petitioners' promise to hold ratepayers harmless and the most
2 certain way of accomplishing the Joint Petitioners' stated goal.⁶²

3 **Q. What about a decrease in base rates in any of the first three biennial reviews post-**
4 **closing?**

5 A. Ratepayers are taking the risk in connection with the proposed merger as the captive
6 customers responsible for shouldering any future increase in costs over the long term after
7 the freeze ends. Shareholders will reap financial benefits through increased enterprise value
8 on a continuous basis. The Joint Petitioners insist that ratepayers will benefit financially as
9 well due to the advantages of scale. As this is an expected benefit for taking on this future
10 risk, ratepayers should promptly receive the benefit of lower rates. Although the Joint
11 Petitioners must hold residential ratepayers harmless through a freeze on base rate
12 increases during the first three post-closing biennial reviews, the Commission must also
13 require the Joint Petitioners to pass along any cost savings realized through the proposed
14 merger by reducing base rates during any of the first three post-closing biennial reviews.

15 **Q. How should the Commission conduct the first three post-closing biennial reviews with**
16 **a freeze on increases to base rates in place?**

17 A. The Commission should conduct the first three post-closing biennial reviews in the
18 ordinary course, including its examination of costs, earnings, merger savings, cost
19 allocation, and rate design. Base rates should be reduced if any cost savings are realized,
20 and any increase that would otherwise occur must be deferred based on the merger
21 commitment. Any attempt by Joint Petitioners to circumvent these requirements or

⁶² Dunne Direct Testimony at 11:5–7.

otherwise avoid showing that base rates should be reduced would constitute a breach of the merger commitment and subject to enforcement action.

Q. What about the fuel factor and other rate adjustment clauses?

A. The Commission should exercise its existing discretion and authority as it relates to assessing the fuel factor and other rate adjustment clauses post-closing. Nothing in the merger commitments should guarantee that Joint Petitioners may assume the fuel factor and other rate adjustment clauses are treated the same in any future proceeding as they are treated today.

3.4 Changing the Capital Structure to Reflect an Improved Credit Rating

Q. Joint Petitioners claim that Dominion Energy’s credit rating will improve sufficiently to noticeably reduce rates. How much might Dominion’s debt rate decrease?

A. Estimating the potential decrease in the debt rate is difficult because the likely improvement is the smallest possible grade increment. The credit ratings for the two companies are quite close. NextEra holds a rating of A- from Fitch, while Dominion Energy holds a BBB+. ⁶³ The 12-month average yield spread for A to BBB corporate bonds is 33 basis points (i.e., 0.33%). ⁶⁴ If we assume that the + and – steps are one-third of the difference between a full step, then Dominion’s debt rate would decrease 8 basis points (or 0.08%).

⁶³ Joint Petitioners’ Supplemental Response to Clean Virginia Set 01-103(b).

⁶⁴ *ICE BofA Corporate Index Effective Yields*, Fed. Rsrv. Bank of St. Louis (accessed Oct. 15, 2026), <https://fred.stlouisfed.org/categories/32348>.

1 **Q. How much would a decrease of that amount reduce the revenue requirements for**
2 **Dominion?**

3 A. Assuming a rate base of \$14.5 billion and a common equity ratio of 52.04%, this
4 adjustment would lower revenue requirements by about \$5.6 million.⁶⁵ Compared to
5 Dominion's 2026 revenues of \$11.5 billion, this would be a savings of 0.05%.

6 **Q. What change in utility financial structure would lead to reducing utility revenue**
7 **requirements substantially more?**

8 A. A more effective solution would be to increase the share of debt in the financial structure
9 of Dominion. Corporate debt has a much lower interest rate, 4.61%, compared to
10 Dominion's 9.8% return on equity. Corporate debt is also tax deductible.

11 **Q. How should the Commission approach setting the authorized capital structure for the**
12 **new firm?**

13 A The financial structure of debt and equity should be determined based on targeting the
14 market and book values being equal. The more rigorous trade-off method to determine the
15 optimal debt-to-equity ratio aims for maximizing the value of the company to
16 shareholders.⁶⁶ But that is not the same objective that the Commission has when setting the
17 authorized capital structure for a regulated electric utility. The Commission's objective
18 function is reversed to a certain extent—instead of maximizing company profits while
19 setting rates at the level that keeps customers from turning to a different service, the

⁶⁵ Q4 2024 Earnings Call, Dominion Energy (Feb. 12, 2025) at 48, https://s2.q4cdn.com/510812146/files/doc_financials/2024/q4/2025-02-12-DE-IR-4Q-2024-earnings-call-slides-vTCIL.pdf; Final Order, *Application of Va. Elec. & Power Co. for a 2025 biennial review of the rates, terms and conditions for the provision of generation, distribution and transmission services pursuant to § 56-585.1 A of the Code of Virginia*, Case No. PUR-2025-00058 (Nov. 25, 2026) at 7.

⁶⁶ Giovanna Nicodano & Luca Regis, *A Trade-off Theory of Ownership and Capital Structure*, 131 J. of Financial Econ., 715–35 (2019), <https://www.sciencedirect.com/science/article/abs/pii/S0304405X18302538>.

Commission’s objective is to minimize customer rates so that they are most affordable while compensating the utility at a level that is financially sustainable as would occur in a competitive market.

Q. How can the Commission set a capital structure that achieves a preferred overall rate of return?

A. The heuristic approach commonly used by the utilities ignores the more important goal of measuring the efficiency that achieves the lowest possible rate of return (“ROR”) so that rates can be kept as affordable as possible. This analytic approach is independent of setting the return on equity. Achieving the lowest overall ROR involves balancing the proportions of equity and debt in a manner whereby the increased debt cost that comes with a higher debt share does not offset the economic gain from using more debt.

I present here a simple approach to framing this question of how to achieve the lowest ROR and to identify the most important parameter to test whether such a structure is achievable. It begins by setting up the standard calculation of the ROR with the shares of equity and debt, the return on equity, and current cost of debt as shown in **Table RM-2**. The first step is to vary the debt ratio. Since debt costs less than equity, lowering the ROR requires increasing the share of debt.

Table RM-2 – Example of ROR Calculation

	Ratios	Current Rates
Equity	52.035%	9.80%
Debt	47.965%	4.61%
Rate of Return		7.31%

The next question to answer is how the credit rating is likely to vary with changes in the debt ratio. In a 2025 proceeding before the California Public Utilities Commission,

1 Southern California Gas Company witness Ricardo Gonzales provided a table that shows
2 how debt-to-book capitalization ratios correspond approximately with credit ratings by
3 Moody's Investors Service.⁶⁷ That analysis indicated that maintaining a ratio of less than
4 45% can gain an A rating and maintaining less than 55% can deliver a BBB rating. Given
5 these break points and the likely relationship of interest rates with those ratings, I ran
6 scenarios at debt ratios of 45% (A rating), 55% (BBB rating), and 65% (BB rating) for
7 Dominion.

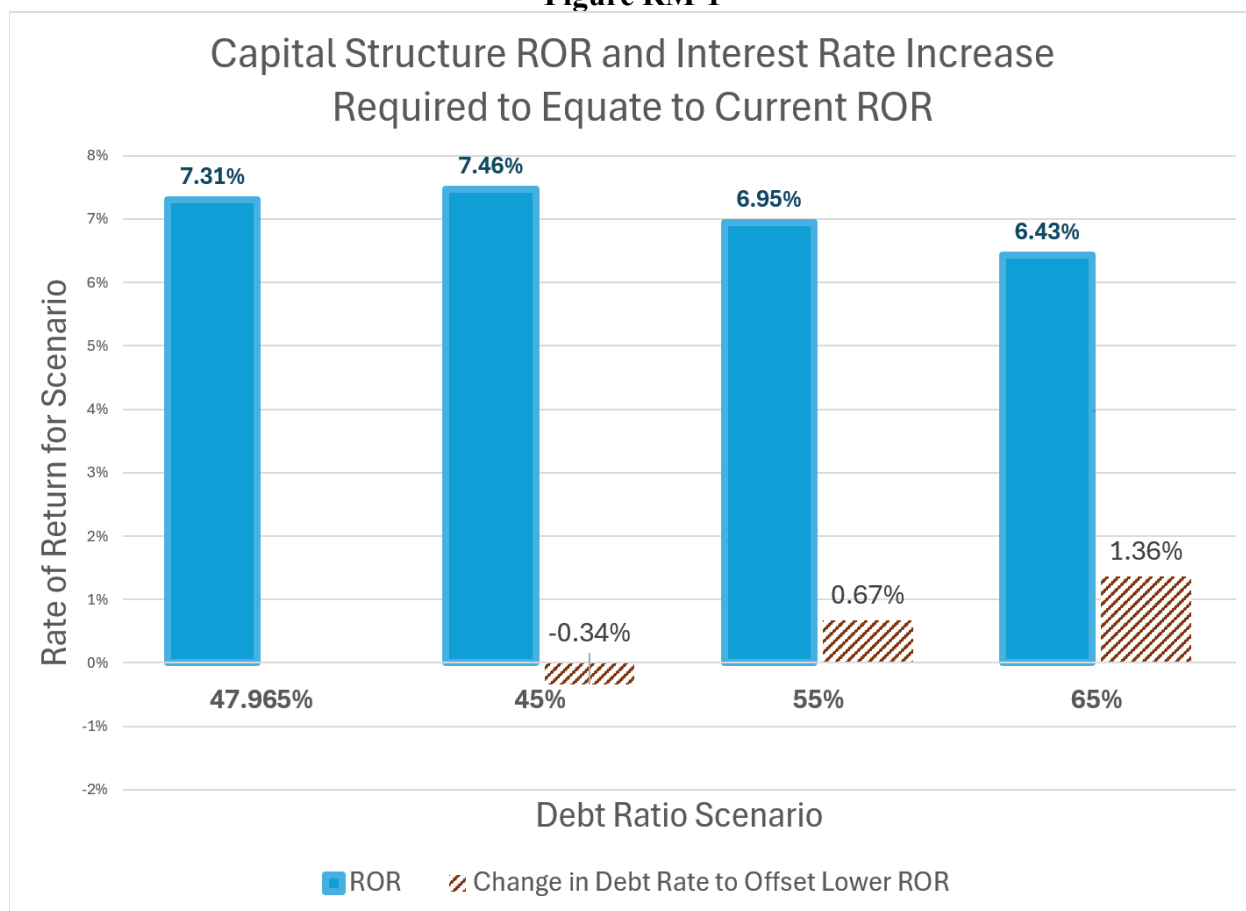
8 The final question is determining how much the cost of debt would need to increase
9 to offset the reduced ROR that results from increasing the share of debt. That threshold can
10 be compared to the expected change in the credit rating and the associated increase in debt
11 cost to assess whether increasing the debt ratio is desirable. **Figure RM-1** below
12 summarizes (1) how the ROR declines with an increase in the debt ratio, and (2) to what
13 level the debt interest rate would have to rise to offset the decreased ROR from using a
14 higher debt ratio.⁶⁸

⁶⁷ Ex. SCG-02, Ricardo Gonzales, Ch. 2, Cal. Pub. Utils. Comm'n Application 25-03-10 et al. (Mar. 20, 2025) at RG-11, Table 4.

⁶⁸ The incremental differences in yield by bond rating is derived from the ICE BofA AAA US Corporate Index Effective Yield reported for daily transactions in seven different bond ratings. *ICE BofA AAA US Corporate Index Effective Yield*, Fed. Rsrv. Bank of St. Louis (Sept. 24, 2026), <https://fred.stlouisfed.org/series/BAMLC0A1CAAAEY/>.

1

Figure RM-1



2

3 **Q. Is there evidence that debt rates rise dramatically when a utility is experiencing**
 4 **financial stress?**

5 A. No. Notably, when Pacific Gas and Electric Company (“PG&E”) in California fell into
 6 bankruptcy in 2019 and Moody’s downgraded its credit rating to “C”, PG&E’s long term
 7 debt rate only increased 41 basis points (i.e., 0.41%), which is less than the increases
 8 predicted in the scenarios presented here using Federal Reserve data. Even today, PG&E
 9 maintains a BBB- rating despite having substantial “off the books” debt and diluted equity
 10 created as solutions to its bankruptcy. This example indicates that the risk of rising debt
 11 cost may be even less than depicted in these scenarios.

1 **Q. What is your recommendation for the share of debt in Dominion’s capital structure?**

2 A. Based on the evidence how yields change with corporate bond ratings and how little the
3 debt interest rates have changed in California in what is one of the most volatile utility
4 environments in the nation, I propose that the most effective means of lowering the overall
5 rate of return and the associated revenue requirements is to increase the Company’s debt
6 share to 60% and allow the corporate credit rating to adjust into the BBB range.

7 **3.5 Restructuring Revenue Responsibility Allocation to Better Reflect Cost**
8 **Causation**

9 **Q. How are base rate generation revenues currently allocated among rate classes?**

10 A. Dominion currently uses the Average & Excess Method to allocate the associated costs to
11 each rate class. This method splits generation costs between relative peak demands and
12 average energy use for each class. First, Dominion’s generation costs are divided between
13 what would be needed to meet that average usage as though it was a constant 100% base
14 load and the residual or excess costs are then allocated to “peak” usage. The Average costs
15 are then allocated based on relative energy consumption by rate class and the Excess costs
16 are then allocated among the rate classes based on their relative class-specific non-
17 coincident peak load.⁶⁹

18 Because average usage was only 55% of the peak load in 2025, this means that
19 more than 45% of Dominion’s generation costs are allocated to peak demand.⁷⁰

⁶⁹ Note that the class-specific non-coincident peak load differs from the customer-specific non-coincident peak load and does not reflect the diversity of customers’ differing peak loads. This latter diversity is an important factor that must be accounted for in rate design, as many customers do not have peak usage at the same time that their class’s collective usage peaks.

⁷⁰ Because the class non-coincident demands sum to more than the system peak, the Excess share is actually larger.

1 **Q. Is the Average & Excess Method consistent with principles of economic efficiency?**

2 A. No. The Average & Excess Method does not reflect either the underlying generation costs
3 or market prices that are used to signal to customers how to use resources most efficiently,
4 nor does it capture the rationale for investing in the portfolio of generation assets.

5 **Q. What are the standards used for determining economically efficient pricing for**
6 **electric utilities?**

7 A. The most efficient pricing scheme (proposed by Professor James Buchanan at the
8 University of Virginia) is to set the utility variable rate at the marginal cost of production
9 (as would occur in a theoretical, fully competitive market), and then collect any revenue
10 shortfall with a lump sum fixed charge that is independent of the size and usage of the
11 customer.⁷¹ The “second-best” method is called “Ramsey pricing” (named after its creator,
12 Frank Ramsey). In that method, excess costs above marginal costs are allocated to classes
13 of customers based on their price elasticity of demand, that is, how their demand for
14 electricity changes with changes in the price. Those who are more sensitive, for example,
15 receive a lower cost allocation.

16 However, neither of these have been implemented for practical reasons. The first
17 reason is that determining true and robust marginal costs has been difficult and contentious.
18 The important question is whether short-run costs—such as the wholesale hourly market
19 auction prices in PJM or long-term power purchase agreement prices—are the most
20 appropriate metric. The problem with PJM prices is that they are distorted by various
21 policies and actions such as reliability reserve margins so that much of these costs are

⁷¹ James Buchanan, *Public Goods in Theory and Practice: A Note on the Minasian-Samuelson Discussion*, 10 J. of L. & Econ. 193, 193–97 (Oct. 1967).

1 hidden, while PPA prices are set in a transparent open market through arm's length
2 negotiations. Comparisons of the PJM market prices and the revenue requirements of new
3 generation plants show that the "short-run" marginal costs do not converge with the true
4 long-run marginal costs as required in economic theory. The second reason is that the lump
5 sum method leads to fixed charges that can be burdensome for small customers and
6 determining demand elasticities for customer classes is an inexact process.

7 Instead, other methods have been used that attempt to approximate economic
8 efficiency while otherwise adhering as closely as possible to the two most efficient pricing
9 schemes. The equal-percentage-of-marginal-cost ("EPMC") method simplistically
10 assumes that all customers have the same price elasticity of demand so costs are allocated
11 in proportion to the marginal costs to serve an average customer within a class.⁷² While
12 this bypasses one problem with Ramsey pricing, the EMPC method does not address the
13 other problem of accurately calculating long-run marginal costs.

14 **Q. Are there analyses that describe an economic efficiency method that can be**
15 **instructive for replacing the antiquated revenue allocation method used by**
16 **Dominion?**

17 A. Yes. A study prepared the National Economic Research Associates ("NERA") consulting
18 firm in 1977 described how generation costs could be allocated between generation
19 peaking or capacity costs and energy production for purposes for determining marginal
20 costs, but that study was premised on a traditional utility system of the era with nuclear and

⁷² This method is primarily used by states along the West Coast, including California, Oregon, Nevada and Washington, along with New York.

1 coal baseload generators and natural gas and diesel peaking units.⁷³ The method has several
2 problems that limit its applicability, but it is instructive in how a method that is not reliant
3 on estimating marginal costs can arrive at a similar result.

4 First, the most important aspect of the NERA method is that it satisfies the
5 requirements of being economically efficient by relying on marginal costs to parse the
6 generation functions between capacity for peak load deliverability and reliability versus
7 the capital and fuel attributable to energy production. This method also mirrors how utility
8 investment decisions are made to acquire generation resources for specific purposes. To
9 meet short duration peak loads, the least cost option is a generator with lowest capital cost
10 because that cost will be allocated across the fewest hours. A nuclear power plant is not an
11 appropriate resource to be used only for a hundred hours a year during the highest loads.
12 Instead, a lithium-ion battery meets that requirement.

