Case No. 21-0619-GA-RDR

Plant-in-Service and Capital Expenditure Program Audit of The East Ohio Gas Company d/b/a Dominion Energy Ohio

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Prepared by
Blue Ridge Consulting Services, Inc.
114 Knightsridge Road
Travelers Rest, SC 29690
(864) 420-8084

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DISCLAIMER

In the context of this report, Blue Ridge Consulting Services, Inc. (Blue Ridge) intends the word *audit* as it is commonly understood in the utility regulatory environment: as a regulatory review, a field investigation, or a means of determining the appropriateness of a financial presentation for regulatory purposes. The word is not intended in its precise accounting sense denoting an examination of booked numbers and related source documents for financial reporting purposes. Neither is the term *audit* in this case an analysis of financial-statement presentation in accordance with the standards established by the American Institute of Certified Public Accountants (AICPA) and the Financial Accounting Standards Board (FASB). The reader should distinguish regulatory reviews, such as those that Blue Ridge performs, from financial audits performed by independent certified public accountants.

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Blue Ridge prepared this report based in part on information not within its control. While it is believed that the information that has been provided is reliable, Blue Ridge does not guarantee the accuracy of the information relied upon.

ORGANIZATION OF BLUE RIDGE'S REPORT

This report is organized according to the following major sections:

- *Executive Summary*: This section provides a summary of Blue Ridge's observations, findings, conclusions, and recommendations presented in more detail in the body of the report.
- *Status of Case No. 19–468-GA-ALT Recommendations*
- *Elements of Analysis*: This section explains the following elements used in Blue Ridge's analysis: background; project purpose; project scope; audit standard; materiality; information reviewed; interviews; field observations; policies and practices; and a brief summary of the variance analyses, transactional testing, and other analyses.
- *Project Requirements and Related Summary Conclusions*: This section identifies the requirements of the Request for Proposal for this project and specifies Blue Ridge's summary conclusions regarding those requirements.
- *Detailed Analysis, Findings, and Recommendations*: This section documents Blue Ridge's analyses that led to our observations, findings, and recommendations regarding the plant-in-service balances and expenditures of the Capital Expenditures Program (CEP). It includes the rationale and description of any recommended adjustments.
- *Appendices*: The appendices include information reviewed and workpapers that support recommended adjustments.

EXECUTIVE SUMMARY

Since September 2011, Section 4929.111 of the Ohio Revised Code has permitted natural gas companies to apply to the Commission for approval of a Capital Expenditure Program (CEP) for investment related to: infrastructure expansion, improvement, or replacement; programs to install, upgrade, or replace technology systems; or programs to comply with government rules and regulations.

In Case Nos. 11-6024-GA-UNC and 11-6025-GA-AAM, The East Ohio Gas Company d/b/a Dominion Energy Ohio ("Dominion" or "Company") sought and was granted authority to create a CEP and to begin deferring the related PISCC and depreciation and property tax expenses (the CEP Deferral) for capital investments that were not part of its accelerated infrastructure replacement program (IRP) called the pipeline infrastructure replacement (PIR) program. The Public Utilities Commission of Ohio (PUCO) authorized the CEP Deferral for the period October 1, 2011, through December 31, 2012. Subsequent authorizations continued the program through 2014 and beyond.

In Case No. 19-468-GA-ALT (2019 CEP Alt Reg Case), the Commission approved a stipulation and recommendation that, among other things, provided a process for the filing of Dominion's total rate base investments for the two-year period January 1, 2019, through December 31, 2020, to review and evaluate Dominion's CEP investments and program compliance.

The Commission issued a request for proposal seeking bids to conduct a two-part audit of Dominion's non-PIR plant in service with a focus on CEP assets. Blue Ridge Consulting Services, Inc. ("Blue Ridge") was awarded the audit. In accordance with the purpose outlined in the RFP, in the first part of the audit, Blue Ridge conducted an audit to review and attest to the accounting accuracy and used and useful nature of Dominion's capital expenditures and corresponding depreciation reserve for the period January 1, 2019, through December 31, 2020; in the second part, Blue Ridge simultaneously assessed and formed an opinion on the necessity, reasonableness, and prudence of Dominion's capital expenditures and related assets from January 1, 2019, through December 31, 2020.

Part 1 Plant-in-Service Balances

For the first part of the audit, Blue Ridge reviewed the accounting accuracy and used and useful nature of Dominion's non-PIR capital expenditures and related assets and corresponding depreciation reserve for investments and deferrals for the period January 1, 2019, through December 31, 2020. Blue Ridge reviewed both total Company plant in service and that recovered through the CEP mechanism. We performed our review through variance analysis, transactional testing, field observations, and analysis of the Company-provided schedules.

Blue Ridge's analysis results in the following recommended revisions to the Company CEP plant-in-service balance.

Table 1: CEP Plant-in-Service Recommended Balance

Description	DEO Reported CEP Balance as of 12/31/2020	Recommended Adjustments	Revised CEP Balance 12/31/2020
Plant in Service, Net of COR & Retirements	$ 805,888,448	(4,804,744)	$ 801,083,704
Accumulated Provision for Depreciation, Net	(32,499,423)	(4,926,724)	(37,426,147)
Net Capital Additions	$ 838,387,871	$ 121,980	$ 838,509,851

In 2018, the Company implemented the PowerPlan fixed asset system and expected increased efficiencies to allow the Company to perform future reporting on a timelier basis. In this audit, Blue Ridge found that it was, indeed, able to perform a reconciliation more easily between the CEP and the Fixed Asset system for annual reporting. Through our analysis, Blue Ridge found that the Company was able to provide accurate and complete continuing property records to support its plant-in-service balances.

Blue Ridge found that all the work included in the projects sampled are capital in nature, and the scope of work and cost detail coincided with the applicable FERC 300 accounts to which the work applies in accordance with the FERC Uniform System of Accounts (CFR 18).

By the desktop inspections conducted, Blue Ridge determined that the assets were used and useful and provide benefit to the ratepayer. The assets did not appear over built. Company personnel were knowledgeable about the projects.

Part 2 Capital Expenditures Prudence Audit

For the second part of the audit, Blue Ridge purposed, as the RFP instructed, "to simultaneously assess and form an opinion on the necessity, reasonableness, and prudence of the Applicant's capital expenditures and related assets, with an emphasis on the CEP expenditures and assets from January 1, 2019, through December 31, 2020."

Blue Ridge examined the Company's processes and controls to ensure that they were sufficient so as not to adversely affect the balances in distribution utility net plant in service. Based on the documents reviewed, Blue Ridge was able to understand the Companies' processes and controls that affect each of the plant balances. Furthermore, Blue Ridge examined internal audit reports conducted on various areas of the Company's operations that could impact utility plant-in-service balances and applicable SOX and FERC audits. We were satisfied with actions taken with regard to internal and other audits reviewed. Blue Ridge concluded that Dominion's controls were adequate and not unreasonable.

Primary spending is on consolidating facilities and Relocation and New Customer work. Our review found that the principal causes for capital spending in the Company's CEP capital expenditures were based on necessity, were not unreasonable, and did not indicate imprudence. Containing costs is key to controlling the significantly increasing costs associated with CEP-type projects. Blue Ridge reviewed cost containment strategies and found the Company is taking steps which appear to be not unreasonable to try to control costs.

Blue Ridge's review of the CEP related schedules included the 12 schedules that support the Company's application to adjust its Capital Expenditure Program (CEP) Rider to reflect investment activity and related deferrals since the initial rates were established in Case No. 19-0468-GAL-ALT. Mathematical checks were performed on each schedule and on the schedules' roll-forward balances to the revenue requirement calculation. In addition, Blue Ridge traced the values used in the schedules to source documentation and reviewed the reasonableness of the results calculated by the Company. Blue Ridge found that the mathematical computation of the cumulative balances as of December 31, 2020, to be not unreasonable.

Blue Ridge found that the Company included a revenue reconciliation as agreed to in the approved Stipulation in Case No. 19-0468-GA-ALT. However, the methodology should be refined in future CEP filings. As shown on Schedule 11, the Company is computing the over/under recovered balance using one month of actual data (January 2021) and eight months of estimate based on 1/12 of the approved CEP Revenue Requirement from Case No. 19-468-GA-ALT (February 2021 through

September 2021). Blue Ridge recommends using volumetric and/or customer counts to refine the estimated revenue. Blue Ridge also recommends that the revenue estimate should be trued-up to reflect actual revenue and any variance between the estimated and actual revenue should be reflected in future CEP filings.

Other than the adjustments specified, Blue Ridge found nothing to indicate that the non-PIR capital expenses and assets for the period January 1, 2019, through December 31, 2020, were unnecessary, unreasonable, or imprudent. The necessity, reasonableness, and prudence of Dominion's non-PIR capital expenditures was considered throughout the entire audit, including the variance analysis, transactional testing, and physical inspections and desktop reviews. The detail of our work in that regard is discussed in the various sections of the report.

Blue Ridge recommended adjustments are summarized below.

Table 2: Recommended Adjustments to CEP Revenue Requirements

Adj #		Rate Base	Operating Expenses	Revenue Requirement
	Company Filed	**$ 687,426,950**	**$ 47,185,579**	**$ 118,763,447**
1	Restricted Stock	(38,892)	(1,801)	(5,656)
2	Delayed Retirements - 2019, 2020	(286,832)	(272,390)	(300,815)
3	Over Accrued AFUDC, WBS: FCDEO.18.GAS.8A - WILBETH ROOF REPLACE - 60000003	(662)	(28)	(94)
4	COR/No Retirement, Project: P400296664 - DARROW-MIDDLETOWN RD	(260)	(596)	(621)
5	COR/No Retirement, Project: P400872232- EAST TULLY ST RECONSTRUCTION	(149)	(133)	(148)
6	COR/No Retirement, Project: P400877198 - RELOC - GRACE AVE CROSS OVER	(0)	(0)	(0)
7	Overstated COR, Project: P400172884 - WYNN CREST DR LOOP BETTERMENT	464	227	273
8	Annualized Property Tax - Effective Rate True-Up	-	(150,772)	(150,772)
9	Calculation of Composite Asset Life Amortization Rate	-	-	-
	Subtotal Adjustments	(326,332)	(425,495)	(457,833)
	Blue Ridge Recommended	**$ 687,100,619**	**$ 46,760,085**	**$ 118,305,614**

The effect of Blue Ridge's recommended adjustments on the CEP revenue requirements is provided in the following table.

