McGuireWoods LLP
Gateway Plaza
800 East Canal Street
Richmond, VA 23219-3916
Phone: 804.775.1000
Fax: 804.775.1061
www.mcguirewoods.com

Elaine S. Ryan
Direct: 804.775.1090

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eryan@mcguirewoods.com

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PUBLIC VERSION

March 31, 2021

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Bernard Logan, Clerk
State Corporation Commission
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Tyler Building, First Floor
1300 East Main Street
Richmond, Virginia 23219

Application of Virginia Electric and Power Company for a 2021 triennial 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-2021-00058

Dear Mr. Logan:

Please find enclosed for filing, an original and one (1) copy of Virginia Electric and Power Company's **PUBLIC VERSION** of its Application, Direct Testimony, Exhibits, and Schedules in the above-captioned proceeding (consisting of Public Volumes 1-17). A confidential version and extraordinarily sensitive version are also being filed under seal under separate cover.

Pursuant to Rule 10 I of the Rules Governing Utility Rate Applications and Annual Informational Filings ("Rate Case Rules"), 20 VAC 5-204-10, *et seq.*, only one copy of Filing Schedules 29 and 40 is enclosed along with the original.

A Motion for Entry of a Protective Order and Additional Protective Treatment is being filed contemporaneously.

Please do not hesitate to call if you have any questions in regard to the enclosed.

Very truly yours,

/s/ Elaine S. Ryan

Elaine S. Ryan

Enclosures

cc: Ashley B. Macko, Esq.
K. Beth Clowers, Esq.
Frederick D. Ochsenhirt, Esq.
C. Austin Skeens, Esq.
C. Meade Browder, Jr., Esq.
Paul E. Pfeffer, Esq.
Audrey T. Bauhan, Esq.
Joseph K. Reid, III, Esq.
Jontille D. Ray, Esq.
Lisa R. Crabtree, Esq.

Edward H. Baine
President
Dominion Energy Virginia

600 East Canal Street, Richmond, VA 23219
DominionEnergy.com

Dominion Energy®

March 31, 2021

Mr. Bernard Logan, Clerk
Virginia State Corporation Commission
C/o Document Control Center
1300 East Main Street
Richmond, VA 23219

Re: Case No. PUR-2021-00058

Dear Mr. Logan:

Virginia Electric and Power Company ("Dominion Energy Virginia" or the "Company") is pleased to file with the Virginia State Corporation Commission ("Commission") its application for the 2021 triennial review provided for by § 56-585.1 A of the Code of Virginia (the Company's "2021 Triennial Review Application").

The 2021 Triennial Review Application details Dominion Energy Virginia's success in providing outstanding electric utility service during the 2017-2020 review period. Owing to the combined efforts of nearly 7,400 employees, the Company has fulfilled its responsibilities under Virginia's regulated framework by supplying safe, reliable, and increasingly environmentally responsible electricity. This proceeding will demonstrate that prudent operational and financial management has resulted in significant value delivered to the 2.6 million customers in the Commonwealth which the Company is privileged to serve.

Testimony included herein shows, for instance, that the Company maintained formidable reliability performance despite an inordinate amount of severe weather activity. Three of the top ten most severe storms in the Company's recorded history in terms of outages occurred during the triennial review period. The storm restoration efforts of the Company's dedicated colleagues have rightfully received national recognition. Meanwhile, Dominion Energy Virginia connected over 134,000 new customers and achieved record-setting performance in customer service response time during the 2017-2020 review period.

Dominion Energy Virginia's generation fleet is shown to have consistently outperformed nationally recognized standards. In particular, the Company's four zero-carbon nuclear generating units boasted a superior operating record; they have for many years ranked among the top performers in the country in terms of safety, reliability, and cost-effectiveness. Safety is one of the Company's core values, and Dominion Energy Virginia is proud to have maintained its history of best-quartile performance. Indeed, that performance has seen continuous improvement even in the midst of the current pandemic.

Responsible financial stewardship and mindfulness of customer affordability have remained guiding principles for the Company throughout the triennial review period. Notwithstanding the billions of dollars invested in distribution and generation assets to enhance customer value, including approximately $4.8 billion in base rate investments during 2017-2020, the Company's overall electric rates continue to compare favorably to various regional and national averages. The typical Dominion Energy Virginia residential customer's rates are currently about 35% lower than the average among other states participating in the Regional Greenhouse Gas Initiative and more than 8% below the national average, for example. Over the past decade, residential customers' rates have increased at about half the rate of inflation.