13 The NERA method flips the Average & Excess Method on its head. It starts by
14 identifying the cheapest way to meet the peaking capacity need since that task is the one of
15 the smallest duration. The cost of that peaking resource is then subtracted from the overall
16 generation portfolio costs, which include the capital costs of baseload or variable
17 generation with low or even zero fuel costs. The peaking resource costs are allocated to
18 customer classes based on their shares of the coincident system peak as that is the time that
19 these resources are being used to the greatest extent.⁷⁴ In the NERA method, the energy
20 costs are allocated based on customer usage within an hour multiplied by either the

⁷³ National Economic Research Associates, *A Framework for Marginal Cost-Based Time-Differentiated Pricing in the United States*, Elec. Power Rsch. Inst. (1977).

⁷⁴ The class non-coincident peaks do not accurately reflect how a customer class is drawing on the system's resources during the peak load. For example, customers who are responding to time of use rates by shifting heavy electrical loads to the nighttime are not using the peaking generation at all.

1 marginal cost of the highest cost unit within a specific hour or by the wholesale power
2 market clearing price in PJM and then divided by total energy use.⁷⁵ Unlike the Average
3 & Excess Method, the NERA method relies much more on the energy production costs to
4 allocate revenue responsibility.

5 **Q. Has a cost-allocation method been proposed to the Commission that better reflects**
6 **the economic principles spelled out in the NERA method than the Average & Excess**
7 **Method?**

8 A. Yes. In 2025, SCC Staff witness Glenn Watkins proposed that Dominion adopt the
9 Probability of Dispatch (method for allocating generation-related revenue responsibility
10 among rate classes.⁷⁶ The multi-step process is similar to that of the NERA method. First
11 the generation from each plant is allocated to each hour. The capital costs for each plant
12 are then allocated to each hour in proportion to the output for each plant. Fuel costs are
13 also allocated based on the direct expenditures in that hour. The total costs are then
14 allocated to each rate class based on the class loads within each hour. This method directly
15 ties recorded generation costs within a specific hour to the proportion of load in that hour
16 attributable to a specific class.

17 **Q. What are the advantages of using the Probability of Dispatch method?**

18 A. There are no assumptions about whether generation was built for capacity or for energy
19 production, and as generation becomes more expensive during peak hours, those classes
20 with a higher proportion of the peak load will pay a higher share of that cost. It avoids

⁷⁵ This is one of the flaws emerging in the NERA method, as renewables with zero variable costs become more prevalent.

⁷⁶ Ex. 100, Direct Testimony of Glenn A. Watkins, *Application of Va. Elec. & Power Co. for a 2025 biennial review of the rates, terms and conditions for the provision of generation, distribution and transmission services pursuant to § 56-585.1 A of the Code of Virginia*, Case No. PU-2025-00058 (July 30, 2025) at 27.

1 arbitrarily assuming that all of the value of generation is primarily attributable to peak
2 loads. If that assumption were valid, utilities would just build combustion turbines alone
3 and not look to save fuel costs by acquiring low-fuel cost resources with high capital costs
4 such as hydropower and nuclear. The Probability of Dispatch method allocates those
5 capital costs to the energy users outside of the peak period who realize cost savings from
6 those lower cost resources.

7 The Probability of Dispatch method also naturally allocates the costs of renewables
8 that are not used primarily to meet peak loads and have no fuel costs. Again, there is no
9 need to make arbitrary assumptions about allocating the costs of those technologies. For
10 battery storage, the storage units can be charged the cost of generation in the hours when
11 energy is being stored and then those costs can be allocated to the hours when the stored
12 energy is discharged, which are generally peak load hours.

13 This method also leads naturally to an hourly distribution that can establish a more
14 supportive environment for time of use rates. There would be no need to rely on choosing
15 which mix of PJM market prices are needed and how to incorporate and allocate PJM
16 capacity prices.

17 **Q. What would be the impact of switching to Probability of Dispatch for residential**
18 **customers?**

19 A. Switching from the Average and Excess methodology to the Probability of Dispatch
20 methodology would reduce the residential allocation for generation and distribution costs
21 by 25%.⁷⁷

⁷⁷ See Ex. 128, Comparison of Allocation Methodologies Results, *Application of Va. Elec. & Power Co. for a 2025 biennial review of the rates, terms and conditions for the provision of generation, distribution and transmission services pursuant to § 56-585.1 A of the Code of Virginia*, Case No. PUR-2025-00058 (Sept. 11, 2026) at 3 (showing that the residential share would go from 49.79% under Average and Excess to just 37.44% under

4 **ENSURE ACHIEVEMENT OF CLEAN ENERGY GOALS**

1 **4.1 Make Energy Efficiency and Distributed Energy Resources First in the**
2 **Resource Priority Queue**

3 **Q. What direction should the Commission give to a new merged utility to provide the**
4 **best opportunity of achieving the goals spelled out by the VCEA?**

5 A. The VCEA specifies several objectives with the intent of reducing the greenhouse gas
6 emissions linked with creating climate change.⁷⁸ At the core of these actions is replacing
7 fossil fuels used for generation. The VCEA specifies that 30% of the state’s electricity
8 should come from qualified renewables by 2030, that the power sector be carbon free by
9 2045 except for resources needed to maintain reliability, that investor-owned utilities
10 reduce per-household energy consumption by specified amounts, and that distributed
11 energy resources such as rooftop and community solar as well as storage meet specified
12 targets.

13 Governor Spanberger and her administration recently issued the *2026 Virginia*
14 *Energy Plan* to map out to 2050 paths to achieving these goals.⁷⁹ The “Distributed
15 Flexibility” Path saves 35% in total societal costs by 2050 while reducing greenhouse gas
16 emissions by 72% compared to the “No Policy” case. However, it requires adding almost
17 94 gigawatts of new capacity or 78% more than the “No Policy” path. The Plan lists seven
18 energy strategies of which the four energy solutions are utility-scale solar and storage,

Probability of Dispatch as calculated by Staff Witness Watkins); *see id.* (noting that other methods like the Base Intermediate Peak and Summer Winter Peak & Average would also reduce the residential share of costs by 15% and 13%, respectively).

⁷⁸ Va. Code Ann. § 56-585.5.

⁷⁹ *2026 Virginia Energy Plan*, <https://energy.virginia.gov/va-energy-plan.shtml>.

1 energy efficiency and consumer affordability programs, distributed energy resources, and
2 improved grid utilization.

3 As a condition of any approval, the Commission should direct that Dominion must
4 focus first on implementing energy efficiency measures and facilitating deployment of
5 distributed energy resources to the extent feasible before turning to grid-scale resources.

6 **Q. Why should the Commission require Dominion to focus on energy efficiency and**
7 **distributed energy resources first?**

8 A. These resources should have the highest priority for several reasons. The first is that
9 because these are generally deployed on customers' premises, they directly reduce
10 customers' metered energy use and the associated bills. In other words, these measures
11 make energy more affordable. Second, they provide more energy independence for
12 customers, especially solar-plus-storage systems that are appropriately installed to ride
13 through local outages. Third, they create less environmental impacts such as ecological
14 disruption—this is particularly true of energy efficiency that offsets both energy production
15 and associated resource extraction and manufacturing. Fourth, because these resources
16 employ local businesses and workers during installation, they boost local economies more
17 than grid-scale generation and transmission. Fifth, these resources hedge against the
18 volatility of wholesale bulk power prices in the PJM market by displacing metered loads,
19 reducing overall demand on that market. Finally, these resources are less expensive than
20 grid-scale generation when all costs are accounted for.

21 Both energy efficiency and behind-the-meter distributed energy resources create
22 similar cost savings. They offset produced generation and renewable-portfolio-standard
23 requirements. In the case of energy efficiency, it is equal to one-third the renewable-

1 portfolio-standard target to 2030 and then 100% of the clean-energy target to 2045. For
2 distributed energy resources, it is at least 4.5% of the full renewable-portfolio-standard
3 through 2030 and at least 5% thereafter. These resources also offset a portion of the
4 capacity requirements as specified by PJM. In addition, these resources offset both
5 transmission and distribution line losses. And because they displace metered load that PJM
6 uses to set and manage the system reserve margin, they also reduce the operational and
7 planning reserve margins and associated resource adequacy costs in each hour.

8 One other avoided cost often overlooked and underestimated is the transmission
9 also displaced by the resources. Transmission spending is driven largely by additions of
10 generation. This fact is particularly evident when transmission costs rise so rapidly despite
11 no significant load growth as has happened in PJM over the last decade. For this reason,
12 the marginal or incremental cost should be expressed in dollars per kilowatt or kilowatt-
13 hour of new generation added to the grid. Given that Dominion's transmission rates
14 increased by 70% from 2014 to 2026 after adjusting for inflation, the marginal costs of
15 incremental transmission infrastructure must be greater than the average costs used to set
16 the transmission rates.⁸⁰ The current transmission rate is the floor on the cost avoided by
17 these resources, which is \$85 per kilowatt-year.⁸¹

18 All of this weighs strongly in favor of the Commission requiring Dominion to fully
19 incorporate these new resources into resource planning and acquisition evaluations, and
20 further developing policies to encourage customers to invest in these resources by
21 providing supplementary funding that passes on benefits that accrue to other ratepayers.

⁸⁰ *Formula Rates*, PJM Interconnection LLC, <https://www.pjm.com/markets-and-operations/billing-settlements-and-credit/formula-rates>.

⁸¹ The full calculation requires identifying the generation assets added and retired over that period.

1 **4.2 Create a Separate Zero-Carbon Energy Generation Company to Serve Data**
2 **Centers**

3 **Q. How should a merged company manage the risk to ratepayers presented by the entry**
4 **of large data centers as Dominion customers?**

5 A. Dominion should establish a new, separate zero-carbon energy generation company
6 (“GenCo”) to serve data center customers and other similarly situated large load customers,
7 and thereby shield current ratepayers from generation cost overruns historically associated
8 with nuclear power.

9 **Q. Would such a structure help the Company meet Virginia’s clean energy goals?**

10 A. Yes, because such an arrangement would qualify the main driver of load growth in
11 Virginia—data center customers—as accelerated clean energy buyers, the zero carbon
12 resources will offset the renewable portfolio standard requirement for other customers.⁸²
13 Moreover, pursuing new zero-carbon generation resources will not conflict with Virginia’s
14 re-entry into RGGI.⁸³ In return, the GenCo will be able to earn a return on equity
15 investment driven by market expectations instead of being constrained by Commission
16 authorization.

17 **Q. What is the size of an average data center load**

18 A. Large loads that will be on the GS-5 rate are at least 25 megawatts. The average size of a
19 new data center in Dominion’s territory is 300 megawatts,⁸⁴ although data center loads
20 can be as large as 2,000 megawatts.

⁸² See Va. Code Ann. § 56-585.5(C)(1)(a) (establishing the RPS requirement as a percentage of the “total electric energy sold,” which is defined as excluding energy sold to accelerated clean energy buyers).

⁸³ *Supra* note 28.

⁸⁴ Ex. 15, Direct Testimony of Stan Blackwell, *Application of Va. Elec. & Power Co. for a 2025 biennial review of the rates, terms and conditions for the provision of generation, distribution and transmission services pursuant to § 56-585.1 A of the Code of Virginia*, Case No. PUR-2025-00058 (Mar. 31, 2026) at 4.

1 **Q. What are the risks associated with Dominion investing in new generation to serve**
2 **large new loads such as data centers?**

3 A. Dominion may invest in new generation to serve data centers and other large loads that do
4 not materialize. That would leave other ratepayers—non-GS-5 customers—to pay for
5 Dominion generation investments that are neither used nor useful. Or, as is currently the
6 preferred path forward for Dominion, it may invest in new fossil fuel generation to serve
7 data centers and other large loads that conflicts with the Commonwealth’s long-term
8 climate and clean energy goals. Instead of investing in renewable-portfolio-standard
9 eligible or zero-carbon resources, Dominion plans to deepen reliance on fossil fuel
10 resources, which will force its ratepayers to pay deficiency payments for the projected
11 shortfall in renewable energy certificates. Commission Staff projects that Dominion’s
12 preferred plan will impose deficiency payments of \$5.32 billion on a nominal basis and
13 \$1.81 billion on an NPV basis on ratepayers from 2036-2045.⁸⁵

14 **Q. What solution do you propose that would allow Dominion, or an affiliate, to invest in**
15 **new clean generation to serve GS-5 customers without creating financial risks for**
16 **non-GS-5 ratepayers?**

17 A. I propose that any merged company establish an unregulated special-purpose generating
18 subsidiary—Dominion Energy Special-Projects, LLC. Dominion Energy Special-Projects
19 could deploy zero-carbon energy resources—particularly new nuclear generation—
20 dedicated to high-load customers under the GS-5 rate class while strictly shielding captive
21 residential, commercial, and industrial ratepayers from financial exposure to a new

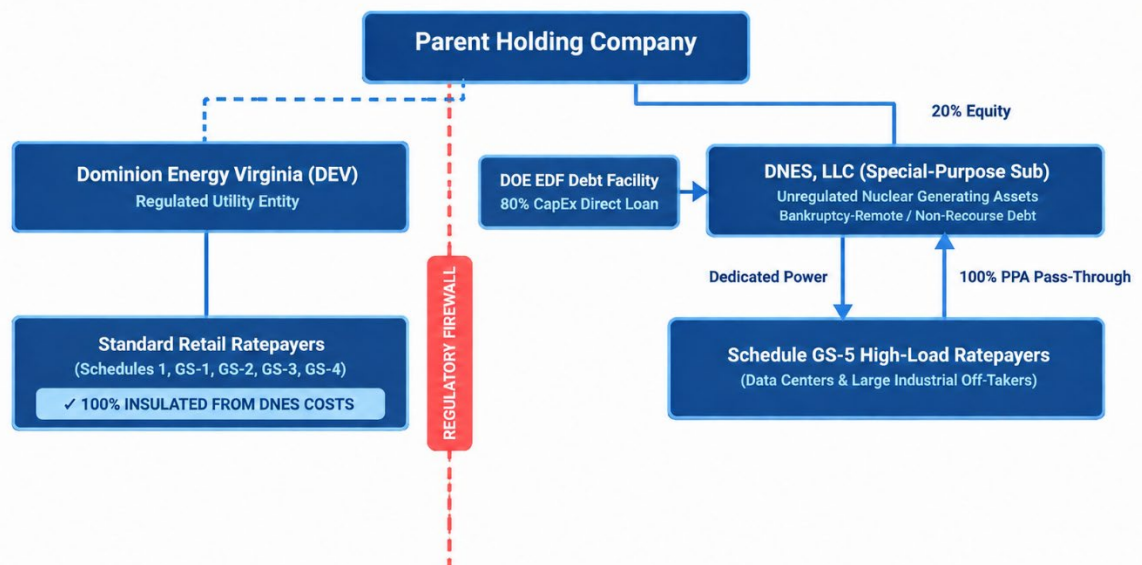
⁸⁵ Ex. 26, Direct Testimony of Oliver C. Collier, *Petition of Va. Elec. & Power Co. for approval of its 2025 RPS Development Plan under § 56-585.5 D 4 of the Code of Virginia*, Case No. PUR-2025-00148 (Jan. 14, 2026) at 31:1–2.

1 evolution of a technology that has a long history of cost overruns and to potential stranded
2 costs if the data center load does not materialize to the degree projected.

3 This regulatory, corporate, and contractual framework insulates non-GS-5
4 customers while financing, constructing, and operating small modular reactors of less than
5 500 megawatts,⁸⁶ large-scale nuclear facilities, or other zero-carbon technologies. This
6 strategy—alongside other commitments—would put into practice Joint Petitioners’
7 promises of combined value, which so far have yet to be quantified or specified beyond
8 hollow qualitative statements, and advance clean energy deployment in line with the
9 Commonwealth’s policies, which so far have been completely disregarded by Joint
10 Petitioners.

11 The proposed Dominion Energy Special-Projects structure is shown below.

12 **Figure RM-2. Dominion Corporate Structure with DNES**



⁸⁶ Va. Code Ann. § 56-585.1:14.

1 **Q. Are there other benefits of the proposed Dominion Energy Special-Projects approach**
2 **beyond protecting non-GS-5 ratepayers?**

3 A. Yes. As a subsidiary of Dominion Energy, Inc., Dominion Energy Special-Projects can
4 apply for low-cost federal debt financing from the Department of Energy’s (“DOE”) Office
5 of Energy Dominance Financing with an 80/20 debt-to-equity capital structure.

6 Under this arrangement, 80% of project capital expenditure is financed via low-
7 cost Energy Dominance Financing direct loans (or DOE loan guarantees), while the
8 remaining 20% equity is funded directly by GS-5 off-takers or parent equity at risk, further
9 shielding non-GS-5 ratepayers. So long as Dominion Energy Special-Projects can prove to
10 Energy Dominance Financing that there is a reasonable prospect of repayment,⁸⁷ the
11 project satisfies the other criteria of loans under Title 17.⁸⁸ Given the expected revenue
12 from the GS-5 class,⁸⁹ demonstrating a reasonable prospect of repayment should not be a
13 difficult task.

14 **Q. Have other jurisdictions considered a similar approach?**

15 A. Yes, the Indiana Public Utilities Commission approved a separate generation company
16 approach in September 2025.⁹⁰

⁸⁷ 42 U.S.C. § 16512(d)(1)(B).

⁸⁸ *Program Guidance for the Title 17 Energy Financing Program, Including the Energy Dominance Financing Program (EDFP)*, Dep’t of Energy (May 13, 2026) at 14–15, <https://www.energy.gov/documents/doe-edf-title-17-energy-financing-program-guidance-2026-05-13>.

⁸⁹ *See 2026 Virginia Energy Plan*, at 98 (showing that 23 gigawatts of data center load would bring \$265 billion in revenue over the 25-year period).

⁹⁰ Final Order, *Verified Petition of Nipsco Generation Llc for Certain Determinations by the Commission with Respect to Its Jurisdiction Over Petitioner’s Activities as a Non-Retail Generator of Electric Power*, Case No. 46183 (Sept 24, 2025) at Revised Joint Ex. 1.

