Revised 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
2023 Annual Update and 2021 True-Up Adjustment

February 16, 2023

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 2023 Annual Update and 2021 True-Up.

The Joint Customers sent VEPCo on February 7, 2023, a list of Resolved Issues and Preliminary Challenges associated with the 2023 Annual Update and 2021 True-Up of the formula rate. Because only the Preliminary Challenges are to be posted under the Formula Rate Implementation Protocols, this version reflects only the Preliminary Challenges submitted on February 7th. Nevertheless, to the extent VEPCo disagrees with the Joint Customer's assertion that a certain issue has been resolved, such issue will be considered a Preliminary Challenge and a Second Revised List of Preliminary Challenges will be submitted including the items moved from the Resolved List to the Preliminary Challenge list.

A. OUTSTANDING PRELIMINARY CHALLENGE ISSUES

1. Renewable Energy Credits Recorded to FERC Account No. 303.

VEPCo recorded $21,481,546.42 in Renewable Energy Credits ("RECs"), (NC & VA Renewable Energy Credits), which the Company had purchased in compliance with the state regulations and recorded those RECs as intangible assets in FERC Account No. 303. The Company had RECs balances in the amounts of $12,681,437.90 and $34,162,984.32 as of 12/31/2020 and 12/31/2021, respectively. (*See* ODEC/NCEMC/NOVEC-VEPCO 2.14, ODEC/NCEMC/NOVEC-VEPCO 1.53 and Attachment ODEC_NCEMC_NOVEC-VEPCO Set 1.53 (EIG).xlsx) In response to ODEC/NCEMC/NOVEC-VEPCO 1.54.c., VEPCo stated:

> "The Company determined that recording RECs purchased for compliance with state regulations as an intangible asset in FERC Account 303 is appropriate because the definition of FERC Account 303 includes "cost of patent rights, licenses,

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privileges, and other intangible property necessary or valuable in the conduct of utility operations and not specifically chargeable to any other account." The Company records RECs held for sale to be classified as inventory because the activity of selling (*i.e.*, goods held for sale in the ordinary course of business) is consistent with the definition of inventory. However, the Company believes that RECs purchased and held for internal use meet the definition of an intangible asset. Specifically, the RECs lack physical substance, the RECs are not financial assets because cash is not delivered and instead, the REC itself is delivered for compliance with the related Renewables Portfolio Standards (RPS) program.

The Company is aware of the *Ameren* decision referenced by the Customers and notes that the issue in that case was whether Ameren had appropriately accounted for retired RECs as prepayments in FERC Account 165. As of today, the USofA does not provide instructions for recording the purchase, generation, or use of RECs. In July 2022, the Commission issued a Notice of Proposed Rulemaking in Docket No. RM21-11, in which it proposes for the first time to codify accounting rules for RECs, but there is no way to know whether and when those new rules will take effect, though they will be applied prospectively as a matter of law. Consequently, as of today, FERC Account 158.1 still contains references to the U.S. Environmental Protection Agency (EPA) and sulfur dioxide emissions.

We believe there has been to date substantial diversity in historic practice of electric utility accounting for RECs. While some utilities have accounted for RECs by analogy to emissions allowances in accordance with the referenced FERC Order No. 552 and recorded the purchase of all RECs within FERC Account 158.1, the Company has identified and adopted accounting treatments that differ from this approach based on specific state laws, regulations, or programs for RECs and similar instruments as well as differences in judgments about whether or to what extent RECs fit within the accounting framework of that order."

In response to ODEC/NCEMC/NOVEC-VEPCO 1.54.b., VEPCo stated:

"The Company has not requested FERC authority to record the RECs in subpart (a) as intangible assets in FERC Account 303 as Commission approval is not required to use this account."

VEPCo appears to be ignoring FERC's Order addressing RECs in 170 FERC ¶ 61,267, P52, ("*Ameren*," issued March 27, 2020) which stated:

"With respect to the costs associated with RECs, we note that the Commission has not provided specific accounting guidance for the purchase, generation, and use of RECs. **However, in Order No. 552**, the Commission provided detailed accounting guidance for emission allowances related to sulfur dioxide following Title IV of the Clean Air Act Amendments of 1990, which are **analogous to the operation and use of RECs**.[88] Order No. 552 concluded that emission allowances are appropriately classified as inventoriable items and established new inventory and expense accounts to record the allowances. **Here, we find it appropriate to remain consistent with the accounting construct established in Order No. 552 for emission allowances when considering the costs for similar items such as RECs. Accordingly, we find that RECs are more appropriately classified as inventory**, rather than a prepaid expense in Account 165 as Ameren proposes. **Account 158.1 (Allowance Inventory), established under Order No. 552, states that this account shall include the cost of allowances owned by the utility and we find that RECs fall within the meaning and intent of the account.**[89] **As such, we clarify that Account 158.1 is the most appropriate account to record RECs that are purchased or generated.** Additionally, the instructions to Account 158.1 provide for allowances to be expensed to Account 509 as allowances are used.[90] **Therefore, we direct Ameren Illinois to reclassify the amounts related to RECs from Account 165 to Account 158.1 and to expense these amounts through Account 509 as they are utilized.**" [emphasis added]

[88] *See Revisions to Uniform Systems of Accounts to Account for Allowances under the Clean Air Act Amendments of 1990 and Regulatory-Created Assets and Liabilities and to Form Nos. 1, 1-F, 2 and 2-A*, Order No. 552, FERC Stats. and Regs. ¶ 30,967 (1993) (cross-referenced at 62 FERC ¶ 61,299).
[89] *See* 18 C.F.R. pt. 101, Account 158.1 (2019).
[90] *See* 18 C.F.R. pt. 101, General Instruction 21 (2019).

As stated above, the Commission's determination, in P 52, was that: (1) emission allowances related to sulfur dioxide are analogous to the operation and use of RECs; (2) it is appropriate and consistent with the accounting construct established in Order No. 552 for emission allowances when considering the costs for similar items such as RECs; (3) RECs are more appropriately classified as inventory; (4) RECs fall within the meaning and intent of FERC Account 158.1; and (5) Commission clarified that **Account 158.1 is the most appropriate account** to record **RECs that were purchased or generated**. The above mentioned Order does not appear to be ambiguous regarding how the Commission views RECs. It specifically stated: "**Account 158.1 (Allowance Inventory), established under Order No. 552, states that this account shall include the cost of allowances owned by the utility and we find that RECs fall within the meaning and intent of the account.**[89] **As such, we clarify that Account 158.1 is the most appropriate account to record RECs that are purchased or generated.**"

Joint Customers challenge VEPCo's recording of the RECs to FERC Account No. 303, and the inclusion of those RECs in the calculation of rate base for the following reasons: (1) Dominion has not requested approval of its Accounting Treatment for RECs and has recorded them as Intangible Plant since September 1, 2009, without any FERC approval; (2) the Company did not request approval of its Accounting Treatment for RECs after *Ameren*, and (3) Dominion's failure to appropriately address FERC's Order in 170 FERC ¶ 61,267, P52, where the Commission stated: "**As such, we clarify that Account 158.1 is the most appropriate account to record RECs that are purchased or generated."** VEPCo should remove all the RECs balances from Intangible Plant, reflect such RECs balances in FERC Account 158.1 – Allowance Inventory, and should make a one-time credit adjustment using Line 149 of Appendix A within the 2023 Annual Update. The Company should also apply the appropriate amount of interest in accordance with the Future Value Factor found on Attachment 6 to the Formula Rate," for both the VEPCo Formula Rate 2023 Annual Update and 2021 True-Up.