Regarding Dominion Energy Virginia's financial results, this 2021 Triennial Review Application shows that base rate revenues very closely matched the $12.5 billion cost to provide service during 2017-2020. After accounting for legislation that will result in forgiveness of over $206 million in past due balances for customers struggling during the pandemic, approximately $26 million in revenues are available for credit or reinvestment for the benefit of customers. By electing to reinvest those revenues in its Coastal Virginia Offshore Wind pilot project, the Company seeks to eliminate customers' future financial obligation for that portion of the project's construction or financing costs. This approach promotes base rate stability going forward because the law precludes a base rate increase and the Company's reinvestment-eligible project costs from 2017-2020 exceed available earnings from that period—assuming the Commission accepts these earnings test results.

The reinvestment option is a construct which is uniquely beneficial to customers. It enables the offset of capital amounts invested during the triennial review period in qualifying renewable energy and grid transformation projects, thereby eliminating those amounts and financing costs from future recovery. This benefit continues in most instances for decades and over the long term provides more value to customers. Therefore, to the extent the Commission reaches a different determination with respect to the level of earnings available for credit or reinvestment, the Company proposes to further leverage this customer-beneficial feature of state law and reinvest additional revenues in eligible projects.

This 2021 Triennial Review Application comes at a transformational time for the Commonwealth. With the advent of recent energy policy reforms, particularly the Virginia Clean Economy Act, Dominion Energy Virginia is positioned at the vanguard of an ambitious transition to clean and renewable sources of energy. In order to meet the relevant public policy requirements while maintaining affordability, the Company must be able to access investment capital at the lowest reasonable cost for customers. The return on equity ("ROE") authorized in this proceeding will be a key determinant of the Company's ability to interface with capital markets at favorable terms.

Dominion Energy Virginia's currently authorized ROE of 9.2% is among the lowest for any vertically integrated electric utility in the country. Only 4 out of 102 decisions rendered for such utilities over the past four years have authorized an ROE below this level, placing the 2019 decision in the bottom 5th percentile nationwide. Yet, the Company's forecasted investments in clean energy and grid transformation to meet such requirements far exceed those contemplated by virtually all of the peer utilities with which it competes in markets for capital. Evidence presented by the Company shows that the market cost of equity is 10.5% to 11.5% and its requested ROE of 10.8% is adequately compensatory, given these and other considerations, and will directly support access to capital at the lowest reasonable cost for the benefit of customers.

In closing, the Company believes the 2021 Triennial Review Application demonstrates that it is delivering well on its public service obligations and providing outstanding value to customers. Dominion Energy Virginia remains steadfast in its conviction that the regulatory model in the Commonwealth will produce constructive outcomes for all stakeholders and looks forward to seeing it applied in furtherance of a safe, reliable, affordable, and sustainable energy future.

Sincerely,

Edward H. Baine

Edward H. Baine
President, Dominion Energy Virginia

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Dominion Energy®

Application, Direct Testimony, Exhibits and Schedules of Virginia Electric and Power Company

Before the State Corporation Commission of Virginia

For a 2021 triennial 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

Volume 1 of 17
PUBLIC VERSION

Case No. PUR-2021-00058

Filed: March 31, 2021

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For a 2021 triennial 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

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COMMONWEALTH OF VIRGINIA

STATE CORPORATION COMMISSION

APPLICATION OF VIRGINIA ELECTRIC AND POWER COMPANY For a 2021 triennial 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-2021-00058

VIRGINIA ELECTRIC AND POWER COMPANY'S TRIENNIAL REVIEW APPLICATION PURSUANT TO VA. CODE § 56-585.1 A

Pursuant to § 56-585.1 A of the Code of Virginia ("Va. Code") and the State Corporation Commission of Virginia's ("Commission") Rules Governing Utility Rate Applications and Annual Informational Filings ("Rate Case Rules") 20 VAC 5-204-10, *et seq.*, Virginia Electric and Power Company ("Dominion Energy Virginia" or the "Company"), by counsel, hereby submits its 2021 triennial review application (the Company's "2021 Triennial Review Application" or "Application") (as to the Commission proceeding, the "2021 Triennial Review"). In support of its 2021 Triennial Review Application, Dominion Energy Virginia respectfully shows the following:

INTRODUCTION AND LEGAL BASIS FOR FILING

1. Pursuant to Va. Code § 56-585.1 A, as amended, and the Commission's Rate Case Rules, this proceeding presents three principal issues for the Commission's determination: (i) a review of the Company's cost of service and earnings during the four successive twelve-month periods ending December 31, 2020 (the "Triennial Review Period") and a finding of whether there are any past earnings available for reinvestment for the benefit of customers or temporary bill credits; (ii) a determination of whether rates for generation and distribution

services ("base rates") should remain stable for the upcoming triennial period or change, taking into account the earnings test results, the Company's level of investment in qualifying renewable generation and grid transformation projects, the statutory prohibition on a rate increase in this case under Va. Code § 56-585.1 A 8, and the present functional alignment of these rates; and (iii) a determination of the Company's prospective fair rate of return on common equity ("ROE") taking into consideration the Company's levels of performance and in accordance with the requirements of Va. Code § 56-585.1 A 2.

2. During the Triennial Review Period, the Company has continued to fulfill its responsibility to provide customers with safe, reliable and environmentally-responsible electric utility service and to manage its operations in a way that provides outstanding value to customers. The Company's generation fleet consistently outperformed nationally recognized performance standards, and customers have benefited from prudent investments in a diverse portfolio of "iron in the ground" to increase the Commonwealth's energy independence, maintain reliability, and reduce both energy costs and emissions. This includes the addition of two of the cleanest and most efficient combined-cycle facilities in the country – the Brunswick and Greensville Power Stations, continued prudent operation of its low energy cost and carbon-free nuclear fleet, and expansion of the renewable generation portfolio. The Company also maintained its strong record of system-level reliability in its distribution operations, while continuing to make prudent investments to continue this high level of service and to adapt the grid to new operating realities. In the area of customer service, the Company achieved record-setting performance, and deployed, and is continuing to deploy, numerous platforms and offerings to enhance the customer experience. The Company also achieved an outstanding safety record during this period, consistently ranking in the best quartile among its peers, and

received national recognition for its superior storm restoration efforts.

3. The financial results for the Triennial Review Period demonstrate that the Company's base rate revenues closely matched the cost of service. The Triennial Review Period cost of service exceeded $12 billion, and $4.8 billion was invested in base rate capital for the benefit of customers. After accounting for about $206 million in debt forgiveness directed by the General Assembly for customers struggling during the pandemic, there are approximately $26 million in revenues available for reinvestment for the benefit of customers or short-term bill credits. The Company is electing to reinvest those revenues in the Coastal Virginia Offshore Wind ("CVOW") project through the newly authorized Customer Credit Reinvestment Offset ("CCRO") mechanism under the Grid Transformation and Security Act of 2018 ("GTSA"),[1] which will ensure that customers have no future financial obligation for this portion of the costs to construct or finance it.

4. Over the Triennial Review Period, our customers' rates have remained reasonable and extremely competitive with relevant regional and national benchmarks. Total residential Dominion Energy Virginia customer rates as of January, 2021 are over 8% below the national average, greater than 23% below the East Coast average, more than 25% below the average of mid-Atlantic states, and over 35% below the average in fellow Regional Greenhouse Gas Initiative ("RGGI") states. Overall average rates for all customer classes combined are similarly below these national and various regional benchmarks. Moreover, notwithstanding billions of dollars of investment to enhance customer value, the Company's total residential rates have increased at only about half of the rate of inflation over the last decade.

5. Going forward, the anticipated cost of service remains closely in line with

[1] 2018 Va. Acts of Assembly Chapter 296.

projected revenues over the rate year, demonstrating a modest revenue deficiency of $19 million in 2022. However, base rates will remain stable over the next triennial period because the law precludes an increase and the Company's aggregate approved CCRO investments over the Triennial Review Period exceed available earnings from that period.

6. This filing also comes at a transformational time for the Commonwealth. Through landmark public policy directives from the General Assembly under the Virginia Clean Economy Act of 2020 ("VCEA")[2] and the GTSA, Virginia is poised to be a national leader in transitioning its electric utilities to a carbon-free generation future, and making the electric grid smarter, greener, and more reliable and resilient. The VCEA calls for the significant deployment of new renewable generation and energy storage resources in the Commonwealth by 2035, and requires that 100% of the Company's electricity sales in the Commonwealth be generated from clean energy sources by 2045, assuming no threat to service reliability.