1 **Q. What are the details of the proposed legal separation between Dominion Energy**
2 **Special-Projects and Dominion?**

3 A. As proposed, Dominion Energy Special-Projects would be operated as a ring-fenced,
4 special-purpose subsidiary directly under a newly merged company, operating entirely
5 separate from Dominion's regulated rate base. Non-recourse project financing ensures that
6 cost overruns, delays, or financial defaults at Dominion Energy Special-Projects could not
7 trigger rate recovery mechanisms or impact Dominion's credit rating, preventing increases
8 in Dominion's cost of capital for non-GS-5 ratepayers. Also, cross-subsidization or equity
9 injections from Dominion to Dominion Energy Special-Projects should be explicitly
10 prohibited.

11 **Q. How will the proposed Dominion Energy Special-Projects provide power to GS-5**
12 **customers?**

13 A. GS-5 customers can sign direct power purchase agreements with Dominion Energy
14 Special-Projects. The power purchase agreements would be long-term, take-or-pay energy
15 and capacity purchase agreements directly with GS-5 customers or through a specialized
16 sub-tariff mechanism within GS-5. There will also be a 100% cost-of-service pass-through
17 to the GS-5 class. The proposed power purchase agreement structure routes all capital
18 expenditure, operating expenses, Nuclear Regulatory Commission licensing costs, nuclear
19 waste management fees, and decommissioning liabilities, as applicable, directly into the
20 GS-5 billing determinant.

1 **Q. How will Dominion Energy Special-Projects maintain cost control and insulate GS-5**
2 **ratepayers from cost overruns?**

3 A. There are several elements to protect against cost overruns that are passed through from
4 the proposed Dominion Energy Special-Projects to the GS-5 ratepayers.

- 5 • First, construction contracts for the zero-carbon generation must utilize
6 Engineering, Procurement, and Construction models with firm pricing, liquidated
7 damages, and balance-of-plant risk shifting to vendors.
- 8 • Second, no fuel or construction cost riders will be allowed. Dominion Energy
9 Special-Projects projects will be strictly excluded from utilizing standard utility rate
10 adjustment clauses applied to Dominion's general rate base.
- 11 • Third, all capital-expenditure budget overruns will be absorbed via pre-funded
12 escrow accounts provided by GS-5 subscribers or parent company equity, never
13 rate-based equity.
- 14 • Fourth, the costs as allocated by PJM of network upgrades required by PJM
15 Interconnection or Dominion's transmission grid to integrate a Dominion Energy
16 Special-Projects project are paid 100% upfront by Dominion Energy Special-
17 Projects or GS-5 off-takers under direct Interconnection Construction Agreements.

18 **Q. How will Dominion Energy Special-Projects handle long-term liability protections**
19 **and decommissioning of generation facilities?**

20 A. Dominion Energy Special-Projects will be required to establish upfront decommissioning
21 trust funds. All decommissioning costs required under Nuclear Regulatory Commission
22 regulations would be accumulated via a dedicated surcharge on GS-5 electricity bills,
23 deposited into an irrevocable, ring-fenced trust.

1 A second protection will require the parent company guarantees issued by the
2 merged company to explicitly exclude Dominion assets and revenues from any recourse in
3 the event of generation plant liability or environmental remediation.

4 **Q. What will be the regulatory approach to the proposed Dominion Energy Special-**
5 **Projects?**

6 A. The Commission will approve all operational agreements between Dominion and
7 Dominion Energy Special-Projects under the Virginia Affiliates Act, ensuring market-rate
8 charges for any administrative or grid services provided by Dominion to Dominion Energy
9 Special-Projects, or vice versa.

10 Annual filing requirements will mandate an independent audit certifying that \$0 of
11 generation construction, operation, insurance, or financing costs were allocated to other
12 customers.

13 **Q. What will be the key requirements to obtain low-cost debt financing from DOE?**

14 A. There is a capitalization leverage mandate for an 80% debt and 20% equity structure.
15 Dominion Energy Special-Projects should seek to secure long-term loan facilities from
16 DOE covering up to 80% of eligible project capital expenditures. Terms will align with
17 federal benchmark pricing across a 30-year amortization schedule to dramatically reduce
18 annual debt service costs.

19 The remaining 20% project cost must be pre-funded prior to loan draws. This equity
20 contribution will be sourced exclusively from:

- 21 • Upfront GS-5 Capital Surcharges: Direct capital contributions or pre-construction
22 capacity fees paid by contracting GS-5 customers.

- At-Risk Parent Equity: Non-regulated equity injections from the merged company. Rate-base equity or capital from Dominion is legally prohibited.

Q. What are the details of a “ring-fenced” debt service mechanism?

A. Three provisions will establish a debt mechanism that does not put non-GS-5 Dominion customers at risk:

1. Non-Recourse Federal Debt: The DOE loan must be secured solely by the assets, power purchase agreements, and cash flows of Dominion Energy Special-Projects. Revenue from Dominion’s non-GS-5 rate base may not serve as collateral or credit support.
2. Capital Drawdowns: Dominion Energy Special-Projects will draw down capital from the DOE loan on an as-needed basis for relevant projects to reduce interest accumulation.
 - a. Direct GS-5 Debt Service Pass-Through: any monthly debt service (principal and interest) on the DOE loan is passed through directly and exclusively into the GS-5 billing determinant.

Q. How will non-GS-5 Dominion customers be protected against default and insulated from credit risk?

A. To satisfy DOE credit underwriting without relying on Dominion ratepayer backstops, GS-5 subscribers must pre-fund a 12-month Debt Service Reserve Account held in escrow—or other such reasonable protection as required by DOE.

There will be no Dominion cross-collateralization. Loan agreements with the DOE must explicitly contain ring-fencing carve-outs, establishing that a default by Dominion Energy Special-Projects on its DOE loan obligations yields zero recourse to Dominion’s regulated assets, customer revenues, or utility credit rating.

1 **4.3 Recommend Establishing an Independent State Energy Efficiency Entity**

2 **Q. Given that Dominion has not met its prescribed goals for investing in energy**
3 **efficiency, what alternative approach should the Commission investigate to ensure**
4 **that more energy efficiency is procured?**

5 A. The Commission should recommend that the General Assembly establish a separate state
6 or third-party run energy efficiency utility such as those that operate in Oregon⁹¹ and
7 Vermont.⁹² These entities have been funded through both general tax revenues and
8 electricity charges. Both utilities have been successful in advancing energy efficiency
9 investment because that is their sole objective, unlike investor-owned utilities like
10 Dominion.

11 **Q. Why do investor-owned utilities have a conflict of interest in encouraging energy**
12 **efficiency?**

13 A. The shareholders of utilities like Dominion make their profits by gaining returns on the
14 asset investments that the utility builds. More assets mean more profits. Investment in more
15 assets is justified by more sales (or at least forecasts of more sales). Energy efficiency
16 reduces sales, and thus, profits.

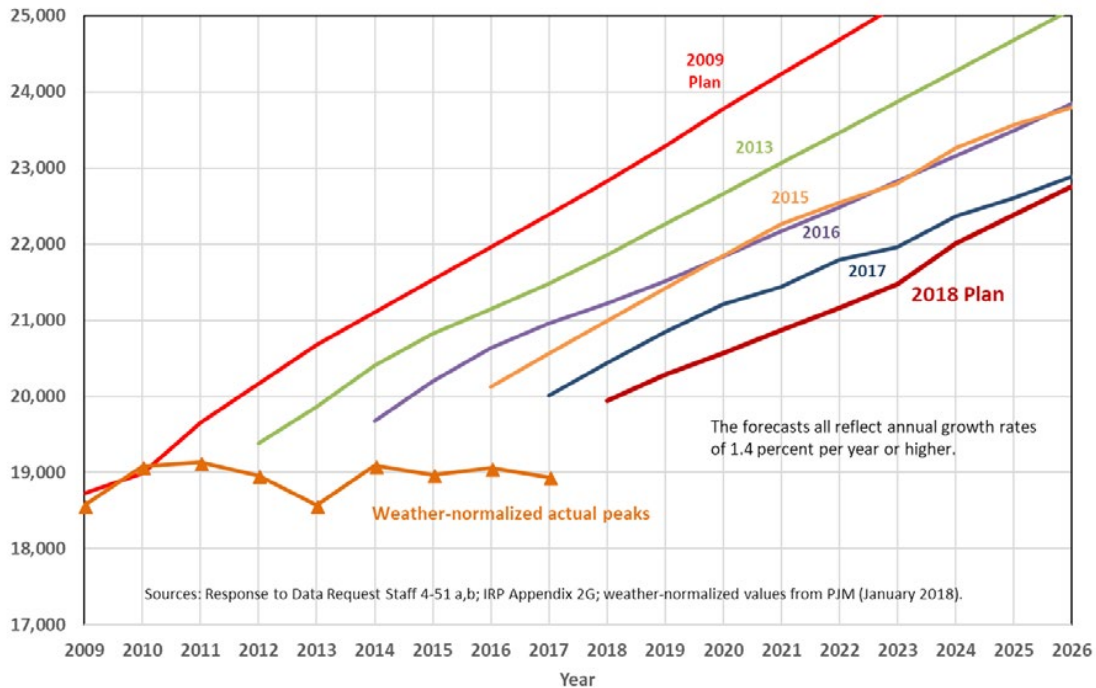
17 About four decades ago, advocacy groups thought they had come up with a solution
18 that “decoupled” utility profits from sales, but the solution backfired and the conflict of
19 interest appears to have worsened. Decoupling delinked profits from actual sales and
20 instead linked them to forecasted sales used to justify infrastructure investment. This
21 removed the risk of over-forecasting sales and perhaps falling short on recovering costs.

⁹¹ See EnergyTrust of Oregon, <https://www.energytrust.org/>.

⁹² See Efficiency Vermont, <https://www.efficiencyvermont.com/>.

1 And we see evidence of that practice in Dominion's forecasts used to justify investments
2 from 2009 to 2018.

3 **Figure RM-3. Dominion Load Forecast History⁹³**



4
5 The regulatory failure is that the Commission did not go back and audit whether the
6 investments were justified given that the sales did not materialize. Decoupling only works
7 with a regulatory scheme that gives strong incentives for cost control.

8 A cornerstone policy meant to promote energy efficiency is now being used as a
9 weapon against energy savings. Decoupling the recovery of utilities' costs and profits from
10 electricity sales was intended to remove utilities' opposition to promoting resource loading
11 order of using energy efficiency and distributed energy resources first. Instead, protecting
12 those revenue requirements and the associated utility profits, thus avoiding financial risk
13 to shareholders, has become the paramount objective of the state's decoupling policy at the

⁹³ Ex. 64, Direct Testimony of James F. Wilson, *Va. Elec. & Power Co. – Integrated Resource Plan filing for 2018 pursuant to § 56-597 et seq.*, Case No. PUR-2018-00065 (Aug. 10, 2018) at 4, Figure JFW-A.

1 expense of both reducing dependence on utility generation and increasing consumer
2 sovereignty. We now are told that we need to increase our energy consumption to reduce
3 the energy rates for those who have not reduced their utility purchases. The intent of
4 decoupling has been turned on its head.

5 The premise of the “cost shift” argument that asserts saving energy by one customer
6 causes higher rates for other customers relies on an interpretation of decoupling whereby
7 utility shareholders are shielded from suffering any financial losses caused by consumers
8 turning elsewhere to find their energy services. This is one logical extension of decoupling,
9 albeit not the one intended by those who originated this concept. Under this flawed rubric,
10 each customer has an obligation to pay a share of the utility’s fixed and stranded costs.
11 When a customer reduces their usage and their electricity bill, they are shirking this
12 obligation according to the cost-shift argument.

13 Using the underlying rationale that utilities are guaranteed to recover their costs
14 once approved by the Commission and FERC, whether a customer-installed resource has
15 a cost more or less than the social marginal cost is irrelevant unless that marginal cost is
16 higher than the retail rate. Under this reasoning the customer owes the full amount of the
17 retail rate and only receives a credit for saving energy that cannot exceed the marginal cost.
18 The customer still owes the difference between the retail rate and the marginal cost and
19 other customers must pick up that foregone sales revenue from the savings. Once a utility
20 is authorized to collect a set amount of revenues, a customer has no escape from the
21 corporate burden.

22 That presumption eliminates the ability to use market discipline through consumer
23 choice to control rates (except moving out of state or to a municipal utility area). Under

1 this reasoning, the only means of containing utility rates and mitigating bills is via
2 regulatory action by the Commission and FERC.

3 The problem is that regulators were supposed to strictly cap utility spending so that
4 consumers could make their own choices about how to best meet their energy needs. The
5 utilities discovered that the regulators were not so vigilant and that the utilities could easily
6 justify added utility-owned resources that were rolled into revenue requirements. The
7 recovery of those costs was then protected from risk of either competition from customer
8 resources or prudence review by policies implementing decoupling.

9 When faced with declining sales and revenues, every other business cannot simply
10 demand that customers make up for the difference between the business' current costs and
11 its falling revenues. A business instead must either cut costs or provide a better service or
12 product that attracts back those or other customers. The innovation motivated by this
13 “creative destruction” as Joseph Schumpeter described it is at the core of the benefits we
14 accrue from a market economy.⁹⁴ Hinder that process and we get stagnation. The phased
15 deregulation of the electricity market started with the 1978 Public Utility Regulatory Policy
16 Act (“PURPA”) is an important example of innovation that was unleashed by removing
17 the utilities' ability to veto customers' investments in their own resources.⁹⁵ Without
18 PURPA and the subsequent reforms, we would never had the technological revolution that
19 both gives cost effective renewable energy resources and customers more control over their
20 own energy use.

⁹⁴ Joseph A. Schumpeter, *Capitalism, Socialism, and Democracy*, Harper & Bros. (1942).

⁹⁵ See 16 U.S.C. §§ 2601–45 (2018).

1 **Q. How would a state-owned energy efficiency utility solve this inherent conflict?**

2 A. Setting up this entity removes the utility from implanting a program that cuts into its profits
3 and transfers it to managers who focus solely on increasing energy efficiency. The
4 Commission is then free to consider whether profit assurances provided through
5 decoupling policies are necessary anymore.

6 **4.4 Establish a Decarbonization Incentive Rate to Encourage Electrification**

7 **Q. How might the utility increase the amount of electrification by customers?**

8 A. Research shows that customers look at average rates, not just their variable rates, when
9 making consumption decisions.⁹⁶ This finding means that trying to shift revenue collection
10 to fixed charges is unlikely to enhance electrification. A better alternative is for the
11 Commission to require Dominion to offer a “decarbonization incentive rate” that reflects
12 only the marginal costs of adding service for electrification. This targeted rate would enable
13 customers who switch heating, ventilation, and air conditioning (“HVAC”) or other
14 appliances from natural gas, heating oil, or propane to electricity to pay a discounted rate
15 on the incremental electricity consumed. The rate could also be offered to customers
16 purchasing electric vehicles.

17 Most importantly, load created by converting from fossil fuels is new load that has
18 only been recently—if at all—included in electricity resource and grid planning. None of
19 this load should incur legacy costs for past generation investments or procurement nor for
20 past distribution costs.

⁹⁶ Koichiro Ito, *Do Consumers Respond to Marginal or Average Price? Evidence from Nonlinear Electricity Pricing*, 104 Am. Econ. Rev. 537, 537–63 (Feb. 2014), <https://www.aeaweb.org/articles?id=10.1257/aer.104.2.537>.

1 Costs for incremental service are best represented by the marginal costs developed
2 by the utilities and other parties in applicable proceedings. Other customers would be
3 indifferent because incremental costs of service are covered by the rates.

4 Incremental loads eligible for the discounted decarbonization rate would be
5 calculated based on projected energy use for the appropriate application. For appliances
6 and HVAC systems, gas companies offer line extension allowances for installing gas
7 services based on appliance-specific estimated consumption (e.g., water heating, cooking,
8 space conditioning). Data employed for those calculations could be converted to equivalent
9 electricity use, with an incremental use credit on a ratepayer's bill. An alternative approach
10 to determine incremental electricity use would be to rely on appliance standards.

11 For electric vehicles, the credit would be based on the average annual vehicle miles
12 traveled in a designated region (e.g., county, city or zip code) and the average fleet fuel
13 consumption converted to electricity. For a car traveling 12,000 miles per year, the credit
14 would equate to 4,150 kWh, or 345 kWh per month.

15 **Q. How would the decarbonization incentive rate enhance regulatory incentives for**
16 **utility shareholders?**

17 A. Utilities generally underestimate their true marginal costs of service to gain bargaining
18 power in procurement, discourage competitive entry from third parties including rooftop
19 or shared solar, and justify higher fixed customer charges. All of this protects utility
20 investments and discourages innovation that can save energy and reduce costs.

21 But if the utility's revenues become directly dependent on the publicized marginal
22 costs, the utility has a strong incentive to reveal its true marginal costs so as to avoid losing

1 money on sales to these customers. This incentive increases as sales to electrification
2 customers increase because the liability of underestimating marginal costs increases.

3 **4.5 Eliminate the Cap on the Rooftop Solar Net Energy Metering Program**

4 **Q. What action should the Commission consider to encourage more investment in**
5 **distributed energy resources by Dominion after the merger?**

6 A. The Commission should recommend that the General Assembly eliminate the six percent
7 cap on installed consumer-owned rooftop solar that receives a net energy metering credit.
8 Other states such as Connecticut, Massachusetts, California, Nevada, and Arizona have
9 reached penetrations in the residential market exceeding 15% with no disruptions in utility
10 operations or increases in generation costs.⁹⁷ In fact, two studies have shown large savings
11 through market price reductions in the California Independent System Operator⁹⁸ and New
12 England Independent System Operator⁹⁹ markets by taking large segments of metered load
13 out of the exchanges.

14 As I discuss above, the value created from avoiding grid resources through DERs
15 is substantial. Although I have not yet calculated the full avoided costs for Dominion, based
16 on analyses that I conducted in Kentucky, Ohio, Utah, Washington, Oregon, Arizona and
17 California, and on the fact that the Commission recently found that Dominion's net
18 metering program is not causing an unreasonable cost shift,¹⁰⁰ ratepayers benefit from

⁹⁷ *What percentage of homes have solar? Rooftop counts by state*, Scout Data (accessed Oct. 15, 2026), <https://scoutdata.com/guides/homes-with-solar-by-state>.

