

STATE CORPORATION COMMISSION
RECEIVED

APR 27 2022

Case No. PUR-2021-00229

Sponsor: ("DOMINION")

Exhibit No. 11

Witness: STIPULATED

Bailiff: DEBORAH P. BELL

22044015

COMMONWEALTH OF VIRGINIA
STATE CORPORATION COMMISSION

PETITION OF)
)
VIRGINIA ELECTRIC AND POWER COMPANY)
) Case No. PUR-2021-00229
For approval of a rate adjustment clause)
designated Rider SNA under § 56-585.1 A 6)
of the Code of Virginia)

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 Office of the Attorney General, Division of Consumer Counsel (“Consumer Counsel”), (collectively, the “Stipulating Participants”)¹ resolving all issues raised by the Stipulating Participants relating to the petition, direct testimony, exhibits and schedules filed by Dominion Energy Virginia on October 5, 2021, and as updated on December 21, 2021 and March 4, 2022, (collectively, the “Petition”) for approval of a rate adjustment clause, designated Rider SNA, for the costs associated with the preparation of the applications for Subsequent License Renewal to the Nuclear Regulatory Commission to extend the operating licenses of, and the projects reasonably appropriate to upgrade or replace systems and equipment deemed to be necessary to operate, the Company’s Surry Units 1 and 2 and North Anna Units 1 and 2 safely and reliably in the extended period of operation.

The Stipulating Participants, by their undersigned counsel, stipulate, agree and

¹ The Virginia Committee for Fair Utility Rates (the “Committee”) has authorized the Stipulating Participants to represent that the Committee has no objection to this stipulation. While not joining the stipulation, the Committee agrees to make part of the record without cross-examination, the testimony, exhibits, and schedules as set forth herein.

EXHIBIT# 11

recommend that this Stipulation be adopted and that the Petition be approved as modified below:

1. Program and Rate Adjustment Clause Approval: Subject to the terms and findings below, the Company's Nuclear Life Extension Program ("Program") as described in the Petition, consisting of 33 Capital Upgrade Component projects for its four nuclear generation units at the North Anna and Surry Power Stations and subsequent license renewal applications to the Nuclear Regulatory Commission ("NRC"), is reasonably necessary and appropriate to extend the life of these generating units from 60 to 80 years, and the Company's request for a rate adjustment clause pursuant to subdivision A 6 of § 56-585.1 of the Code of Virginia, designated Rider SNA, to recover the costs of the Program meets all statutory requirements and shall be approved.

2. Need for the Program: The Company has reasonably justified the technical need for each of the projects in the Program, and the project timelines are reasonable. Extending the life of the nuclear units will contribute to the capacity and energy requirements of the Company over the extension period. Life extension will help to meet the Company's renewable energy portfolio standard ("RPS") program requirements under the Virginia Clean Economy Act ("VCEA") by displacing the need for renewable energy certificate purchases from RPS eligible sources. The Program will also support system reliability as a dispatchable baseload generation resource. This finding of need is subject to the Company obtaining the necessary SLR approvals from the NRC, as well as other necessary permits to implement the proposed projects.

3. Program Costs and Benefits: While comparison data is limited, the Company has presented a reasonable estimate of the individual project and total costs associated with the Program in its Petition and supporting testimony and filing schedules. The evidence calculating net benefits of the Program to customers supports a finding that the Program is cost beneficial. This finding of reasonableness is subject to the Company obtaining the necessary SLR approvals

20240905

from the NRC, as well as other necessary permits to implement the proposed projects. However, in approving this Stipulation the Commission is making no specific findings as to these cost benefit analyses.

4. Program Phasing and Cost Recovery: The Company's proposal to phase the cost recovery of the Program as described in the Petition is approved. The Commission's approval of cost recovery in this proceeding is limited to costs incurred during Phase I of the Program, including costs incurred to date and through the period 2022-2024. This finding of cost recovery is subject to the conditions agreed upon in paragraph (5) with respect to North Anna costs. The Commission's approval of cost recovery in this proceeding is not a "blank check" for the duration of the Program. The Company will submit any petition for cost recovery for Phase II of the Program prior to the conclusion of Phase I.

5. Revenue Requirement: The Company accepts Staff's recommendation to defer costs incurred after February 28, 2022 with respect to Phase I costs associated with the Program for the North Anna units as described in the pre-filed testimony of Staff Witness R. Chris Harris. Any such deferred costs may be requested for recovery and will be subject to further Commission approval in a subsequent Rider SNA annual update proceeding. The corrections to the initially proposed revenue requirement described in Company Witness Givens' rebuttal testimony shall be made. The approved revenue requirement for the initial rate year of Rider SNA commencing September 1, 2022 is \$106.664 million. With regard to the cost of removal incorporated in Allowance for Funds Used During Construction ("AFUDC"), the issue may be addressed in a future proceeding.