Furthermore, VEPCo should remove all RECs which the Company had recorded to FERC Account No. 303 for all prior Annual Updates for the period March 27, 2020 to date, and determine the impact of the prior periods' overstatements in the calculation of the Company's rate base and should make a one-time credit adjustment using Line 149 of Appendix A within the 2023 Annual Update. The Company should also apply the appropriate amount of interest in accordance with the Future Value Factor found on Attachment 6 to the Formula Rate," for any year in which RECs were included in FERC Account No. 303, for both the VEPCo Formula Rate 2023 Annual Update and 2021 True-Up. (*See* also ODEC/NCEMC/NOVEC-VEPCO 2.15)

2. EV Chargers at Dominion's Field Office Locations.

VEPCo recorded $614,236 of Electric Vehicle Charging Stations at Dominion's field office locations. In response to ODEC/NCEMC/ NOVEC-VEPCO 2.22, subpart (2) the purpose for the plant addition, (i.e., company vehicle usage or customer usage), the Company responded for each plant addition: "The purpose of the plant additions is to install electric vehicle charging stations at Dominion's field office locations." The purpose for the Company's installations at the field office locations was not transparent and did not specify whether the EV Vehicle Charging Stations were **exclusively** for "company vehicle usage" or also for "customer and employee vehicle usage."

Joint Customers, therefore, challenge the inclusion of the EV Chargers at the Company's Field Office Locations until VEPCo provides supporting documentation that these Electric Vehicle Charging Stations are "exclusively" for "company vehicle usage." If Dominion cannot provide such supporting documentation, then the Joint Customers believe that these EV Chargers should be recorded to Distribution Plant and most likely to FERC Account No. 370 and excluded from the transmission formula rates. (*See* also Information Request Nos. ODEC/NCEMC/NOVEC-VEPCO 1.58, Attachment ODEC_NCEMC_NOVEC-VEPCO Set 1.58 (EIG).xlsx)

3. Prepayments for Production Function Included in Prepayments Allocated to Transmission.

VEPCo has included various prepayments which were 100% related to the Production function. These certain prepayments were/are above and beyond the "Fixed Prepayments Exclusion Amount" of $3,980,000, for certain non-transmission and general prepayments, which were included as a separate reduction to the BOY/EOY average prepayments to be included in the Formula Rate.

a. Prepaid Solar Land Leases – The Company appears to have included prepaid solar land leases properly in FERC Account 165, Prepayments. However, these solar land leases are related 100% to the Production function. In response to ODEC/NCEMC/NOVEC-VEPCO 3.13, the Company stated:

> "These items are properly reflected in FERC Account 165 Prepayments at 12/31/2021 due to their prepaid nature. Please note that FERC Account 165 is subject to "Fixed Prepayments Exclusion Amount" of $3,980K which is found in Excel cell J139 of the "ATT5-Cost Support 1" worksheet in the Formula Rate (Appendix A) file and reduces the average prepayments balance to provide a credit for items in FERC Account 165 that are not Transmission or "general" prepayments related items."

That "Fixed Prepayments Exclusion Amount" was established in the "Single Issue Rate Filing" Delegated Latter Order in Docket No. ER15-1487-000, Issued: May 21, 2015. VEPCo Attachment F – Exhibit DVP-4, Agreement Resolving Prepayment Preliminary Challenge in Item 3 discussed the rational for the "Fixed Prepayments Exclusion Amount" and the term of the agreement as follows:

> "ODEC and NCEMC agree that they will not raise any issue relating to prepayments that are properly booked to FERC Account 165 for a term of three years. This includes an agreement that no Party to this Agreement shall challenge or seek to change the Fixed Prepayments Exclusion Amount prior to the 2017 true-up. Thereafter, this Agreement does not limit ODEC and NCEMC's rights to challenge prepayments that are booked to FERC Account 165. The Fixed Prepayment Exclusion Amount itself, however, may be changed only pursuant to a Federal Power Act Section 205 or Section 206 proceeding."

These Solar Land Leases are above and beyond the "Fixed Prepayments Exclusion Amount" of $3,980,000 which was/is related to the calculated average of the beginning and ending balances of the exclusions for the six true-up periods (2008-2013) for certain prepayments that were not Transmission or "general" prepayments related items (i.e., Institute of Nuclear Power Operations ("INPO") Dues, CSX coal freight for Chesterfield Station & Yorktown Station, etc.). The INPO Dues, Nuclear Energy Institute ("NEI") Dues, and Capacity Purchases balances as of 12/31/2020 and 12/31/2021, as a group, appear to approach or exceed the $3,980,000 Fixed Prepayments Exclusion Amount.

Therefore, VEPCo should not only exclude the "$3,980,000 Fixed Prepayments Exclusion Amount," the Company also should exclude the Solar Land Leases Prepayments average of the Beginning of Year (BOY) of $1,515,169.50 and the End of Year (EOY) of $1,491,167.02 balances or average balance of $1,503,168.26 from the prepayments calculation for both the VEPCo Formula Rate 2023 Annual Update and 2021 True-Up. (*See* also Information Request Nos. ODEC/NCEMC/NOVEC-VEPCO 3.13, ODEC/NCEMC /NOVEC-VEPCO 2.12.a., Attachment ODEC_NCEMC_NOVEC-VEPCO Set 2.12 (KG).xlsx), ODEC/NCEMC/NOVEC-VEPCO 1.49, and Attachment ODEC_NCEMC_ NOVEC-VEPCO Set 1.49 (DMW).xlsx)

b. <u>Document Number: 1900050450, Cameco Marketing Inc. UF6 Conversion Services Agreement</u> - The Company appears to have included the $7,962,500 prepayment of the UF6 Conversion Services Agreement (conversion of uranium to UF6) properly in FERC Account 165, Prepayments. However, these UF6 Conversion Services are related 100% to "Nuclear Fuel" and the Production function. In responses to ODEC/NCEMC/NOVEC-VEPCO 3.14(b&c), the Company stated:

> "The delivery years for this material under this contract will be made between 2024-2030 and this invoice will be amortized during this time period.
>
> Please note that FERC Account 165 is subject to "Fixed Prepayments Exclusion Amount" of $3,980K which is found in Excel cell J139 of the "ATT5-Cost Support 1" worksheet in the Formula Rate (Appendix A) file and reduces the average prepayments balance to provide a credit for items in FERC Account 165 that are not Transmission or "general" prepayments related items."

