

COMMONWEALTH OF VIRGINIA  
STATE CORPORATION COMMISSION

AT RICHMOND, JUNE 26, 2024

REC-2024-00053  
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PETITION OF

VIRGINIA ELECTRIC AND POWER COMPANY

CASE NO. PUR-2024-00053

and

OSW PROJECT LLC

For approval and authority to enter into affiliate agreements and issue securities under Chapters 3 and 4 of Title 56 of the Code of Virginia

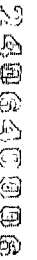
ORDER GRANTING APPROVAL

In Case No. PUR-2021-00142, Virginia Electric and Power Company ("Dominion" or "Company") sought, and received, approval from the State Corporation Commission ("Commission") for: (i) construction of the Coastal Virginia Offshore Wind Commercial Project ("Project" or "CVOW Project"), to be located in a federal lease area beginning approximately 24 nautical miles off the coast of Virginia Beach, Virginia, and its related power export facilities; (ii) a certificate of public convenience and necessity ("CPCN") for electric interconnection and transmission facilities associated with the Project; and (iii) a rate adjustment clause, designated Rider OSW, for the recovery of costs associated with the Project.<sup>1</sup> As part of its approval, the Commission adopted certain consumer protections for the Project and directed Dominion to file annual Rider OSW update proceedings.<sup>2</sup>

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<sup>1</sup> *Application of Virginia Electric and Power Company, For approval and certification of the Coastal Virginia Offshore Wind Commercial Project and Rider Offshore Wind, pursuant to § 56-585.1:11, § 56-46.1, § 56-265.1 et seq., and § 56-585.1 A 6 of the Code of Virginia*, Case No. PUR-2021-00142, 2022 S.C.C. Ann. Rept. 287, Final Order (Aug. 5, 2022).

<sup>2</sup> *Id.* At the request of Dominion and six respondents, the Commission subsequently struck the "performance standard" set forth on pages 15-16 of the Final Order and replaced it with alternative requirements. *Application of*



Thereafter, during its 2023 Session, the Virginia General Assembly enacted Chapter 510 (SB 1477) of the 2023 Virginia Acts of Assembly, which became effective on July 1, 2023 ("Chapter 510"). Among other things, Chapter 510 amended Code § 56-585.1:11 ("Section 1:11") to authorize a Phase II Utility, such as Dominion, subject to Commission approval, to establish an offshore wind affiliate for the purpose of securing a noncontrolling equity financing partner in a qualifying offshore wind project.<sup>3</sup> Chapter 510 also states that an offshore wind affiliate may be permitted to construct, own, or operate a qualifying offshore wind project, or a portion thereof, and to operate as a public utility in association with the Phase II Utility.<sup>4</sup>

As authorized by Section 1:11, on March 28, 2024, Dominion and OSW Project LLC ("ProjectCo") (collectively, "Petitioners") filed a petition ("Petition") with the Commission in Case No. PUR-2024-00045, pursuant to Chapter 4 of Title 56 of the Code ("Affiliates Act"),<sup>5</sup> Chapter 5 of Title 56 of the Code ("Utility Transfers Act"),<sup>6</sup> Chapter 10.1 of Title 56 of the Code

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*Virginia Electric and Power Company, For approval and certification of the Coastal Virginia Offshore Wind Commercial Project and Rider Offshore Wind, pursuant to § 56-585.1:11, § 56-46.1, § 56-265.1 et seq., and § 56-585.1 A 6 of the Code of Virginia, 2022 S.C.C. Ann. Rept. 305, 307, Order on Reconsideration (Dec. 15, 2022).* The Company has since filed two annual updates to Rider OSW, Case No. PUR-2022-00187, and Case No. PUR-2023-00195, which is currently pending before the Commission. *See Application of Virginia Electric and Power Company, For revision of rate adjustment clause: Rider OSW, Coastal Virginia Offshore Wind Commercial Project, for the Rate Year commencing September 1, 2023, Case No. PUR-2022-00187, Doc. Con. Cen. No. 230720087, Final Order (July 7, 2023); Application of Virginia Electric and Power Company, For revision of rate adjustment clause: Rider OSW, Coastal Virginia Offshore Wind Commercial Project, for the Rate Year commencing September 1, 2024, Case No. PUR-2023-00195, Doc. Con. Cen. No. 231110053, Application (Nov. 1, 2023).*

<sup>3</sup> See Code § 56-585.1:11 G.