⁹⁸ R. Thomas Beach & Patrick G. McGuire, *Thoughts on the Alleged NEM Cost Shift and How Solar Reduces Electric Prices in California*, Crossborder Energy (Feb. 2025), included as **Attachment RM-3**.

⁹⁹ *Solar Savings in New England*, Synapse Energy Econs. (Dec. 2020), https://www.synapse-energy.com/sites/default/files/Solar_Savings_in_New_England_20-082.pdf.

¹⁰⁰ See Final Order, *Petition of Va. Elec. & Power Co. for approval to revise its net metering program pursuant to § 56-594 of the Code of Virginia*, Case No. PUR-2025-00079 (Apr. 30, 2026) at 13 (finding that “properly configuring the components of the compensation rate for net excess generation, as the Commission has done herein, mitigates against unreasonable cost-shifting to nonparticipating electric utility customers”).

installing more DER and will be paying less than the true value of those assets. Net metering is an enhancement that can lower rates in the long run and make electricity more affordable.

5 ENFORCEMENT OF COMMITMENTS

5.1 Adopt Enforcement Commitments that Hold the Joint Petitioners Fully Accountable for Any Deviation from Any Commitment Imposed as Part of Any Approval.

Q. What authority does the Commission have to ensure the Joint Petitioners follow through on all commitments required for the proposed transaction to be in the public interest and ensure just and reasonable rates will not be impaired or jeopardized?

A. The Commission has substantial authority under the Constitution of Virginia and applicable statutes to compel the Joint Petitioners to adhere to all commitments required as part of any approval of the proposed transaction. The Constitution of Virginia provides the Commission with explicit authority “to enforce compliance with its lawful orders or requirements,” among other powers equal to that of a court, such as compelling the production of documents or issuing fines and penalties.¹⁰¹ Specific to the Utility Transfers Act, the Commission is authorized to impose conditions (i.e., requirements) necessary to ensure the proposed merger satisfies the legal standards for approval.¹⁰² Taken together, the Commission has clear authority to impose substantial monetary and non-monetary

¹⁰¹ See Va. Const. art. IX, § 3 (“In all matters within the jurisdiction of the Commission, it shall have the powers of a court of record to administer oaths, to compel the attendance of witnesses and the production of documents, to punish for contempt, and to enforce compliance with its lawful orders or requirements by adjudging and enforcing by its own appropriate process such fines or other penalties as may be prescribed or authorized by law.”).

¹⁰² Va. Code Ann. § 56-90 (“If and when the Commission shall be satisfied that adequate service to the public at just and reasonable rates will not be impaired or jeopardized by granting the prayer of the petition, the Commission shall make such order *in the premises as it may deem proper and the circumstances require*, and thereupon it shall be lawful to do the things provided for in such order.” (emphasis added)); *id.* § 56-88.1(B) (“[T]he Commission is authorized to . . . order compliance with this chapter, or take such other action as may be appropriate within the authority of the Commission.”).

1 enforcement mechanisms to ensure the Joint Petitioners comply with the commitments
2 required by any order of the Commission in this proceeding.¹⁰³

3 **Q. What should the Commission require in terms of monetary penalties for violations of**
4 **any commitments?**

5 A. The Commission should specify that noncompliance with commitments or failing to meet
6 a target performance metric as part of reaching a commitment will result in the imposition
7 of significant penalties pursuant to the Commission’s statutory authority. Any order should
8 state that penalties will be assessed on a per-day basis at the maximum amount of \$10,000
9 per day until the noncompliance is remedied.¹⁰⁴

10 **Q. What should the Commission require in terms of non-monetary penalties for**
11 **violations of any commitments?**

12 A. The Commission should specify that, for certain commitments, specific performance under
13 the Commission’s oversight will be the required enforcement remedy.¹⁰⁵ Specifically, the
14 Commission should opt for specific performance in connection with workforce-related
15 commitments to ensure that the Joint Petitioners fully meet those obligations. For example,

¹⁰³ Va. Code Ann. § 12.1-13.

¹⁰⁴ See Va. Code Ann. § 12.1-33 (“[E]ach day’s continuance of such failure or refusal shall be a separate offense.”); *accord VYVX of Va., Inc. v. Cassell*, 258 Va. 276, 290 (1999); Order Approving Merger, *Joint Petition of Dominion Resources, Inc. & Consolidated Nat. Gas Co.*, Case No. PUA990020 (Sept. 17, 1999) at 29–30 (including Stipulation 12, which states: “The Commission may also impose fines upon any entity which fails or refuses to obey an order or injunction issued by the Commission under this Paragraph, and each day’s continuance of such violation shall be deemed a separate offense, to the extent permitted by law”), <https://pdf.consumerlawlibrary.org/v128-0030.pdf>.

¹⁰⁵ Va. Code Ann. § 12.1-13; *id.* § 56-6; *accord Norfolk & W. Ry. Co. v. Commonwealth ex rel. State Corp. Comm’n*, 148 Va. 630, 632–33, 637–39 (1927) (affirming the Commission’s decision requiring the railroad company to construct a new station under the continued supervision of the Commission); Order on Enrollments, *Petitions of Va. Elec. & Power Co. for Decl. Judgment*, Case Nos. PUR-2019-00117, PUR-2019-00118 (Aug. 21, 2019) at 3 & n.2 (entering an injunction and requiring affirmative conduct by the regulated utility).

1 the following commitments should be expressly identified as requiring specific
2 performance:

- 3 • Building a new office tower in Richmond adjacent to the existing Dominion
4 headquarters at shareholder expense;¹⁰⁶
- 5 • Maintaining Virginia employee headcount level for the combined company of at
6 least 10,431 employees for five years and bringing approximately 600 additional
7 enterprise positions to Virginia;¹⁰⁷
- 8 • Bringing an additional 400 jobs to Virginia through commitments from other
9 companies;¹⁰⁸ and
- 10 • Establishing a \$100 million shareholder-funded workforce development
11 organization dedicated to preparing Virginians for careers in the growing energy
12 economy.¹⁰⁹

13 For all commitments like the ones above, the Commission should incorporate the
14 commitment into any final order with maximum specificity on the obligation; why
15 performance of each obligation is material to a public interest finding and that just and
16 reasonable rates will not be impaired or jeopardized; and that monetary relief would leave
17 these promises unfulfilled and the material benefits unrecognized.

¹⁰⁶ Ketchum Supplemental Testimony at 3:25–26; *but see Dominion Energy cancels plan for second office tower*, Associated Press (Apr. 20, 2021), <https://apnews.com/article/richmond-virginia-caf9b7b9b672ec9c6c783f7b7aec5881> (Dominion canceling plans in 2021 to build a second tower at shareholder expense).

¹⁰⁷ Ketchum Supplemental Testimony at 4:1–2.

¹⁰⁸ *Id.* at 5:9–10.

¹⁰⁹ *Id.* at 4:6–7.

1 In addition, the Commission should impose monitoring, recordkeeping, and
2 reporting requirements, including submitting quarterly and annual compliance reports
3 addressing the status of each commitment.¹¹⁰

4 **Q. What authority does the Commission have to unwind an approved merger?**

5 A. The Commission has broad authority under Virginia Code § 56-88.1(B) to seek and obtain
6 corrective action where an “acquisition or disposition of control” is “without prior
7 approval.” Where the Commission finds that a merger is only permitted under Virginia
8 Code § 56-90 when certain commitments are satisfied, those commitments constitute part
9 of “prior approval” for the transaction. Failure to correct violations of those mandatory
10 conditions after notice from the Commission is the equivalent to having completed the
11 merger on terms other than those imposed by the Commission and thus would render the
12 transaction unapproved. The Supreme Court of Virginia has previously upheld the
13 Commission’s authority to order divestiture of a business when “a regulated corporation is
14 engaged in prohibited activity.”¹¹¹

15 **Q. How should the Commission incorporate its divestiture authority into any order**
16 **approving the merger?**

17 A. The Commission should specify that the failure by the Joint Petitioners to adhere to all
18 material commitments constitutes a basis for divestiture when the Joint Petitioners fail to
19 take timely action to correct a violation or otherwise demonstrate that they intend to
20 willfully violate a commitment without prior approval of the Commission.

¹¹⁰ Va. Code Ann. § 56-36; *id.* § 56-234.3; *id.* § 56-249; *see also* Final Order, *Joint Petition of Wash. Gas Light Co., WGL Holdings, Inc., & AltaGas Ltd.*, Case No. PUR-2017-00049 (Oct. 20, 2017) at Appendix, Accounting Requirements.

¹¹¹ *Blue Cross of Sw. Va. v. Commonwealth ex rel. Va. Ass’n of Life Underwriters, Inc. et al.*, 230 Va. 521, 527 (1986).

1 **Q. Should the Commission address enforcement on a commitment-by-commitment basis**
2 **to ensure any commitments are fully subject to the Commission’s wide-ranging**
3 **enforcement powers?**

4 A. Yes. The Commission must tether each of the Joint Petitioners’ commitments to a specific
5 non-monetary remedy or monetary penalty that constitutes the proper enforcement
6 mechanism. Identifying the enforcement mechanism for each commitment ensures that the
7 promised benefits of the proposed merger will in fact be realized—otherwise, the
8 Commission cannot confirm that “just and reasonable rates will not be impaired or
9 jeopardized” and are otherwise in the public interest.

10 **5.2 Affirm Merger Commitments Within the Executive Pay Structure.**

11 **Q. Do Dominion’s current performance goals and executive pay structure align with and**
12 **incentivize the merger’s proposed goals of prioritizing ratepayer affordability and**
13 **clean energy development?**

14 A. No. Performance share units are predominantly based on how well Dominion’s
15 shareholders do—making up 90%. They are not currently calibrated to ensure that
16 Dominion’s executive team actually delivers on the affordability benefits or clean energy
17 goals promised in the Joint Petition.¹¹²

18 **Q. How does Dominion calculate the long-term incentives for executive pay?**

19 A. Dominion currently calculates the long-term incentive differently for chief executive
20 officer and non-executive officers. For the chief executive officer, 70% of the long-term
21 incentive award comes from performance share units that vest after three years, and 30%

¹¹² See Blue Direct Testimony at 4:9–10 (detailing how the proposed transaction “can enhance affordability for customers through lower financing costs”), 13:21–14:2 (noting that the combined company “will be better positioned to buy build, finance, and operate more efficiently over time—capabilities that matter directly to reliability, affordability, and the ability to deliver needed infrastructure at the lowest reasonable cost”).

1 of the long-term incentive comes from performance shares, which is based on total
2 shareholder return performance, that vests after three years.¹¹³ For non-executive officers,
3 70% of the long-term incentive award comes from performance share units that vest after
4 three years, and 30% of the long-term incentive comes from restricted stock, which is based
5 solely on time, that vests after three years.

6 **Q. How are the performance share units calculated?**

7 A. For both the chief executive officer and non-executive officers, the performance share units
8 are tied to three performance goals: (1) 50% weight is given for total shareholder return
9 performance, (2) 40% weight is given for cumulative operating earnings per shareholder
10 share, and (3) 10% weight is given for non-carbon emitting generation capacity
11 performance.

12 **Q. Do these performance goals align with Virginia's clean energy laws?**

13 A. Somewhat. As noted above, 10% weight is given to the generation capacity performance
14 of non-carbon emitting resources. Although this inclusion is better than no consideration,
15 it is notable that executives could do nothing to increase Dominion's non-carbon-emitting
16 energy capacity yet still receive 90% of their potential performance share units.

¹¹³ Dominion Energy 2026 Proxy Statement (Feb. 27, 2026) at 47,
https://s2.q4cdn.com/510812146/files/doc_financials/2026/ar/Dominion-Energy-2026-Proxy-Statement.pdf.

1 **Q. Do these performance goals align with Virginia’s energy efficiency resource**
2 **standard?**

3 A. No. Zero-percent (0%) weight is given to progress towards Virginia’s Energy Efficiency
4 Resource Standard.¹¹⁴ In other words, Dominion executives have no incentive to achieve
5 the energy efficiency targets established by statute, let alone by Commission order.¹¹⁵

6 **Q. Could the performance goals be adjusted to align executive compensation with**
7 **performance on ratepayer affordability, energy efficiency, and clean energy?**

8 A. Yes. To properly align executive compensation with delivering on ratepayer benefits,
9 making progress on energy efficiency targets, and increasing clean energy capacity, the
10 Commission should require Dominion to adjust the calculation informing its performance
11 based shares, tying such shares to four performance goals (rather than three), as follows:
12 No more than 50% weight should be given for all shareholder concerns—including both
13 total shareholder return performance and cumulative operating earnings per share. The
14 remaining 50% weight should be distributed amongst the three remaining performance
15 goals: generation capacity performance of non-carbon emitting resources; progress
16 towards energy efficiency targets; and ratepayer outcomes, including decreased
17 disconnection numbers as well as an assurance that after the rate freeze,¹¹⁶ rates increase
18 at a rate no faster than inflation.

¹¹⁴ Va. Code Ann. § 56-596.2.

¹¹⁵ See *id.* (providing no penalty in the case where a utility does not achieve the target); Final Order, *Ex Parte: In the matter of establishing energy efficiency savings targets for Va. Elec. & Power Co. pursuant to Code §§ 56-596.2 B 3 and 56-596.2:2*, Case No. PUR-2023-00227 (Feb. 27, 2025) at 9.

¹¹⁶ See Section 3.3.

6 **CONCLUSION**

1 **Q. Are there any other issues the Commission should examine in this case given the**
2 **unprecedented size and scale of proposed combined company and prior conduct?**

3 A. Yes. Extensive public reporting has raised concerns about NextEra’s alleged involvement
4 in election interference, bribery, and pay-to-play media.¹¹⁷ The so-called “Robo Memo”
5 has been produced in discovery in this proceeding, subject to extensive confidentiality
6 protections, which precludes me from directly referencing it in this testimony. Although
7 NextEra has referred to these allegations as unsubstantiated, it is publicly available
8 information that NextEra reached a \$150 million settlement in March 2026¹¹⁸ to resolve a
9 2023 class action lawsuit filed by NextEra shareholders alleging federal securities laws
10 violations. Those shareholders had alleged that FPL created a fake job position to lure a
11 Jacksonville City Councilor out of office because he opposed NextEra’s effort to buy the
12 Jacksonville Electric Authority.¹¹⁹ The shareholders’ lawsuit also alleged that FPL worked
13 with a consulting firm to orchestrate a ghost candidate scheme through a funding structure
14 designed to evade federal campaign finance law.¹²⁰ These allegations bear striking
15 similarities to the FirstEnergy case in Ohio, where that utility funneled \$60 million into a

¹¹⁷ Shelby Green, *Virginia regulators could require NextEra to turn over memo alleging evidence of wrongdoing*, Energy & Pol’y Inst. (Sept. 22, 2026), <https://energyandpolicy.org/virginia-scc-could-order-nextera-robo-memo/>.

¹¹⁸ Form 10-Q, NextEra Energy, Inc. & Florida Power & Light Co., Sec. & Exch. Comm’n (Mar. 31, 2026) at 36, <https://www.sec.gov/ix?doc=/Archives/edgar/data/0000753308/000075330826000031/nec-20260331.htm>.

¹¹⁹ Second Am. Compl., *Jastram v. NextEra Energy, Inc. et al.*, No. 9:23-cv-80833, at ¶¶ 65–77, 260–61 (S.D. Fl. Dec. 1, 2023).

¹²⁰ *Id.*; see Mario Alejandro Ariza, *Florida GOP operative admits role in ‘ghost’ candidate scheme that defeated utility-targeted Dem*, Floodlight (Apr. 12, 2024), https://floodlightnews.org/florida-gop-ghost-candidate/?_sp=ff2cb583-76bf-49dc-b9ea-b2cba89071d8.1792025889060.

1 sham 501(c)(4) organization for use in obtaining legislative benefits described as a “billion
2 dollar bailout that saved two failing, Ohio nuclear power plants from closing.”¹²¹

3 The Commission should examine the Robo Memo produced in discovery and
4 ensure that appropriate commitments are obtained from the Joint Petitioners to ensure that
5 similar conduct *cannot* take place in Virginia. Were such conduct to be discovered,
6 immediate divestiture and unwinding of any approved combined company would be
7 warranted in addition to severe monetary penalties.

8 **Q. How should the Commission act on your recommendations?**

9 A. The Commission should approve the recommendations that I make here because the
10 Commission will be better able to protect Virginians from the risks posed by the merger
11 while ensuring that the benefits touted by the Joint Petitioners are delivered to customers
12 and workers.

13 **Q. Does this conclude your testimony?**

14 A. Yes.

¹²¹ *Press Release: Ohio House Speaker, former chair of Ohio Republican Party, 3 other individuals & 501(c)(4) entity charged in federal public corruption racketeering conspiracy involving \$60 million*, U.S. Atty’s Off., S.D. Oh. (July 21, 2020), <https://www.justice.gov/usao-sdoh/pr/ohio-house-speaker-former-chair-ohio-republican-party-3-other-individuals-501c4-entity>.