Table 3: Effect of Recommended Adjustments on CEP Revenue Requirements

	As Filed December 31, 2020	Adjustments	As Adjusted December 31, 2020
Rate Base			
Plant in Service	$ 805,888,448	$ (4,804,744)	$ 801,083,704
Less: Accumulated Provision for Depreciation	(32,499,423)	(4,926,724)	(37,426,147)
Net Capital Additions	$ 838,387,871	$ 121,980	$ 838,509,851
Depreciation Offset	(389,705,205)	-	(389,705,205)
Net Capital Additions Less Depreciation Offset	$ 448,682,666	$ 121,980	$ 448,804,646
Regulatory Deferrals	346,461,266	(483,525)	345,977,741
Accumulated Deferred Income Tax (ADIT)	(107,716,982)	35,213	(107,681,768)
Rate Base	$ 687,426,950	$ (326,332)	$ 687,100,619
Pre-Tax Rate of Return	9.91%	0.00%	9.91%
Annualized Return on Rate Base	$ 68,124,011	$ (32,339)	$ 68,091,671
Operating Expenses			
Annualized Depreciation Expense	$ 26,359,317	$ (158,990)	$ 26,200,328
Annualized Property Tax Expense	11,402,516	(218,755)	11,183,761
Amortization of Deferred PISCC	5,117,718	(26,395)	5,091,323
Amortization of Deferred Depreciation Expense	3,215,306	(16,101)	3,199,205
Amortization of Deferred Property Tax Expense	1,090,723	(5,254)	1,085,469
Total Operating Expenses	$ 47,185,579	$ (425,494)	$ 46,760,085
Annual Revenue Requirement Prior to Reconciliation	$ 115,309,590	$ (457,833)	$ 114,851,757
(Over) / Under Recovered Balance	3,453,857	-	3,453,857
Total Revenue Requirement	**$ 118,763,447**	**$ (457,833)**	**$ 118,305,614**

STATUS OF CASE NO. 19-468-GA-ALT ADJUSTMENTS

Blue Ridge Consulting Services, Inc. ("Blue Ridge") performed the Plant-in-Service and Capital Spending Prudence Audit of Dominion Energy Ohio in Case No. 19-468-GA-ALT. In its report, based on its findings, Blue Ridge recommended 13 adjustments to non-PIR plant-in-service and ten recommendations.

Adjustments #1–14[1]: Blue Ridge's recommended various adjustments that affected various components that reduced CEP rate base from $459,287,565 to $458,425,398. The adjustments were flowed through CEP revenue requirements. The Company accepted Blue Ridge's recommended adjustments, and Blue Ridge confirmed that the adjustments were reflected in the beginning balances in this year's audit. No further work is required.

Blue Ridge had the following recommendations.

1. As discussed in Adjustments #10 and #11,[2] Blue Ridge is not recommending at this time that the December 31, 2018, plant and reserve should be adjusted to recognize the Commission-approved ratemaking adjustments from the last base rate case that were not reflected within the Company's beginning balances on Schedules B-2 and B-3. Instead, Blue Ridge recommends that the adjustments be considered in the Company's next base rate case to ascertain their rolled-forward impact and relevance at that time.

   Blue Ridge Comment: The Stipulation and Recommendation approved by the Commission stated that Dominion will file its next application to adjust base rates no later than October 2024. The Company agreed to make the adjustments unless it determines that such adjustments are no longer appropriate under then-current ratemaking convention. Any Signatory Party may support or oppose Dominion's proposed treatment of such adjustments in its sole discretion.[3] No further action is needed.

2. Blue Ridge recommends the Company review and comply with their approval process to ensure that it is applied on a consistent uniform basis. Blue Ridge found that in some instances the Company did not update the CRF when the projects changed. The purchase order requisition was used instead. For blanket projects, it is appropriate that the approvals are at the Board of Director level. Because of the various types of approvals that take place

[1] Adjustment #3: This number was not used for an adjustment. Thus, 13 adjustments were included, numbered #1, #2, and #4–#14.

[2] Adjustment #10: Approved ratemaking adjustments to plant in service, totaling $17,319,717, from last base rate case were not reflected in beginning balances in the Company's rolled-forward Schedule B-2. While we believe these Commission-approved adjustments, totaling $(17,319,717), should have been reflected in the Company's beginning balance as reported on Schedule B-2, and have labeled the finding as an adjustment, we are not recommending that the December 31, 2018, plant balance should be adjusted at this time. Instead, Blue Ridge recommends that the adjustment be considered in the Company's next base rate case to ascertain their rolled-forward impact and relevance at that time.
Adjustment #11: Approved ratemaking adjustments to the depreciation reserve of $53,822,053 from last base rate case were not reflected in beginning balances in the Company's rolled-forward Schedule B-3. While we believe these Commission-approved adjustments, totaling $53,822,053, should have been reflected in the Company's beginning balance as reported on Schedule B-3, and have labeled the finding as an adjustment, we are not recommending that the December 31, 2018, reserve should be adjusted at this time. Instead, Blue Ridge recommends that the adjustment be considered in the Company's next base rate case to ascertain their rolled-forward impact and relevance at that time.

[3] Case No. 19-468-GA-ALT, Opinion and Order (December 30, 2020), ¶39, items 7 and 10.

based on the nature of the project, it is important for the Company to apply a consistent procedure. (page 56)

Company Status: The following processes and procedures were implemented to address previous audit recommendation:

- Authorization Adjustment Form—A process was implemented to allow for changes exceeding a certain threshold to be documented and reviewed at the appropriate approval tier. This process was implemented in 2021 for any planned projects initiated on or after January 1, 2021.
- Capital Request Forms (CRFs) for Reactive Projects—A process was implemented to create a CRF for a project that is not initiated by the planning group, and which meets certain criteria. This process was implemented in 2021 for any projects initiated on or after January 1, 2021.
- Field Change Approval Process—A process was implemented to allow for changes that occur on a project during construction to be captured, documented, and approved at the appropriate level based on the type of change that occurred.

Blue Ridge Comment: Blue Ridge is satisfied with the Company's response to the issue. However, since the implementation date is January 1, 2021, the process should be reviewed in the next compliance audit, appearing as a policy and procedure change from 2020 to 2021.

3. Blue Ridge found that several factors contributed to the cost overrun for DEO PLNT MAINT.2.BA and DEO PLNT MAINT.2. Scope changes and time delays contribute to some extent. Also contributing is the additional testing as a result of the initial tests not meeting performance goals. It is our opinion that while we understand projects such as this contain many variables, the Company should have been able to control the project to a certain extent regarding meeting testing performance goals. Blue Ridge recommends that the Company put more emphasis on monitoring the projects so the testing phase would yield positive results. (pages 61–62)

   Company Status: The IT team has implemented a standard set of test scenarios to be completed for SAP software upgrades. Each upgrade effort determines the scenarios to be tested from the template based on complexity of the upgrade.

   Blue Ridge Comment: Blue Ridge is satisfied with the Company's response to the issue.

4. Blue Ridge recommends that the Company make a more concerted effort to ensure project budgets include the routine type project costs. Doing so may help avoid cost overruns and provide savings to the ratepayer. (page 68)

   Company Status: DEO is addressing the recommendation that project budgets include routine type project costs through training and providing ongoing feedback with individuals responsible for creating project budgets.

   Blue Ridge Comment: Blue Ridge is satisfied with the Company's response to the issue.

5. Blue Ridge recommends that the Company conform to FERC guidelines as to what purchases of General Equipment can be capitalized at point of purchase and what should be considered inventory until deployed in the field. (page 73)

   Company Status: The Company follows FERC guidelines on whether assets need to be capitalized at the point of purchase or put into inventory until deployed in the field and is specifically reviewing forms submitted for General Equipment purchases to assess compliance with FERC guidelines..

Blue Ridge Comment: Blue Ridge is satisfied with the Company's response to the issue.

6. Blue Ridge recommends that the Company evaluate the performance issue that occurred with PowerPlan in 2018 and develop a plan to identify and rectify the issue should it occur again in the future. (page 92)

   Company Status: The Company experienced difficulty running unitization/non-unitization jobs over the latter half of 2018, which caused a delay in mass asset classification. The root cause was that the integration program was not running properly and within the time allotted during month-end close (MEC). The Company worked with PowerPlan to resolve unitization issues and moved the unitization/non-unitization process outside the MEC close window to improve overall performance and business practices. The current process provides that mass assets are to be recorded to FERC 106 in the month they are placed in service and then classified in FERC 101 on a one-month lag.[4]

   Blue Ridge Comment: Staff Report, filed on May 11, 2020, agreed with Blue Ridge's recommendation. The Stipulation stated that Dominion's application should be approved as filed, subject to the findings and recommendations of the Staff Report, except as otherwise specifically provide for in the Stipulation.[5] Blue Ridge is satisfied with the Company's evaluation of the issue.

7. Blue Ridge recommends that the estimated property tax rates used should be trued up to actual rates. Going forward, because actual property tax rates will likely not be known until after the Company makes its annual rider filing, the Company suggested, and Blue Ridge recommends, that it use an estimated rate in its filing and true up that year's expense to the actual rate in the subsequent annual filing. (pages 102–103)

   Blue Ridge Comment: Staff Report, filed on May 11, 2020, agreed with Blue Ridge's recommendation. The Stipulation stated that Dominion's application should be approved as filed, subject to the findings and recommendations of the Staff Report, except as otherwise specifically provide for in the Stipulation.[6] The Company's filing in this proceeding did not reflect the trued-up to actual amount from the prior filing. A similar recommendation will be reflected in this year's audit.