Based on the above VEPCo statements, and the Company's "screenshot" in the Company's response to ODEC/NCEMC/NOVEC-VEPCO 3.14.a., the Company has included 50% of the $7,962,500 prepayment or $3,981,250 related to the UF6 Conversion Services Agreement in the prepayment calculation to transmission in both the VEPCo Formula Rate 2023 Annual Update and 2021 True-Up. Additionally, VEPCo, would be including 100% or $7,962,500 related to the UF6 Conversion Services Agreement for the 2024 Annual Update and 2022 True-Up years, and the 2025 Annual Update and 2023 True-Up years. Finally, the Company would be including the "unamortized" balance amounts of the UF6 Conversion Services Agreement for the future 2026 Annual Update and 2024 True-Up years through the 2032 Annual Update and 2030 True-Up years.

As stated in subpart (a), the Joint Customers may challenge the amounts included in prepayments due to the expiration of the agreement that ODEC and NCEMC "…will not raise any issue relating to prepayments that are properly booked to FERC Account 165 for a term of three years. This includes an agreement that no Party to this Agreement shall challenge or seek to change the Fixed Prepayments Exclusion Amount prior to the 2017 true-up." This 2021 UF6 Conversion Services Agreement prepayment is above and beyond the "Fixed Prepayments Exclusion Amount" of $3,980,000 which was/is related to the calculated average of the beginning and ending balances of the exclusions for the six true-up periods (2008-2013) for certain prepayments that were not Transmission or "general" prepayments related items (i.e., INPO Dues, CSX coal freight for Chesterfield Station & Yorktown Station, etc.). The INPO Dues, NEI Dues, and Capacity Purchases balances as of 12/31/2020 and 12/31/2021, as a group, appear to approach or exceed the $3,980,000 Fixed Prepayments Exclusion Amount. Therefore, VEPCo should not only exclude the "$3,980,000 Fixed Prepayments Exclusion Amount," the Company also should exclude the Conversion Services Agreement average of the Beginning of Year (BOY) of $0, and the End of Year (EOY) of $7,962,500 balances or average balance of $3,981,250 from the prepayments calculation for both the VEPCo Formula Rate 2023 Annual Update and 2021 True-Up. (*See* also Information Request Nos. ODEC/NCEMC/ NOVEC-VEPCO 3.14, ODEC/NCEMC/NOVEC-VEPCO 2.12.b., Attachment ODEC_ NCEMC_NOVEC-VEPCO Set 2.12 (KG).xlsx), ODEC/NCEMC/NOVEC-VEPCO 1.49, and Attachment ODEC_NCEMC_ NOVEC-VEPCO Set 1.49 (DMW).xlsx)

c. <u>Coastal Virginia Offshore Wind Prepayments</u> - The Company appears to have included the Coastal Virginia Offshore Wind ("CVOW') Pilot project related prepayments, associated with the Virginia Commission GTSA, properly in FERC Account 165, Prepayments. However, it appears that these CVOW Pilot project associated prepayments are related 100% to the Production function and/or the state commission authorized "Pilot" project. These CVOW Pilot project associated prepayments are above and beyond the "Fixed Prepayments Exclusion Amount" of $3,980,000 which was/is related to the calculated average of the beginning and ending balances of the exclusions for the six true-up periods (2008-2013) for certain prepayments that were not Transmission or "general" prepayments related items (i.e., INPO Dues, CSX coal freight for Chesterfield Station & Yorktown Station, etc.). The INPO Dues, NEI Dues, and Capacity Purchases balances as of 12/31/2020 and 12/31/2021, as a group, appear to approach or exceed the $3,980,000 Fixed Prepayments Exclusion Amount. Therefore, VEPCo should not only exclude the "$3,980,000 Fixed Prepayments Exclusion" amount, the Company also should exclude the Coastal Virginia Offshore Wind Prepayments average of the Beginning of Year (BOY) of $321,628.20, and the End of Year (EOY) of $649,619.93 balances or average balance of $485,624.07 from the prepayments calculation for both the VEPCo Formula Rate 2023 Annual Update and 2021 True-Up. (*See* Information Request Nos. ODEC/NCEMC/ NOVEC-VEPCO 2.12, Attachment ODEC_NCEMC_NOVEC-VEPCO Set 2.12 (KG).xlsx), ODEC/NCEMC/NOVEC-VEPCO 1.49, and Attachment ODEC_NCEMC_ NOVEC-VEPCO Set 1.49 (DMW).xlsx)

Therefore, Joint Customers believe that the "Fixed Prepayments Exclusion Amount" of $3,980,000, for the prior historical certain non-transmission and non-general prepayments, is no longer **fully** representative of the amounts that should be excluded from being allocated to the VEPCo Formula Rate 2023 Annual Update and 2021 True-Up. The Company also should exclude the certain prepayments from subparts (a) Solar Land Leases in the amount of $1,503,168.26, (b) UF6 Conversion Services Agreement in the amount of $3,981,250, and (c) Coastal Virginia Offshore Wind (CVOW) Pilot project prepayments in the amount of $485,624.07, above in addition to the $3,980,000 in the Fixed Payments Exclusion Amount, resulting in a total exclusion from prepayments of $9,950,042.33 ($1,503,168.26 + $3,981,250 + $485,624.07 + $3,980,000), and refund to the transmission customers the impact of such, plus interest.

4. Certain DES Expenses Recorded to FERC Account No. 923.

VEPCo has recorded certain DES Expenses related to the following categories (a) Customer Service, (b) Environmental Compliance, (c) Energy Marketing, (d) External Affairs, and (e) Operations, to FERC Account No. 923. Joint Customers, requested a detailed description of each of the above referenced categories of DES costs in ODEC/NCEMC/NOVEC-VEPCO 3.11(a-e), and VEPCo responded in Attachment ODEC_NCEMC_NOVEC-VEPCO Set 3.11 (NF) with a very brief description of the expenses, (i.e., labor, payroll taxes, employee benefits, vacation, AIP, LTIP/restricted stock, other incentives, meals, travel/vehicle expenses, rents, maintenance, office supplies, etc.) without providing the underlying work project, activity or function to which these various expenses pertained. In response to Joint Customers' ODEC/NCEMC/NOVEC-VEPCO 3.11.f., whether the expenses were for "General Services" or related to a specific utility function, the Company responded:

> "DES was created to provide administrative, management, other services to affiliates. This level of service is high level and considered "General Services". DES employees can charge billing WBS elements that record costs in specific FERC accounts or use WBS elements that record costs in "General Services". A review of the selected categories show the following services costs that are recorded in accounts other than "General Services" (920 – 935).
>
> Customer Service direct charged $2.0M to FERC accounts 901 and 903.
>
> DES Environmental Compliance direct charged $0.6M to FERC accounts 500 through 550.
>
> Operations direct charged $31.5M to FERC accounts 500 through 550.
>
> External Affairs direct charged $0.6M to FERC accounts 500 through 550."