7. To achieve these aggressive requirements, and to continue to fund prudent investments in infrastructure to safely and reliably meet customers' needs, the Company forecasts capital investment levels exceeding $28 billion over the next five years. This substantial level of capital investment exceeds those anticipated capital deployment levels of virtually all of the Company's peers with whom it competes in markets for capital.

8. In order to successfully meet these objectives, the Company must have adequate access to capital at the lowest reasonable cost to customers. The ROE that the Commission determines in this proceeding will be critical to these efforts. The evidence demonstrates that the Company's current cost of equity falls in the range of 10.5% to 11.5%. While both the Company's comparative risk factors and its excellent level of performance would warrant an

[2] 2020 Va. Acts of Assembly Chapters 1193 and 1994.

ROE at the upper end of this range, the Company is requesting that the Commission approve a return which is below the midpoint of the estimated cost of equity range, at 10.8%, in consideration of the current economic conditions that are impacting many of those that the Company serves. This ROE also falls within the lower boundaries of the statutory peer return range of 10.33% to 11.83% based on the authorized returns of a majority of qualifying peers.

9. As mentioned, the Company is also mindful that this filing is being made during challenging times. The Company has been committed to helping those customers struggling the most through direct debt forgiveness, an expanded EnergyShare commitment, flexible payment plans, and other initiatives, and will continue to deliver on its public service obligation in a reliable and cost-effective manner on behalf of customers.

GENERAL INFORMATION

10. Dominion Energy Virginia is a public service corporation organized under the laws of the Commonwealth of Virginia furnishing electric service to the public within its certificated service territory. The Company also supplies electric service to non-jurisdictional customers in Virginia and to the public in portions of North Carolina. The Company is engaged in the business of generating, transmitting, distributing, and selling electric power and energy to the public for compensation. The Company is also a public utility under the Federal Power Act, and certain of its operations are subject to the jurisdiction of the Federal Energy Regulatory Commission. The Company is an operating subsidiary of Dominion Energy, Inc.

11. The Company's name and post office address are:

Virginia Electric and Power Company
120 Tredegar Street
Richmond, Virginia 23219

12. The names, post office addresses, and telephone numbers of the attorneys for the Company are:

Paul E. Pfeffer
Audrey T. Bauhan
Dominion Energy Services, Inc.
120 Tredegar Street
Richmond, Virginia 23219
(804) 787-5607 (PEP telephone)
(804) 819-2029 (ATB telephone)

Joseph K. Reid, III
Elaine S. Ryan
Jontille D. Ray
Lisa R. Crabtree
McGuireWoods LLP
Gateway Plaza
800 East Canal Street
Richmond, Virginia 23219-3916
(804) 775-1198 (JKR telephone)
(804) 775-1090 (ESR telephone)
(804) 775-1173 (JDR telephone)
(804) 775-1327 (LRC telephone)

SYSTEM OVERVIEW AND HISTORICAL PERFORMANCE ACHIEVEMENTS

13. The Company serves approximately 65% of Virginia's residential customers, including the population centers from Northern Virginia through Richmond and into Tidewater. Its customers include key drivers of commerce and industry both within the Commonwealth and beyond its borders, as well as many which are critical to the function of government and our national defense. Unlike many utilities, Dominion Energy Virginia continued to see customer and load growth through the Triennial Review Period. The Company connected over 134,000 new customers, and now serves approximately 2.6 million customers in total in Virginia. Among these are more than 75 new data centers, which help run the internet worldwide. They also include companies in the retail, manufacturing, government, and healthcare industries, which are helping to drive expanded economic opportunity and development in the

Commonwealth. To carry this out, the Company manages a diverse electric generating fleet consisting of approximately 19,000 MW of generating capacity, transmitted over approximately 6,700 miles of transmission lines and 58,900 miles of distribution lines.

14. As Company Witness Robert W. Sauer testifies, the Company's non-nuclear generation performance has been outstanding, outpacing national averages on the critical benchmarks of generation performance. The Company's system Equivalent Forced Outage Rate Demand ("EFORd"), for example, has been exceptional. Excluding nuclear generation, the Company's three-year fleet-weighted EFORd average (2017-2019) is approximately 52.86% and 64.6% better than PJM and NERC averages, respectively. Including the nuclear units, the Company's three-year fleet-weighted EFORd average (2017-2019) is approximately 59.28% and 52.6% better than PJM and NERC averages, respectively. Starting reliability is also important for the Company's less frequently called upon peaking units, and again, its performance on this front remains well ahead of the average operator. These performance levels translate into significant energy cost savings for customers.