8. Blue Ridge recommends that, in the future, the Company provide an explanation and reconciliation of any differences between what is reported in the Annual Informational Filings to the amounts it requests through the CEP. (page 108)

   Company Status: Witness Celia Hashlamoun's testimony described differences between what was reported in the Company's 2019 and 2020 Annual Informational filings and what was filed in Attachments B and C in this proceeding.

   Blue Ridge Comment: Blue Ridge reviewed the referenced testimony and is satisfied with the Company's response to the issue.

9. Blue Ridge recommends that the Company correct the issue of using depreciation accrual rates not approved by the Commission, if not already addressed, prior to the Commission

[4] Dominion response to 2021 Data Request BRDR-94.
[5] Case No. 19-468-GA-ALT, Opinion and Order (December 30, 2020), ¶35, item (7), ¶39, item 1.
[6] Case No. 19-468-GA-ALT, Opinion and Order (December 30, 2020), ¶35, item (4), ¶39, item 1.

approving the new deprecation study for all gas plant accounts that was presumably filed on or before September 1, 2019. (page 111)

Blue Ridge Comment: The current year's CEP revenue requirements reflect the Commission approved rates from Case No. 19-1639-GA-AAM. The rates were retroactively effective as of January 1, 2019.[7]

10. Blue Ridge recommends that the revenue collected through the CEP Rider be reconciled to the CEP revenue requirements and a mechanism for true-up should be established. (page 114).

    Blue Ridge Comment: The Company included Schedule 11 in the current filing that reflects the reconciliation of costs recoverable and estimated costs recoverable. The Company stated that it is using the same methods and mechanics currently employed for the PIR Cost Recovery Charge.[8] Blue Ridge acknowledges the addition of the reconciliation. Further recommendations are discussed in this year's audits recommendations.

[7] Case No. 21-0619-GA-RDR, Direct Testimony of Celia B. Hashlamoun, page 13, lines 6–17.
[8] Case No. 21-0619-GA-RDR, Application (April 1, 2021), page 3–4.

ELEMENTS OF ANALYSIS

BACKGROUND

Since 1953, Section 4905.22 of the Ohio Revised Code (R.C.) has required utilities in Ohio to "furnish necessary and adequate service" and "provide such instrumentalities and facilities as are adequate and in all respects just and reasonable." In September 2011, R.C. 4929.111 permitted natural gas companies to apply to the Public Utilities Commission of Ohio ("Commission") for approval of a capital expenditure program (CEP) for investment related to infrastructure expansion, improvement, or replacement; programs to install, upgrade, or replace technology systems; or, programs to comply with government rules and regulations. With approval of a CEP, natural gas companies can establish a regulatory asset to defer for future recovery the post in-service carrying costs ("capitalized interest" or PISCC) and depreciation and property tax expenses associated with the CEP assets.

In Case No. 11-6024-GA-UNC et al., The East Ohio Gas Company d/b/a Dominion Energy Ohio (DEO or "Company") sought and was granted authority to create a CEP and to begin deferring the related PISCC and depreciation and property tax expenses ("the CEP Deferral") for capital investments that were not part of its accelerated infrastructure replacement program called pipeline infrastructure replacement (PIR). The Commission authorized the CEP Deferral for the period October 1, 2011, through December 31, 2012, and determined that the Company could accrue the deferral up to the point where the deferred amount would exceed $1.50 per month for the General Sales Service (GSS) class of customers if it were included in customer rates.

Subsequently, in Case No. 12-3279-GA-UNC et al., the Commission authorized the Company to continue the CEP Deferral for the period January 1, 2013, through December 31, 2013. In Case No. 13-2410-GA-UNC et al., the Commission authorized the Company to continue the CEP for the period January 1, 2014, through December 31, 2014, and beyond, up to the point where the deferred amount would exceed $1.50 per month for the GSS class of customers if it were put into rates. The Commission also restated its determination that it would consider the prudence, reasonableness, and magnitude of the CEP Deferral and capital expenditures when the Company applied for recovery.

In the 2019 CEP Alt Reg. Case, Dominion sought and was granted authority to incorporate into rates all CEP assets from October 1, 2011, through December 31, 2018. Simultaneously, the Company sought and was granted authority to establish a CEP Rider and authority to recover deferrals (as authorized in Case Nos. 11-6024-GA-UNC, *et al.,* 12-3279-GA-UNC, *et al.*, and 13-2410- GA-UNC, *et al.*) and the underlying assets for CEP investment from 2011 through 2018. The Company was also authorized to adjust the CEP Rider rate each year to collect from customers the prior calendar year's CEP expenditures and related deferrals. The Commission prescribed an initial CEP rate cap of $3.86 per month for General Sales Service – Residential and Energy Choice Transportation Service—Residential.

To assist the Commission with the audit of Dominion's CEP for the period January 1, 2019, through December 31, 2020, Commission Staff issued a request for proposal (RFP) to conduct a two-part audit of Dominion's non-PIR plant in service with a focus on CEP assets. The first part of the audit is to review and attest to the accounting accuracy and used and useful nature of Dominion's capital expenditures and corresponding depreciation reserve for the period January 1, 2019, through December 31, 2020. The second part of the audit is to simultaneously assess and form an opinion on the necessity, reasonableness, and prudence of Dominion's capital expenditures and related assets, with an emphasis on the CEP expenditures and assets from January 1, 2019, through December 31, 2020.[9] Blue Ridge Consulting Services, Inc. ("Blue Ridge") submitted a proposal and was selected to perform the review.

Purpose of Project

As defined in the RFP, the audit was to address two parts with the following scope:[10]

> Part 1 Plant In-Service Audit: Review and attest to the accounting accuracy and used and useful nature of Dominion's capital expenditures and corresponding depreciation reserve for the period January 1, 2019, through December 31, 2020.
> Part 2 Capital Expenditures Prudence Audit: Simultaneously assess and form an opinion on the necessity, reasonableness, and prudence of Dominion's capital expenditures and related assets, with an emphasis on the CEP expenditures and assets from January 1, 2019, through December 31, 2020.

Project Scope

The project scope, as delineated in the RFP and with clarifications as discussed with Staff, addresses the following items:

Part 1 Plant-in-Service Audit

- Determine total Company plant in service for each account and subaccount from January 1, 2019, through December 31, 2020.
- Audit Dominion's plant in service to determine the proper value investments by account and subaccount, with an emphasis on CEP expenditures and investments.
- Determine total Company depreciation reserve for each account and subaccount, from January 1, 2019, through December 31, 2020.
- Audit Dominion's depreciation reserve to determine the proper value for investments by account and subaccount, with an emphasis on CEP expenditures and investments.
- Provide a determination as to the accuracy and completeness of Dominion's historical plant records and continuing property records.
- Ensure plant-in-service transactions were properly classified as capital expenditures.
- Identify the basis used in allocating costs.
- Perform physical inspections to confirm the assets are used and useful. (Asset inspection may be performed in a virtual format depending on COVID-19 restrictions at the time and as agreed to with Staff and Company.)

Part 2 Capital Expenditure Prudence Audit

- Review Case Nos. 11-6024-GA-UNC et al., 12-3279-GA-UNC et al., 13-2410-GA-UNC et al., 19-468-GA-ALT, and 21-619-GA-RDR.
- Read and become familiar with all applicable testimony and workpapers.
- Conduct an analysis of the CEP program's compliance with Commission rules and orders.
- Identify and assess the necessity, reasonableness, and prudence of Dominion's capital expenditures and assets for the period January 1, 2019, through December 31, 2020, with an emphasis on CEP expenditures and assets.
- Identify and assess the necessity, reasonableness, and prudence of Dominion's policies and practices for plant additions, new construction, plant replacement, and plant retirements for the period January 1, 2019, through December 31, 2020.

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[9] Case No. 21-0619-GA-RDR Request for Proposal No. RA21-CEP-3, pages 1–3.
[10] Public Utilities Commission of Ohio Request for Proposal No. RA21-CEP-3.

- Identify and assess the necessity, reasonableness, and prudence of the principal causes for increases in Dominion's capital expenditures coinciding with the CEP program for the period January 1, 2019, through December 31, 2020.
- Identify and assess the reasonableness and prudence of Dominion's cost-containment strategies and practices in the use of outside contractors for capital expenditures and assets for the period January 1, 2019, through December 31, 2020, with an emphasis on CEP expenditures and assets.
- Identify and assess the reasonableness and prudence of Dominion's cost-containment strategies and practices in the use of internal Company labor for capital expenditures and assets for the period January 1, 2019, through December 31, 2020, with an emphasis on CEP expenditures and assets.
- Utilize the Blue Ridge team's familiarity and experience with natural gas distribution utility operations and capital spending practices to identify and assess the reasonableness and prudence of Dominion's capital spending policies and practices or lack of such practices not specifically identified herein.
- Recommend and support specific adjustments to the plant-in-service balance based on any findings or lack of necessity, unreasonableness, or imprudence, with an emphasis on CEP expenditures and assets.
- Review and audit all CEP-related schedules and workpapers to ensure accuracy of the required CEP formula as filed in Case Nos. 13-2410-GA-UNC and 21-619-GA-RDR. This includes, but is not limited to PISCC, property tax, depreciation, and incremental revenue.
- Confirm the accuracy and reasonableness of the depreciation expense.
- Review and audit all CEP-related schedules filed by Dominion to verify beginning balances and accurate accounting of investments and deferrals.
- Recommend and support specific adjustments pertaining to the CEP schedules.

Blue Ridge's analysis placed an emphasis on the CEP expenditures. Blue Ridge obtained an understanding of the investments that are recoverable through the CEP.

<u>CEP Investment</u>: Section 4929.111(A) revised Code, provides that a natural gas company may file an application with the Commission to implement a CEP for any of the following programs:

- Any infrastructure expansion, infrastructure improvement, or infrastructure replacement program
- Any program to install, upgrade, or replace information technology systems
- Any program reasonably necessary to comply with any rules, regulations, or orders of the Commission or other governmental entity having jurisdiction[11]

The Company elaborated on what is includable in the CEP Deferral in its Application:

- *Infrastructure Expansion, Improvement, or Replacement.* Expenditures in this category include distribution system betterments; pipeline, regulating station, or other improvements or replacements, including non-billable pipeline relocations, associated with DEO's distribution, transmission, storage, production, and gathering systems that are not covered by DEO's Automated Meter Reading and Pipeline Infrastructure Replacement programs; storage well and compressor station improvements or replacements; and certain customer main line extensions and main-to-curb and curb-to meter service lines.

