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January 4, 2022

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*Application of Virginia Electric and Power Company,
For revision of rate adjustment clause: Rider S, Virginia City Hybrid Energy Center
for the Rate Years Commencing April 1, 2022 and April 1, 2023
Case No. PUR-2021-00114*

Dear Mr. Logan:

Please find enclosed for electronic filing in the above-captioned proceeding the *Proposed Stipulation and Recommendation* on behalf of Virginia Electric and Power Company (the "Company"), the Staff of the State Corporation Commission, and the Sierra Club (the "Proposed Stipulation").

The Company is authorized to represent that the Office of the Attorney General, Division of Consumer Counsel ("Consumer Counsel") and Appalachian Voices do not join, but do not oppose, the Proposed Stipulation. Further, Consumer Counsel and Appalachian Voices agree to make part of the record without cross-examination, the testimony, exhibits, and schedules as set forth in the Proposed Stipulation.

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

Very truly yours,

/s/ Joseph K. Reid, III

Joseph K. Reid, III

Enclosures

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cc: The Honorable Michael D. Thomas, Hearing Examiner
Paul E. Pfeffer, Esq.
Lisa R. Crabtree, Esq.
Timothy D. Patterson, Esq.
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Service List

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COMMONWEALTH OF VIRGINIA
STATE CORPORATION COMMISSION

APPLICATION OF)
)
VIRGINIA ELECTRIC AND POWER COMPANY)
) Case No. PUR-2021-00114
For revision of rate adjustment clause: Rider S,)
Virginia City Hybrid Energy Center)
For the Rate Years Commencing April 1, 2022)
and April 1, 2023)

PROPOSED STIPULATION AND RECOMMENDATION

This Proposed Stipulation and Recommendation (“Stipulation”) represents the agreement among Virginia Electric and Power Company (“Dominion Energy Virginia” or the “Company”), the Staff of the State Corporation Commission (“Staff”), and the Sierra Club (collectively, the “Stipulating Participants”) resolving all issues raised by the Stipulating Participants relating to the application, direct testimony, and schedules filed by Dominion Energy Virginia on June 8, 2021 (the “Application”) in support of its 2021 Rider S Update.

The Stipulating Participants, by their undersigned counsel, stipulate, agree and recommend that this Stipulation be adopted and that the Application be approved as modified below:

1. **Revenue Requirement:** The approved revenue requirement for Rate Year 1 (April 1, 2022 through March 31, 2023) is \$191.532 million, and the approved revenue requirement for Rate Year 2 (April 1, 2023 through March 31, 2024) is \$191.292 million. These approved revenue requirements consist of an Actual Cost True-Up Factor of (\$1.425) million and a Projected Cost Recovery Factor of \$192.957 million for Rate Year 1, and a Projected Cost Recovery Factor of \$191.292 million for Rate Year 2. The actual revenue requirement for both Rate Years is higher than the amount requested in the Company’s Application and publicly

noticed, and thus the Company will limit its recovery amount to the noticed amounts listed in this paragraph. Any difference between these amounts and the actual revenue requirements will be addressed as part of the true-up in a future Rider S update filing.

2. Analysis and Report: As recommended by Staff, the Company will complete an analysis of a possible pathway towards economic viability for the Virginia City Hybrid Energy Center (“VCHEC”) on a going-forward basis. The Company shall file a report detailing this analysis in the docket for this matter within nine months of the final order in this proceeding, and before the next Rider S update is filed. This report shall include, at a minimum, analysis and discussion of the following:

- a. Analysis of scenarios in which VCHEC retires prior to 2045, the latest date required by Code § 56-585.5 B 3. Specifically, the Company should include analyses of potential unit retirement in years 2026 and 2030;
- b. For any retirement scenario presented in the report, the Company shall provide an accompanying lifetime revenue requirement, with supporting calculations, in excel format, with formulas intact;
- c. For any retirement scenario presented in the report, the analysis should include, without limitation, a discussion of (i) local economic impacts; (ii) system reliability; (iii) environmental justice; and (iv) the social cost of carbon;
- d. Analysis of options for repurposing the VCHEC site if the unit is retired, including use for hosting solar, wind, and/or energy storage resources. Such analysis should include, without limitation, a discussion of (i) local economic impacts; (ii) system reliability; (iii) environmental justice; and (iv) the social cost of carbon; and
- e. Discussion of pathways towards greater utilization of unused coal combustion residuals (“CCR”) storage capacity at VCHEC.