<sup>4</sup> *Id.* The legislation further provides that the affiliate is entitled to all rights and privileges of a public utility in connection with the qualifying wind project.

<sup>5</sup> Code §§ 56-76 *et seq.*

<sup>6</sup> Code §§ 56-88 *et seq.*

("Utility Facilities Act"),<sup>7</sup> and, to the extent the Commission deems necessary, Chapter 3 of Title 56 of the Code ("Securities Act").<sup>8</sup> In the Petition, the Petitioners seek: (i) approval to enter into proposed affiliate agreements related to the CVOW Project ("Affiliates Act Request");<sup>9</sup> (ii) approval to transfer the CVOW Project's assets from Dominion to ProjectCo, to assign certain permits, leases, contracts, and real estate interests associated with the Project to ProjectCo, and to amend the CPCN issued in Case No. PUR-2021-00142 ("Utility Transfers Act and Utility Facilities Act Requests");<sup>10</sup> (iii) authority for ProjectCo to issue ownership shares to the Company and its noncontrolling equity partner, Dunedin Member LLC ("Stonepeak Member"), should the Commission deem such authority to be necessary ("Securities Act Request");<sup>11</sup> and (iv) a finding that ProjectCo may furnish public utility service in association with Dominion pursuant to the Company's existing CPCN ("Other Requests").<sup>12</sup>

In its Order Bifurcating Case entered in both Case No. PUR-2024-00045 and the present proceeding, the Commission established separate dockets to consider the relief requested in the Petition. Specifically, the Commission determined that it would evaluate the Affiliates Act Request and Securities Act Request in the present docket, while all other matters, including but

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<sup>7</sup> Code §§ 56-265.1 *et seq.*

<sup>8</sup> Code §§ 56-55 *et seq.*

<sup>9</sup> Petition at 1, 22.

<sup>10</sup> *Id.* at 1-2.

<sup>11</sup> *Id.* at 2.

<sup>12</sup> *Id.* The Petitioners have also requested any further relief as deemed necessary and appropriate to authorize the activities and transactions included in the Petition, which would also be considered as part of the Other Requests. *Id.* at 22.

not limited to the Utility Transfers Act and Utility Facilities Act Requests and the Other Requests, would be evaluated in Case No. PUR-2024-00045.

On April 11, 2024, the Commission issued an Order Extending Time for Review and Inviting Comments in this case, which, among other things, directed the Petitioners to provide public notice of the Affiliates Act Request and Securities Act Request, provided interested persons an opportunity to file comments on those requests; directed Commission Staff ("Staff") to file a report ("Staff Report") containing Staff's findings and recommendations on those requests; directed the Petitioners to file a reply ("Reply") to any comments that were filed and to the Staff Report; and extended the review period for the Affiliates Act Request and Securities Act Request through June 26, 2024. No public comments were received. Staff filed its Staff Report on June 5, 2024. The Petitioners filed their Reply on June 12, 2024.

Affiliates Act Request

The Petitioners are seeking approval under the Affiliates Act of the following agreements: the Limited Liability Company Agreement ("LLCA"), the Project Management Agreement ("PMA"), the Rider OSW Servicing Agreement, the Renewable Energy Certificate ("REC") Purchase and Sale Agreement ("REC Agreement"), and the North Carolina Revenue Contract ("NC Revenue Contract") (collectively, "Affiliate Agreements").<sup>13</sup> The Affiliate Agreements are contracts that would, among other things, effectuate the transfer of the CVOW Project from Dominion to ProjectCo and facilitate financing of the Project.<sup>14</sup> The LLCA

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<sup>13</sup> *Id.* at 12. The Petitioners also provided a copy of an executed Equity Capital Contribution Agreement with the Petition but assert that this agreement does not require Commission approval. *See id.* at 8, n.7.