[11] Case No. 11-06024-GA-UNC, Finding & Order (December 12, 2012), page 13.

- *Installation, Upgrade, or Replacement of Information Technology*. This category includes capital expenditures for upgrades to or replacements of computer systems utilized for accounting, billing, and utility operations as well as communication systems. Capitalized costs may include costs for hardware, software purchases or development, installation, and associated licenses.
- *Programs Reasonably Necessary to Comply with Commission Rules, Regulations, and Orders*. Capital expenditures in this category include those for required pipeline integrity or other regulatory compliance associated with pipeline safety, environmental compliance, metering, facilities, fleet, and other general plant associated with providing DEO's regulated services.[12]

PIR Investment: To understand what is not included in Blue Ridge's review, we requested an explanation of the type of work that is recovered through the PIR. The Company provided the following information:

> The PIR Program involves the replacement of bare steel, cast iron, wrought iron, copper and ineffectively coated pipe and other items as described below.
>
> - Ineffectively coated pipe:
>   - All pre-1955 pipe
>   - Field-coated pipe installed in 1955 or after that is determined to be ineffectively coated after testing
> - Governmental relocations that include target pipe if plastic pipe associated with the relocation is less than or equal to 25% of the total footage relocated
> - The cost of system improvements can be included only if the improvements replace the role of the target pipe and cost no more than an in-kind replacement of target pipe
> - Replacement, modification, or removal of district regulating stations if needed due to age or condition or if the work is directly associated with the replacement of target pipe
> - Relocation of inside meters to outside the premises if a) the Company plans to increase the pressure in the pipeline associated with the meter to operate that pipeline at regulated pressure (greater than 1psig); b) the meter is connected to a segment of target pipe; and c) the Company operates the replacement mains and associated service lines at regulated pressure within two years of relocating the first meter on the project
> - Replacement of steel main-to-curb service lines, regardless of whether in conjunction with a PIR project
> - Repair or replacement of leaking service lines
>
> Prior to the 2011 reauthorization of the PIR program by the Commission, the program included the following:
>
> - The cost of moving inside meters to outside locations could be recovered if agreed upon with Staff after the presentation by DEO of a meter relocation plan at the time of the annual cost recovery filing.

[12] Case No. 19-0468-GA-ALT, Direct Testimony of Vicki H. Friscic, page 2, line 14: page 3, line 10.

- Ongoing infrastructure investment could be included in cost recovery provided that it would not cause the PIR Cost Recovery Charge to exceed the annual increase cap of $1.00 per customer per month.[13]

AUDIT STANDARD

Blue Ridge's focus is on the accounting accuracy; used and useful nature; and the necessity, reasonableness, and prudence of the capital expenditures, with an emphasis on the CEP expenditures and assets. Blue Ridge used the following standards during the course of the audit when assessing the attributes required in the project scope:

Accounting Accuracy: The stated value is supported by accurate and complete plant accounting property records. Transactions are properly recorded as capital expenditures in the appropriate FERC account(s).

Used and Useful: The assets are used in providing services and are useful to the ratepayer.

Necessity, Reasonableness, and Prudence: The decision to make the investment was reasonable at the time the decision was made and based on information then available. The decision is one that a reasonable person could have made in good faith, given the information and decision tools available at the time of the decision.

MATERIALITY

Materiality relates to the importance or significance of an amount, transaction, or discrepancy. The assessment of materiality depends on certain factors, such as an organization's revenues and expenses. For a regulated utility, the impact on a company's ratepayer should also be considered.

Under traditional cost-of-service ratemaking, revenue requirements, or cost of service, equates to the total of operating expenses, depreciation, taxes, and a rate-of-return allowance on the utility's investment in rate base. Blue Ridge used the traditional cost-of-service concept to identify materiality as it relates to changes in the plant-in-service component of rate base. Materiality was calculated by backtracking through the Company's CEP revenue requirements calculation to determine the amount of change in gross plant in service that would result in a five percent change in the CEP Rider on an average residential customer's monthly bill. In prior audits, Blue Ridge calculated that a $25.196 million change in gross plant in service would result in five percent change in the CEP Rider on an average residential customer's monthly bill.[14] We determined that this amount is a conservative estimate of materiality and was used again in this year's review.

The resultant materiality threshold was used to determine the *tolerable error* in the calculation of the sample size for detailed transactional testing. Blue Ridge's findings were not limited by the tolerable error. We reported on all our findings regardless of amount.

INFORMATION REVIEWED

Blue Ridge reviewed or is familiar with the following information as required by the RFP:

1. Case documents, including applications, testimony, work papers, stipulations (if any), and orders in Cases 11-6024-GA-UNC and 12-3279-GA-UNC, and Case No. 13-2410-GA-UNC et al.

[13] Dominion response to 2021 Data Request BRDR-21.
[14] WP-19-0468-GA-RDR Sensitivity and Sample Size. The calculation used the Company's CEP Revenue Requirement model and assumes no other adjustments were made to the Company's revenue-requirement calculation.

2. Generally accepted accounting principles (GAAP)
3. Federal Energy Regulatory Commission (FERC) Uniform System of Accounts
4. Various accounting and tax changes or decisions issued during calendar year 2019 and 2020
5. The operations and regulatory environment of natural gas distribution utilities
6. The capital-spending practices and requirements of natural gas distribution utilities
7. The Pipeline and Hazardous Materials Safety Administration's (PHMSA) Pipeline Safety Regulations (49 CFR, Parts 190–199)
8. Stipulation, Opinion and Order, and other filings from the Company's 2019 CEP Alt Reg. Case (Case No. 19-468-GA-ALT)
9. The Company's CEP application in Case No. 21-619-GA-RDR.
10. Finding and Order and other filings from the Company's CEP-related cases (Case Nos. 11-6024-GA-UNC et al., 12-3279-GA-UNC et al., and 13-2410-GA-UNC et al.).

During the audit process, Blue Ridge requested and was provided additional information. A list of the data requested is included as Appendix B. Electronic copies of the information obtained were provided to Staff.

INTERVIEWS

Blue Ridge did not need to supplement our understanding by conducting interviews. Company personnel in key roles associated with the CEP were either the same as in the prior audit or came from the same reporting chain.

FIELD OBSERVATIONS

The objectives of the field inspections focused on (1) Used and Usefulness—whether the Company assets were used and useful, providing service to the customer and, therefore, properly included in utility plant in service—and (2) Necessity, Reasonableness, and Prudence—whether the decision to make the investment was reasonable at the time the decision was made and based on information then available. The field inspections included on-site visits to review the overall construction at each site to determine whether the assets appeared to be in use and, therefore, used and useful. The review also determined whether the assets appeared overbuilt (gold plated) and whether the Company selected a reasonable option to execute the work. The reviews included inspection of drawings, schematics, notes, and other documentation that supported the reasonableness of the decision to execute the work. Where on-site visits were not practical, as in the case of work that could not be seen, a desk-top review was conducted to examine the supporting documentation for the work performed.

Additional discussion on the team's observations is included in the section labeled Physical Inspections and Desktop Reviews. The field observation notes and photos are included within the electronic appendices to this report.

POLICIES AND PRACTICES

Blue Ridge did not perform a management audit but did review the Company's processes and controls to ensure that they were sufficient so as to not adversely affect the balances in distribution utility net plant in service. Based on the documents reviewed, Blue Ridge was able to understand the Companies' processes and controls that affect each of the plant balances. Blue Ridge also reviewed internal audit reports conducted on various areas of the Companies' operations that could impact utility plant-in-service balances. Blue Ridge also reviewed applicable SOX and FERC audits.

Variance Analysis, Transactional Testing, and Other Analysis

To identify, quantify, and explain any significant net plant increases within the individual accounts, Blue Ridge performed account variance analyses. The Company was asked to explain any significant changes. The results of the analyses are included in this report under the section labeled Variance Analysis.

In addition, Blue Ridge selected a sample number from the population of work orders that support the gross plant in service for detailed transactional testing. The sample was selected using a statistically valid sampling technique. Additional work orders were selected based on professional judgment. The results of the transactional testing are included in the section labeled Detailed Transactional Testing.

Blue Ridge also performed other various analyses, including mathematical verifications and source data validation of the schedules that support the application filing.

Project Requirements and Related Summary Conclusions

The Request for Proposal (RFP) included general project requirements for the auditor investigation that included into two parts: (1) Plant in Service and (2) Capital Expenditures Prudence. The two parts are interrelated and the findings in each part are used to support Blue Ridge's ultimate recommendations. To ensure that we have addressed the specific requirements in the RFP, we have maintained the integrity of the work scope by part. The following lists include the subject areas of the RFP's required audit components and how this section of the report is organized.

<u>Part 1 Plant In-Service</u>

The RFP stated that the purpose for the first part of the audit was to review and attest to the accounting accuracy and used and useful nature of the DEO's capital expenditures and corresponding depreciation reserve for the period January 1, 2019, through December 31, 2020. Specific scope included the following items:

1. Plant-in-Service Balances
    - Determine total Company plant in service for each account and subaccount from January 1, 2019, through December 31, 2020.
    - Audit the Company's plant in service to determine the proper value investments by account and subaccount with an emphasis on CEP expenditures and investments.
2. Depreciation-Reserve Balances
    - Determine total Company depreciation reserve for each account and subaccount, from January 1, 2019, through December 31, 2020.
    - Audit the Company's depreciation reserve to determine the proper value for investments by account and subaccount with an emphasis on CEP expenditures and investments.
3. Historical Records
    - Provide a determination as to the accuracy and completeness of the Company's historical plant records and continuing property record.
4. Classification—Capital vs. Expense
    - Ensure plant-in-service transactions were properly classified as capital expenditures.
5. Allocations
    - Identify the basis used in allocating costs.
6. Physical Inspections
    - Perform physical inspections to confirm the assets are used and useful.