The Company's recording of these certain DES expenses to FERC Account No. 923 does not appear to the Joint Customers to be in conformity with the description of what outside services are to be recorded to FERC Account No. 923 as defined in the CFR 18, Uniform System of Accounts ("USoA"), in Section A:

> "This account shall include the fees and expenses of professional consultants and others **for general services which are not applicable to a particular operating function or to other accounts**…" [emphasis added]

VEPCo's above responses do not resolve the Joint Customers' concerns related to each category of DES costs which follows:

a. Customer Service – VEPCo, in 2021, recorded a net $1,564,690 in Customer Service expenses in FERC Account 923 from DES. Based on the above responses from the Company, Joint Customers are unable to determine whether these Customer Service expenses are properly recorded to FERC Account No. 923. VEPCo has not provided what utility function the $1,564,690 in Customer Service expenses pertain, and it appears that the Company's employees may have arbitrarily recorded the labor, payroll taxes, employee benefits, vacation, AIP, LTIP/restricted stock, vehicle expenses, rents, maintenance, office supplies, etc. related to the Customer Service work charging the billing WBS elements that records costs in "General Services," in lieu of recording them to the billing WBS elements that records costs in "specific accounts," along with the $2.0M the Company previously direct charged Customer Service activity or project work performed in FERC Accounts 500 through 550, to which they pertained.

   The net $1,564,690 in Customer Service expenses recorded to Account No. 923 should be excluded from the transmission formula rates for both the VEPCo Formula Rate 2023 Annual Update and 2021 True-Up until such time that VEPCo provides the supporting documentation that such expenses should be included. (*See* also the revised response to ODEC/NCEMC/NOVEC-VEPCO 1.30, and ODEC/NCEMC/NOVEC-VEPCO 2.6)

b. DES Environmental Compliance - VEPCo recorded a net $697,126 in Environmental Compliance expenses in FERC Account 923 from DES. Based on the above responses from the Company, Joint Customers are unable to determine to what utility function these net $697,126 in Environmental Compliance expenses pertain, however, it appears that the Company's employees may have arbitrarily recorded labor, payroll taxes, employee benefits, vacation, AIP, LTIP/restricted stock, meals, travel/vehicle expenses, rents, maintenance, office supplies, etc. related to the Environmental Compliance work charging the billing WBS elements that records costs in "General Services," in lieu of recording them to the billing WBS elements that records costs in "specific accounts," along with the $0.6M the Company had previously direct charged Environmental Compliance work activity or project work performed in FERC Accounts 500 through 550.

   The net $697,126 in Environmental Compliance expenses recorded to Account No. 923 should be excluded from the transmission formula rates for both the VEPCo Formula Rate

2023 Annual Update and 2021 True-Up until such time that VEPCo provides the supporting documentation that such expenses should be included. (*See* also ODEC/NCEMC/NOVEC-VEPCO 1.30, and ODEC/NCEMC/NOVEC-VEPCO 2.6)

c. Energy Marketing – VEPCo recorded a net $34,118 in Energy Marketing expenses in FERC Account 923 from DES. Based on the above responses from the Company, Joint Customers are unable to determine whether these Energy Marketing expenses are properly recorded to FERC Account No. 923. VEPCo has not provided what utility function the $34,118 in Energy Marketing expenses pertain, and it appears that the Company's employees may have arbitrarily recorded the labor, payroll taxes, employee benefits, vacation, AIP, LTIP/restricted stock, vehicle expenses, rents, maintenance, office supplies, etc. related to the Energy Marketing work charging the billing WBS elements that records costs in "General Services," in lieu of recording them to the billing WBS elements that records costs in "specific accounts" related to the Energy Marketing function.

   The net $34,118 in Energy Marketing expenses recorded to Account No. 923 should be excluded from the transmission formula rates for both the VEPCo Formula Rate 2023 Annual Update and 2021 True-Up until such time that VEPCo provides the supporting documentation that such expenses should be included. (*See* also the revised response to ODEC/NCEMC/NOVEC-VEPCO 1.30, ODEC/NCEMC/NOVEC-VEPCO 2.6)

d. External Affairs - VEPCo recorded a net $1,404,237 in External Affairs expenses in FERC Account 923 from DES. Based on the above responses from the Company, Joint Customers are unable to determine to what utility function these net $1,404,237 in External Affairs expenses pertain, however, it appears that the Company's employees may have arbitrarily recorded labor, payroll taxes, employee benefits, vacation, AIP, LTIP/restricted stock, meals, travel/vehicle expenses, rents, maintenance, office supplies, etc. related to the External Affairs work charging the billing WBS elements that records costs in "General Services," in lieu of recording them to the billing WBS elements that records costs in "specific accounts," along with the $0.6M the Company had previously direct charged Environmental Compliance work activity or project work performed in FERC Accounts 500 through 550.

   The net $1,404,237 in External Affairs expenses recorded to Account No. 923 should be excluded from the transmission formula rates for both the VEPCo Formula Rate 2023 Annual Update and 2021 True-Up until such time that VEPCo provides the supporting documentation that such expenses should be included. (*See* also ODEC/NCEMC/NOVEC-VEPCO 1.30, and ODEC/NCEMC/NOVEC-VEPCO 2.6)

e. Operations - VEPCo recorded a net $2,435,254 in Operations expenses in FERC Account 923 from DES. Based on the above responses from the Company, Joint Customers are unable to determine to what utility function these net $2,435,254 in Operations expenses pertain, however, it appears that the Company's employees may have arbitrarily recorded labor, payroll taxes, employee benefits, vacation, AIP, LTIP/restricted stock, other incentives, meals, travel/vehicle expenses, rents, maintenance, office supplies, etc. related to the Operations work charging the billing WBS elements that records costs in "General Services," in lieu of recording them to the billing WBS elements that records costs in "specific accounts," along with the $31.5M the Company had previously direct charged Operations work activity or project work performed in FERC Accounts 500 through 550.