<sup>14</sup> *Id.* at 12; Staff Report at 1. Dominion has also requested approval of the LLCA, REC Agreement, and NC Revenue Contract from the North Carolina Utilities Commission ("NCUC"). It is the Company's position that the PMA and Rider OSW Servicing Agreement do not require NCUC approval. *See* Staff Report at 14, n.48.

provides the structure and terms and conditions for the formation and operation of ProjectCo and facilitates Stonepeak Member's investment in ProjectCo.<sup>15</sup> The PMA permits Dominion to act as project manager in the procurement, development, construction, operation, management, maintenance, decommissioning, and general project management of the CVOW Project.<sup>16</sup> The Rider OSW Servicing Agreement allows Dominion to act as servicer for Rider OSW to facilitate the billing, collection, and remittance of Rider OSW charges on behalf of ProjectCo, with all proceeds from Rider OSW being transmitted directly to ProjectCo.<sup>17</sup> The REC Agreement allows ProjectCo to sell 100% of the RECs generated by the CVOW Project to Dominion to meet its statutory renewable energy portfolio standards requirements.<sup>18</sup> The NC Revenue Contract is a financial contract under which Dominion will pay ProjectCo amounts equal to the North Carolina jurisdictional revenue requirement of the CVOW Project.<sup>19</sup> This financial contract is necessary because ProjectCo is not permitted to function as an electric utility in North Carolina and therefore cannot directly charge customers.<sup>20</sup> The Petitioners represent that approval of the Affiliate Agreements would facilitate financing of the CVOW Project and allow Dominion to maintain strong financial metrics without any incremental cost to customers.<sup>21</sup>

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<sup>15</sup> See Petition at Attachment J; Staff Report at 18-27.

<sup>16</sup> See Petition at Attachment K; Staff Report at 27-32.

<sup>17</sup> See Petition at Attachment L; Staff Report at 33-38.

<sup>18</sup> See Petition at Attachment M; Staff Report at 38-41. Proceeds from the sale of RECs will reduce the revenue requirements for Rider OSW. See, e.g., Staff Report at 39.

<sup>19</sup> See Petition at Attachment N; Staff Report at 41-44.

<sup>20</sup> See, e.g., Staff Report at 41.

<sup>21</sup> See Petition at 12.

In its Staff Report, Staff reviewed the Affiliate Agreements and determined that each of the agreements serves a specific purpose related to the proposed transaction and is necessary to effectuate the arrangement between Dominion, Stonepeak Member, and ProjectCo.<sup>22</sup> As such, Staff did not oppose a finding that the Affiliate Agreements are in the public interest pursuant to the Affiliates Act, subject to any further Commission findings in Case No. PUR-2024-00045, and subject to certain recommended requirements and conditions set forth in Appendices A through E to the Staff Report.<sup>23</sup>

In their Reply, the Petitioners stated that they supported Staff's conclusions with respect to the Affiliates Act Request and did not oppose the recommended requirements and conditions as presented in the Staff Report, subject to two proposed clarifications to the requirements and conditions in Appendix A to the Staff Report related to the LLCA.<sup>24</sup> The Petitioners represented that Staff does not oppose these clarifications.<sup>25</sup>

#### Securities Act Request

If the Petition is approved, ProjectCo would issue ownership shares exclusively to Dominion and Stonepeak Member in a private transaction at the time of closing.<sup>26</sup> Thus, to the extent the Commission deems it necessary, the Petitioners are also seeking authority for ProjectCo to both issue these ownership shares to Dominion and Stonepeak Member on a 50/50

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<sup>22</sup> Staff Report at 45.

<sup>23</sup> *Id.*

<sup>24</sup> Reply at 1-3.

<sup>25</sup> *Id.* at 2-3.

<sup>26</sup> *See* Petition at 20, Attachment H (Financing Summary), p. 1. The Petitioners refer to the ownership shares in ProjectCo as "Class A Units" and "Class B Units," which the Petitioners state function similarly to shares of a corporation and are entitled to specific economic and governance rights set forth in the LLCA, including the right of the Class B Member to share pro-rata in distributions with the Class A Member. *See* Staff Report at 46.

basis and to revise the ownership shares from time to time as may be required.<sup>27</sup> The Petitioners state that the issuance of such ownership shares is necessary for ProjectCo to acquire the CVOW Property and to carry out its functions under Section 1:11.<sup>28</sup>

Staff reviewed the Securities Act Request in its Report and concluded that Securities Act approval is required for ProjectCo to issue ownership shares, as the ownership shares that would be issued to Dominion and Stonepeak Member upon closing would be "evidence of interest or ownership."<sup>29</sup> Staff did not oppose a finding that the proposed financing is "not detrimental to the public interest," subject to any further Commission findings in Case No. PUR-2024-00045 and Staff's recommended requirements and conditions for approval of the LLCA included in Appendix A to the Staff Report.<sup>30</sup>

In their Reply, the Petitioners did not oppose Staff's recommendation that Securities Act approval be required for ProjectCo to issue ownership shares.<sup>31</sup>

NOW THE COMMISSION, upon consideration of the filings made in this docket and the relevant statutory provisions, including Section 1:11, is of the opinion and finds as follows.