<u>Part 2 Capital Expenditures Prudence Audit</u>

For the second part of the audit, the RFP stated the purpose as "to simultaneously assess and form an opinion on the necessity, reasonableness, and prudence of the [Company's] non-PIR capital expenditures and related assets, with an emphasis on the CEP expenditures and assets from October 2011, through December 31, 2018." Specific scope included the following items:

7. Necessity, Reasonableness, and Prudence

- Identify and assess the necessity, reasonableness, and prudence of the Company's capital expenditures and assets for the period January 1, 2018, through December 31, 2020, with an emphasis on CEP expenditures and assets.

8. Policies and Practices
    - Identify and assess the necessity, reasonableness, and prudence of the Company's policies and practices for plant additions, new construction, plant replacement, and plant retirements.
    - Utilize the auditor's and/or retained subcontractor's familiarity and experience with natural gas distribution utility operations and capital spending practices to identify and assess the reasonableness and prudence of the Company's capital spending policies and practices or lack of such practices not specifically identified herein.
9. Causes for Increased Spending
    - Identify and assess the necessity, reasonableness, and prudence of the principal causes for increases in the Company's capital expenditures coinciding with the CEP program.
10. Cost Containment
    - Identify and assess the reasonableness and prudence of the Company's cost- containment strategies and practices in the use of outside contractors for capital expenditures and assets for the period January 1, 2019, through December 31, 2020, with an emphasis on CEP expenditures and assets.
    - Identify and assess the reasonableness and prudence of the Company's cost- containment strategies and practices in the use of internal Company labor for capital expenditures and assets for the period January 1, 2019, through December 31, 2020, with an emphasis on CEP expenditures and assets.
11. CEP Schedule Accuracy
    - Review and audit all CEP-related schedules and workpapers to ensure accuracy of the required CEP formula as filed in Case Nos. 13-2410-GA-UNC and 21-619-GA-RDR. This includes, but is not limited to, PISCC, property tax, depreciation, and incremental revenue.
    - Confirm the accuracy and reasonableness of the depreciation expense.
    - Review and audit all CEP-related schedules filed by the Company to verify beginning balances and accurate accounting of investments and deferrals.
    - Recommend and support specific adjustments pertaining to the CEP schedules.
12. Adjustments and Other Recommendations
    - Recommend and support specific adjustments to the plant-in-service balance based on any findings or lack of necessity, unreasonableness, or imprudence, with an emphasis on CEP expenditures and assets.

The following subsections address the RFP requirements delineated above and Blue Ridge's summary conclusions based on our analysis. Additional information related to the analysis is provided in the next section of this report: Detailed Analysis, Findings, and Recommendations.

1. Plant-in-Service Balances

Requirements: Determine total Company plant in service for each account and subaccount from January 1, 2019, through December 31, 2020.

Requirement: Audit Dominion's plant in service to determine the proper value investments by account and subaccount, with an emphasis on CEP expenditures and investments.

Blue Ridge's investigation included a review of (1) total Company plant in service for each account/subaccount from January 1, 2019, through December 31, 2020, and (2) plant in service recovered through the CEP mechanism.

Blue Ridge's investigation included data requests, interviews, field inspections, and analyses, including variance analysis and detailed transactional testing. Blue Ridge's investigation identified adjustments that should be applied to the plant-in-service schedules. These adjustments are addressed throughout the report and listed in Section 13 Adjustments and Other Recommendations.

Blue Ridge's analysis results in the following recommended revisions to the Company CEP plant-in-service balance.

Table 4: CEP Plant-in-Service Recommended Balance

Description	DEO Reported CEP Balance as of 12/31/2020	Recommended Adjustments	Revised CEP Balance 12/31/2020
Capital Additions	$ 956,597,645	$ (35,941)	$ 956,561,704
Cost of Removal	(76,270,541)	6,610	(76,263,931)
Retirements	(74,438,656)	(4,775,413)	(79,214,069)
Total Plant in Service, Net	$ 805,888,448	$ (4,804,744)	$ 801,083,704

2. Depreciation Reserve Balances

Requirement: Determine total Company depreciation reserve for each account and subaccount, from January 1, 2019, through December 31, 2020.

Requirement: Audit the Company's depreciation reserve to determine the proper value for investments by account and subaccount with an emphasis on CEP expenditures and investments.

Blue Ridge reviewed the (1) the total Company depreciation reserve for each account and subaccount from the January 1, 2019, balance and (2) the depreciation reserve recovered through the CEP mechanism.

Blue Ridge's investigation included data requests, interviews, field inspections, and analyses, including, variance analysis and detailed transactional testing. Blue Ridge's investigation identified adjustments that should be applied to the plant-in-service schedules and their associated depreciation reserve balances. These adjustments are addressed throughout the report and are listed in Section 13 Adjustments and Other Recommendations.

Blue Ridge's analysis results in the following recommended revisions to the CEP depreciation-reserve balance.

Table 5: CEP Depreciation-Reserve Recommended Balance

Description	DEO Reported CEP Balance as of 12/31/2020	Recommended Adjustments	Revised CEP Balance 12/31/2020
Depreciation Expense	$ 118,209,774	$ (157,921)	118,051,853
Cost of Removal	(76,270,541)	6,610	(76,263,931)
Retirements	(74,438,656)	(4,775,413)	(79,214,069)
Total Accumulated Provision for Depreciation, Net	$ (32,499,423)	$ (4,926,724)	$ (37,426,147)

3. HISTORICAL RECORDS

Requirement: Provide a determination as to the accuracy and completeness of the Company's historical plant records and continuing property record.

In 2018, the Company implemented the PowerPlan fixed asset system to replace the SAP system. In the prior audit (Case No. 19-468-GA-ALT, covering audit years 2011 through 2018), the Company stated that it believed PowerPlan will allow it to be more efficient Blue Ridge agreed with the Company's assessment of efficiencies using PowerPlan. The system has significantly greater capability than SAP and has the ability to provide more data. Several utilities with which Blue Ridge has worked have efficiently used the PowerPlan system.

DEO also said that PowerPlan's efficiencies should allow the Company to perform future reporting on a timelier basis. In this audit, Blue Ridge found that it was, indeed, able to perform a reconciliation more easily between the CEP and the Fixed Asset system for annual reporting.

Through our analysis, Blue Ridge found that the Company was able to provide accurate and complete continuing property records to support its plant-in-service balances.

4. CLASSIFICATION—CAPITAL VS. EXPENSE

Requirement: Ensure plant-in-service transactions were properly classified as capital expenditures.

Through our transactional detail testing (Step T3), Blue Ridge found that all the work included in the projects sampled are capital in nature, and the scope of work and cost detail coincided with the applicable FERC 300 accounts to which the work applies in accordance with the FERC Uniform System of Accounts (CFR 18). The projects were classified to the proper production and gathering, transmission, intangible, distribution, and general equipment FERC accounts.

5. ALLOCATIONS

Requirement: Identify the basis used in allocating costs.

Blue Ridge reviewed allocation factors and found that all DEO's plant investment is jurisdictional to its gas distribution service customers.

6. PHYSICAL INSPECTIONS

Requirement: Perform physical inspections to confirm the assets are used and useful.

By the desktop inspections conducted, Blue Ridge determined that the assets were used and useful and provide benefit to the ratepayer. The assets did not appear over built. Company personnel were knowledgeable about the projects.

Desktop reviews performed revealed that the Company had adequate supporting documentation for the projects, including the appropriate engineering detail. The projects appeared to have been adequately planned with alternatives vetted. As a result, the projects are used and useful and provide benefit to the ratepayers.

Additional details of the field reviews are included in this report's Field Inspections and Desktop Review subsection. The inspection forms and photos are included in Blue Ridge's workpapers.

7. Necessity, Reasonableness, and Prudence

Requirement: Identify and assess the necessity, reasonableness, and prudence of the Company's capital expenditures and assets for the period January 1, 2019, through December 31, 2020, with an emphasis on CEP expenditures and assets.

Other than the adjustments specified, Blue Ridge found nothing to indicate that the capital expenditures and assets for the period January 1, 2019, through December 31, 2020, were unnecessary, unreasonable, or imprudent. The necessity, reasonableness, and prudence of DEO's capital expenditures were considered throughout the entire audit, including the variance analysis, transactional testing, and physical inspections and desktop reviews. Our work in that regard is discussed in the various sections of this report.

8. Policies and Practices

Requirement: Identify and assess the necessity, reasonableness, and prudence of the Company's policies and practices for plant additions, new construction, plant replacement, and plant retirements.

Requirement: Utilize the auditor's and/or retained subcontractor's familiarity and experience with natural gas distribution utility operations and capital spending practices to identify and assess the reasonableness and prudence of the Company's capital spending policies and practices or lack of such practices not specifically identified herein.

Blue Ridge did not perform a management audit but did review the Company's processes and controls to ensure that they were sufficient so as not to adversely affect the balances in distribution utility net plant in service. Based on the documents reviewed, Blue Ridge was able to understand the Company's processes and controls that affect each of the plant balances. Blue Ridge also reviewed internal audit reports conducted on various areas of the Companies' operations that could impact utility plant-in-service balances. Blue Ridge also reviewed applicable SOX and FERC audits.

Blue Ridge concluded that DEO's controls were adequate and not unreasonable. Furthermore, we were satisfied with actions taken with regard to internal and other audits reviewed.

Additional details of the policies and practices reviews are included in this report's Review of Company's Processes and Controls subsection.

9. Causes for Increased Spending

Requirement: Identify and assess the necessity, reasonableness, and prudence of the principal causes for increases in the Company's capital expenditures coinciding with the CEP program.

Primary spending is on consolidating facilities and Relocation and New Customer work. Our review found that the principal causes for capital spending in the Company's CEP capital expenditures were based on necessity, were not unreasonable, and did not indicate imprudence. We are satisfied that the Company is taking appropriate measures to control labor and contractor costs, which in turn control spending. We did not see anything during field testing that would indicate the Company is "gold plating" construction.