ATTACHMENTS

Attachment RM-1	Resume of Richard McCann
Attachment RM-2	Discovery Responses
Attachment RM-3	Crossborder Energy's "Thoughts on the Alleged NEM Cost Shift, and How Solar Reduces Electric Prices in California" Presentation

ATTACHMENT RM-1

Professional Experience

M.Cubed, Partner, 1993-2008, 2014-present

Aspen Environmental Group, Senior Associate, 2008-2013

Foster Associates/Spectrum Economics/QED Research, Senior Economist, 1986-1992

Dames & Moore, Economist, 1985-1986

Academic Background

PhD, Agricultural and Resource Economics, University of California, Berkeley, 1998

MS, Agricultural and Resource Economics, University of California, Berkeley, 1990

MPP, Institute of Public Policy Studies, University of Michigan, 1986

BS, Political Economy of Natural Resources, University of California, Berkeley, 1981

Selected Projects

- **Agricultural Rate Setting Testimony, Agricultural Energy Consumers Association (1992-present).** Testified about agricultural economic issues related to energy use, linkage to California water management policy, and utility rates in numerous proceedings at the California Public Utilities Commission, California Energy Commission, and California State Legislature.
- **Utilities Cost of Capital Testimony, Environmental Defense Fund (2019-2025).** Testified at the California Public Utilities Commission in the four 2020, 2023 and 2026 Cost of Capital applications and the 2022 Accelerated Cost of Capital Applications.
- **Testimony on Amergen Distribution Time of Use Rate, Citizens Utility Board and Environmental Defense Fund (2025).** Evaluated proposed TOU rate and developed an alternative rate structure that included generation TOU rates.
- **Legislative Support on Compensation for Distributed Solar Customers, California Solar & Storage Association (2024-2025).** Prepared and presented analysis to the State Legislature of the value of solar to utility customers and reassessed the purported “cost shift” to show that other customers benefit from rooftop solar.
- **Advising on Washington State Academy of Sciences Value of Distributed Solar & Storage, Washington Solar Energy Industry Association (2024-present).** Prepared submission on benefits and costs associated with distributed solar to be included in the study, including an extensive bibliography of related studies.
- **Testimony on Commonwealth Edison Time of Use Rate, Citizens Utility Board and Environmental Defense Fund (2024-2025).** Evaluated proposed TOU rate and developed an alternative rate structure that included generation TOU rates.
- **Testimony on Arizona Public Service Grid Access Charge, Arizona Attorney General (2024).** Addressed in rehearing issues with APS cost of service study for rooftop solar customers.
- **Testimony on Duke Energy Indiana Revenue Requirements and Residential Rate Design, Citizens Action Coalition of Indiana (2024).** Proposed an alternative cost of service approach that allocates

capital and environmental compliance costs to energy use, opposed an increased customer charge and proposed elimination of declining block rates.

- **Testimony on Duke Energy Kentucky Net Metering Rates, Kentucky Solar Energy Society and Kentuckians For The Commonwealth (2024).** Testified on setting appropriate rates for residential customers with rooftop solar. Identified the full set of costs avoided by the utility as well as social benefits to be included. Also presented a projection of jobs and economic value created by rooftop solar.
- **Utilities Cost of Capital Testimony, Environmental Defense Fund (2019-2024).** Testified at the California Public Utilities Commission in the four 2020 and 2023 Cost of Capital applications and the 2022 Accelerated Cost of Capital Applications.
- **Review of *Benefits and Costs of Net Energy Metering in Washington*, Washington Solar Energy Industry Association (2023-present).** Participated in workshops and prepared detailed assessment of “cost-shift” analysis. Prepared analyses of potential rooftop solar capacity in the state and the relative economic benefits of installing distributed energy resources over utility-scale renewables.
- **Testimony on AB 205 Income Graduated Fixed Charge, California Energy Storage Association (2023).** Testified on the likely adverse consequences and the lack of supporting empirical evidence for imposing fixed charges ranging from \$50 to \$75 per month on average proposed by California’s investor owned utilities.
- **Author and co-author, *The Future of Decentralized Electricity Distribution Networks* (2022-2023).** Wrote “Leveraging the rise of the prosumer to promote electrification,” and co-authored (with Fereidoon Sioshansi) “Productive net metering reform: Where do the foundations of regulation, technological change, and good economics meet?”
- **Testimony on SDG&E 2024 General Rate Case, Small Business Utility Advocates (2023).** Testified on using microgrids as a cost-effective alternative to undergrounding distribution lines.
- **Testimony on Sempra Utilities 2024 General Rate Case, Environmental Defense Fund (2022-2023).** Testified on factors likely to decrease natural gas demand, thus reducing the need for requested infrastructure investment, and on changing the depreciation recovering mechanism to avoid stranded costs for future customers.
- **Net Energy Metering 3.0 Rulemaking Testimony, Agricultural Energy Consumers Association and California Farm Bureau (2021-2023).** Identified distinguishing aspects of aggregated NEM (NEMA) tariff that differ from residential NEM usage, and estimated the net value to utility customers.
- **Regulatory Analysis and Support, Sonoma Clean Power (2016-present).** Testified at the CPUC (CPUC) in Pacific Gas and Electric’s (PG&E) rate proceedings on the power charge indifference adjustment (PCIA) “exit” fee and other issues. Advising on CCA-related regulatory matters.
- **Decarbonization Incentive Rate Proposal, Local Government Sustainable Energy Coalition (2022-2023.)** Developed proposal for incentivizing building and transportation electrification by charging those uses only the marginal costs of service.
- **Analysis of FortisBC Natural Gas Integrated Resource Plan, MetroVancouver (2022-2023).** Reviewed the IRP and drafted an extensive Information Request submitted to FortisBC. The Information Requested delved into planning assumptions about renewable natural gas, hydrogen fuels, electrification and demand forecasting.
- **Review of Planning Assumptions for Glendale Water & Power’s Grayson Power Plant Repowering, Sierra Club (2022).** Prepared a report assessing the planning assumptions on demand, resource cost,

operating limitations, and conditions for using distributed energy resources used to justify the installation of Wartsila engines.

- **Testimony in Agricultural Demand Response Pilot Program, Valley Clean Energy Alliance (2022).** Submitted testimony in CPUC Emergency Reliability Rulemaking on growers willingness to participate in these types of programs. Pilot was approved.
- **Pacific Gas & Electric 2023 General Rate Case Testimony, California Farm Bureau (2022).** Analyzed the comparative cost of using rural community and customer microgrids instead of undergrounding 10,000 miles of distribution lines to mitigate wildfire risk.
- **Cincinnati Solar Project Techno-Economic Analysis, Placer County (2021).** Managed and directed the team preparing a financial analysis of the County's proposed 3 megawatt solar generation project to assess the benefits of participating in the RES-BCT utility tariff available to local governments.
- **Regulatory Analysis and Support, Joint Community Choice Aggregators (2018-2021).** Testified at the California Public Utilities Commission (CPUC) in Pacific Gas and Electric's (PG&E) rate proceedings on the power charge indifference adjustment (PCIA) "exit" fee and other issues.
- **Net Energy Metering Rate Setting for Kentucky Power, Kentucky Solar Energy Industry Association (2021).** Testified before the Kentucky Public Service Commission on the appropriate principles for setting net energy metering rates.
- **Potter Valley Project Acquisition Feasibility Study, Sonoma County Water Agency and Other Planning Agreement Parties (2019-2020).** Evaluated feasibility of government entities in Sonoma, Mendocino and Humboldt counties acquiring PG&E's Potter Valley hydroelectric and water supply project. The evaluation included review potential power and water sales revenues, operational and capital costs, and regional economic consequences.
- **Howard Terminal Stadium Battery Economics Analysis, Oakland Athletics (2019).** Managed and directed the team that estimated the range of potential benefits from a battery storage project of 1 to 6 megawatts at the Oakland Athletics' proposed Howard Terminal stadium in the Port of Oakland.
- **Testimony on Southern California Edison 2018 General Rate Case, Small Business Utility Advocates. (2018-2019).** Testified on proposed distribution system spending plan in SCE's GRC application.
- **Regulatory Analysis and Support, California Community Choice Aggregators (2018-2019).** Testified at the California Public Utilities Commission (CPUC) in California Public Utilities Commission rulemakings on the power charge indifference adjustment (PCIA) "exit" fee and resource adequacy requirements. CalCCA is the state association of community choice aggregators (CCA).
- **Regulatory Analysis and Support, CalChoice (2017-2019).** Testified at the California Public Utilities Commission (CPUC) in Southern California Edison's (SCE) rate proceedings on the power charge indifference adjustment (PCIA) "exit" fee and other issues. CalChoice is a community choice aggregation (CCA) service provider from the City of Lancaster.
- **Testimony on Protecting Solar Project Investment by Customers, County of Santa Clara (2017-2019).** Testified at the California Public Utilities Commission (CPUC) in Pacific Gas and Electric's (PG&E) rate proceedings on the RES-BCT tariff provided to public agencies using renewable generation to supply their own accounts. The testimony addressed the appropriate rate structures for these projects in the context of state policy.
- **Rate Options for Small-Scale Hydropower Project, Orange Cove ID. (2017-2018).** Analyzed options for district to gain value from power delivered from two small hydropower projects owned by OCID on the Friant-Kern Canal, including looking at RES-BCT and ReMAT tariffs.

- **Evaluation of Greenhouse Gas Impacts from Proposed Hydropower Project Regulation, State Water Resources Control Board (2009-2010, 2016-2017).** Estimated the change in statewide GHG emissions from each of six proposed regulatory alternatives from the State Water Resources Control Board for Pacific Gas and Electric Company's Upper North Fork Feather River (UNFFR) project (FERC No. 2105) to comply with Clean Water Act 401 permit conditions.
- **Electricity Research & Development Strategic Plan and Roadmap for Sacramento Municipal Utility District (2015-2016).** Reviewed SMUD's ERD Strategic Plan to reflect the changing electric utility environment. These changes include potential transformation to transactional service, building and transportation electrification, and increased emphasis on reducing GHG emissions while preparing to adapt to climate change.
- **Aggregating Agricultural Accounts to Facilitate Load Management, Agricultural Energy Consumers Association (2012-2017).** Analyzed load and billing data from pilot programs to assess the potential load reductions in the PG&E and SCE service area if agricultural customers were given the on-line tools and the rate incentives to manage all of their individual loads as aggregated sets of loads.
- **Davis Community Choice Advisory Committee, City of Davis (2014).** Served on City-appointed committee to assess options for creating a community choice aggregation utility for the City or Yolo County. Developed a multi-attribute evaluation process that weighed qualitative and quantitative metrics. The committee recommended a county-wide CCA which led to the formation of Valley Clean Energy Alliance.
- **Community Solar Gardens Testimony, Sierra Club (2014).** Testified in Pacific Gas and Electric and Southern California Edison Green Tariff applications on changes needed to encourage the development of neighborhood and community-scale renewable distributed generation by allowing direct contracting and removing unnecessary transaction costs.
- **Time of Use Rates in California Residential Rates Rulemaking, Environmental Defense Fund (2013-2014).** Modeled how increased penetration of TOU rates in the residential sector for all three investor-owned utilities would reduce peak and energy demand, reduce residential bills, and reduce utility costs. Changes in revenues and costs were developed from the utilities' most recent general rate case filings. EDF submitted the report in the Residential Rate OIR convened by the California Public Utilities Commission.
- **Southern California Edison v. State of Nevada Department of Taxation, Nevada Attorney General's Office (2013-2014).** Testified on whether the sales tax imposed on coal delivered to SCE's Mohave Generating Station created a competitive disadvantage for SCE in the Western power market during the 1998-2000 period.
- **Alternative Generation Technology Assessment, California Energy Commission (2001-2014).** Developed and maintained the Cost of Generation Model, spreadsheet-based tool used by the CEC to produce generation cost estimates for the Integrated Energy Policy Report (IEPR). The model uses capital, financing, and operational data to calculate leveled costs of generation for over twenty alternative generating technologies plus conventional gas-fired plants.
- **Western Interconnection Assessment Methodology Project, California Energy Commission (2005-2013).** Developed low-resolution model of the Western Interconnection. Developed a framework to update CEC's resource adequacy assessment tool to extend analysis from the coming summer out to 2020, and to incorporate uncertainty about generating resource and load management performance, and load forecasts.
- **Time of Use Rates in Consolidated Edison Rate Case, Environmental Defense Fund (2013).** Modeled how increased penetration of TOU rates in the residential sector for Consolidated Edison serving the New York City metropolitan area would reduce peak and energy demand, reduce residential bills, and

reduce utility costs. Changes in revenues and costs were developed from the utility's most recent rate case filings.

- **Analytic Support for Long Term Procurement Plan OIR, California Public Utilities Commission Energy Division (2011-2012).** Reviewed California Independent System Operator (CAISO) and three utilities' resource acquisition plans out to 2020.
- **Review of Salkhit Wind Project Economic Benefits in Mongolia, Millennium Challenge Corporation and Lawrence Berkeley National Laboratory (2011-2012).** Reviewed the economic modeling conducted by the sponsors of a proposed wind project at Ulan Bator, Mongolia prior to the MCC providing a grant. Benefits assessed include reduce GHG and local air pollution emissions and improved utility reliability.
- **Review of South San Joaquin Irrigation District Proposed Service Area Acquisition, San Joaquin County LAFCO (2010-2011).** Analyzed economic and financial viability and benefits of SSJID acquiring the PG&E territory within SSJID's water service area.
- **Analysis of Rocky Mountain Power Pilot Solar Incentives Program, Utah Clean Energy (2010).** Analyzed ratepayer and utility impacts analysis conducted by RMP to assess whether the three-year pilot program should be extended.
- **Electricity System Simulation Modeling Methodology Evaluation, California Energy Commission (2009-2010).** Constructed and applied an evaluation structure equivalent to the California's software purchasing Feasibility Study Report for assessing acquisition of a new production cost simulation model.
- **PG&E/NID/PCWA Relicensing Economic Analysis, Foothills Water Network (2009).** Conducted economic analysis for relicensing of PG&E's Drum-Spaulding, Nevada Irrigation District and Placer County Water Agency FERC projects on the American, Bear and Yuba Rivers for coalition of environmental group, using the Stockholm Environmental Institute's Water-Energy Analysis Program (WEAP) hydropower model.
- **Reliability and Environmental Regulatory Tradeoffs in the LA Basin, California Energy Commission (2009).** Developed analytic tool in Analytica to assess local capacity requirements (LCR) in the CAISO and LADWP control areas for the 2009-2015 period, and how air and water quality regulations impact the ability to meet the LCR.
- **Generation Facility Uncertainties and the Need for a Flexible Infrastructure for Nevada, Energy Foundation (2007-2008).** Assessed potential availability and costs for alternative resources to defer or replace proposed coal plants in Nevada and to better use a proposed transmission link. Co-authored *Laying a Foundation for Nevada's Electricity Future*.
- **Analytic Support for Klamath Project FERC Relicensing Case, California Energy Commission (2005-2007).** Prepared economic analysis comparing potential costs and benefits of proposed relicensing conditions and decommissioning scenarios for a consortium of government agencies
- **Economic Feasibility of Proposed Hydro Project, Metro Parks Serving Summit County (2007).** Reviewed and evaluated the economic and financial feasibility of a proposed hydroelectric project, the Metro Hydroelectric Facility, to be located in the Gorge Park managed by Metro Parks of Akron, Ohio. Analysis included developing a cash flow model and assessing differing generation scenarios.
- **US v. Reliant Resources CR04-125, US Attorney (2005-2007).** Testified in a wire fraud case as to the air quality regulatory constraints that Reliant may have faced when scheduling and operating its power generation facilities June 20 to June 23, 2000.

- **Agricultural Engine Conversion Program, Agricultural Energy Consumers Association (2005).** Testified before the CPUC on program to convert agricultural diesel engines to electricity. The analysis identified the rate reduction needed to induce such conversions while still covering the utilities' (PG&E and SCE) incremental costs. Quantified and valued environmental benefits. The adopted program led to the conversion of 2,000 pumps in the San Joaquin Valley.
- **Statewide Pricing Pilot, Track B Analysis, California Public Utilities Commission (2003-2005).** Developed experimental program to examine whether providing educational "treatments" communicated through a community-based organization in an environmentally-impacted neighborhood enhanced responses to critical peak pricing among residential energy users. The project included survey and econometric research.
- **Environmental Performance Report-Potential Impacts of Global Climate Change on California's Hydropower System, California Energy Commission (2005).** Assessed a potential range of impacts on the operations of California's hydropower system from different hydrological scenarios related to GCC projections. The interrelated nature of the hydropower, water supply and flood control systems was highlighted. Results presented in the CEC's 2005 Integrated Energy Policy Report.
- **Environmental Performance Report Hydropower Relicensing Cost Evaluation, California Energy Commission (2003).** Developed estimates of lost value and incurred costs for California hydropower facilities subject to relicensing. Results presented in Appendix D of the CEC's 2003 Integrated Energy Policy Report.
- **California Electricity Anti-trust Actions, California Office of the Attorney General (2002-2004).** Consulted on developing anti-trust cases and actions against merchant power generators as a result of the California 2000-2001 energy crisis.
- **FERC California Refund Case Testimony, California Electricity Oversight Board (2001-2003).** Testified before the Federal Energy Regulatory Commission on electricity price refund issues related to air emission and environmental permit costs, and effects on power plant operations from environmental regulations. Included analysis of the RECLAIM market performance during the crisis.
- **Evaluation of Municipalization Options, City of Davis (1998-2002).** Member of two City-appointed commissions reviewing economic feasibility of the City acquiring and operating PG&E's electricity distribution system. The assessment included a close review of PG&E's franchise agreement.
- **Agricultural Electricity Rates Report, California Energy Commission (2001).** Studied how electricity rates in California impact agricultural energy costs given restructuring. The report modeled groundwater pumping for multiple depths across nine crops and dairy operations. This included a comparison with rates in neighboring states. Developed a broad range of policy proposals to improve agricultural energy management and to lower energy costs.
- **California Energy Crisis Assessment, National Rural Electric Cooperative Association (2001).** Prepared assessment of California's energy situation for summer of 2001.
- **Energy Crisis Solutions, California Energy Commission (2001).** Developed policy proposals to address coming energy crisis in the summer of 2001 for the draft executive summary of the CEC's AB970 Report. Estimated stranded cost recovery by PG&E and SCE.
- **PG&E Hydro Divestiture EIR, California Public Utilities Commission (2000).** Evaluated the environmental impacts from divesting hydropower facilities and related lands by Pacific Gas and Electric Company. In particular, analyzed how divestiture may affect the path of California's electricity industry with restructuring. The analysis focused on creating different scenarios that reflected alternative ownership incentives for different entities such as merchant generators or public water utilities.