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<sup>27</sup> Petition at 20; Staff Report at 46. The terms of certain Affiliate Agreements govern how the issuance of future units are to be priced. Petition at Attachment H (Financing Summary), p. 1. The terms of such Affiliate Agreements also prohibit the members of ProjectCo from directly transferring their equity interests in ProjectCo to third parties or undertaking any transfer that would result in a change of control of such member of ProjectCo prior to the earlier of (a) the time the CVOW Project commences commercial operations, or (b) the fifth anniversary of closing of the transactions contemplated by the Equity Capital Contribution Agreement, and provides that no member of ProjectCo may consummate either of those actions without obtaining the required governmental approvals, including any required Commission approval. Petition at 20-21.

<sup>28</sup> Petition at 20.

<sup>29</sup> See Staff Report at 46-53; Code § 56-57.

<sup>30</sup> Staff Report at 52-53.

<sup>31</sup> Reply at 1-3.

## Affiliates Act Request

Based on the record developed herein, each of the proposed Affiliate Agreements serves a specific purpose related to the transaction proposed in the Petition and is necessary to effectuate the arrangement between Dominion, Stonepeak Member, and ProjectCo.<sup>32</sup> The Commission finds that the Affiliate Agreements are in the public interest and should be approved, subject to certain requirements that we find are necessary to protect the public interest.<sup>33</sup> First, approval of the Affiliate Agreements is subject to any further requirements, findings, and determinations that will be made by the Commission in Case No. PUR-2024-00045. Further, approval of the Affiliate Agreements shall be subject to the requirements and conditions included in Appendices A through E to this Order.<sup>34</sup> Additionally, the conditional approvals granted herein are made expressly subject to the continued applicability of all consumer protections adopted in Case No. PUR-2021-00142.<sup>35</sup> Finally, the

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<sup>32</sup> See, e.g., Staff Report at 45.

<sup>33</sup> The Commission concurs with the Petitioners that the Equity Capital Contribution Agreement does not require Commission approval. See Petition at 8, n.7.

<sup>34</sup> Appendix A, as approved, includes the unopposed clarifications set forth in the Petitioners' Reply.

<sup>35</sup> See *Application of Virginia Electric and Power Company, For approval and certification of the Coastal Virginia Offshore Wind Commercial Project and Rider Offshore Wind*, pursuant to § 56-585.1:11, § 56-46.1, § 56-265.1 et seq., and § 56-585.1 A 6 of the Code of Virginia, Case No. PUR-2021-00142, 2022 S.C.C. Ann. Rept. 287, Final Order (Aug. 5, 2022); *Application of Virginia Electric and Power Company, For approval and certification of the Coastal Virginia Offshore Wind Commercial Project and Rider Offshore Wind*, pursuant to § 56-585.1:11, § 56-46.1, § 56-265.1 et seq., and § 56-585.1 A 6 of the Code of Virginia, 2022 S.C.C. Ann. Rept. 305, Order on Reconsideration (Dec. 15, 2022). The Commission notes this is consistent with the Petitioner's representation that "[s]imilar to the proposed Affiliate Agreements . . . [the proposed] transfer "preserve[s] the strong customer protections and assurances related to the Project approved by the Commission in Case No. PUR-2021-00142." Petition at 19-20.



Commission's approval herein in no way disrupts the Commission's ongoing regulatory authority to ensure Project costs are reasonable and prudent.<sup>36</sup>

While not directly at issue in this proceeding, the Commission appreciates Staff raising the question whether future transactions solely between ProjectCo, a public service company, and Stonepeak, a non-controlling equity investor and LLC, will require Commission approval under the Affiliates Act.<sup>37</sup> In discovery, Petitioner represents that Stonepeak is not an affiliate of ProjectCo for purposes of the Affiliates Act and is instead a "non-controlling equity investor."<sup>38</sup> However, the Commission notes that Stonepeak will, at closing, have representation on ProjectCo's Board of Directors.<sup>39</sup> Code § 56-76 7 excludes from the definition of "affiliated interest" persons or corporations who "shall not have had transactions or dealings other than the holding of stock and the receipt of dividends thereon . . . ." If Stonepeak seeks to exercise more than a passive investment role in ProjectCo, ProjectCo must petition the Commission for a determination as to whether Stonepeak should or should not be considered an affiliate pursuant to the Affiliates Act, and the Commission will address the issue upon a fully developed record.