6. Program Reporting: In each annual update proceeding for Rider SNA, the Company will report on the status of the Program and any material changes to individual project or overall Program timelines or cost estimates. The Company will inform Commission Staff and

the Office of the Attorney General's Division of Consumer Counsel of any material events impacting the Program.

7. Rate of Return on Common Equity and Capital Structure: The rate of return on common equity of 9.35% approved in Case No. PUR-2021-00058 shall apply to the Rider SNA cost recovery approved herein, as provided by statute. The Company's proposed capital structures and costs of capital for calculating the Rider SNA AFUDC factor are approved. For the Rider SNA projected cost recovery factor, the Company's actual December 31, 2020 capital structure and cost of capital approved in Case No. PUR-2021-00058 shall be utilized.

8. Cost Allocation and Rate Design: The cost allocation and rate design methodologies used by the Company for Rider SNA are approved.

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

- a. Dominion Energy Virginia's Petition, which includes the pre-filed direct testimony, exhibits, and filing schedules of Company Witnesses Mark D. Sartain, Paul A. Phelps, Glenn A. Kelly, M. Kyle Thomas, C. Alan Givens, and Timothy P. Stuller, filed on October 5, 2021; and updated on December 21, 2021 and March 4, 2022, shall be made a part of the record without cross examination.
- b. The pre-filed direct testimony and exhibits of Committee Witness Stephen J. Baron, filed on March 15, 2022, shall be made part of the record without cross examination.
- c. The pre-filed direct testimony and exhibits of Consumer Counsel Witness D. Scott Norwood, filed on March 15, 2022, shall be made part of the record without cross examination.
- d. The pre-filed testimony, schedules, and exhibits of Staff Witnesses R. Chris Harris, Phillip M. Gereaux, Armando J. de León, Brian S. Pratt, and Tyler H. Lohmeyer, filed on

March 31, 2022; shall be made part of the record without cross examination.

- e. The pre-filed rebuttal testimony, exhibits, and filing schedules of Company Witnesses Douglas C. Lawrence, Paul A. Phelps, Glenn A. Kelly, Francisco Velez-Cedeno, and C. Alan Givens, filed on April 14, 2022, shall be made part of the record without cross examination.

10. No Precedential Effect: The Stipulating Participants agree that this Stipulation represents a compromise for purposes of settlement of this case and for resolution of issues raised in this proceeding and shall have no precedential effect. 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.

11. 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

20250303

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.

The following parties join the Stipulation as accepted and agreed to this 22nd day of
April 2022:

VIRGINIA ELECTRIC AND POWER COMPANY

/s/ Joseph K. Reid, III

By: _____
Counsel

Paul E. Pfeffer
David J. DePippo
Lisa R. Crabtree
Dominion Energy Services, Inc.
120 Tredegar Street
Richmond, Virginia 23219
(804) 787-7607 (PEP)
(804) 819-2411 (DJD)
(804) 819-2612 (LRC)
paul.e.pfeffer@dominionenergy.com
david.j.depippo@dominionenergy.com
lisa.r.crabtree@dominionenergy.com

Joseph K. Reid, III
Elaine S. Ryan
Jennifer D. Valaika
Dan Bumpus
Nicole M. Allaband
McGuireWoods LLP
Gateway Plaza
800 East Canal Street
Richmond, Virginia 23219-3916
(804) 775-1198 (JKR telephone)
(804) 775-1090 (ESR telephone)
(804) 775-1051 (JDV telephone)
(804) 775-1199 (DB telephone)
(804) 775-4364 (NMA telephone)
(804) 775-2222 (facsimile)
jreid@mcguirewoods.com
eryan@mcguirewoods.com
jvalaika@mcguirewoods.com
dbumpus@mcguirewoods.com
nallaband@mcguirewoods.com

Counsel for Virginia Electric and Power Company

STAFF OF THE VIRGINIA STATE
CORPORATION COMMISSION

/s/ William H. Chambliss

William H. Chambliss, Esq.
Frederick D. Ochsenhirt, Esq.
William H. Harrison, IV, Esq.
C. Austin Skeens, Esq.
Office of General Counsel
State Corporation Commission
1300 E. Main Street, Tyler Bldg., 10th Fl.
Richmond, VA 23219

OFFICE OF THE ATTORNEY GENERAL,
DIVISION OF CONSUMER COUNSEL

/s/ C. Meade Browder, Jr.

C. Meade Browder, Jr., Esq.
C. Mitch Burton, Jr., Esq.
R. Scott Herbert, Esq.
Office of the Attorney General
Division of Consumer Counsel
202 N 9th Street, 8th Floor
Richmond, VA 23219