- **Thermal Power Plant Divestitures Environmental Assessments, California Public Utilities Commission (1997-1998).** Evaluated the environmental impacts of the generating plant divestiture by Pacific Gas and Electric, Southern California Edison, and San Diego Gas and Electric Companies.
- **Restructuring and Renewables, California Energy Commission (1995).** Evaluated two alternatives to restructure California's electricity industry, by examining how the proposed market structures and methods of funding stranded assets would affect the development of a competitive marketplace. Testified for the CEC Research and Development Office, in the 1994 Electricity Report Proceedings.
- **Rancho Seco NGS Evaluation, Sacramento Municipal Utility District (1988).** Independently reviewed resource planning alternatives and recommended action on Rancho Seco NGS operations, for SMUD QUEST Team.
- **QF Avoided Cost Rates, Oklahoma Corporation Commission Staff (1989).** Testified on Oklahoma Gas and Electric avoided-cost methodology and made projections for payments to cogeneration facilities using the PROMOD production-cost model. Testified for the OCC Staff, in Cause No. PUD 000600 and Cause No. PUD 000345.
- **Plant Closure Testimony, Cook County State's Attorney (1988).** Testified on savings from closure of coal-fired plants, based on Elfin production-cost model runs, before the Illinois Commerce Commission.
- **QF Siting Certification Cases, Sun Oil/Mission Energy (1987), Signal Energy (1988), Luz Engineering (1988).** Prepared testimony on need-for-power in Southern California Edison and San Diego Gas and Electric, for three qualifying facility project siting applicants at the CEC, using spreadsheet models and the Elfin electric generation system simulation program.
- **QF Siting Certification Cases, IBM (1985), Arco Refining (1986), Mobil Oil (1986).** Prepared testimony on need-for-power in Southern California Edison and Pacific Gas and Electric, for three qualifying facility project siting applicants at the CEC..

Professional Affiliations

- American Agricultural Economics Association
- Association of Environmental and Resource Economists
- American Economics Association

Civic Activities

- City of Davis 2020 Environmental Recognition Award
- Past Member, City of Davis Natural Resources Commission (2019-23)
- Past member, City of Davis Utilities Rate Advisory Commission (2014-18)
- Past member, City of Davis Community Choice Energy Advisory Committee (2014-15)
- Co-Chair, City of Davis / Cool Davis Georgetown University Energy Prize Implementation Task Force
- Past Member, City of Davis Citizens Electricity Restructuring Task Force (1998)
- Past Member, Yolo County Housing Commission (1990-96)

ATTACHMENT RM-2

Joint Petitioners
Case No. PUR-2026-00112
Governor Abigail D. Spanberger and Chief Energy Officer Josephus Allmond
Third Set

The following response to Question No. 3 of the Third Set of Interrogatories and Requests for Production of Documents propounded by Governor Abigail D. Spanberger and Chief Energy Officer Josephus Allmond received on October 2, 2026, was prepared by or under the supervision of:

Jennifer Johnson
Senior Attorney
NextEra Energy Resources, LLC

Question No. 3

Please refer to the Company's response to Question 9 in Exhibit A to the Joint Petition. Please explain why Petitioners did not perform any "Virginia-specific cost/benefit analyses, merger savings analyses, or market power studies."

Response:

See Joint Petitioners' response to Sierra Club Set 02-19(a).

Joint Petitioners
Case No. PUR-2026-00112
Sierra Club
Second Set

The following response to Question No. 19 of the Second Set of Interrogatories and Requests for Production of Documents propounded by Sierra Club received on July 30, 2026, was prepared by or under the supervision of:

Jennifer Johnson
Senior Attorney
NextEra Energy Resources, LLC

Question No. 19

Please refer to the Joint Petition, Exhibit A at 8.

- (a) Please explain why “[n]o Virginia-specific cost/benefit analyses, merger savings analyses, or market power studies have been prepared in connection with the proposed Merger.”
- (b) Do the Joint Petitioners attest that the merger will have no impacts on market power? If yes, please explain why.

Response:

- (a) The Joint Petition and supporting testimony and exhibits, as presented, are complete, compliant with Virginia law and the Commission’s rules and guidelines, and fully support approval of the Merger pursuant to the Utility Transfers Act. See also Joint Petitioners’ response to OAG Set 01-27, OAG Set 01-41, and OAG Set 01-81.
- (b) Please see the market power study provided to the Federal Energy Regulatory Commission that is available at the link below:

<https://elibrary.ferc.gov/eLibrary/filedownload?fileid=77AA6485-2AA6-C6D1-BD11-9F6CC4F00000>

Joint Petitioners
Case No. PUR-2026-00112
Office of the Attorney General Division of Consumer Counsel
First Set

The following response to Question No. 27 of the First Set of Interrogatories and Requests for Production of Documents propounded by Office of the Attorney General received on July 23, 2026, was prepared by or under the supervision of:

Jennifer Johnson
Senior Attorney
NextEra Energy Resources, LLC

Question No. 27

Synergies.

- a. Have the Joint Petitioners projected or had projected on their behalf, any potential synergies resulting from the proposed merger?
- b. Identify and provide all workpapers and supporting documents that were used to produce all quantifications shown in this document including but not limited to the preliminary synergy benefits and costs to achieve. If not, explain why not.

Response:

The Joint Petitioners object to this request on the ground that the term “synergies” is vague and undefined. Notwithstanding and subject to this objection, the Joint Petitioners provide the following response:

- a. The Joint Petitioners object to this request on the ground that the term “synergies” is vague and undefined. Notwithstanding and subject to this objection, the Joint Petitioners provide the following response:
- b. The Joint Petitioners have not prepared or commissioned a standalone synergy study or quantitative synergy model that projects a specific amount of merger-related synergies for Dominion Energy Virginia (“DEV”).

The Joint Petitioners evaluated the proposed transaction based upon the strategic, operational, and financial benefits expected from combining two complementary utility organizations. As described throughout the Joint Petition, the Transaction Summary, and the supporting testimony, the Joint Petitioners expect the combined company to benefit from greater scale, stronger financial capacity, broader supply-chain capabilities, enhanced purchasing power, expanded engineering and construction expertise, greater access to capital, and broader operational experience. These capabilities are expected to

improve the combined company's ability to buy, build, finance, and operate utility infrastructure more efficiently over time, thereby supporting reliable and affordable service for customers.

For example, Mr. Ketchum testified that greater scale will allow the combined company to purchase equipment more efficiently, better manage supply-chain constraints, finance infrastructure investments more effectively, and leverage best practices across a larger regulated utility platform. He further explained that these efficiencies are expected to compound over time into lower costs, improved customer experiences, and stronger customer outcomes.

Similarly, Mr. Dunne testified that the combined company's stronger balance sheet and expected improvements in credit quality should support lower financing costs over time and enhance DEV's ability to finance significant capital investments needed to serve growing customer demand.

The Transaction Summary likewise explains that the combined company is expected to realize operating efficiencies through increased purchasing power, broader engineering and operating capabilities, improved technology deployment, enhanced supply-chain reach, and stronger financial capacity. The Transaction Summary also explains that, although these long-term operational benefits are expected, any net savings ultimately realized would be reflected through the ordinary ratemaking process as they occur.

- c. Not applicable.

Joint Petitioners
Case No. PUR-2026-00112
Office of the Attorney General Division of Consumer Counsel
First Set

The following response to Question No. 41 of the First Set of Interrogatories and Requests for Production of Documents propounded by Office of the Attorney General received on July 23, 2026, was prepared by or under the supervision of:

Jennifer Johnson
Senior Attorney
NextEra Energy Resources, LLC

Question No. 41

Benefits to shareholders and customers.

- a. Please identify and quantify, by year, all anticipated benefits to NextEra shareholders from the proposed transaction.
- b. Please identify and quantify, by year, all anticipated benefits to DEI shareholders from the proposed transaction.
- c. Please identify and quantify, by year, all anticipated benefits to existing customers of DEV from the proposed transaction.
- d. Please identify and quantify, by year, all anticipated benefits to future customers of DEV from the proposed transaction.
- e. Please provide the requested documents in electronic form with all spreadsheet links and formulas intact, source data used, and explain all assumptions and calculations used. To the extent the data requested is not available in the form requested, provide the information in the form that most closely matches what has been requested.

Response:

- a. The Joint Petitioners have not prepared a standalone year-by-year quantification of anticipated benefits to NextEra shareholders from the proposed transaction. The principal shareholder-level benefits identified in the record are the transaction economics themselves and the expected long-term strategic value of the combined company, rather than a separate annual benefits schedule. Please see the link below at pages 82-142:

https://www.sec.gov/Archives/edgar/data/753308/000110465926082301/tm2614888-13_s4.htm

As described in the SEC materials, the transaction is structured as substantially an all-stock merger and is expected to be immediately accretive at closing. NextEra Energy shareholders are expected to own approximately 74.5% of the combined company following closing, and the combined company is expected to have an enterprise value of roughly \$420 billion.

Consistent with that disclosure, the Joint Petitioners' testimony explains that the transaction is intended to strengthen the platform behind both companies, enhance scale, improve access to capital, and support greater operating efficiency and long-term value creation. Those benefits are described in strategic terms in the filed testimony and Transaction Summary, but they were not reduced to annual dollar amounts.

- b. The Joint Petitioners have not prepared a year-by-year quantification of benefits to DEI shareholders. The quantified shareholder consideration is the merger consideration itself, which is received at closing.

Specifically, Dominion Energy shareholders will receive 0.8138 shares of NextEra Energy common stock for each share of Dominion Energy common stock they own, together with a pro rata share of an aggregate \$360 million cash payment at closing. Following closing, Dominion Energy shareholders are expected to own approximately 25.5% of the combined company. See link in subpart (a) above.

Beyond that closing consideration, the record identifies expected long-term benefits from participation in the larger combined company, including greater scale, stronger financial capacity, enhanced operational efficiency, broader supply-chain reach, and improved access to capital. Those benefits are strategic and forward-looking, but they were not quantified on a year-by-year basis.

- c. The Joint Petitioners identified the customer benefits in the record primarily through the shareholder-funded bill credits and the long-term service and affordability benefits expected from the combined company.

The quantified near-term customer benefit is approximately \$1.78 billion in shareholder-funded bill credits for Virginia customers over a two-year period following closing. The bill credits are to be funded entirely by NextEra shareholders and are not recoverable from DEV customers.

In addition to those quantified bill credits, the record identifies long-term benefits to existing DEV customers from the combined company's greater scale, stronger financial strength, improved access to capital, lower prospective financing costs, broader supply-chain reach, operating experience, and execution capability. Those benefits are expected to support reliable and affordable service over time, but they were not quantified year by year in the filed materials.

- d. The Joint Petitioners have not prepared a separate year-by-year quantification of benefits to future DEV customers. Future customers are expected to benefit from the same long-

term structural advantages that support existing customers: stronger capital access, improved credit profile, lower financing costs, broader operational scale, supply-chain leverage, and enhanced ability to buy, build, finance, and operate the infrastructure necessary to serve growing demand at reasonable cost.

Those benefits are expected to accrue over time as the combined company invests to meet future system needs, but they were not quantifiable at this time. The Joint Petitioners' filing therefore supports future customer benefits in qualitative and strategic terms, not as a separate year-by-year quantified benefit study.

- e. The Joint Petitioners are producing the responsive filed materials in electronic form to the extent available. The Joint Petitioners did not prepare a standalone spreadsheet quantifying year-by-year shareholder benefits, customer benefits, or a separate benefit model with links and formulas intact for purposes of this request. Accordingly, there is no such standalone spreadsheet to produce.

The materials that most closely match this request are the Transaction Summary, the Merger Commitments, the direct testimony summaries, and Schedule 1 to Mr. Baine's testimony. Those materials explain the relevant assumptions and calculations for the only quantified customer benefit in the record—the \$2.25 billion shareholder-funded bill credit program, including the Virginia allocation and the customer-level usage-based credit methodology.

The Joint Petitioners also rely on the SEC disclosure describing the transaction consideration and ownership split, which provides the best available source for the quantified shareholder-level economics identified in the record. See link in subpart (a) above.

Joint Petitioners
Case No. PUR-2026-00112
Office of the Attorney General Division of Consumer Counsel
First Set

The following response to Question No. 81 of the First Set of Interrogatories and Requests for Production of Documents propounded by Office of the Attorney General received on July 23, 2026, was prepared by or under the supervision of:

Jennifer Johnson
Senior Attorney
NextEra Energy Resources, LLC

Question No. 81

Efficiencies.

- a. Identify, quantify and explain all efficiencies that have been identified to date that are expected to be enabled by the proposed transaction.
- b. Identify specifically the period of time over which NextEra will provide those benefits to DEV's regulated utility customers.
- c. Identify and explain all commitments that the Joint Petitioners are making that there will be efficiencies and cost savings from the optimization of the combined business and that those benefits will accrue, i.e., be provided to, Virginia ratepayers, and over what time period Virginia utility ratepayers would receive those benefits.

Response:

- a. The Joint Petitioners have not prepared a standalone quantitative analysis identifying or assigning specific dollar values to any specific efficiencies expected to result from the proposed transaction.

Rather, the Joint Petitioners have identified a number of operational and financial efficiencies that are expected to result from combining the complementary capabilities of Dominion Energy and NextEra Energy. As described in the Transaction Summary, those anticipated efficiencies include:

- broader engineering, procurement, construction, project management, technology, and operating capabilities;
- greater purchasing power and expanded supply-chain capabilities;
- enhanced access to capital and stronger financial capacity;

- improved financing efficiency resulting from a stronger balance sheet and expected improvements in credit quality;
- opportunities to deploy best practices, technology, data analytics, and operational experience across a larger regulated utility platform; and
- enhanced ability to buy, build, finance, and operate utility infrastructure more efficiently over time.

The Joint Petitioners also expect the combined company to realize efficiencies associated with broader operational experience, procurement leverage, construction expertise, technology deployment, and execution capability that will assist DEV in meeting increasing customer demand in a cost-effective manner while maintaining reliable and affordable electric service.

Similarly, Mr. Ketchum testified that the combined company will have greater scale, enhanced purchasing power, stronger access to capital, broader engineering and operational capabilities, and expanded supply-chain reach, all of which are expected to improve the efficiency with which the combined company develops, finances, constructs, and operates utility infrastructure.

While these efficiencies are expected to develop over time, the Joint Petitioners have not quantified them as specific annual dollar savings and have not prepared a standalone study assigning individual monetary values to each anticipated efficiency.

- b. The Joint Petitioners expect the anticipated operational and financial efficiencies described in response to subpart (a) to benefit DEV's regulated utility customers over the long term following the closing of the proposed transaction. The Joint Petitioners have not identified a finite period during which those anticipated efficiencies will cease, nor have they prepared a schedule allocating such anticipated efficiencies or benefits by year.

The Joint Petitioners have, however, identified one quantified customer benefit with a defined duration: approximately \$1.78 billion in shareholder-funded bill credits to Virginia customers over the two-year period following closing. Beyond that immediate customer benefit, the anticipated operational and financial efficiencies are expected to accrue over time as the combined company leverages its broader operating platform, greater scale, and enhanced financial and operational capabilities.

- c. The Joint Petitioners incorporate by reference their responses to subparts (a) and (b).

The Joint Petitioners have not made a commitment guaranteeing a specified amount of quantified operational efficiencies or cost savings resulting from the optimization of the combined business. Rather, the Joint Petitioners have committed to a comprehensive package of customer protections and affirmative customer benefits designed to ensure that Virginia customers receive the benefits of the proposed transaction while being protected from merger-related costs.

Those commitments include, among other things, shareholder-funded customer bill credits, holding customers harmless from merger-related costs, maintaining customer service quality at no less than current levels, preserving DEV as a separate legal entity with local management and Commission oversight, maintaining DEV's investment-grade financial profile, and preserving DEV's Virginia operations and workforce.

To the extent the anticipated operational and financial efficiencies described in response to subpart (a) are realized over time, the Joint Petitioners expect those efficiencies to support DEV's ability to provide reliable and affordable electric service. As explained in the Transaction Summary, any net savings ultimately realized would be reflected through the ordinary ratemaking process consistent with applicable law and Commission regulation, rather than through a separate or predetermined commitment allocating a specified dollar amount or percentage of efficiencies to customers. The Joint Petitioners have not prepared a year-by-year schedule identifying when any such efficiencies would be reflected in rates.

Joint Petitioners
Case No. PUR-2026-00112
Governor Abigail D. Spanberger and Chief Energy Officer Josephus Allmond
Second Set

The following response to Question No. 5 of the Second Set of Interrogatories and Requests for Production of Documents propounded by Governor Abigail D. Spanberger and Chief Energy Officer Josephus Allmond received on September 25, 2026, was prepared by or under the supervision of:

Edward H. Baine
President
Dominion Energy Virginia

Question No. 5

Please refer to page 11 of the Direct Testimony of Edward H. Baine, where Mr. Baine commits the Company to “remain fully dedicated to the nation-leading public policy priorities that Virginia has established, including through the Virginia Clean Economy Act (‘VCEA’), with its reliability backstop, and related commitments and targets in other legislation.” Does the Company include participation in the Regional Greenhouse Gas Initiative among the “nation-leading public policy priorities that Virginia has established” that it “remain[s] fully dedicated to”?

Response:

Mr. Baine’s testimony primarily refers to the Virginia Clean Economy Act, its reliability backstop provisions, and related legislative commitments and targets. The testimony reflects the Company’s commitment to continue implementing and complying with those Virginia laws and policy objectives. Consistent with the testimony, the Company will continue to comply with all applicable Virginia laws, regulations, and requirements, including state-mandated compliance obligations under the Regional Greenhouse Gas Initiative.

