NEWS RELEASE

Dominion Energy Virginia's Triennial Review Application Highlights Record of Delivering Outstanding Reliability, Customer Value

2021-03-31

RICHMOND, Va., March 31, 2021 /**PRNewswire**/ -- Dominion Energy Virginia ("DEV") detailed its performance for the four-year period of 2017 through 2020 in a filing made with the Virginia State Corporation Commission, as part of the regulatory review process outlined in Virginia law.

"Dominion Energy Virginia has continued to manage its operations in a way that provides outstanding value to our more than 2.6 million Virginia customers," said Ed Baine, president of Dominion Energy Virginia. "The safety, reliability, affordability, customer service, and other performance metrics presented in our filing support that determination. We must provide that value during fair weather and good times, as well as during severe storms and a global pandemic. We take seriously the trust that our customers place in us and we are proud of the way we have answered the bell over the last four years and especially during the COVID-19 pandemic."

Triennial review process part of customer-focused regulatory framework

Today's filing initiates a state regulatory review, officially called a Triennial Review, under which the SCC will assess the "base" portion of the company's operations and assets, which includes certain electric generation, including nuclear as well as most of the company's electric distribution operations, and accounts for just over half of a typical residential customer's bill. The performance of DEV's "rider" programs, which include electric transmission as well as much of the company's more recent investment in generation assets, is outside the scope of the review.

The review is part of a broader, customer-focused regulated utility framework in Virginia. That framework has resulted in nationally leading decarbonization goals, customer rates lower than national and regional averages, and, of particular importance given recent events in California and Texas, high levels of reliability for customers, made possible by a utility structure that embraces long-term planning and resiliency safeguards.

This structure has allowed DEV to make the investments necessary to keep customers lights on 99.9 percent of the time annually on average, despite 66 significant weather events during the review period.

Financial results

Between 2017 and 2020, the company's base rate revenues closely matched its cost to provide service. After accounting for more than $200 million in debt forgiveness directed by the General Assembly for customers struggling during the pandemic, approximately $26 million in revenues is available for the benefit of customers. That $26 million is proposed for reinvestment in renewable generation, as part of the Customer Credit Reinvestment Offset ("CCRO") mechanism defined by Virginia law, if approved by the SCC.

Competitive customer rates

Projected costs to provide service remain closely in line with projected base revenues, ensuring customers will continue to benefit from low and stable rates related to base operations for the next review period of 2021 to 2023, if approved. There has not been a base rate increase since 1992 and, pursuant to state law, the company is not seeking one as part of this review. Since 2008, even as DEV has invested billions of dollars to enhance customer value, overall residential customer rates, inclusive of base operations, fuel and all riders, have increased at only 0.8 percent per year on average, almost half the rate of inflation over that period. Total rates for a typical residential customer are more than 8 percent below the national average, 25 percent lower than the mid-Atlantic average and 35 percent lower than the average of states that, like Virginia, have joined the Regional Greenhouse Gas Initiative ("RGGI").

"We are always mindful of the financial impact of what we do for our customers, which is why we strive so hard to keep our rates low," Baine said.

Energy transition

Today's filing comes at a transitional time for the Commonwealth. Through landmark policy directives made in the Virginia Clean Economy Act of 2020 ("VCEA") and the Grid Transformation and Security Act of 2018 ("GTSA"), Virginia is poised to be a national leader in transitioning its electric utilities to a carbon-free generation future and to making the electric grid smarter, greener and more resilient. To meet these requirements, DEV forecasts investment of more than $28 billion over the next five years, including projects supporting zero-carbon offshore wind, solar, storage, nuclear license renewal and grid investments.

Such significant investment requires that the company be able to compete effectively for public financing at rates that ensure the lowest reasonable cost for customers. The company's currently authorized return on equity of 9.2

percent is among the lowest for any vertically integrated electric utility in the United States, while the financing need is among the highest. Looking nationally at such determinations for vertically regulated electric utilities over the last four years, only 4 out of 102 comparable data points have been lower. The current market cost of equity is 10.5 percent to 11.5 percent. As a result, the company is seeking an authorized return on equity of 10.8 percent.

Dominion Energy's application and direct testimony is **posted online**.

About Dominion Energy

More than **7 million customers in 16 states** energize their homes and businesses with electricity or natural gas from Dominion Energy (NYSE: **D**), headquartered in Richmond, Va. The company is **committed to sustainable, reliable, affordable and safe energy** and to achieving net zero carbon dioxide and methane emissions from its power generation and gas infrastructure operations by 2050. Please visit **DominionEnergy.com** to learn more.

SOURCE Dominion Energy Virginia