

VIRGINIA ELECTRIC AND POWER COMPANY
2020 ATRR with True-Up Adjustment

To: Interested Parties (as defined in Section 1.b. of the Formula Rate Implementation Protocols)

In accordance with Section 1.a. of the Formula Rate Implementation Protocols, Virginia Electric and Power Company (“VEPCO”) is providing the following information to be posted on the www.pjm.com website:

- (i) VEPCO’s Annual Transmission Revenue Requirement (“ATRR”), rate for Network Integrated Transmission Service (“NITS”), based on applying its projected costs, revenues and credits, other than those credits that will be distributed to customers pursuant to Section 2 of Attachment H-16, for the next calendar year, plus its True-Up Adjustment calculated pursuant to the Formula Rate set out in Attachment H-16A;
- (ii) an estimate of the Network Service Peak Load of the Dominion Zone that will be used by the Transmission Provider to determine each Network Customer’s Zone Network Load pursuant to Section 34.1 and Attachment H-16 for the next calendar year; and
- (iii) an explanation of any change in VEPCO’s accounting policies and practices that took effect in the preceding twelve months ending August 31 that is reported in Notes 3 and 4 of VEPCO’s Securities and Exchange Commission Form 10-Q (“Material Accounting Changes”). To the extent there are Material Accounting Changes, VEPCO’s Form 10-Q will be posted on PJM’s website at the time of the Annual Update.

Regarding item (i) above, the information (“2020 Projection”) is provided in the form of an Excel file posted along with this document on www.pjm.com.

Regarding item (ii) above, VEPCO has estimated the Network Service Peak Load of the Dominion Zone that will be used by the Transmission Provider to determine each Network Customer’s Zone Network Load pursuant to Section 34.1 and Attachment H-16 for the next calendar year. The estimated value is included in the Excel file provided pursuant to item (i) above, in the Appendix A tab at line number (*not* Excel row number) 169.

Regarding item (iii) above, there were no Material Accounting Changes during the twelve months ending August 31, 2019. Interested Parties may review VEPCO’s Form 10-Q and Form 10-K filings, which are consolidated with the Dominion Energy, Inc. and Dominion Energy Gas Holding, LLC filings, at <https://dominionenergy.com/investors/sec-filings-and-reports>.

The 2020 Projection reflects the modifications to the Formula Rate made in compliance with the order issued by the Federal Energy Regulatory Commission (“FERC”) in Docket No. EL18-167-000 instructing VEPCO to eliminate from its Formula Rate the two-step averaging methodology used to calculate the Accumulated Deferred Income Tax component of rate base. In compliance with FERC’s instruction, VEPCO submitted a filing in Docket No. ER19-839-001 to modify Attachments 1B and 1C of its Formula Rate. FERC approved these changes by order dated May 16, 2019.

In Docket No. ER19-1569-000, VEPCO filed changes to its Formula Rate to address the recovery of certain Materials and Supplies inventory costs resulting from revisions to the reflection of these costs found in Dominion’s FERC Form 1, Page 227, beginning with reporting year 2018. The changes to VEPCO’s Formula Rate were approved by FERC by letter order dated May 7, 2019. The 2020 Projection incorporates these changes on Appendix A and Attachment 5 of the Formula Rate.