Joint Petitioners
Case No. PUR-2026-00112
Governor Abigail D. Spanberger and Chief Energy Officer Josephus Allmond
Second Set

The following response to Question No. 1 of the Second Set of Interrogatories and Requests for Production of Documents propounded by Governor Abigail D. Spanberger and Chief Energy Officer Josephus Allmond received on September 25, 2026, was prepared by or under the supervision of:

Jennifer Johnson
Senior Attorney
NextEra Energy Resources, LLC

Question No. 1

Please refer to page 5 of the Supplemental Direct Testimony of John W. Ketchum. Please provide copies of the letters of intent that support the 400 new Virginia jobs.

Response:

Please see Joint Petitioners' response to Staff Set 14-352(b) and Attachments Staff Set 14-352(b)(1) (JJ) through Staff Set 14-352(b)(10) (JJ), which provide the letters of intent supporting the approximately 400 new Virginia jobs.

Joint Petitioners
Case No. PUR-2026-00112
Governor Abigail D. Spanberger and Chief Energy Officer Josephus Allmond
Second Set

The following response to Question No. 2 of the Second Set of Interrogatories and Requests for Production of Documents propounded by Governor Abigail D. Spanberger and Chief Energy Officer Josephus Allmond received on September 25, 2026, was prepared by or under the supervision of:

Jennifer Johnson
Senior Attorney
NextEra Energy Resources, LLC

Question No. 2

Please refer to page 6 of the Supplemental Direct Testimony of John W. Ketchum. Over what time period will the 600 additional enterprise positions be brought to Virginia?

Response:

Please see Joint Petitioners' response to Staff Set 14-348(a), which addresses the expected timeline for bringing the approximately 600 additional NextEra enterprise positions to Virginia.

Joint Petitioners
Case No. PUR-2026-00112
Virginia State Corporation Commission Staff
Fourteenth Set

The following response to Question No. 352 of the Fourteenth Set of Interrogatories and Requests for Production of Documents propounded by Virginia State Corporation Commission Staff received on September 15, 2026, was prepared by or under the supervision of:

Jennifer Johnson
Senior Attorney
NextEra Energy Resources, LLC

Question No. 352

Please refer to Witness Ketchum's Supplemental Direct Testimony, page 5, lines 7-10. Please respond to the following:

- (a) Please provide a list of the "national scale suppliers and vendors who are committed to expanding their presence in Virginia as a result of the scale of the combined company."
- (b) Please provide copies of the "letters of intent from multiple companies that would bring 400 new jobs to Virginia."

Response:

- (a) The national-scale suppliers and vendors referenced in Witness Ketchum's Supplemental Direct Testimony are identified in the letters of intent provided in response to subpart (b).
- (b) Please see Attachment Staff Set 14-352(b) (1) (JJ) - Attachment Staff Set 14-352(b) (10) (JJ), which provide the requested letters of intent.



2003 Russell Avenue SW
Roanoke VA 24015
(540) 344-3244

September 10, 2026

Statement of Intent

Richardson-Wayland-Ferreira, LLC intends to establish or expand its operations in the Commonwealth of Virginia if NextEra Energy's proposed acquisition of Dominion Energy is completed. Upon closing of the proposed transaction, Richardson-Wayland-Ferreira, LLC intends to create approximately 50 new jobs in Virginia through the establishment or expansion of its operations.

This intention is based solely on Richardson-Wayland-Ferreira, LLC's business relationship with NextEra Energy and reflects Richardson-Wayland-Ferreira, LLC's independent business decision to support its continued relationship with NextEra Energy in Virginia. These plans have not been coordinated with Dominion Energy, and no commitment, agreement, or understanding has been reached with Dominion Energy regarding this anticipated investment.

Richardson-Wayland-Ferreira, LLC's anticipated expansion in Virginia is expressly contingent upon the closing of NextEra Energy's acquisition of Dominion Energy. We believe expanding our Virginia presence would position us to better support our customers, strengthen Virginia's workforce, and contribute to the Commonwealth's continued economic growth.

Sincerely,

Nelson Ferreira
CEO

Statement of Intent

Burns & McDonnell has successfully operated in the Commonwealth of Virginia for many years alongside Dominion Energy. We support the proposed merger between Dominion Energy and NextEra Energy and believe the combined company would create additional opportunities to serve our Virginia customers and strengthen our presence in the region.

Combined with our broader Virginia growth outlook, we anticipate these opportunities will support the addition of approximately 25 employee-owners across our Virginia-based teams. Actual growth will be guided by workload demand, evolving business needs, and the availability of qualified candidates.

Sincerely,

A handwritten signature in black ink, appearing to read "J Amato", with a stylized flourish at the end.

James Amato

Vice President, NextEra Energy Executive Sponsor

A handwritten signature in blue ink, appearing to read "Cary Gallaway", with a stylized flourish at the end.

Cary Gallaway

Vice President, Mid-Atlantic Region General Manager

September 10, 2026

To Whom It May Concern:

I am writing on behalf of The Garcia Companies in support of NextEra Energy's proposed acquisition of Dominion Energy.

The Garcia Companies has proudly served Virginia since 1952 and has maintained a strong presence in the Commonwealth for more than seven decades. As a longstanding Virginia-based company, we have witnessed firsthand the importance of reliable infrastructure investment and economic development in supporting the communities we serve.

The Garcia Companies currently maintains a significant business relationship with NextEra Energy and intends to expand its operations in Virginia should the proposed acquisition be completed. Upon closing of the transaction, we anticipate creating approximately 35 new jobs in the Commonwealth through the expansion of our Virginia operations and workforce.

This anticipated investment reflects The Garcia Companies' independent business decision to continue supporting and growing our relationship with NextEra Energy in Virginia. These expansion plans have not been coordinated with Dominion Energy, and no commitment, agreement, or understanding has been reached with Dominion Energy regarding this anticipated investment.

Our planned expansion is expressly contingent upon the successful completion of NextEra Energy's acquisition of Dominion Energy. We believe this investment would allow us to further strengthen our support of customers throughout Virginia, create meaningful employment opportunities, expand workforce development, and contribute to the continued economic growth and prosperity of the Commonwealth.

As a company with deep roots in Virginia and a history dating back to 1952, we are excited about the opportunity to increase our investment in the Commonwealth and build upon our longstanding commitment to Virginia's future.

Thank you for your consideration.
Sincerely,



Joshua D. Kellam
Chief Executive Officer
The Garcia Companies



Mark Thompson
NextEra Energy Resources
700 Universe Blvd
Juno Beach, FL 33408

RE: Statement of Intent

Dear Mr. Thompson,

HDR Engineering, Inc. (HDR) intends to expand its operations in the Commonwealth of Virginia if NextEra Energy's proposed acquisition of Dominion Energy is completed. HDR currently anticipates creating approximately 20-25 new jobs in Virginia through the expansion of its operations and future growth plan.

This intention is based on HDR's current and expanding business relationship with NextEra Energy and Dominion and reflects HDR's independent business decision to support its continued relationship with NextEra Energy in Virginia. These plans have not been previously coordinated with NextEra Energy or Dominion Energy, and no commitment, agreement, or understanding has been reached with either party regarding this anticipated investment.

HDR's anticipated expansion in Virginia is to continue support of infrastructure in the state upon the closing of NextEra Energy's acquisition of Dominion Energy. We believe expanding our Virginia presence would continue to position us to support our customers, strengthen Virginia's workforce, and contribute to the Commonwealth's continued economic growth.

Sincerely,

HDR Engineering, Inc.

A handwritten signature in black ink, appearing to read 'K. Reichert', written over a horizontal line.

Kevin Reichert
Vice President



September 12, 2026

Statement of Intent

Moss & Associates, LLC (Moss) intends to establish or expand its operations in the Commonwealth of Virginia if NextEra Energy's proposed acquisition of Dominion Energy is completed. Upon closing of the proposed transaction, Moss intends to create approximately 50 new jobs in Virginia through the establishment or expansion of its operations.

This intention is based solely on Moss's business relationship with NextEra Energy and reflects Moss's independent business decision to support its continued relationship with NextEra Energy in Virginia. These plans have not been coordinated with Dominion Energy, and no commitment, agreement, or understanding has been reached with Dominion Energy regarding this anticipated investment.

Moss's anticipated expansion in Virginia is expressly contingent upon the closing of NextEra Energy's acquisition of Dominion Energy. We believe expanding our Virginia presence would position us to better support our customers, strengthen Virginia's workforce, and contribute to the Commonwealth's continued economic growth.

Sincerely,

Edwin Perkins

President, Energy



September 9, 2026

Mark Thompson
NextEra Energy
700 Universe Blvd.
Juno Beach, FL 33408

Statement of Intent

Sargent & Lundy (S&L) is a Top 3 Power Engineering company as ranked by ENR that is based in the United States with over 40 offices across the country. S&L currently has 87 employees that reside in the Commonwealth of Virginia. S&L established an office in Glen Allen, a suburb of Richmond, in 2019. To support its current workload with Dominion Energy and other clients, the S&L Glen Allen office has been expanded twice, once in 2022 and again in 2026.

To support additional work generated as a result of the proposed acquisition of Dominion Energy by NextEra Energy, S&L anticipates expanding its operations in VA by creating up to approximately 25 new jobs in the Commonwealth of Virginia.

This potential expansion is based on the strength of Sargent & Lundy's current and future business relationship with NextEra Energy. While Sargent & Lundy currently provides support to Dominion Energy it has not coordinated these plans directly with Dominion Energy.

Because Virginia has been consistently ranked a CNBC Top State for business--including being the #1 State in 2024 and since Sargent & Lundy has been ranked a USA Today Top Workplace since 2021, Sargent & Lundy believes supporting a larger Virginia presence would be beneficial for all parties.

Best Regards,

A handwritten signature in black ink that reads 'Thomas Foley'.

Thomas S. Foley
Senior Vice President



2727 N Loop West
Houston, Texas 77008

PHONE 713.629.7600
WEB quantaservices.com

NYSE-PWR

Statement of Intent:

Quanta Services intends to establish or expand its operations in the Commonwealth of Virginia if NextEra Energy's proposed acquisition of Dominion Energy is completed. Upon closing of the proposed transaction, Quanta Services intends to create approximately one hundred and twenty (120) new jobs in Virginia through the establishment or expansion of its operations.

This intention is based solely on Quanta Service's business relationship with NextEra Energy and reflects Quanta Service's independent business decision to support its continued relationship with NextEra Energy in Virginia. These plans have not been coordinated with Dominion Energy, and no commitment, agreement, or understanding has been reached with Dominion Energy regarding this anticipated investment.

Quanta Service's anticipated expansion in Virginia is expressly contingent upon the closing of NextEra Energy's acquisition of Dominion Energy. We believe expanding our Virginia presence would position us to better support our customers, strengthen Virginia's workforce, and contribute to the Commonwealth's continued economic growth.

Sincerely,

Jeff Esplin
President, People Operations

September 8, 2026

NextEra Energy
Juno Beach, FL

Re: Statement of Intent

Electrical Consultants, Inc. (ECI) intends to expand its operations in the Commonwealth of Virginia if NextEra Energy's proposed acquisition of Dominion Energy is completed. Upon closing of the proposed transaction, ECI intends to create approximately twenty-five (25) new jobs in Virginia through expansion of its Virginia Beach office, as well as a new office location in Richmond.

This intention is based solely on ECI's business relationship with NextEra Energy and reflects ECI's independent business decision to support its continued relationship with NextEra Energy in Virginia. These plans have not been coordinated with Dominion Energy, and no commitment, agreement, or understanding has been reached with Dominion Energy regarding this anticipated investment.

Electrical Consultants, Inc.'s anticipated expansion in Virginia is expressly contingent upon the closing of NextEra Energy's acquisition of Dominion Energy. We believe expanding our Virginia presence would position us to better support our customers, strengthen Virginia's workforce, and contribute to the Commonwealth's continued economic growth.

Sincerely,



Richard L. McComish, P.E.
President



MOVING ENERGY FORWARD

September 10, 2026

Statement of Intent:

Takkion intends to establish or expand its operations in the Commonwealth of Virginia if NextEra Energy's proposed acquisition of Dominion Energy is completed. Upon closing of the proposed transaction, Takkion intends to create approximately 50 new jobs in Virginia through the establishment or expansion of its operations.

This intention is based solely on Takkion's business relationship with NextEra Energy and reflects Takkion's independent business decision to support its continued relationship with NextEra Energy in Virginia. These plans have not been coordinated with Dominion Energy, and no commitment, agreement, or understanding has been reached with Dominion Energy regarding this anticipated investment.

Takkion's anticipated expansion in Virginia is expressly contingent upon the closing of NextEra Energy's acquisition of Dominion Energy. We believe expanding our Virginia presence would position us to better support our customers, strengthen Virginia's workforce, and contribute to the Commonwealth's continued economic growth.

Sincerely,

A handwritten signature in black ink, appearing to read "Pete Bierden".

Pete Bierden
CEO

9/16/2026

NextEra Energy
700 Universe Blvd., Juno Beach, FL 33408

Re: LG Energy Solution Expansion Exploration in Virginia

NextEra Team,

LG Energy Solution Vertech, Inc. is currently reviewing opportunities for future growth and operational support within the Commonwealth of Virginia. As part of its ongoing assessment of business needs and regional activities, LGESVT is evaluating the feasibility of establishment of an office presence in the Richmond, Virginia area. While any plans remain preliminary and subject to further review, LGESVT currently contemplates a location that could support approximately ten to twenty employees with a primary objective of housing our service analytics team. The service analytics team manages the operational performance and performance reporting of our installed fleet across the entire US.

The potential office presence is being considered in connection with LGESVT's current and anticipated project growth, especially throughout the Mid-Atlantic region. LGESVT continues to assess the scope and timing of any such presence based on evolving business needs, customer opportunities, and the overall level of regional project activity.

Any decision to move forward with a Richmond office would be dependent upon the results of the final review and certain business conditions and strategic developments, including, among other factors, the successful completion of NextEra Energy's proposed acquisition of Dominion Energy and the resulting opportunities that such a transaction may create. As a result, LGESVT's evaluation remains ongoing, and no final determination has been made regarding the establishment, size, timing, or nature of any future office presence.

This letter is intended solely to express LGESVT's current interest in exploring a potential Richmond-area office and should not be construed as a commitment to establish operations, create jobs, make investments, enter into agreements, or undertake any specific course of action. Any future activities would remain subject to further business evaluation, internal approvals, and market conditions.

LGESVT appreciates the opportunity to engage in these discussions and looks forward to continuing to explore potential opportunities within Virginia.

Sincerely,
Jaehong Park



CEO, LG Energy Solution Vertech
LG Energy Solution Vertech, Inc.

Joint Petitioners
Case No. PUR-2026-00112
Virginia State Corporation Commission Staff
Fourteenth Set

The following response to Question No. 348 of the Fourteenth Set of Interrogatories and Requests for Production of Documents propounded by Virginia State Corporation Commission Staff received on September 15, 2026, was prepared by or under the supervision of:

Heidi Kirk
Strategy & Regulatory Project Director
Florida Power & Light Company

Question No. 348

Please refer to the Supplemental Merger Commitments at Item #5. Please respond to the following:

- (a) Discuss the expected timeline for creating the additional 600 NextEra enterprise jobs in Virginia.
- (b) Is there available office space today for such additional 600 positions or will the construction of the new office tower included in the Supplemental Merger Commitments at Item #3 be required to house such additional positions?
- (c) Are the 600 positions expected to be incremental additional employees to NextEra or, in the alternative, are they expected to be relocations of jobs from other states? Please explain in detail.

Response:

(a) The Joint Petitioners have committed to bring approximately 600 additional NextEra enterprise positions to Virginia over time following closing. These positions will support the expansion of the combined company's national operations in Virginia and are expected to span several strategic business areas, including renewable energy development and supply chain management, battery storage operations, nuclear and small modular reactor innovation, enterprise technology and cybersecurity, among others. Ketchum Supplemental Direct at 6:22–7:11.

The Joint Petitioners have not established a fixed schedule for filling those positions. The new Richmond office tower is intended to accommodate the additional NextEra employees, and engineering and design of the tower will begin immediately following closing. Ketchum Supplemental Direct at 4:11–22; 6:22–7:11. See Joint Petitioners' response to Staff Set 14-346 regarding the estimated timeline for the new office tower.

(b) The Joint Petitioners do not currently have sufficient office space to accommodate the 600 additional jobs. The new office tower contemplated by Supplemental Merger Commitment No. 3 is expected to provide additional space to support the growth in Virginia headcount. See Supplemental Merger Commitments Nos. 3 and 5.

(c) The Joint Petitioners have committed to creating 600 additional NextEra enterprise jobs in Virginia to support growing business activities. The positions may be filled through new hires, relocation of existing employees, or a combination of both.

Joint Petitioners
Case No. PUR-2026-00112
Clean Virginia
First Set

The following **supplemental response** to Question No. 103 (**dated October 6, 2026**) of the First Set of Interrogatories and Requests for Production of Documents propounded by Clean Virginia received on July 22, 2026, was prepared by or under the supervision of:

Clayton Parrotta
Manager of Finance
Florida Power & Light Company

Question No. 103

The May 18, 2026 Investor Presentation states the companies' specific expectations for bond ratings.

- a. For each of those expectations, please provide the full empirical basis.
- b. For what period of time do the companies' expectations apply? Only at closing? For some specific period of time after closing?

Response:

- a. On May 18, 2026, NextEra included specific rating agency (S&P Ratings, Moody's Ratings, Fitch Ratings) expectations for bond ratings on page 11 of its joint NextEra-Dominion Energy, Inc. investor presentation titled *Forming America's leading utility business and energy infrastructure company*:
 - "Credit: Re-affirmed ratings and stable outlook for NextEra, NextEra Energy Capital Holdings, and Florida Power and Light Company (FPL)"
 - "Credit: Upgraded credit ratings expected for Dominion Energy VA/NC (DEV) and Dominion Energy (DEI)"

The full empirical basis for Petitioner expectations is included in S&P Ratings (S&P) confidential Rating Evaluation Service (RES) letter and Moody's Ratings (Moody's) and Fitch Ratings (Fitch) Ratings Assessment Service (RAS) letters provided to NextEra and Dominion before the announcement to determine credit rating impacts of the proposed merger. Extraordinarily sensitive copies of the referenced RES and RAS letters are included as Attachment Clean Virginia Set 01-103 (1) (CP) ES and Attachments Clean Virginia Set 01-103 (2) (CP) ES.