15. Company Witness Gerald T. Bischof testifies that the Company's nuclear generating units also have performed extremely well, ranking among the top performers in the country in terms of safety, reliability, and cost-effectiveness. Since the last biennial review, there have been no major safety issues or security events at either facility. The average capacity factor of the four units exceeded 95%, and none of the units have experienced an automatic or manual reactor trip at power since before 2017. The Surry and North Anna Power Stations have exhibited exemplary performance that ranks them in the top quartile of all U.S. nuclear plants as measured by industry metrics compiled by the Institute of Nuclear Power Operations. The Company's low energy cost and carbon-free nuclear generation units are critical to the Company

achieving a reduced-carbon future as it transitions from traditional fossil fuels to renewable generation resources. To support this effort, the Company is in the process of renewing the operating licenses for the Surry and North Anna nuclear facilities.

16. In the area of power delivery and customer service, Company Witness Charlene J. Whitfield testifies concerning the Company's continued strong performance in the areas of reliability and resiliency, the customer experience, cost-effective and competitive rates, and safe and responsible execution of the public service obligation. Safety is the Company's first core value. The Company's safety record has consistently ranked in the best quartile among our peers, and it has continued to improve over the Triennial Review Period. The Company reduced Occupational Safety & Health Administration ("OSHA") recordable injuries by 33% from 2017 to 2020, with 2020 being a record safety year for the Company even in the midst of a pandemic.

17. The Company has maintained strong reliability performance, made prudent infrastructure investments, and operated its assets safely, reliably and efficiently, all while maintaining customer rates that are competitive just, and reasonable. The Company's base rates have not increased since 1992—over 28 years ago—and they were reduced in both 1999 as a result of a rate case settlement and again in 2019 due to reductions in federal income tax rates. As Company Witness Whitfield testifies, the Company's overall retail rates are lower than other regional and national averages, noting as well that these overall rates have increased at only a little more than half the rate of general inflation over the past decade. This has been accomplished while adding over 6,000 megawatts ("MW") of new, highly efficient and environmentally responsible generation resources to the Company's portfolio. Stable base rates will continue this history of providing excellent service at significant value to customers.

18. The Company's Filing also highlights its energy efficiency efforts, which have

made considerable progress toward statutory goals, and other operational initiatives including diversity and inclusion and environmental justice priorities. Company Witnesses Baine and Whitfield provide details on these efforts, including the Company's diversity goals, resource groups, external contributions, and programs to support and employ veterans, among other initiatives.

EARNINGS TEST RESULTS

19. During its 2018 Regular Session, the General Assembly of Virginia enacted the GTSA, which, among other things, restored base rate reviews on a triennial basis, encouraged investments in new programs and infrastructure to transform the electric distribution grid, and established an innovative regulatory construct known as the Customer Credit Reinvestment Offset (or CCRO) that permits reinvestment of available earnings in qualifying projects.[3]

20. To the extent the Company has undertaken capital investments in new solar or wind generation facilities or electric distribution grid transformation projects during the Triennial Review Period, it may elect to utilize available earnings to fully fund these investments and remove them from the cost of service going forward, as CCROs. The result is that customers do not continue to pay for these assets—including ongoing financing costs—over their remaining service lives.

21. As presented by Company Witness John C. Ingram, the Company's cost of service over the 2017-2020 period totaled approximately $12.45 billion. The revenues collected from customers closely matched that cost of service, with approximately $37 million, of revenues above the cost of service that are available for earnings sharing. On an earned return basis, the Company earned a combined ROE of 10.04% on its generation and distribution

[3] Va. Code § 56-585.1.

services for the 2021 Triennial Review Period, excluding uncollected debt forgiveness revenues that have not been and will not be collected, or 10.85% with such uncollected revenues included, as the law requires. These returns translate into $26 million in revenues available for reinvestment in qualifying projects, after the statutorily directed offset of mandated debt forgiveness amounts of approximately $206 million.

22. The Company elects and requests, pursuant to Va. Code § 56-585.1 A 8 to apply CCRO-eligible investments in the CVOW demonstration project to fully offset the customer share of any remaining available earnings determined by the Commission. Based on the Company's Filing, this will result in $26 million of the CVOW investment being recovered and written off the books of the Company with no further customer contribution to these amounts going forward. Because the aggregate CCRO-eligible amounts invested during the Triennial Review Period of $309 million, $256 million of which has been previously approved, exceed the aggregate amount of available earnings, base rates will remain stable going forward, assuming the Commission accepts these earnings test results.