The net $2,435,254 in Operations expenses recorded to Account No. 923 should be excluded from the transmission formula rates for both the VEPCo Formula Rate 2023 Annual Update and 2021 True-Up until such time that VEPCo provides the supporting documentation that such expenses should be included. (*See* also ODEC/NCEMC/NOVEC-VEPCO 1.30, and ODEC/NCEMC/NOVEC-VEPCO 2.6)

5. **Inclusion of Payments to 501c(4) Vendors/Associations in A&G Expenses.**

In responding to ODEC/NCEMC/NOVEC-VEPCO 1.88, when asked about the inclusion of payments to vendors/associations which were "501c(4) entities," VEPCO provided a list of various 501c(4) entities names, the amounts paid and the FERC account to which they were recorded in "Attachment ODEC_NCEMC_NOVEC-VEPCO Set 1.88 (NF).xlsx." VEPCo recorded $170,938, $100, and $68,136 to FERC Account Nos. 921, 930.2 and, 426.x, respectively during 2021. The Company did not provide any supporting documentation for the recording of the approximate $171k to A&G and the remainder $68k to the below-the-line.

The Joint Customers challenge the Company's inclusion of the $171k of the payments to 501c(4) entities to A&G and the allocation of those expenses in the transmission formula rates for both the VEPCo Formula Rate 2023 Annual Update and 2021 True-Up until such time that VEPCo provides the supporting documentation that such expenses should be included.

6. **Communication Equipment, SOC Emergency Radio System, and Microwave Towers Recorded to Transmission Plant Account Nos. 352 - Structures and Improvements, 353 - Station Equipment, and 354 – Towers and Fixtures.**

VEPCo has included certain communication equipment and microwave tower in Transmission Plant Accounts in lieu of recording them to the FERC General Plant Account 397 – Communication Equipment.

a. <u>Communication Equipment, Microwave Radio, Batteries for Telecom, Microwave Towers and Training Center Projects Recorded to Transmission Plant Account No. 352</u> - VEPCo in responding to ODEC/NCEMC/NOVEC-VEPCO 2.17 stated that certain 2021 Transmission Plant Additions recorded to FERC Account No. 352 – Structures and Improvements were "…based on type of voltage supported." When queried by Joint Customers in ODEC/NCEMC/NOVEC-VEPCO 3.16 that the response in ODEC/NCEMC/NOVEC-VEPCO 2.17 was vague, the Company provided "Attachment

ODEC_NCEMC_NOVEC-VEPCO Set 3.15 – 3.19 (LB).xlsx." That attachment, on tab "3.16" reflected that the Voltage and the Supporting Function of the plant additions at issue were either (i) Voltage – 230kV, (ii) Supporting Function – Transmission Substation, or (iii) Supporting Function – Transmission-owned Facility, without any further justification for their inclusion in FERC Account No. 352.

Based on review of the Company's responses for recording of these certain 2021 plant additions to FERC Account No. 352, it does not appear to the Joint Customers to be in conformity with the description of what plant additions are to be recorded to FERC Account No. 352, as defined in the USoA:

> This account shall include the cost in place of structures and improvements used in connection with transmission operations. (See electric plant instruction 8.)

The USoA, Electric Plant Instruction, 8. Structures and Improvements, states in Section A:

> The accounts for structures and improvements shall include the cost of all buildings and facilities to house, support, or safeguard property or persons, including all fixtures permanently attached to and made a part of buildings which cannot be removed therefrom without cutting into the walls, ceilings, or floors, or without in some way impairing the buildings, and improvements of a permanent character on or to land…

The certain 2021 plant additions that VEPCo is including in Account No. 352 at issue include the installation of (a) communication equipment, (b) data network equipment, (c) microwave tower, (d) batteries for telecom, (e) redundant communication, or (f) I/S Trailer at Training Center. None of those items at issue appear to meet the guidance of Account No. 352 and Electric Plant Instruction No. 8. Structures and Improvements, Section A, referenced above. Additionally, in Section H of Electric Plant Instruction No. 8, it states: "The items of cost to be included in the accounts for structures and Improvements are as follows:" and the detailed list of 66 Items does not include any of the plant additions that are at issue here. However, the USoA Account No. 397 – Communication Equipment which is defined as:

> This account shall include the cost installed of telephone, telegraph, and wireless equipment for general use in connection with utility operations.
>
> Items:
>
> 9. Intercommunicating sets.
> 12. Poles and fixtures used wholly for telephone or telegraph wire.
> 13. Radio transmitting and receiving sets.
> 14. Remote control equipment and lines.

16. Storage batteries.
17. Switchboards.
20. Telephone and telegraph circuits.
22. Towers.

Additionally, VEPCo's "Training Center" should be recorded to General Plant and all plant items related to the Training Center should also be recorded in General Plant, such as an I/S Trailer at the Train Center should be in FERC Account No. 392 – Transportation Equipment. Therefore, the Joint Customers challenge the inclusion of the following plant additions totaling $5,953,669 in FERC Account No. 352:

- 3.16.g. – Work Order No. 948096.V1, DATA NETWORK EQUIPMENT, Mackeys – I/S Redundant Communication in the amount of $720,382;
- 3.16.h. – Work Order No. 948096.V2, Winfall [Winall] Microwave Tower - VP in the amount of $537,971;
- 3.16.i. – Work Order No. 948096.V3, Mackey I/S Microwave Tower - VP in the amount of $565,730;
- 3.16.j. – Work Order No. 948097.V2, Trowbridge I/S Microwave Tower - VP in the amount of $656,302;
- 3.16.k. – Work Order No. 948101.V1, MICROWAVE RADIO, Buggs Island-I/S Redundant Communication (communication equipment, microwave tower and batteries for telecom) in the amount of $971,437;
- 3.16.l. – Work Order No. 948101.V1, Microwave Tower, Buggs Island-I/S Redundant Communication in the amount of $485,719;
- 3.16.m. – Work Order No. 948101.V2, Buggs Island I/S Microwave Tower – VP in the amount of $557,543;
- 3.16.n. – Work Order No. 948112.V2, Everetts I/S Microwave Tower - VP in the amount of $624,604;
- 3.16.q. – Work Order No. 948243.V2, Tarboro I/S Microwave Tower - VP in the amount of $618,365; and
- 3.16.u. – Work Order No. 948706.V1, I/S Trailer at Training Center in the amount of $215,616.

The Joint Customers position is that the above list of plant additions totaling $5,953,669 do not meet the definition of plant additions that should be recorded to FERC Account No. 352. They do meet the definition for plant additions to be recorded to FERC Account No. 397 or Account No. 392 – Transportation Equipment. Therefore, VEPCo should reclassify all the above plant additions at issue to General Plant and reclassify the associated depreciation expense and accumulated depreciation to General Plant Depreciation Expense and Accumulated Depreciation in the transmission formula rates for both the VEPCo Formula Rate 2023 Annual Update and 2021 True-Up. (*See* also ODEC/NCEMC/NOVEC-VEPCO 1.55, and Attachment ODEC_NCEMC_NOVEC-VEPCO Set 1.55 (EIG).xlsx).

b. Communication Equipment, Emergency Radio System and Training Center Projects Recorded to Transmission Plant Account No. 353 - VEPCo in responding to ODEC/NCEMC/NOVEC-VEPCO 2.18 stated that certain 2021 Transmission Plant Additions recorded to FERC Account No. 353 – Station Equipment were "…based on type of voltage supported." When queried by Joint Customers in ODEC/NCEMC/NOVEC-VEPCO 3.17 that the response in ODEC/NCEMC/NOVEC-VEPCO 2.18 was vague, the Company provided "Attachment ODEC_NCEMC_NOVEC-VEPCO Set 3.15 – 3.19 (LB).xlsx." That attachment, on tab "3.17" reflected that the Voltage and the Supporting Function of the plant additions at issue were either (i) Voltage – 230kV, (ii) Supporting Function – Transmission Substation, or (iii) Supporting Function – Transmission-owned Facility/Asset, without any further justification for their inclusion in FERC Account No. 353.