Securities Act Request

The Commission finds that Securities Act approval of the Securities Act Request is required. Pursuant to Code § 56-57, "[t]his chapter shall apply to every stock or stock certificate or other evidence of interest or ownership, and, except as otherwise provided by § 56-65, every

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<sup>36</sup> The Commission notes this is consistent with the Petitioner's representation that "[s]imilar to the proposed Affiliate Agreements . . . [the proposed] transfer . . . maintain[s] the Commission's ongoing regulatory authority to ensure Project costs are reasonable and prudent." Petition at 20.

<sup>37</sup> Staff Report at 16-17.

<sup>38</sup> Petitioner's Response to Staff DR No. 11-104, included in Appendix G to Staff's Report at 86.

<sup>39</sup> Petition, Attachment J (LLCA), Section 6.1(a).

bond, note or other evidence of indebtedness, of a public service company, which may be issued . . . ." Pursuant to Code § 56-58, a public service company may issue "stocks and stock certificates or other evidences of interest or ownership . . . [f]or the construction, completion, extension or improvement of its facilities." As acknowledged by Dominion, if the Petition is approved, ProjectCo would be considered a "public service company" for purposes of the Securities Act.<sup>40</sup> Further, the Commission finds that the ownership shares that would be issued to Dominion and Stonepeak Member upon closing would be "evidence of interest or ownership" as set forth in the Securities Act.<sup>41</sup> As such, Securities Act approval is required for ProjectCo to issue ownership shares.

Having determined that Securities Act approval is necessary, the Commission finds that the proposed issuance of membership shares by ProjectCo to Dominion and Stonepeak Member, as provided by the LLCA, is consistent with the parameters set forth in the Securities Act and that approval of the proposed financing will not be detrimental to the public interest. The Commission therefore approves the Petitioners' request for authority pursuant to the Securities Act for ProjectCo to issue ownership shares to the Company and Stonepeak Member and to revise the ownership shares from time to time as may be required, subject to any further requirements, findings, and determinations made by the Commission in Case No. PUR-2024-00045 and the recommended requirements and conditions for approval of the LLCA as presented in Appendix A to this order.<sup>42</sup>

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<sup>40</sup> See Petitioner's Response to Staff DR No. 7-65, included in Appendix G to Staff's Report at 64.

<sup>41</sup> See *id.*

<sup>42</sup> In making this determination, we note that Petitioners paid the requisite fee of \$250 required by the Securities Act with the filing of its Petition.

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to the Affiliates Act, the Petitioners are hereby granted approval of the Affiliate Agreements, subject to the requirements and conditions discussed herein and set forth in Appendices A through E attached to this order.

(2) Pursuant to the Securities Act, the Petitioners are hereby granted approval for ProjectCo to issue ownership shares to the Company and Stonepeak Member and to revise the ownership shares from time to time as may be required, subject to the requirements and conditions discussed herein and to the requirements set forth in Appendix A attached to this order.

(3) This case is continued.

A COPY hereof shall be sent electronically by the Clerk of the Commission to all persons on the official Service List in this matter. The Service List is available from the Clerk of the Commission.

## APPENDIX A

### **Limited Liability Company Agreement**

- 1) The Commission's approval of the LLCA shall have no accounting or ratemaking implications.
- 2) The approval granted in this case shall not preclude the Commission from exercising its authority under Code § 56-55 *et seq.* and Code § 56-76 *et seq.* hereafter.
- 3) Separate Commission approval shall be required for any changes in the terms and conditions of the LLCA.
- 4) Dominion and ProjectCo shall be required to maintain records, available upon request, demonstrating that all Affiliate Transactions<sup>43</sup> conducted under the LLCA are cost-beneficial to Virginia ratepayers.
- 5) Since Dominion and ProjectCo are rate-regulated utilities, the Affiliate Transactions between Dominion and ProjectCo shall be at cost.
- 6) Dominion and ProjectCo bear the burden, in any rate proceeding, of proving that they complied with the Commission's pricing requirements for all Affiliate Transactions as described above.
- 7) Separate Commission approval shall be required for Dominion and/or ProjectCo to conduct any Affiliate Transactions with other affiliated third parties not currently provided for in the LLCA.
- 8) The Commission reserves the right to examine the books and records of Dominion and ProjectCo and any Dominion affiliate in connection with the approval granted for the LLCA, whether or not such affiliate is regulated by the Commission.
- 9) Dominion and ProjectCo shall file a signed and executed copy of the approved LLCA within sixty (60) days after closing, subject to administrative extension by the Commission's Director of the Division of Utility Accounting and Finance ("UAF Director").
- 10) ProjectCo shall submit an Annual Report of Affiliate Transactions ("ARAT") to the UAF Director by May 1 of each year, subject to administrative extension by the UAF Director.