10. Cost Containment

Requirement: Identify and assess the reasonableness and prudence of the Company's cost-containment strategies and practices in the use of outside contractors for capital expenditures and assets for the period January 1, 2019, through December 31, 2020, with an emphasis on CEP expenditures and assets.

Requirement: Identify and assess the reasonableness and prudence of the Company's cost-containment strategies and practices in the use of internal company labor for capital expenditures and assets for the period January 1, 2019, through December 31, 2020, with an emphasis on CEP expenditures and assets.

Containing costs is key to controlling the significantly increasing costs associated with CEP-type projects. The Company hires outside contractors to perform capital work, leaving most of the maintenance work to in-house labor. From 2019 through 2020, contractor labor was approximately 84% to 85% of the total labor used on capital projects.

To help achieve the most cost-effective outcomes in utilizing contractor labor, DEO has employed a competitive bid process. This process has been utilized both with respect to PIR and non-PIR projects, including CEP projects. The Company's strategy is to balance the use of contractors with internal labor based on areas of specialization. The Company identifies areas that are best performed internally, areas that are best suited to contracting, and areas in which a blend is necessary due to the scope and/or pace required.

Large projects generally are performed by contractors that may be outside the state. Smaller projects tend to be done by local or state-wide contractors. Many of the projects have onsite inspectors, and the smaller projects are monitored periodically in the field. Putting on more full-time staff or staffing up would not appear to be a viable alternative. The construction season in the gas business is finite, and therefore, the Company would be overstaffed in non-construction months. Since the ability to perform maintenance also depends on weather conditions, the same would hold true for hiring additional maintenance staff. The Company is taking steps which appear to be not unreasonable to try to control costs.

11. CEP Schedule Accuracy

Requirement: Review and audit all CEP-related schedules and workpapers to ensure accuracy of the required CEP formula as filed in Case Nos. 13-2410-GA-UNC and 21-619-GA-RDR. This includes, but is not limited to, PISCC, property tax, depreciation, and incremental revenue.

Requirement: Confirm the accuracy and reasonableness of the depreciation expense.

Requirement: Review and audit all CEP-related schedules filed by the Company to verify beginning balances and accurate accounting of investments and deferrals.

Requirement: Recommend and support specific adjustments pertaining to the CEP schedules.

Blue Ridge's review of the CEP related schedules included the 12 schedules that support the Company's application to adjust its Capital Expenditure Program (CEP) Rider to reflect investment activity and related deferrals since the initial rates were established in Case No. 19-0468-GAL-ALT.

The Company is seeking to adjust CEP Rider rates to recover incremental plant additions and related deferrals recorded after December 31, 2018. The computation on Schedule 2 represents the need to increase the CEP Rider revenue requirement established in Case No. 19-0468-GA-ALT from $82,679,047 to $118,763,447 for cumulative activity through December 31, 2020. The table below summarizes the Company's request.

Table 6: CEP Revenue Requirements Calculated by Company

	Opening Balance December 31, 2018	2019/2020 Activity	As Filed December 31, 2020
Rate Base			
Plant in Service	$ 612,895,042	$ 192,993,406	$ 805,888,448
Less: Accumulated Provision for Depreciation	(36,219,656)	3,720,233	(32,499,423)
Net Capital Additions	$ 649,114,698	$ 189,273,173	$ 838,387,871
Depreciation Offset	(310,120,037)	(79,585,168)	(389,705,205)
Net Capital Additions Less Depreciation Offset	$ 338,994,661	$ 109,688,005	$ 448,682,666
Regulatory Deferrals	204,094,728	142,366,537	346,461,266
Accumulated Deferred Income Tax (ADIT)	(84,663,991)	(23,052,991)	(107,716,982)
Rate Base	$ 458,425,398	$ 229,001,552	$ 687,426,950
Pre-Tax Rate of Return	9.91%	0.00%	9.91%
Annualized Return on Rate Base	$ 45,429,957	$ 22,694,054	$ 68,124,011
Operating Expenses			
Annualized Depreciation Expense	$ 22,017,567	$ 4,341,751	$ 26,359,317
Annualized Property Tax Expense	8,475,988	2,926,528	11,402,516
Amortization of Deferred PISCC	3,658,658	1,459,060	5,117,718
Amortization of Deferred Depreciation Expense	2,378,079	837,227	3,215,306
Amortization of Deferred Property Tax Expense	718,799	371,924	1,090,723
Total Operating Expenses	$ 37,249,090	$ 9,936,490	$ 47,185,579
Annual Revenue Requirement Prior to Reconciliation	$ 82,679,047	$ 32,630,543	$ 115,309,590
(Over) / Under Recovered Balance	-	3,453,857	3,453,857
Total Revenue Requirement	**$ 82,679,047**	**$ 36,084,400**	**$ 118,763,447**

Blue Ridge performed various validations and verification checks on the schedules reflected in the calculation of the CEP revenue requirement. The Company's request is supported by 12 schedules. Mathematical checks were performed on each schedule and on the schedules' roll-forward balances to the revenue requirement calculation. In addition, Blue Ridge traced the values used in the schedules to source documentation and reviewed the reasonableness of the results calculated by the Company. Blue Ridge found that the mathematical computation of the cumulative balances as of December 31, 2020, to be not unreasonable. With respect to the source data, the opening balance, tied to the previous ending balance approved in Case No. 19-0468-GA-ALT, and the incremental activity matched the totals reported in the Annual Information Filings for 2019 and 2020.

Blue Ridge found the depreciation rates applied in the CEP Application to be consistent with the last Commission approved study. Per the testimony of Celia Hashlamoun, the Company updated the depreciation rates in the instant application based on a study that was finalized after the Initial CEP Application. The new depreciation rates were approved by the Commission in Case No. 19-1639-GA-AAM and were retroactively effective as of January 1, 2019.

The Company used an estimated property tax rate to calculate its 2020 property taxes, which it said it would later true-up to actual. However, Blue Ridge found that the Company did not true up the estimated 2019 rate applied in the Initial CEP Application. Blue Ridge recommends that the property taxes from the Initial CEP Application be trued up using the actual rate.

Blue Ridge found that the Company's CEP revenue requirement reports no incremental revenue related to CEP investments. The Company stated that it does not generally include revenue-generating projects in the CEP and does not believe that there are any revenue-generating investments reflected in CEP plant through December 31, 2020.[15] As part of Blue Ridge's transactional testing and field work, we considered whether the projects included within the CEP for recovery could generate incremental revenue. Blue Ridge identified three CEP work orders / projects that warranted further review and understanding on whether additional revenue was generated. The Company categorized the projects as either relocation that was required due to a conflict within a public right of way with proposed third-party storm and roadway work; betterment that was required due to existing customer reliability requirements and designed with consideration to allow for future new customers, in which case new revenue would be generated and would be subject to review during audit of that period's scope; or betterment that was required to remediate existing customer low-pressure issues and designed with consideration to allow for future new customers. None of these earned additional revenue as a direct result of the projects.[16] Blue Ridge found the Company's explanations were not unreasonable.

Blue Ridge found that the Company included a revenue reconciliation as agreed to in the approved Stipulation in Case No. 19-0468-GA-ALT.[17] However, the methodology should be refined in future CEP filings. As shown on Schedule 11, the Company is computing the over/under recovered balance using one month of actual data (January 2021) and eight months of estimate based on 1/12 of the approved CEP Revenue Requirement from Case No. 19-468-GA-ALT (February 2021 through September 2021). Blue Ridge recommends using volumetric and/or customer counts to refine the estimated revenue. Blue Ridge also recommends that the revenue estimate should be trued-up to reflect actual revenue and any variance between the estimated and actual revenue should be reflected in future CEP filings.

Blue Ridge's investigation included data requests, interview notes, field inspections, and analyses, including variance analysis and detailed transactional testing. Blue Ridge's investigation identified adjustments that should be applied to the plant-in-service, depreciation-reserve, and annualized depreciation expense reflected in the CEP Revenue Requirements.

In conclusion, the effects of Blue Ridge's recommended adjustments are summarized in Section 13 Recommended Adjustments.

13. Adjustments and Other Recommendations

Requirement: Recommend and support specific adjustments to the plant in-service balance based on any findings or lack of necessity, unreasonableness, or imprudence, with an emphasis on CEP expenditures and assets.

Blue Ridge's recommends the following adjustments:

[15] Dominion response to 2021 Data Request BRDR-20.
[16] Dominion response to 2021 Data Request BRDR-66.
[17] Dominion response to 2021 Data Request BRDR-53 Revenue Recon Adjust (Schedule 11).

Adjustment #1: According to Dominion Energy's 2021 Proxy Statement, Dominion has a long-term incentive program that consists of 50% restricted stock (equity) and 50% performance grant (cash). The restricted stock rewards behavior that promotes the interest of shareholders. Excessive focus on increasing profitability and share price growth can harm customers. In addition, these charges are neither a direct nor indirect charge associated with the performance of work. They represent a benefit to only a select group of employees. Blue Ridge, therefore, recommends that $35,348.95 of restricted stock be excluded from the plant recovered through the CEP. The effect of this adjustment on the CEP revenues requirements is $(5,656).

Adjustment #2: Certain assets from several work orders in FERC Accounts 390.02 and 390.05 for 2019 and 2020 should have been retired and reflected as a reduction to both plant assets and accumulated depreciation. The reduction to plant for 2019 is $3,316,147.78 and for 2020 is $1,436,626.86. Blue Ridge found that this $4,752,774.64 decrease to plant as of December 31, 2020, is appropriate. The effect of this adjustment on the CEP revenues requirements is $(300,815).

Adjustment #3: Work order WBS: FCDEO.18.GAS.8A, Project: # - WILBETH ROOF REPLACE – 60000003 was originally included in the 2018 budget and scheduled to be complete by the end of the year. However, due to capital budget constraints for Facilities, the project design was completed, and construction shifted to 2019. The Company believes that AFUDC should have been suspended during the nine-month delay. AFUDC charges of $592.12 accrued on the project in error. Blue Ridge found that as a result of the over accrual of AFUDC, the CEP plant is overstated by $592.12. The effect of the over-accrued AFUDC on CEP Revenue Requirement is estimated to be $(94).