- b. The rating expectations apply at and after closing, on a sustained basis, rather than "for some specific period of time." Rating expectations are conditioned on the commitments and assumptions NextEra and DEI provided to S&P, Moody's, and Fitch during the pre-

announcement, RES and RAS processes. Such conditions are referenced in the confidential RES and RAS letters provided in response to Clean Virginia Set 01-103(a).

Attachment Clean Virginia Set 01-103 (a) (1) (CP) ES and Attachment Clean Virginia Set 01-103 (a) (2) (CP) ES contain extraordinarily sensitive information in its entirety, and are being provided pursuant to the protections set forth in 5 VAC 5-20-170 and any future protective order or ruling that may be issued for confidential or extraordinarily sensitive information in this proceeding, and the Agreements to Adhere executed pursuant to any such orders or rulings.

Supplemental Response to Question No. 103 (Date August 31, 2026):

The confidentiality status of Attachment Clean Virginia Set 01-103 (a) (1) (CP) ES is being changed to *confidential* rather than *extraordinarily sensitive*.

Attachment Clean Virginia Set 01-103 (a) (1) (CP) CONF contains confidential information in its entirety, and is being provided pursuant to the protections set forth in 5 VAC 5-20-170 and any future protective order or ruling that may be issued for confidential or extraordinarily sensitive information in this proceeding, and the Agreements to Adhere executed pursuant to any such orders or rulings.

Supplemental Response to Question No. 103 (dated October 6, 2026):

Please see Attachment Clean Virginia Set 01-103 (a) (3) (CP) ES for the Moody's RAS letter.

ATTACHMENT RM-3

Thoughts on the Alleged NEM Cost Shift, and How Solar Reduces Electric Prices in California

R. Thomas Beach
Patrick G. McGuire
Crossborder Energy

February 2025

Best Arguments on the Alleged NEM Cost Shift

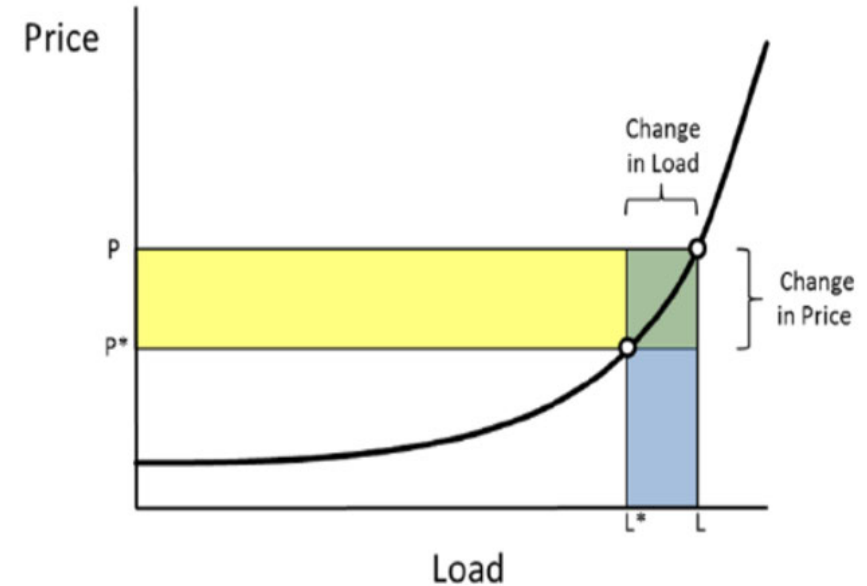
- Self-generation does not cause a cost shift.
 - PURPA established the right to self-generate in federal law.
 - Utility has no right to a customer's past level of usage.
 - Consistent with the treatment of other DERs (EE, DR)
- Historic savings from older rooftop solar were higher than today's avoided costs.
 - Not a new resource
 - Avoided the earlier, higher peak demands of prior years
 - Reduced CAISO market prices, with ratepayer benefits across the whole market (DRIPE)
- CalPA and Borenstein calculations are inaccurate.
 - They ignore that diverse NEM customers include a significant number of CARE customers.
 - CalPA inflates solar output and uses rates that overestimate lost revenues.
 - A portion of NEM 1 and 2 customers have solar + storage systems.
- Importance of honoring past commitments to NEM customers
 - Customers need policy certainty to invest in all types of long-lived DERs.
 - Just like contractual certainty for wholesale generators, and ratemaking certainty for utilities.

Why Are California Rates So High?

- High rates have been driven largely by accelerated utility spending
 - Efficiency and rooftop solar have flattened peak demand.
 - Why are the utilities spending if demand has been flat?
 - Transmission and distribution spending appears to be the main culprit.
- Contributors to utility T&D spending
 - Wildfire costs
 - Transmission for RPS renewables (not included in ACC avoided costs)
 - But these do not explain all of the spending increases.
 - Lack of oversight?
 - Fundamental IOU incentive to spend to raise profits?
- Generation: legacy long-term RPS contracts
 - California has transformed the market for renewables at all scales.
 - Some level of above-market costs are not surprising, as the costs of renewables drop.
- Higher allowed returns on equity than the U.S. utility average

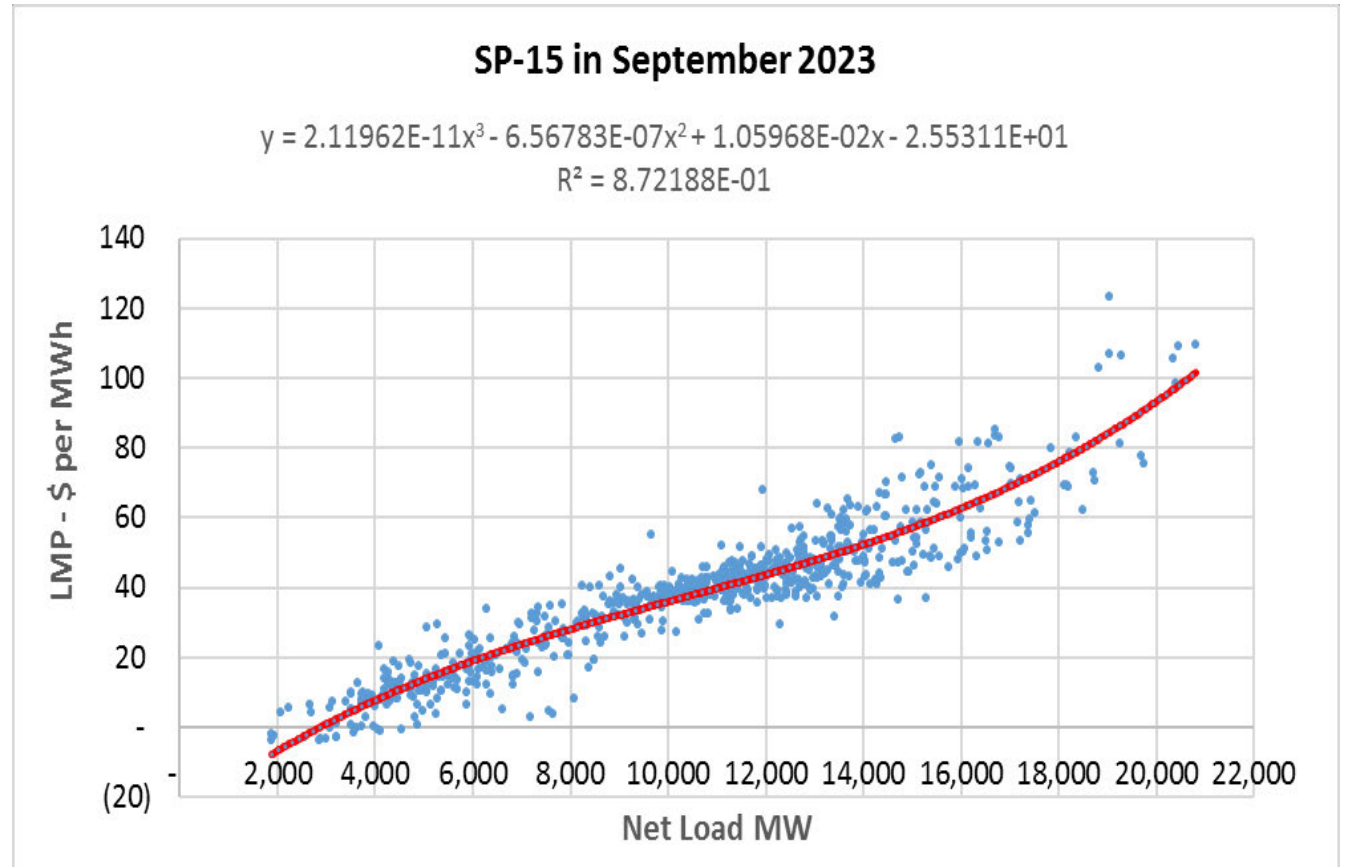
We Know That Solar Reduces Electric Market Prices

- Zero-variable-cost clean generation
 - Solar moves LMPs down the supply curve.
 - All types of solar produce this benefit.
- Reduces daytime prices
- Multiplier effect in LMP markets
 - About half of CA generation is market-priced.
 - Gas-fired generation and market imports
- Not included in the ACC
- This benefit has been recognized in the New England ISO for at least a decade.
 - Demand Reduction Induced Price Effect (DRIPE)
 - Included in the New England avoided cost forecast, and calculated as a past benefit
 - Synapse December 2020 study: BTM solar in New England reduced electric market costs by \$1.1 billion, or 12 cents/kWh of BTM solar, over the six years 2014-2019.



Historical DRIPE for BTM Solar in CAISO: Method & Inputs

- Same method as the 2020 Synapse study of BTM solar DRIPE benefits in ISO-NE
 - Determine the monthly CAISO supply curve
 - Third-order polynomial – see Sept 2023 example for SP-15
 - Net load as the driver of CAISO prices
 - Net load = CAISO load – wholesale W&S
 - Sources for assumed BTM solar
 - Monthly online BTM solar from DG Stats
 - PVWATTS for hourly profile of BTM solar
 - Use supply curve to estimate DRIPE
 - Hourly cost reduction due to BTM solar
 - Lower LMP for gas plants and imports
 - About one-half of the CAISO market
 - Distinct NP-15 / SP-15 analyses
 - PG&E – NP-15
 - SCE / SDG&E – SP-15
 - Five years – 2020-2024

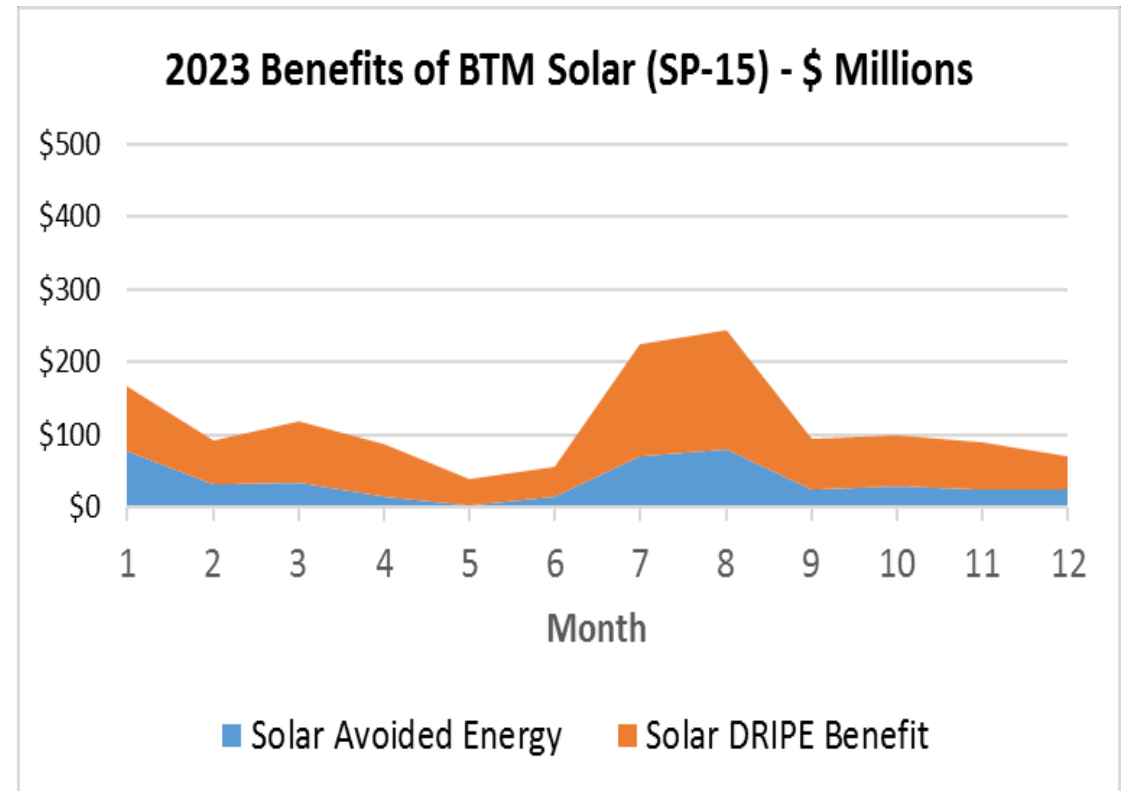
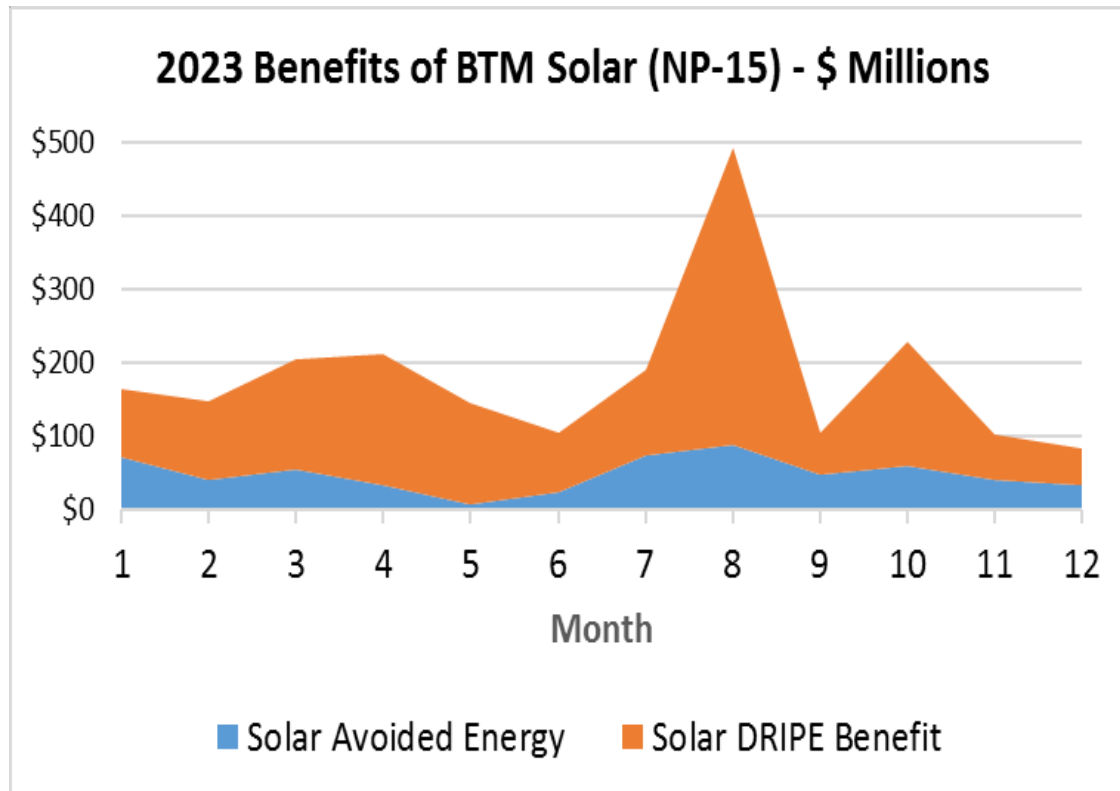


Historical DRIPE for BTM Solar in CAISO: Annual Results

Year	\$ Millions		\$/MWh of Solar Output	
	NP-15	SP-15	NP-15	SP-15
2020	730	612	89	76
2021	1,302	556	115	53
2022	1,803	1,110	158	101
2023	1,608	952	119	72
2024	1,526	913	101	59
Annual Average	1,394	829	116	72
5-year Total	11,114			
5-year Average	2,223		94	

Historical DRIPE for BTM Solar in CAISO: Monthly Results

- DRIPE benefits (orange) exceed direct avoided energy costs (blue)
- Largest benefits are in the peak summer months.



A Key Question About DRIPE for BTM Solar in CAISO

- Would this benefit have occurred anyway, from utility-scale replacing BTM solar?
- Without BTM solar, electric sales and associated RPS goals would have been higher.
 - But California has run well ahead of its RPS targets.
 - Actual utility-scale renewable procurement has been adequate to meet even that higher need.
 - So a lack of BTM solar would not have required more utility-scale solar to meet RPS goals.
- Utility-scale solar development has faced significant headwinds.
 - CAISO's lengthy interconnection queue and processes
 - Availability of needed transmission upgrades
 - Increasing constraints on land availability and growing environmental restrictions
 - Mid-term emphasis on the need for capacity, and less on clean energy.
 - Solar build limits in the near-term years of recent IRPs reflect these realities.
- Replacing BTM solar would have required almost twice the pace of actual, achieved utility-scale solar deployment in California – a highly unlikely scenario.

CERTIFICATE OF SERVICE

I hereby certify that on this 19th day of October 2026, a true copy of the foregoing was sent via e-mail to:

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