23. To the extent the Commission reaches a different determination as to the Earnings Test results and calculates a higher level of available earnings, the Company herein elects to apply offsetting investments in CVOW equal to such available earnings, and then to the extent necessary, to apply offsetting investments in the Customer Information Platform and AMI meters equal to such remaining available earnings. Further, to the extent there has not been a prudence finding to date with respect to the historical AMI investment, the Company herein seeks such a finding.

24. The earnings test results reflect the costs directed for period treatment under Va. Code § 56-585.1 A 8 ("Subsection A 8"), including costs associated with asset impairments

related to early retirement determinations for certain generation facilities. As explained by Company Witness Baine, in both 2019 and early 2020, power market dynamics, followed by the VCEA's retirement directives, dictated asset impairment costs related to the early retirement of a number of the Company's older fossil generating facilities. Revenue under current rates was sufficient to recover all Subsection A 8 costs incurred during the 2021 Triennial Review Period, including those associated with asset impairments. Under this accounting, there are no future capital recovery or financing costs, and no potential rate impact, for customers associated with these facilities going forward. Company Witness Ingram explains that this accounting is also consistent with accounting guidance and long-standing Commission precedent.

25. Overall, as Company Witness John J. Reed concludes, these financial and performance results show that the Company is providing substantial value to customers, including rate stability, through prudent management and a supportive regulatory construct.

FAIR RATE OF RETURN ON COMMON EQUITY

26. As noted, the Company is filing this 2021 Triennial Review Application at a transformational time for both the Commonwealth and the Company. The VCEA calls for significant deployment of new renewable generation and energy storage resources in the Commonwealth in a relatively short period of time. By 2035, the Company must deploy 16.1 gigawatts of solar and onshore wind capacity, up to 5,200 MW of offshore wind capacity, and 2,700 MW of energy storage capacity. Meeting these aggressive requirements will require a transformation of the Company's generation fleet used to meet customers' energy and capacity needs.

27. Over the next five years, the Company forecasts capital investment levels exceeding $28 billion, $23 billion of which will be used to support investment such as customer

growth, solar build out, storage deployment, nuclear subsequent license renewal, and the first utility scale off-shore wind project ever to be built in federal waters. The Company's need and ability to undertake these substantial investments, and in a cost-effective manner, is directly related to the determination of an adequate and reasonable ROE in this case, as addressed by Company Witnesses Baine, Reed, and Coyne.

28. As presented by Company Witness Coyne, the evidence demonstrates that the Company's market cost of equity falls within a range from 10.5% to 11.5%. Within this range, the Company is requesting an ROE of 10.8%. As Company Witnesses Baine and Coyne explain, while the Company's excellent performance, as well as its comparative risk factors, would warrant a ROE at the upper end of Mr. Coyne's range, the Company is mindful of the current economic conditions and the impact on customers in requesting a return below the midpoint of the estimated range.

29. Under the Code, the authorized return may not be set lower than the peer return floor calculated in accordance with Va. Code § 56-585.1 A 2. Company Witness Coyne calculates a peer floor of 10.33%, and a corresponding ceiling of 11.83%, based on authorized returns for a majority of qualifying peer utilities.

30. The Company's currently authorized return of 9.2% reflects a continuous reduction in ROE by the Commission since the enactment of the 2007 Act. The evidence demonstrates that this ROE is among the lowest for any vertically integrated electric utility in the United States, with only four decisions out of 102 at or below this level over the last four years. The 9.2% ROE also is inconsistent with ROE determinations in jurisdictions deemed to be constructive regulatory environments. Over the Triennial Review Period, the average authorized return in such jurisdictions has been 10.03%.

31. As Company Witness Coyne explains, investors and analysts closely assess "regulatory risk," including whether a regulatory construct, or the implementation of it by public utility commissions, is supportive of financing needs and at rates comparable to others competing in markets for investor funds. An ROE determination that is out of line with expectations can make financing more difficult, and ultimately more expensive if available, because it creates perceptions of regulatory risk that have these potentially negative consequences for both utilities and their customers. There have been signals of such concerns here in Virginia.