Adjustment #4: Cost of removal charged but no retirements for work order WBS: O8000.1.2, Project: P400296664 - DARROW-MIDDLETOWN RD (In-Service Date: 9/3/20). Blue Ridge recommends an $18,581.88 decrease to the CEP plant as of December 31, 2020. The effect of this adjustment on the CEP revenues requirements is $(621).

Adjustment #5: Cost of removal charged but no retirements for work order WBS: O8000.1.2, Project: P400872232- EAST TULLY ST RECONSTRUCTION (In-Service Date: 4/27/20). Blue Ridge recommends a $4,046.52 decrease to the CEP plant as of December 31, 2020. The effect of this adjustment on the CEP revenues requirements is $(148).

Adjustment #6: Cost of removal charged but no retirements for work order WBS: O8500.1.2, Project: P400877198 - RELOC - GRACE AVE CROSS OVER (In-Service Date: 3/31/20). Blue Ridge recommends a $9.62 decrease to CEP plant as of December 31, 2020. The effect of this adjustment on the CEP revenues requirements is $<1.

Adjustment #7: Cost of removal charged but no retirements for work order WBS: O8000.1.2, Project: P400172884 - WYNN CREST DR LOOP BETTERMENT. Blue Ridge recommends a $6,610.09 increase to CEP net plant as of December 31, 2020. The effect of this adjustment on the CEP revenue requirements is $273.

Adjustment #8: Blue Ridge found that the Company did not true-up the estimated 2019 effective rate applied in its Initial CEP Application. The actual 2019 rate was 1.3600%, compared to the estimated rate which was 1.3846%, The rate differential applied to the property tax base as of December 31, 2018, results in a true-up of $(150,772).

Adjustment #9: Blue Ridge found the use of a 30-year life for Account 390.02 not unreasonable but recommends adjusting the asset life input for Account 375.03 to reflect a dollar-weighted average of 88.55 years. Absent the plant adjustments above, the impact on the Composite Asset Life Amortization Rate would have been a reduction of 0.01%, decreasing amortization expense by

$34,646. However, with the recommended plant adjustments, the change to the asset life input for Account 375.03 is zero due to rounding.

The following tables summarizes Blue Ridge's recommended adjustments.

Table 7: Blue Ridge Recommended Adjustments to CEP Revenue Requirements

Adj #		Rate Base	Operating Expenses	Revenue Requirement
	Company Filed	**$ 687,426,950**	**$ 47,185,579**	**$ 118,763,447**
1	Restricted Stock	(38,892)	(1,801)	(5,656)
2	Delayed Retirements - 2019, 2020	(286,832)	(272,390)	(300,815)
3	Over Accrued AFUDC, WBS: FCDEO.18.GAS.8A - WILBETH ROOF REPLACE - 60000003	(662)	(28)	(94)
4	COR/No Retirement, Project: P400296664 - DARROW-MIDDLETOWN RD	(260)	(596)	(621)
5	COR/No Retirement, Project: P400872232- EAST TULLY ST RECONSTRUCTION	(149)	(133)	(148)
6	COR/No Retirement, Project: P400877198 - RELOC - GRACE AVE CROSS OVER	(0)	(0)	(0)
7	Overstated COR, Project: P400172884 - WYNN CREST DR LOOP BETTERMENT	464	227	273
8	Annualized Property Tax - Effective Rate True-Up	-	(150,772)	(150,772)
9	Calculation of Composite Asset Life Amortization Rate	-	-	-
	Subtotal Adjustments	(326,332)	(425,495)	(457,833)
	Blue Ridge Recommended	**$ 687,100,619**	**$ 46,760,085**	**$ 118,305,614**

The following table shows the flow of Blue Ridge's recommended adjustments through the CEP Revenue Requirement.

Table 8: Recommended Adjustments to CEP Revenue Requirements

	As Filed December 31, 2020	Adjustments	As Adjusted December 31, 2020
Rate Base			
Plant in Service	$ 805,888,448	$ (4,804,744)	$ 801,083,704
Less: Accumulated Provision for Depreciation	(32,499,423)	(4,926,724)	(37,426,147)
Net Capital Additions	$ 838,387,871	$ 121,980	$ 838,509,851
Depreciation Offset	(389,705,205)	-	(389,705,205)
Net Capital Additions Less Depreciation Offset	$ 448,682,666	$ 121,980	$ 448,804,646
Regulatory Deferrals	346,461,266	(483,525)	345,977,741
Accumulated Deferred Income Tax (ADIT)	(107,716,982)	35,213	(107,681,768)
Rate Base	$ 687,426,950	$ (326,332)	$ 687,100,619
Pre-Tax Rate of Return	9.91%	0.00%	9.91%
Annualized Return on Rate Base	$ 68,124,011	$ (32,339)	$ 68,091,671
Operating Expenses			
Annualized Depreciation Expense	$ 26,359,317	$ (158,990)	$ 26,200,328
Annualized Property Tax Expense	11,402,516	(218,755)	11,183,761
Amortization of Deferred PISCC	5,117,718	(26,395)	5,091,323
Amortization of Deferred Depreciation Expense	3,215,306	(16,101)	3,199,205
Amortization of Deferred Property Tax Expense	1,090,723	(5,254)	1,085,469
Total Operating Expenses	$ 47,185,579	$ (425,494)	$ 46,760,085
Annual Revenue Requirement Prior to Reconciliation	$ 115,309,590	$ (457,833)	$ 114,851,757
(Over) / Under Recovered Balance	3,453,857	-	3,453,857
Total Revenue Requirement	**$ 118,763,447**	**$ (457,833)**	**$ 118,305,614**

In addition to Blue Ridge's recommended CEP adjustments, we also note the following recommendations regarding non-CEP, non-PIR plant in service. Because rates would not be immediately affected, Blue Ridge does not recommend these items as plant-in-service adjustments; however, we do note them as recommendations to ensure their reviewed incorporation into any upcoming base rate filing.

Plant-in-Service Balance Recommendation #1: Resolve issue of cost of removal not recorded for WBS: O8000.1.1, Project: P400496012. Blue Ridge found that a $5,243.37 increase (due to COR not being recorded timely) and a $2,351.15 decrease (due to retirements not being recorded timely) to net plant as of December 31, 2020, is appropriate.

Plant-in-Service Balance Recommendation #2: Resolve issue of late retirement posted for work order WBS: O8000.1.2, Project: P400874370. Blue Ridge found that a $7,540.81 decrease to plant as of December 31, 2020, is appropriate

Plant-in-Service Balance Recommendation #3: Resolve issue of late retirement posted for work order WBS: O8500.1.2, Project: P400296750. Blue Ridge found that a $22,810.66 decrease to plant as of December 31, 2020, is appropriate

Blue Ridge also offers the following general recommendations:

Recommendation #1: Blue Ridge found that the Company included a revenue reconciliation as agreed to in the approved Stipulation in Case No. 19-0468-GA-ALT. However, the methodology should be refined in future CEP filings. As shown on Schedule 11, the Company is computing the over/under recovered balance using one month of actual data (January 2021) and eight months of estimate based on 1/12 of the approved CEP Revenue Requirement from Case No. 19-468-GA-ALT (February 2021 through September 2021). Blue Ridge recommends using volumetric and/or customer counts to refine the estimated revenue. Blue Ridge also recommends that the revenue estimate should be trued-up to reflect actual revenue and any variance between the estimated and actual revenue should be reflected in future CEP filings.

Recommendation #2: The Company used an estimated property tax rate to calculate its 2020 property taxes, which it said it would later true-up to actual. However, Blue Ridge found that the Company did not true up the 2018 rate applied in the Initial CEP Application. Blue Ridge recommends that the property taxes from the Initial CEP Application be trued up using the actual rate.

Recommendation #3: Regarding work order cost overruns of 20% and greater over the approved budget, it is Blue Ridge's opinion that several of the cost overruns that resulted in change orders could have been avoided by anticipating the causes in the original budget estimate with more thorough upfront planning and assessment. The Company implemented changes to policies and procedures that should address, among other things, the issues of cost overruns. Since the policy and procedure changes were by and large implemented in 2021, Blue Ridge recommends that the next CEP audit include a review of the implementation of those changes to ensure the issue is resolved.

Recommendation #4: Blue Ridge identified a work order (O8000.1.2, Project: P400874370) that was supposed to be reimbursable, but no credits were identified in the cost detail. The Company stated that the issue of reimbursement of costs associated with this project is a matter of dispute between DEO and the contractor. No amount of reimbursement has been determined and applied to the project pending resolution of the dispute between DEO and the contractor. Blue Ridge recommends that the next CEP audit should follow up on this issue.

Recommendation #5: No cost of removal or retirements were indicated for WBS

O7300.16.GAS.3A. The assets of this project settle to plant account 397.01 (Communication equipment). Account 397.01 is subject to systematic retirement treatment. Because of DEO's systematic retirement process, there is no direct connection between a retirement of an asset at the end of its useful life and a new asset placed in service at a different point in time that effectively replaces and potentially augments the functionality of the retired asset. Blue Ridge found that the Company is following its stated procedures and the systematic retirements of assets in the General Equipment account 397.01 is in accordance with FERC. Since the retirements in this account are done by vintage year of the assets, it is possible some of the replaced radios had already been retired. It is also difficult to identify specific assets. Even though the Company is following FERC and internal policies, a replaced asset should be retired before it reaches systematic retirement date if it can be specifically identified in the plant records. Blue Ridge recommends that the Company make an effort to identify specific assets and retire them when they are replaced before the systematic retirement date.

Recommendation #6: Blue Ridge recommends that the Company make a concerted effort to significantly reduce the backlog of work orders not unitized.

DETAILED ANALYSIS, FINDINGS, AND RECOMMENDATIONS

Blue Ridge's review was focused on determining whether DEO has accurately accounted for its plant in service and depreciation reserve through the scope period of January 1, 2019, through December 31, 2020, with a focus on CEP expenditures, and whether those investments were used and useful, necessary, reasonable, and prudent.