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<sup>43</sup> The term "Affiliate Transactions" used herein includes "the furnishing of management, supervisory, construction, engineering, accounting, legal financial or similar services, ... the purchase, sale, lease or exchange of any property, right or thing, ... or the purchase or sale of treasury bonds or treasury capital stock." See Code § 56-77.

- 11) Dominion and ProjectCo shall include all Affiliate Transactions associated with the approved LLCA in their ARATs submitted to the UAF Director. The ARATs shall include:
- a. The case number in which the LLCA was approved;
  - b. Identification of Dominion, ProjectCo, and any other affiliates, the Affiliate Transactions received, provided, or exchanged; and
  - c. Calendar year schedule(s) in Excel electronic media format, with formulas intact, listing the prior calendar year's Affiliate Transactions (i) provided, (ii) received, or (iii) exchanged, by month, account, and amount as the transactions are recorded on Dominion's and ProjectCo's books.
- 12) ProjectCo shall include in its ARAT an annual list of (a) Member capital contributions and (b) ProjectCo cash distributions, by company, month, account, and amount as the transactions are recorded on ProjectCo's books.
- 13) ProjectCo shall file sixty (60) days' notice with the Commission prior to any proposed sale or exchange ("Transfer") of any CVOW distribution, transmission, or generation property, plant, or equipment or other assets ("CVOW Assets") exceeding \$1 million ("Transfer Notice"). Such Transfer Notice shall describe the nature, type, purpose, and amount of the proposed CVOW Assets Transfer, and whether Commission approval will be sought for the Transfer.
- 14) Dominion and ProjectCo shall file sixty (60) days' notice with the Commission prior to any proposed transfer of any membership interest in ProjectCo or any proposed change of control of the Dominion Member or Stonepeak Member ("Ownership Notice"). Such Ownership Notice shall describe the nature, type, and purpose of the proposed change in ownership, and whether Commission approval will be sought for the ownership change.
- 15) ProjectCo shall maintain records for tracking all investment tax credit ("ITC") and/or production tax credit ("PTC") transactions (collectively, "Tax Credit Transaction(s)")<sup>44</sup> after the COD. The records shall include the name(s) of the parties to the Tax Credit Transaction, the pricing per kilowatt-hour, the date and dollar amount of each Tax Credit Transaction, and the cost recovery mechanism for each Tax Credit Transaction. Such records shall be available to Staff upon request. ProjectCo shall include with its ARAT an annual report of Tax Credit Transactions that summarizes the Tax Credit Transactions for the prior calendar year.
- 16) Dominion and ProjectCo bear the burden to demonstrate in future cost recovery proceedings that they acted in a reasonable and prudent manner to maximize tax benefits

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<sup>44</sup> The term Tax Credit Transactions includes all ProjectCo receipts of ITCs and PTCs after the commercial operations date of the CVOW Project ("COD") and subsequent ProjectCo sales, transfers, or exchanges of ITCs and PTCs with a separate legal entity.

of the CVOW Project on behalf of customers, including but not limited to the value of any tax credits.<sup>45</sup>

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<sup>45</sup> The Commission notes that this express requirement related to tax credits does not relieve the Company and ProjectCo of their overall burden to demonstrate in a future cost recovery proceeding that all Project costs are reasonable and prudent.