Based on review of the Company's responses for recording of these certain 2021 plant additions to FERC Account No. 353, it does not appear to the Joint Customers to be in conformity with the description of what plant additions are to be recorded to FERC Account No. 353, as defined in the USoA:

> This account shall include the cost installed of transforming, conversion, and switching equipment used for the purpose of changing the characteristics of electricity in connection with its transmission or for controlling transmission circuits.

Account No. 353 also includes a list of 13 Items that are to be included there and none of those items contain the certain 2021 plant additions that VEPCo has included in Account No. 353 and are at issue here. The plant additions at issue here include the installation of (a) redundant communication devices, (b) emergency radio system, and (c) Training Center Panels in Control House. None of those items at issue appear to meet the guidance of FERC Account No. 353, referenced above nor the detailed list of 13 Items does not include any of the plant additions that are issue here. However, the USoA Account No. 397 – Communication Equipment which is defined as:

> This account shall include the cost installed of telephone, telegraph, and wireless equipment for general use in connection with utility operations.
>
> Items:
>
> 10. Intercommunicating sets.
> 15. Radio transmitting and receiving sets.
> 16. Remote control equipment and lines.
> 21. Telephone and telegraph circuits.

Additionally, VEPCo's "Training Center" should have been recorded to General Plant and all plant items related to the Training Center should also be recorded in General Plant, such as the "Training Center Panels in Control House." Therefore, the Joint

Customers challenge the inclusion of the following plant additions totaling $8,155,119 in FERC Account No. 353:

- 3.17.j. – Work Order No. 945024.V1.15, Pamplin Sub – Redundant Communication in the amount of $2,214,712;
- 3.17.u. – Work Order No. 948145.V3, I/S Remaining Panels in Control House, Training Cnt.Panels in Control House in the amount of $1,369,512;
- 3.17.x. – Work Order No. 948242.V1, Chase City – I/S Redundant Communication in the amount of $461,526;
- 3.17.cc. - Work Order No. 948471.V1, Training Center – I/S Breaker & CCVT- VP, in the amount of $3,590,743;
- 3.17.ff. – Work Order No. 948615.V13, Canal Place Office, Install Servers (Emergency Radio System) at Canal Place Office, in the amount of $250,219; and
- 3.17.gg. – Work Order No. 948615.V14, Innsbrook Office, Install Servers (Emergency Radio System) at Innsbrook Office, in the amount of $268,407.

The Joint Customers position is that the above list of plant additions totaling $8,155,119 do not meet the definition of plant additions that should be recorded to FERC Account No. 353. They do meet the definition for plant additions to be recorded to FERC Account No. 397 and other General Plant Accounts. Therefore, VEPCo should reclassify all the above plant additions at issue to General Plant and reclassify the associated depreciation expense and accumulated depreciation to General Plant Depreciation Expense and Accumulated Depreciation in the transmission formula rates for both the VEPCo Formula Rate 2023 Annual Update and 2021 True-Up. (*See* also ODEC/NCEMC/NOVEC-VEPCO 1.55, and Attachment ODEC_NCEMC_NOVEC-VEPCO Set 1.55 (EIG).xlsx).

c. SOC Emergency Radio System Recorded to Transmission Plant Account No. 353 – VEPCo recorded the Work Order No. 948615.V13 Canal Place Office SOC Emergency Radio System to FERC Account No. 353 in response to ODEC/NCEMC/NOVEC-VEPCO 3.18, and Attachment ODEC_NCEMC_NOVEC-VEPCO Set 3.15 (LB).xlsx. As stated in the Preliminary Challenges No. 6.a. and 6.b. above, the Emergency Radio System should have been recorded to FERC Account No. 397. VEPCo should reclassify this project to General Plant and reclassify the associated depreciation expense and accumulated depreciation to General Plant Depreciation Expense and Accumulated Depreciation in the transmission formula rates for both the VEPCo Formula Rate 2023 Annual Update and 2021 True-Up. (*See* also ODEC/NCEMC/NOVEC-VEPCO 1.55, and Attachment ODEC_NCEMC_NOVEC-VEPCO Set 1.55 (EIG).xlsx).

7. Distribution Substation Additions Recorded in Transmission FERC Account No. 353 Reclassified in 2022 or 2023 to FERC Account No. 362.

VEPCo in responding to ODEC/NCEMC/NOVEC-VEPCO 3.17, stated that two of the Work Orders referenced in the request were supporting Distribution Substations. Those Work Orders were the following:

- 3.17.e. – No. 943976.V1, Lemon – Breaker Replacement in the amount of $159,008; and
- 3.17.k. – No. 945111.V1, Shirley Duke Regulator Replacement – VP in the amount of $272,784.

The Company in "Attachment ODEC_NCEMC_NOVEC-VEPCO Set 3.15 – 3.19 (LB).xlsx," stated in Footnotes 1 and 2 the following:

> "Footnote 1: $159,008
> The Lemon – Breaker Replacement expense was reclassified from FERC Account 3530 to 3620 in January 2023.
>
> Footnote 2: $272,784
> The Shirley Duke Regulator Replacement expense was reclassified from FERC Account 3530 to 3620 in December 2022."

