

**Preliminary Challenges of
Old Dominion Electric Cooperative,
North Carolina Electric Membership Corporation, and
Northern Virginia Electric Cooperative
Regarding Virginia Electric and Power Company's
Electric Transmission Formula Rate
2026 Annual Update and 2024 True-Up Adjustment**

January 6, 2025

Pursuant to Virginia Electric and Power Company's ("VEPCo" or "the Company") Formula Rate Implementation Protocols set forth in PJM's Open Access Transmission Tariff ("OATT"), Old Dominion Electric Cooperative ("ODEC"), North Carolina Electric Membership Corporation ("NCEMC") and Northern Virginia Electric Cooperative ("NOVEC") (together, the "Joint Customers") hereby submit their Preliminary Challenges list pertaining to the VEPCo Formula Rate 2026 Annual Update and 2024 True-Up.

A. OUTSTANDING PRELIMINARY CHALLENGE ISSUES

1. Support Building Work Order Recorded to FERC Account 352

VEPCo has included Work Order 948460 associated with the Locks technical support building in transmission plant Account 352 for \$70,922,231.46. It is Joint Customers' understanding that the Locks building supports multiple operating functions and should therefore be classified as general plant.

Joint Customers challenge the inclusion of this work order until further information is provided by the Company on the operating purpose and scope of the Locks building in Work Order 948460 demonstrating that the assets solely supports the transmission function and are not appropriately classified as general plant. (Information Request No. ODEC/NCEMC/NOVEC-VEPCO 1.54 and Attachment ODEC_NCEMC_NOVEC-VEPCO Set 1.54 (SG&RL))

Joint Customers challenge transmission plant investment in the amount of \$70,922,231.46.

2. Generator Monitors Program Work Order Recorded to FERC Account 353

VEPCo has included Work Order 949263 associated with the Generator Monitors Program in transmission plant Account 353 for \$2,125,600.98. It is Joint Customers' understanding that the Generator Monitors Program supports the production function and should therefore be classified as production plant.

Joint Customers challenge the inclusion of this work order until further information is provided by the Company on the operating purpose and scope of the Generator Monitors Program

in Work Order 949263 demonstrating that the assets solely supports the transmission function and are not appropriately classified as production or general plant. (Information Request No. ODEC/NCEMC/NOVEC-VEPCO 1.54 and Attachment ODEC_NCEMC_NOVEC-VEPCO Set 1.54 (SG&RL))

Joint Customers challenge transmission plant investment in the amount of \$2,125,600.98.

3. VA Beach East Office Work Order Recorded to FERC Accounts 350 and 352

VEPCo has included Work Orders 949405 and 949254 associated with the VA Beach East Office in transmission plant Account 350 for \$4,853,452.77 and Account 352 for \$5,256,730.48. It is Joint Customers' understanding that the VA Beach East Office supports the distribution function and should therefore be classified as distribution or general plant.

Joint Customers challenge the inclusion of this work order until further information is provided by the Company on the operating purpose and scope of VA Beach East Office in Work Order 949405 demonstrating that the assets solely supports the transmission function and are not appropriately classified as distribution or general plant. (Information Request No. ODEC/NCEMC/NOVEC-VEPCO 1.54 and Attachment ODEC_NCEMC_NOVEC-VEPCO Set 1.54 (SG&RL))

Joint Customers challenge transmission plant investment in the amount of \$4,848,336.61.

4. Laydown Yard Work Order Recorded to FERC Account 350

VEPCo has included Work Order 949998 associated with the Western Reg Laydown Yd-Dooms Raceway in transmission plant Account 350 for \$4,834,177.67. It is Joint Customers' understanding that the Laydown Yard is capable to support the transmission and distribution functions and should therefore be classified as general plant.

Joint Customers challenge the inclusion of this work order until further information is provided by the Company on the operating purpose and scope of Western Reg Laydown Yd-Dooms Raceway in Work Order 949998 demonstrating that the assets solely support the transmission function and are not appropriately classified as or allocated to distribution, general plant, or both, as appropriate based on its purpose and scope. (Information Request No. ODEC/NCEMC/NOVEC-VEPCO 1.54 and Attachment ODEC_NCEMC_NOVEC-VEPCO Set 1.54 (SG&RL))

Joint Customers challenge transmission plant investment in the amount of \$4,834,177.67.

5. Transmission Plant for Solar Projects Recorded to Accounts 352 and 353

VEPCo has included Work Order 86490 associated with Fountain Creek Solar in Account 352 for \$8,921,071.55 and Work Orders 96279, 86484, and 84158 associated with Bookers Mill Solar, Otter Creek Solar, and Sycamore Solar in Account 353 for \$21,060,750.64.