## APPENDIX B

### **Project Management Agreement**

- 1) The Commission's approval of the PMA shall have no accounting or ratemaking implications.
- 2) The Commission's approval of the PMA shall be limited to the specific Affiliate Transactions identified in the PMA. If ProjectCo wishes to obtain additional services not specifically identified in the PMA, separate Commission approval shall be required.
- 3) Dominion and ProjectCo shall be required to maintain records, available upon request, demonstrating that all Affiliate Transactions between Dominion and ProjectCo under the PMA are cost-beneficial to Virginia ratepayers.
- 4) Since Dominion and ProjectCo are rate-regulated utilities, the Affiliate Transactions between Dominion to ProjectCo shall be priced at cost.
- 5) Dominion and ProjectCo bear the burden, in any rate proceeding, of proving that they complied with the Commission's pricing requirements for the PMA as described above.
- 6) The approval granted in this case shall not preclude the Commission from exercising its authority under Code § 56-76 *et seq.* hereafter.
- 7) Separate Commission approval shall be required for any changes in the terms and conditions of the PMA.
- 8) The Commission reserves the right to examine the books and records of Dominion and ProjectCo and any Dominion affiliate in connection with the approval granted for the PMA, whether or not such affiliate is regulated by the Commission.
- 9) Dominion and ProjectCo shall file a signed and executed copy of the approved PMA within sixty (60) days after closing, subject to administrative extension by the UAF Director.
- 10) Dominion and ProjectCo shall include all transactions associated with the approved PMA in their ARATs submitted to the UAF Director by May 1 of each year, subject to administrative extension by the UAF Director. The ARATs shall include:
  - a. The case number in which the PMA was approved;
  - b. Identification of Dominion, ProjectCo, and any other affiliates, and the Affiliate Transactions (i) provided by Dominion and (ii) received by ProjectCo; and
  - c. Calendar year schedule(s) in Excel electronic media format, with formulas intact, listing the prior calendar year's Affiliate Transactions (i) provided by Dominion and (ii) received by ProjectCo, by month, account, and amount as the transactions are recorded on Dominion's and ProjectCo's books.

- 11) Separate Commission approval shall be required for any affiliated third parties, other than Dominion Energy Services, Inc. ("DES") and Dominion Energy Technical Solutions, Inc. ("DTECH"), to pass through Affiliate Transactions from Dominion to ProjectCo under the PMA.
- 12) Dominion and ProjectCo shall be required to maintain detailed accounting records to facilitate the audit of pass-through costs from DES and DTECH. Such detailed accounting information shall be provided with Rider OSW applications going forward, pursuant to the Rules Governing Utility Rate Applications and Annual Informational Filings of Investor-Owned Electric Utilities, 20 VAC 5-204-5 *et. seq* ("Electric Rate Case Rules").<sup>46</sup>

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<sup>46</sup> See 20 VAC 5-204-90 Instructions for Schedules and exhibits in this chapter at Schedule 46 c 1 ii, which states that: "Within five business days of the application filing date, the applicant shall provide transaction-level details to facilitate the sampling and audit of such actual costs electronically to the Division to Utility Accounting and Finance in an electronic spreadsheet with all underlying formulas and assumptions."



## APPENDIX C

### **Rider OSW Servicing Agreement**

- 1) The Commission's approval of the Rider OSW Servicing Agreement shall have no accounting or ratemaking implications.
- 2) The Commission's approval of the Rider OSW Servicing Agreement shall be limited to the specific Affiliate Transactions identified in the Rider OSW Servicing Agreement. Should Dominion wish to provide ProjectCo with additional services not specifically identified in the Rider OSW Servicing Agreement, separate Commission approval shall be required.
- 3) Dominion and ProjectCo shall be required to maintain records, available upon request, demonstrating that the Affiliate Transactions between Dominion and ProjectCo under the Rider OSW Servicing Agreement are cost-beneficial to Virginia ratepayers.
- 4) Since Dominion and ProjectCo are rate-regulated utilities, the Affiliate Transactions between Dominion and ProjectCo shall be priced at cost.
- 5) Dominion and ProjectCo bear the burden, in any rate proceeding, of proving that they complied with the Commission's pricing requirements as described above.
- 6) The approval granted in this case shall not preclude the Commission from exercising its authority under Code § 56-76 *et seq.* hereafter.
- 7) Separate Commission approval shall be required for any changes in the terms and conditions of the Rider OSW Servicing Agreement.
- 8) The Commission reserves the right to examine the books and records of Dominion, ProjectCo and any Dominion affiliate connected to the approval granted for the Rider OSW Servicing Agreement, whether or not such affiliate is regulated by the Commission.
- 9) Dominion and ProjectCo shall file a signed and executed copy of the approved Rider OSW Servicing Agreement within sixty (60) days after closing, subject to administrative extension by the UAF Director.
- 10) Dominion and ProjectCo shall include all transactions associated with the approved Rider OSW Servicing Agreement in their ARATs submitted to the UAF Director by May 1 of each year, subject to administrative extension by the UAF Director. The ARATs shall include:
  - a. The case number in which the Rider OSW Servicing Agreement was approved;
  - b. Identification of Dominion, ProjectCo, any other affiliates, and the Affiliate Transactions (i) provided by Dominion and (ii) received by ProjectCo; and
  - c. Calendar year schedule(s) in Excel electronic media format, with formulas intact, listing the prior calendar year's Affiliate Transactions (i) provided by Dominion

and (ii) received by ProjectCo, by month, account, and amount as the transactions are recorded on Dominion's and ProjectCo's books.