GOING-FORWARD RATEMAKING ANALYSIS

32. The Company has used the twelve months ended December 31, 2020 for its test year, adjusted for costs reasonably expected to be incurred during the 2022 Rate Year. As presented in the testimony of Company Witnesses Ingram and McLeod and the accompanying Filing Schedules, the Company's ratemaking analysis supports a total revenue requirement of $3.1 billion in order for it to recover its costs of service and earn the ROE being requested in this case over the Rate Year, which is $19 million more than the level of revenue the Company projects to occur for that period. Although the Company is showing a revenue deficiency going forward, again, there can be no rate increase arising out of this proceeding.

33. This analysis also presents a revenue neutral decrease in generation revenue of approximately $330 million, and an equivalent corresponding increase in distribution revenue, to more accurately balance functional rates of return and improve class parity. Company Witness Paul B. Haynes presents the Company's proposal to rebalance these charges and mitigate cost shifting between bundled service customers and retail choice customers. The Company believes that it is important to make this change at this time, on a revenue neutral basis, to ensure

customers are paying rates sufficient to cover the costs to serve them and are not absorbing the costs to serve others.

DIRECT TESTIMONY SUPPORTING OBJECTIVES SOUGHT

34. In support of the Company's 2021 Triennial Review Application, and pursuant to Rule 10 VAC 5-204-10, the Company presents the pre-filed direct testimony of Edward H. Baine, John J. Reed, Robert W. Sauer, Gerald T. Bischof, Charlene J. Whitfield, Augustus Johnson IV, James M. Coyne, John C. Ingram, Paul M. McLeod, Paul B. Haynes, Robert E. Miller, and John I. Harris. In summary, these witnesses address and support the Application as follows:

- Edward H. Baine, President, Virginia Electric and Power Company, provides an overview of the key points of the Company's Triennial Review Application and introduces the other Company witnesses presenting direct testimony in the case.

- John J. Reed, Chairman and Chief Executive Officer of Concentric Energy Advisors, Inc., discusses the operational and financial value that the Company is providing to its customers, how this is enabled by the regulatory construct in Virginia, and the importance of balanced implementation of that construct.

- Robert W. Sauer, Vice President – System Operations, discusses the Company's generation portfolio, investments in that system, the generating plant performance and related operating efficiency criteria for the Company's non-nuclear generation units, and how its investments in and operation of the fleet have provided customer value.

- Gerald T. Bischof, Senior Vice President – Nuclear Operations & Fleet Performance, discusses the Company's nuclear generation units, their exceptional performance, and their significance as a resource for our customers.

- Charlene J. Whitfield, Senior Vice President – Power Delivery, discusses the Company's distribution performance in the areas of customer service, operating efficiency, resilience and service restoration, and describes the Company's distribution infrastructure and associated capital requirements.

- Augustus Johnson, IV, Director of Electric Distribution Grid Solutions, describes specific investments made by the Company to modernize its distribution system, including deployment of advanced metering infrastructure ("AMI"), installation of two battery energy storage systems ("BESS") through the Commission-established pilot program, as well as its investments in a new, modern Customer Information Platform.

- James M. Coyne, Senior Vice President, Concentric Energy Advisors, Inc., calculates the Company's cost of equity and provides his conclusions regarding a proper ROE range for the Company. He also presents the results of his statutory peer group analysis.

- John C. Ingram, Director – Regulatory Accounting, presents the results of the Company's Earnings Test for the 2017-2020 test periods and the Company's election of CCROs. Mr. Ingram also presents the calculation of the Company's pro-formed cost of service, based on an adjusted 2020 test year, for the rate year commencing on January 1, 2022.

- Paul M. McLeod, Manager – Regulatory Accounting, describes each of the regulatory accounting adjustments the Company is making to reflect the 2017, 2018, 2019 and 2020 jurisdictional per books financial results on a regulatory accounting basis, and supports the ratemaking adjustments to the 2020 test year in order to reflect costs which are reasonably expected to occur during the rate year.

- Paul B. Haynes, Director – Regulation, addresses the Company's cost allocation methods, and provides support for the Company's proposed functional revenue apportionment and rate design. Mr. Haynes also describes the Company's proposed changes to certain rate schedules and its Terms and Conditions for the Provision of Electric Service.

- Robert E. Miller, Regulatory Specialist, sponsors the cost of service studies presented in Filing Schedule 40, and the classification of distribution plant costs and allocation of classified distribution costs in the cost of service. Mr. Miller also addresses proposed amendments to Schedule 24 for LED Outdoor Lighting.