Due to lack of information detailing these Work Orders, Joint Customers challenge the inclusion of these costs until further information is provided by the Company on the operating purpose and scope of these Work Orders demonstrating that the cost supports the transmission function and are not appropriately classified as either Interconnection Facilities, general plant, or production plant. (Information Request No. ODEC/NCEMC/NOVEC-VEPCO 1.54 and Attachment ODEC_NCEMC_NOVEC-VEPCO Set 1.54 (SG&RL))

Joint Customers challenge transmission plant investment in the amount of \$30,288,556.55.

6. Transmission Plant for Transformer Projects Recorded to Accounts 353 and 355

VEPCo has included Work Orders 992984 and 949210 associated with “NIT Sub - Install 2 84 MVA Tx's” and “R/P 230-69kV TXs (THA)” in Account 353 for \$11,928,007.07 and Account 355 for \$1,317,034.70.

Due to lack of information detailing these Work Orders, Joint Customers challenge the inclusion of these costs until further information is provided by the Company on the operating purpose and scope of these Work Orders demonstrating that the cost supports the transmission function and are not appropriately classified as either Interconnection Facilities, general plant, or production plant. (Information Request No. ODEC/NCEMC/NOVEC-VEPCO 1.54 and Attachment ODEC_NCEMC_NOVEC-VEPCO Set 1.54 (SG&RL))

Joint Customers challenge transmission plant investment in the amount of \$13,245,041.77.

7. Transmission Plant for Fiber Projects Recorded to Accounts 353 and 356

VEPCo has included Work Order 91056 associated with “Line 286 I/S Fiber Str 286/83” in Account 353 for \$ 3,177,116.22 and Work Order 91058 associated with “Line 86 I/S Fiber Str 86/153” and Account 356 for \$3,386,513.41.

Due to lack of information detailing these Work Orders, Joint Customers challenge the inclusion of these costs until further information is provided by the Company on the operating purpose and scope of these Work Orders demonstrating that the cost supports the transmission function and are not appropriately classified as either Interconnection Facilities, general plant, or production plant. (Information Request No. ODEC/NCEMC/NOVEC-VEPCO 1.54 and Attachment ODEC_NCEMC_NOVEC-VEPCO Set 1.54 (SG&RL))

Joint Customers challenge transmission plant investment in the amount of \$6,563,629.63.

8. Transmission Plant for Innsbrook Projects Recorded to Account 352

VEPCo has included Work Orders 949348 and 949349 associated with “Innsbrook Lab” and “Innsbrook West Wing” in Account 352 for \$4,115,934.31.

Due to lack of information detailing these Work Orders, Joint Customers challenge the inclusion of these costs until further information is provided by the Company on the operating purpose and scope of these Work Orders demonstrating that the cost supports the transmission function and are not appropriately classified as either Interconnection Facilities, general plant, or production plant. (Information Request No. ODEC/NCEMC/NOVEC-VEPCO 1.54 and Attachment ODEC_NCEMC_NOVEC-VEPCO Set 1.54 (SG&RL))

Joint Customers challenge transmission plant investment in the amount of \$4,115,934.31.

9. Transmission Plant for Miscellaneous Projects Recorded to Accounts 352, 353, 355, and 356

VEPCo has included Work Orders 949320, 58408, 948895, Various Accruals, 949285, 93121U1, 945572 and 95423 associated with “Training Center - I/S Fence”, and “U/G Sub Network Equip- 2023”, in expense Account 352 for \$3,314,434.42; Work Orders “ICS Minimum Security I/S”, “Corten Refurbishment_”, “Various Accruals”, “NAPS - 1-EP-MT-1A/1B/1C Bushing Repl”, “Berkley Sub Demo”, and “Anti-Climbing Device” in Account 353 for \$20,827,140.20; Work Order 95423 associated with “Anti-Climbing Device” in Account 355 for \$409,625.32; Work Order 95423 associated with “Anti-Climbing Device” in expense Account 356 for \$399,901.20.

Due to lack of information detailing these Work Orders, Joint Customers challenge the inclusion of these costs until further information is provided by the Company on the operating purpose and scope of these Work Orders demonstrating that the cost supports the transmission function and are not appropriately classified as either Interconnection Facilities, general plant, or production plant. For Work Order “Various Accruals”, if this Work Order contains more than 50 items, customers could review the 10 most expensive items that make up this Work Order. (Information Request No. ODEC/NCEMC/NOVEC-VEPCO 1.54 and Attachment ODEC_NCEMC_NOVEC-VEPCO Set 1.54 (SG&RL))

Joint Customers challenge transmission plant investment in the amount of \$24,951,042.38.