3. Life-Extending Capital Investments: The Company will forego life-extension related spending at VCHEC occurring after Rate Years 1 and 2 as presented in this proceeding until the Company has completed and filed the report described in paragraph (2) above with the Commission and a long-term decision about VCHEC's continued operation has been made by the Company. The Company will continue to make prudent maintenance capital investments that are necessary for the continued safe and reliable operation of VCHEC. The Stipulating Participants acknowledge that recovery of any costs is ultimately subject to Commission approval.

4. CCR Containment Facilities: The completion of construction of cells 2A and 3B of the Curley Hollow Landfill CCR facility, and the costs associated therewith, are reasonable and prudent. Beyond this, the Company agrees to not commence construction of new or additional CCR containment facilities at VCHEC unless and until it determines that additional capacity is required and such construction is reasonable and prudent.

5. Dispatch Records: The Company acknowledges that it will maintain records created in the normal course of business regarding VCHEC dispatch decisions and will disclose such documentation through discovery, if requested, in future Rider S update proceedings pursuant to the Commission's Rules of Practice and Procedure.

6. The Stipulating Participants agree that the Company may, at its discretion, seek annual, rather than biannual, approval of Rider S for the recovery of costs associated with VCHEC.

7. The Stipulating Participants further agree as follows with respect to the evidentiary record:

- a. Dominion Energy Virginia's Application, which includes the pre-filed direct testimony and exhibits of Company Witnesses Christopher C. Dibble, Christopher

J. Lee, and Estaña M. Davis, and Filing Schedules 3, 4, 5, 8, and 46 filed on June 8, 2021, shall be made a part of the record without cross examination.

- b. The pre-filed direct testimony, schedules, and exhibits of Sierra Club Witness Rachel Wilson, filed on November 22, 2021, shall be made part of the record without cross examination.
- c. The pre-filed direct testimony, schedules, and exhibits of Staff Witnesses Brad Gerner, Phillip M. Gereaux, and David J. Dalton, filed on December 8, 2021, shall be made part of the record without cross-examination.
- d. The pre-filed rebuttal testimony, exhibits, and schedules of Company Witnesses Glenn A. Kelly, Jacqueline R. Vitiello, Christopher C. Dibble, and Christopher J. Lee, filed on December 20, 2021, shall be made part of the record without cross-examination.

8. The Stipulating Participants agree that this Stipulation represents a compromise for purposes of settlement of this case and for resolution of issues raised by the Stipulating Participants in this proceeding. None of the signatories to this Stipulation necessarily agree with the treatment of any particular item, any procedure followed, or the resolution of any particular issue in agreeing to this Stipulation other than as specified herein, except that the Stipulating Participants agree that the resolution of the issues herein, taken as a whole, and the disposition of all other matters set forth in this Stipulation, are in the public interest.

9. This Stipulation is conditioned upon and subject to acceptance by the Commission and is non-severable and of no force or effect and may not be used for any other purpose unless accepted in its entirety by the Commission. In the event that the Commission does not accept the Stipulation in its entirety, including the issuance of a recommendation to approve the Stipulation, each of the signatories herein retain the right to withdraw support for the

Stipulation. In the event of such action by the Commission, any of the signatories to the Stipulation will be entitled to give notice exercising its right to withdraw support for the Stipulation; provided, however, that the signatories to the Stipulation may, by unanimous consent, elect to modify the Stipulation to address any modifications required, or issues raised, by the Commission. Should the Stipulation not be approved, it will be considered void and have no precedential effect, and the signatories to the Stipulation reserve their rights to participate in all relevant proceedings in the captioned case notwithstanding their agreement to the terms of the Stipulation. If the Commission chooses to reject the Stipulation, the Stipulating Participants may request that an *ore tenus* hearing be convened at which time testimony and evidence may be presented by the case participants and cross-examination may occur on any issues arising in this proceeding.

10. The docket for this proceeding shall remain open for the sole purpose of receiving the report described in paragraph (2).

The following parties join the Stipulation as accepted and agreed to this 4th day of

January 2022:

VIRGINIA ELECTRIC AND POWER COMPANY

By: /s/ Joseph K. Reid, III
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CERTIFICATE OF SERVICE

I hereby certify that on this 4th day of January 2022, a true and accurate copy of the foregoing filed in Case No. PUR-2021-00114 was hand delivered, electronically mailed, and/or mailed first class postage pre-paid to the following:

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