However, VEPCo did not also provide the statement that "In order to resolve this issue to reclassify these plant additions from Transmission Plant to Distribution Plant and the associated depreciation expense and accumulated depreciation for the instant transmission formula rates for both the VEPCo Formula Rate 2023 Annual Update and 2021 True-Up found on Line 69 of Appendix A to the Formula Rate, the Company will make a one-time credit adjustment in the amount of $X,XXX using Line 149 of Appendix A within the 2023 Annual Update. The Company will also apply the appropriate amount of interest in accordance with the Future Value Factor found on Attachment 6 to the Formula Rate." Therefore, the Joint Customers challenge the inclusion of the above distribution plant additions, associated depreciation expense and accumulated depreciation in the transmission formula rates for both the VEPCo Formula Rate 2023 Annual Update and 2021 True-Up. (*See* also ODEC/NCEMC/NOVEC-VEPCO 1.55, Attachment ODEC_NCEMC_ NOVEC -VEPCO Set 1.55 (EIG).xlsx and ODEC/NCEMC/NOVEC-VEPCO 2.18)

8. Distribution Additions Recorded in FERC Transmission Account No. 353.

VEPCo appears to have included certain Distribution related plant additions in FERC Account No. 353. VEPCo in responding to ODEC/NCEMC/NOVEC-VEPCO 2.18 stated that certain 2021 Transmission Plant Additions recorded to FERC Account No. 353 – Substation Equipment were "…based on type of voltage supported." When queried by Joint Customers in ODEC/NCEMC/NOVEC-VEPCO 3.17 that the response in ODEC/NCEMC/NOVEC-VEPCO 2.18 was vague, the Company provided "Attachment ODEC_NCEMC_NOVEC-VEPCO Set 3.15 – 3.19 (LB).xlsx." That attachment, on tab "3.17" reflected that the Voltage and the Supporting Function of the plant additions at issue were (i) Voltage – 230kV, and (ii) Supporting Function – Transmission line, without any further justification for their inclusion in FERC Account No. 353

The “Project Name” in Col. (2) and the “Description” in Col.(3) for the following plant additions totaling $1,963,727 reference “Distrib TX.”

- 3.17.lll. - Work Order No. 992700.V1, Beaumeade – Sub-Add 5th Distrib TX, in the amount of $845,329; and
- 3.17.ooo. - Work Order No. 992743.V1, Chickahominy Sub-Add 2nd Distrib TX, in the amount of $1,118,398.

VEPCo did not provide an explanation for the Project Names and Descriptions of both projects referencing “Distrib TX,” but only stated that the projects Supporting Function as being “Transmission Line.” Therefore the Joint Customers challenge the inclusion of these $1,963,727 in project additions as being transmission related until VEPCo provides “One-Line Diagrams” for each project addition which demonstrates that these “Sub-Add 5th Distrib TX” and “Sub-Add 2nd Distrib TX” were neither on the low-side of the substation nor were related to the distribution function. (*See* also ODEC/NCEMC/NOVEC-VEPCO 1.55, and Attachment ODEC_NCEMC_ NOVEC-VEPCO Set 1.55 (EIG).xlsx)

9. Reflection of FERC Order in AC22-28 in the 2021 True-Up.

In responding to ODEC/NCEMC/NOVEC-VEPCO 1.70, when asked about whether Dominion had properly applied the results of the proceedings in FERC Dockets EL10-49, ER18-318, and AC22-28 to the 2021 True-Up, VEPCO responded: “Confirmed. Dominion has properly applied the results of the proceedings in FERC Docket Nos. EL10-49, ER18-318, and AC22-28 to the 2021 True-Up as publicly posted on September 15, 2022.” The Joint Customers reviewed the revised FERC Form 1s (“FF1”) for 2019 and 2020, as well as the FF1 for 2021 and we were unable to verify that VEPCo had fully complied with AC22-28. The comments in the revised 2019 and 2020 FF1s and the original 2021 FF1 did not provide any supporting documentation or calculations to support the Company’s changes from the original FF1s filed with FERC for the years 2019 and 2020.

The Joint Customers sent VEPCo an Information Request specifically addressing our concerns on December 16, 2022 related to the “Compliance Filing to the Directives from FERC’s Order in Docket No. AC22-28, 178 FERC ¶ 61,235 (2022) (“Order on Accounting Entries” Filed August 1, 2022.” This Information Request consisted of 28 questions, to which the Company replied on December 27, 2022. VEPCo appears to have combined all of the questions responses and has not separately provided the responses which makes it almost impossible to determine whether VEPCo is in compliance with the Order. A detailed listing of the Joint Customers’ concerns follows:

- The Company in response to ODEC/NCEMC/NOVEC-VEPCO AE 1.1 failed to provide the requested memos, notes, and supporting calculations for the rate treatment differences between state retail and FERC wholesale jurisdictions, or any other detailed information related to the basis to record the “manual” transactions/journal entries for each FERC Account to which an amount was recorded on the Company's books and records for the Resubmitted 2019, and 2020 FF1s. VEPCo also did not provide the similar requested "Memos, Notes" or any other detailed information related to the basis to record the "manual" transactions/journal entries including each FERC Account to which an amount was recorded on the Company's books and records for the 2021 FF1. The Company only provided an Excel version of the "manual" transactions/journal entries with no descriptions for the basis for the impacts to each FERC Account reflected.

- The Company in responses to ODEC/NCEMC/NOVEC-VEPCO AE 1.2 and ODEC/NCEMC/NOVEC-VEPCO AE 1.11, failed to provide the requested detailed description of the reason for adjusting the balance(s) including "memos, notes, detailed calculations, and supporting documentation, for each of the changes to the FERC Account Nos. 174, 182.2, 182.3, 186, 215, 215.1, 216, and 283. The Company only provided an Excel version of the 2019 and 2020 "manual" transactions/journal entries, with no descriptions for the basis for the impacts to each FERC Account reflected.
- The Company in responses to ODEC/NCEMC/NOVEC-VEPCO AE 1.3, and ODEC/NCEMC/NOVEC-VEPCO AE 1.12 failed to provide the requested detailed description of the reason for adjusting the amounts including "memos, notes, detailed calculations, and supporting documentation, for each of the changes to the FERC Account Nos. 401, 402, 403, 407, 407.3, and 410.1. The Company only provided an Excel version of the 2019 and 2020 "manual" transactions/journal entries, with no descriptions for the basis for the impacts to each FERC Account reflected.
- The Company in responses to ODEC/NCEMC/NOVEC-VEPCO AE 1.4, and ODEC/NCEMC/NOVEC-VEPCO AE 1.13 and failed to provide the requested detailed description of the reason for adjusting the amount including "memos, notes, detailed calculations, and supporting documentation, for each of the changes to the FERC Account No. 108. The Company only provided an Excel version of the 2019 and 2020 "manual" transactions/journal entries, with no description for the basis for the impact to FERC Account No. 108 reflected. The Company also adjusted FERC Account 403.1 in the 2020 revised FF1, without providing any of the requested information.
- The Company in responses to ODEC/NCEMC/NOVEC-VEPCO AE 1.5 and ODEC/NCEMC/NOVEC-VEPCO AE 1.14 failed to provide the requested detailed description of the reason for adjusting the amount including "memos, notes, detailed calculations, and supporting documentation, for each of the changes for the "Costs Recognized During Year" and the "Written Off During Year Amount" to the FERC Account No. 182.2. The Company only provided an Excel version of the 2019 and 2020 "manual" transactions/journal entries "Write-Offs" and "Amortizations" without a detailed description or explanation of the basis for the impact for FERC Account No. 182.2 and the other FERC Accounts impacted.