- John I. Harris, Electric Distribution Contracts Consultant, sponsors proposed changes to the Company's process for establishing contract minimums for billing purposes for large customers.

SUPPORTING SCHEDULES

35. Also in support of the 2021 Triennial Review Application, the Company is filing concurrently with the Application Schedules 3, 6, 7, 9 through 18, 29 a, b, c, and f, 30, 31, 32, 34, 35, 36, 40a, 44, and 48 as identified in Rate Case Rules 20 VAC 5-204-90 for each of the successive 12-month test periods (2017-2020). The Company is also filing concurrently with the Application Schedules 1, 2, 4, 5, 8, 19 through 28, 29 d, 29 e, 33, 37, 38, 39, 40b, 40c, 41, 42, 43, 45 and 47 as identified in Rate Case Rules 20 VAC 5-204-90 for the final 12-month test period (2020).

36. Schedule 35 for the final 12-month test period and a reconciliation of the total Company amounts in Schedules 19 and 22 to the statement of income and comparative balance sheet contained in Federal Energy Regulatory Commission Form No. 1 will be filed no later than April 30, 2021.

37. The Company is also filing Schedule 49 that contains a reconciliation of the Federal Energy Regulatory Commission Form No. 1 to the per books cost of service studies for each of the successive 12-month test periods (2017-2020).

REQUEST FOR CONFIDENTIAL TREATMENT AND ADDITIONAL PROTECTIVE TREATMENT OF EXTRAORDINARILY SENSITIVE INFORMATION

38. The Company's 2021 Triennial Review Application contains, at points so designated therein, confidential and extraordinarily sensitive information, and the non-public version of this filing is being made under seal. Because portions of the Company's 2021 Triennial Review Application contain such confidential and extraordinarily sensitive information, in compliance with Rule 10 F of the Rate Case Rules and Rule 170 of the Procedural Rules, 20 VAC 5-204-10 F and 5 VAC 5-20-170, this filing is accompanied by a separate Motion for Entry of a Protective Order and Additional Protective Treatment, including a form of Proposed Protective Order, filed by the Company under separate cover but contemporaneously with this Application.

COMPLIANCE WITH RULE 10 OF THE RATE CASE RULES

39. The Company's 2021 Triennial Review Application follows the requirements contained in 20 VAC 5-204-10. A complete copy of the public version of the Application has been served upon the Office of the Attorney General's Division of Consumer Counsel, in conformity with Rule 10 J. Also included with and following this Application, pursuant to Rule

10, is a table of contents of this filing, including exhibits and schedules segregated by volume.

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CONCLUSION

WHEREFORE, Dominion Energy Virginia respectfully requests the Commission to (1) find this Application is deemed filed pursuant to 10 VAC 5-204-10; (2) schedule this matter before the full Commission; (3) grant the Company's request to assume a rate year commencing January 1, 2022 for purposes of this proceeding; (4) grant the accompanying Motion for Entry of a Protective Order; (5) accept the Company's earnings test results indicating an earned return of 10.85% for the Triennial Review Period, with approximately $26 million in revenues to be reinvested in the CVOW demonstration project; (6) authorize the Company's requested prospective fair combined rate of return on common equity of 10.8%; (7) approve the changes to the rate schedules and terms and conditions as set forth herein; and (8) grant the Company such further relief as may be necessary or appropriate.

Respectfully submitted,

By: ______________________
Counsel

Paul E. Pfeffer
Audrey T. Bauhan
Dominion Energy Services, Inc.
120 Tredegar Street
Richmond, Virginia 23219
(804) 787-5607 (PEP telephone)
(804) 819-2029 (ATB telephone)
paul.e.pfeffer@dominionenergy.com
audrey.t.bauhan@dominionenergy.com

Joseph K. Reid, III
Elaine S. Ryan
Jontille D. Ray
Lisa R. Crabtree
McGuireWoods LLP
Gateway Plaza

800 East Canal Street
Richmond, Virginia 23219-3916
(804) 775-1198 (JKR telephone)
(804) 775-1090 (ESR telephone)
(804) 775-1173 (JDR telephone)
(804) 775-1327 (LRC telephone)
(804) 775-2222 (facsimile)
jreid@mcguirewoods.com
eryan@mcguirewoods.com
jray@mcguirewoods.com
lcrabtree@mcguirewoods.com

Counsel for Virginia Electric and Power Company

March 31, 2021