- 11) Separate Commission approval shall be required for any affiliated third parties, other than DES, to pass through Affiliate Transactions from Dominion to ProjectCo under the Rider OSW Servicing Agreement.
- 12) Dominion and ProjectCo shall be required to maintain detailed accounting records to facilitate the audit of pass-through costs from DES. Such detailed accounting information shall be provided with Rider OSW applications going forward, pursuant to the Electric Rate Case Rules.

**APPENDIX D**

**Renewable Energy Certificate Purchase and Sale Agreement**

- 1) The Commission's approval of the REC Agreement shall have no accounting or ratemaking implications.
- 2) The approval granted in this case shall not preclude the Commission from exercising its authority under Code § 56-76 *et seq.* hereafter.
- 3) Separate Commission approval shall be required for any changes in the terms and conditions of the REC Agreement.
- 4) The Commission reserves the right to examine the books and records of Dominion and ProjectCo and any Dominion affiliate in connection with the approval granted for the REC Agreement, whether or not such affiliate is regulated by the Commission.
- 5) Dominion and ProjectCo shall file a signed and executed copy of the approved REC Agreement within sixty (60) days after closing, subject to administrative extension by the UAF Director.
- 6) Dominion and ProjectCo shall include a summary of the transactions associated with the approved REC Agreement in their ARATs submitted to the UAF Director by May 1 of each year, subject to administrative extension by the UAF Director. The ARATs shall include:
  - a. The case number in which the REC Agreement was approved;
  - b. Identification of Dominion and ProjectCo, and the REC transfers from ProjectCo to Dominion; and
  - c. Calendar year schedule(s) in Excel electronic media format, with formulas intact, summarizing by month, account, and dollar amount the prior calendar year's REC transfers from ProjectCo to Dominion as the transactions are recorded on Dominion's and ProjectCo's books.
- 7) REC transfers from ProjectCo to Dominion shall be priced at the REC proxy value as determined by the Commission in Case No. PUR-2021-00156.
- 8) Dominion and ProjectCo bear the burden, in any rate proceeding, of proving they complied with the Commission's pricing requirements described above.
- 9) Dominion and ProjectCo shall maintain detailed records tracking all RECs generated by ProjectCo and transferred to Dominion. The records shall include the date, source, quantity, and price of each REC generated, transferred, retired, and credited to Rider OSW. Such records shall be available to Staff upon request.

**APPENDIX E**

**North Carolina Revenue Contract**

- 1) The Commission's approval of the NC Revenue Contract shall have no accounting or ratemaking implications.
- 2) The approval granted in this case shall not preclude the Commission from exercising its authority under Code § 56-76 *et seq.* hereafter.
- 3) Separate Commission approval shall be required for any changes in the terms and conditions of the NC Revenue Contract.
- 4) The Commission reserves the right to examine the books and records of Dominion and ProjectCo and any Dominion affiliate connected to the approval granted for the NC Revenue Contract, whether or not such affiliate is regulated by the Commission.
- 5) Dominion and ProjectCo shall file a signed and executed copy of the approved NC Revenue Contract within sixty (60) days after closing, subject to administrative extension by the UAF Director.
- 6) Dominion and ProjectCo shall include all transactions associated with the approved NC Revenue Contract in their ARATs submitted to the UAF Director by May 1 of each year, subject to administrative extension by the UAF Director. The ARATs shall include:
  - a. The case number in which the NC Revenue Contract was approved;
  - b. Identification of Dominion and ProjectCo, and the transactions under the NC Revenue Contract; and
  - c. Calendar year schedule(s) in Excel electronic media format, with formulas intact, listing the prior calendar year's transactions between Dominion and ProjectCo, by month, account, and amount as the transactions are recorded on Dominion's and ProjectCo's books.
- 7) Should the NCUC deny approval of the NC Revenue Contract or deny cost recovery of CVOW Project-related costs in a future rate proceeding, Dominion and ProjectCo shall provide notice of such within thirty (30) days in this docket and in a future Rider OSW proceeding.