- The Company in responses to ODEC/NCEMC/NOVEC-VEPCO AE 1.6 and ODEC/NCEMC/NOVEC-VEPCO AE 1.15 failed to provide the requested detailed description of the reason for adjusting the amount including "memos, notes, detailed calculations, and supporting documentation, for each of the changes for the "Debits" and the "Credits, Written Off During the Period Amount" to the FERC Account No. 182.3 for the Virginia Plant Abandonments. The Company only provided an Excel version of the 2019 "manual" transactions/journal entries "Write-Offs" and "Amortizations" without a detailed description or explanation of the basis for the impact for FERC Account No. 182.3 and the other FERC Account(s) impacted.

- The Company in responses to ODEC/NCEMC/NOVEC-VEPCO AE 1.7 and ODEC/NCEMC/NOVEC-VEPCO AE 1.16 failed to provide the requested detailed description of the reason for adjusting the amount including "memos, notes, detailed calculations, and supporting documentation, for each of the changes for the "Debits" and the "Credits Amount" to the FERC Account No. 186 for the Non-Jurisdictional Virginia Plant Abandonments. The Company only provided an Excel version of the 2019 and 2020 "manual" transactions/journal entries "Debits" and "Credits" without a detailed description or explanation of the basis for the impact for FERC Account No. 186 and the other FERC Account(s) impacted.

- The Company in responses to ODEC/NCEMC/NOVEC-VEPCO AE 1.8 and ODEC/NCEMC/NOVEC-VEPCO AE 1.17 failed to provide the requested detailed description of the reason for adjusting the amount including "memos, notes, detailed calculations, and supporting documentation, for each of the changes for the 2019 and 2020 "Reconciliation of Reported Net Income with Taxable Income for Federal Income Taxes," and the "Plant Abandonment" amounts.

- The Company in responses to ODEC/NCEMC/NOVEC-VEPCO AE 1.9 and ODEC/NCEMC/NOVEC-VEPCO AE 1.18 failed to provide the requested detailed description of the reason for adjusting the amount including "memos, notes, detailed calculations, and supporting documentation, for each of the changes for the "Accumulated Deferred Income Taxes – Other (Account 283)," and the changes to FERC Account No. 410.1. The Company only provided an Excel version of the 2019 and 2020 without a detailed description or explanation of the basis for the impacts for FERC Account No. 283 and No. 410.1.

- The Company in responses to ODEC/NCEMC/NOVEC-VEPCO AE 1.10 and ODEC/NCEMC/NOVEC-VEPCO AE 1.19 failed to provide the requested detailed description of the reason for adjusting the amount including "memos, notes, detailed calculations, and supporting documentation, **for each** of the changes for "Depreciation Expense" for Steam Production Plant, Distribution Plant, and General Plant. The Company only provided a Summary of the Depreciation Expense adjustments in Excel for 2019 and 2020 without a detailed description or explanation of the basis for the impacts to the specific Depreciation Expense amounts for each category of plant. VEPCo does not provide a detailed description/explanation of how the Depreciation Expense adjustments is treated or to what FERC account to which it is recorded on the Company's books and records.

- The Company in response to ODEC/NCEMC/NOVEC-VEPCO AE 1.20, and Attachment ODEC_NCEMC_NOVEC-VEPCO Questions to DVP AC22-28-000 Set 1.1. do not appear to clearly demonstrate that the 11% non-jurisdictional customers portion are not being recovered through transmission rates. Neither the response nor the attachment provide any "detailed explanations and demonstrations that the 11% non-jurisdictional customers portions are not included in the transmission customers' rates. VEPCo does not provide a detailed description/explanation of how the 11% non-jurisdictional customers portion is treated or to what FERC accounts it is recorded on the Company's books and records.
- The Company responses to ODEC/NCEMC/NOVEC-VEPCO AE 1.21, and ODEC/NCEMC/NOVEC-VEPCO AE 1.23 do not appear to clearly demonstrate that the proper cumulative impacts of the 2019 Plant Retirements and 2020 Plant Retirements have been reclassified to FERC Account No. 439. VEPCo does not provide a detailed description/explanation of how the former FERC Account No. 403 amounts were determined and then reclassified to FERC Account 439.
- The Company responses to ODEC/NCEMC/NOVEC-VEPCO AE 1.22, "Attachment OCEC_NCEMC_NOVEC-VEPCO Questions to DVP AC22-28-000 Set 1.22.xlsx" (i.e., Revised 2019 True-Up), ODEC/NCEMC/NOVEC-VEPCO AE 1.25, and "Attachment OCEC_NCEMC_NOVEC-VEPCO Questions to DVP AC22-28-000 Set 1.25.xlsx" (i.e., Revised 2020 True-Up), neither provide any details of the adjustments that were being made nor do they provide any reconciliation from either the original filed Transmission Formula 2019 True-Up or the original filed Transmission Formula 2020 True-Up. Joint Customers are not able to reconcile, verify or replicate VEPCo's adjustments to true-up either the 2019 True-Up or the 2020 True-Up. VEPCo needs to provide documents which reconcile and reflect all the changes required by FERC Docket AC22-28-000 to each item within both the revised 2019 True-Up and the revised 2020 True-Up.
- The Company responses to ODEC/NCEMC/NOVEC-VEPCO AE 1.27, and ODEC/NCEMC/NOVEC-VEPCO AE 1.28 Attachment OCEC_NCEMC_ NOVEC-VEPCO Questions to DVP AC22-28-000 Set 1.1.xlsx," tabs CCRO Entries and CCRO Support, do not appear to be consistent with the *Order on Account Entries*, P 46, Commission statement: "VEPCO has not identified any rate provisions in its FERC jurisdictional rates that allow such inclusion and has not shown that it has made the requisite filing pursuant to FPA section 205 to obtain authorization to recover such costs, therefore, we deny VEPCO's request to use Account 403 and instead direct VEPCO to use Account 426.5 to record the portion of the balances written off related to the CCRO that would otherwise be included as an input to VEPCO's formula rate based on its FERC Form No. 1 data." VEPCo needs to provide documents which reconcile and reflect all the changes required by FERC Docket AC22-28-000 to each item within the revised 2020 True-Up.

Joint Customers are unable to determine whether VEPCo has complied with the FERC Docket No. AC22-28-000 Letter Order. Therefore, Joint Customers challenge (1) VEPCo's revised 2019 and 2020 FF1s, (2) the revised 2019 True-Up and 2020 True-Up, and (3) the 2023 Annual Update and 2021 True-Up Adjustment until such time that VEPCo provides a detailed description of each and every change in all FERC Accounts that resulted from the AC22-28-000 Letter Order and reconciliation of those changes from the original 2019 and 2020 FF1s and original 2019 and 2020 True-Ups, as well as the 2021 FF1 and the 2021 True-Up and 2023 Annual Update.