The following sections discuss Blue Ridge's review of the Company's processes and controls, external and internal audit reports, variance analysis, capital spending and cost containment, detailed transactional testing, work order backlog, field inspections and desktop reviews, and other plant-related documentation and schedules. We have also included a summary of our findings and our recommendations.

PROCESSES AND CONTROLS

Blue Ridge did not perform a management audit but did review the Company's processes and controls to ensure that they were sufficient so as to not adversely affect the balances in net plant in service. Beginning from a basis of the prior audit's review covering the period through 2018, Blue Ridge reviewed documents relied upon for that audit, supplemented with changes to those processes and controls that the Companies have made since that audit. Based on the documents reviewed, including any changes made during the scope period, Blue Ridge was able to update its understanding of the Company's processes and controls that affect each of the plant balances.

The following subsections provide a summary of the areas Blue Ridge reviewed.

POLICIES AND PROCEDURES

Blue Ridge reviewed the Company's processes and controls along with changes made in the scope period to obtain an understanding of their impact on the plant balances. In particular, Blue Ridge reviewed the following policies and procedures:

1. Plant Accounting:
    a. Capitalization vs Expense
    b. Preparation and approval of work orders
    c. Recording of CWIP, including the systems that feed the CWIP trial balance
    d. Application of AFUDC
    e. Recording and closing of additions, retirements, cost of removal, and salvage to plant
    f. Unitization process based on the retirement unit catalog
    g. Application of depreciation
    h. Contributions in Aid of Construction (CIAC)
    i. Damage Claims
2. Purchasing/Procurement
3. Accounts Payable/Disbursements
4. Accounting/Journal Entries
5. Payroll (direct charged and allocated)
6. Insurance recovery
7. Allocations
8. Work Management System
9. Information Technology
10. Capital Project selection and prioritization

11. System planning and load growth

Blue Ridge reviewed current policies and procedures in the areas that provide input into distribution plant. The Company noted that the policies for Supply Chain Management had undergone changes, but none of them were major. Blue Ridge examined the policies and was satisfied that they were not unreasonable.[18]

Capitalization: The Company's capitalization policy provides compliance and guidance with respect to the accounting classification for addition, replacement, and betterment of property, plant, and equipment. The policy provides asset definition and capitalization guidelines for additions and replacements.

AFUDC: The AFUDC policy provides guidance for the computation, application, and capitalization of allowance for funds used during construction. It identifies construction projects for which AFUDC is to be computed and explains rates and accounting, including the rules for application of rates and the calculation of the AFUDC rate.

Disposal of Assets: This policy defines areas of responsibility when property, plant, and equipment is retired or removed from service with or without replacement. It provides discussion of business segment responsibilities, associated costs, reporting exceptions for asset retirements, and fixed asset accounting responsibilities.

Acquiring and Developing Assets: This fixed asset policy defines the responsibilities of project owners and the Fixed Asset accounting group with regard to administering the life cycle of a capital project from creation to close. Areas discussed include project owner responsibilities and fixed asset accounting responsibilities.

Intangible Assets: This policy points to Accounting Standards Codification 350-30 as providing accounting guidance on intangible assets (other than goodwill). The accounting approach is detailed in the policy, including providing application examples in its appendix.

Supply Chain Management: The policy provides procedures for supply chain management. The policy identifies objectives, policy applicability as well as duties, methods of procurement including bidding process, and signature authority.

Corporate Disbursements: This policy provides guidance on processing miscellaneous and purchase-order-related invoices for payment. A separate procedure details the process review.

Manual Journal Entries: This policy provides guidance on the acceptable level of documentation required to validate manual journal entries. The policy defines *significant* entries, processor and approver assignments, workflow approval, month-end closing, and substitutions.

Design Notifications: The policy provides the steps necessary for releasing and approving notifications.

Construction Work Order: This policy discusses working in a construction work order. Included are material ordering, releasing the work order, generating and printing bills of material, and adding, modifying, and deleting component units.

Notification Creation: This process provides detail in working with notifications.

[18] Dominion response to 2019 Data Request BRDR-13 (Policies and Procedures) and Dominion response to 2021 Data Request BRDR-11 (Policies and Procedures).

Claim Collection: The Company provided a flow diagram regarding claim collections from invoicing through receipt or, conversely, through litigation.

Application of Surcharges: This policy provides guidance for areas of responsibility when surcharges are applied to capital and expense projects. It provides definitions and responsibilities for segment accounting, project owners, corporate and fixed asset accounting, and the IT SAP finance team.

Contractor Defect Process: The Company provided a flowchart showing the process from leak identification through defect identification, repair, invoicing, and settlement if necessary.

Liability Claims: The Company provided a flowchart showing the process from occurring incident through claim resolution.

Gas Line Damage Claims: Similar to the Liability Claims flowchart, this damage claim chart shows the process through claim resolution.

Reporting Third Party Liability Claims: The purpose of this guideline is to define the existing DEO reporting requirements for third party property damage and/or personal injury claims against the Company and to provide employees with an understanding of the claims process and their related responsibilities.

Information Technology: This process involves IT providing input to distribution plant through the creation of IT capital projects that create a software or hardware asset added to distribution plant at project closing.

Insurance: This document describes the comprehensive and worldwide property and liability insurance programs covering all assets and entities involved in the Company's businesses.

Retirements: The Company's policies and procedures state that Fixed Asset Accounting is notified in writing when an asset is taken out of service. When notified in writing, Fixed Asset Accounting retires the asset(s) from the Asset Management System. There are some assets that are automatically retired from plant after a specified number of years and do not need to be communicated to Fixed Asset Accounting unless a facility of office is closed or sold. The Company provided a list of those assets.[19]

Changes to Capitalization Policy

Any major changes to the Capitalization Policy can directly affect plant balances. Blue Ridge requested a list of major changes for the scope period. The Company reported that no major changes have been implemented in its capitalization policy from January 1, 2019, through December 31, 2020[20]

Significant Events Between January 1, 2019, and December 31, 2020

Significant events could affect the Company's asset recording and tracking. However, the Company reported that no significant events occurred from January 1, 2019, through December 31, 2020, that resulted in an insurance claim recovery greater than $50,000 related to Utility Plant in Service.[21]

[19] Dominion response to 2019 Data Request BRDR-13 (Policies and Procedures) Confidential, Attachment 3 (Disposal of Assets) Confidential.
[20] Dominion response to 2021 Data Request BRDR-13.
[21] Dominion response to 2021 Data Request BRDR-32.

Conclusion—Processes and Controls

Blue Ridge concluded that DEO's processes and controls were adequate and not unreasonable.

External and Internal Audit Reports

Blue Ridge reviewed 14 internal audit reports conducted on various areas of the Company's operations that could impact utility plant-in-service balances. Blue Ridge also reviewed applicable SOX and FERC audits.

Internal Audits

Blue Ridge requested and reviewed a list of the completed and on-going audits performed by the internal audit group during the period January 1, 2019, through December 31, 2020,[22] and selected nine internal audit reports[23] to examine further regarding potential findings that could have had an impact on the internal controls of the feeder systems that charge distribution work orders or feed CWIP, including those affecting payroll, materials and supplies, transportation, overheads, and contractors. Based upon our review, conclusions for the examined audits did not engender a level of concern that the Company's controls were less than adequate.

External Audits

The Company could be subject to various external audits, particularly of FERC. Blue Ridge requested a copy of all FERC audit reports issued during the scope period; however, there were no FERC audits during the scope period (January 1, 2019, through December 31, 2020).[24]

SOX Compliance Audits

Blue Ridge reviewed the SOX compliance audits that feed CWIP that were performed from 2019–2020[25] and found that no deficiencies were found and, therefore, no significant financial reporting impacts occurred to CWIP accounting figures as a result.[26]

Conclusion—External and Internal Audit Reports

Blue Ridge concluded that Company actions taken with regard to DEO's internal and external audits reviewed were adequate and not unreasonable.

Variance Analysis

Blue Ridge's variance analysis focused on identifying, quantifying, and explaining significant net plant changes within the individual plant accounts for each scope year (2019 and 2020). Blue Ridge took note of anomalous or undefined changes in balances and asked the Company for explanations. Based on its investigative and analytical evaluation of the causes and details included in the Company's explanations, Blue Ridge attempted to determine the reasonableness of those changes.

[22] Dominion response to 2021 Data Request BRDR-28.
[23] Dominion response to 2021 Data Request BRDR-55.
[24] Dominion response to 2021 Data Request BRDR-27.
[25] Dominion response to 2021 Data Request BRDR-29.
[26] Dominion response to 2021 Data Request BRDR-29.

Blue Ridge submitted questions to the Company for explanation, regarding such items as detail behind significant additions over retirements, significant retirements over additions, and accounts with zero retirements. The Company responded with explanations for each instance.[27]

When asked about FERC Accounts 390.02 and 390.05 for 2019 and 2020, the Company stated, that upon review, certain assets from several work orders should have been retired and reflected as a reduction to both plant assets and accumulated depreciation. The reduction to plant for 2019 is $3,316,147.78 and for 2020 is $1,436,626.86.

Table 9 List of Work Orders with delayed Retirements

WBS Element	Description	FERC	n-Service Date	Retirement Value
FCDEO.19.GAS.2D	YOUNGSTOWN FENCE INSTL AND CCTV UPGRADE	390.02	8/16/19	$73,676
FCDEO.19.GAS.10A	YOUNGSTOWN ANNEX MTG RM HVAC	390.05	12/30/19	
FCDEO.19.GAS.2C	YOUNGSTOWN ANNEX BUILDING ROOFING SYSTEM	390.05	5/10/19	
FCDEO.19.GAS.2F	YOUNGSTOWN (MAIN) FLOORING UPGRADE	390.05	5/10/19	
FCDEO.19.GAS.2G	YOUNGSTOWN (MAIN) TRENCH DRAIN	390.05	6/4/19	
FCDEO.19.GAS.3C	ANNEX BUILDING FURNACE Youngstown	390.05	6/7/19	$256,652
FCDEO.18.GAS.11A	SPRINGSIDE RENO - 00010138-CONSTRUCTION	390.05	12/6/19	
FCDEO.18.GAS.11A.11	SPRINGSIDE RENO - 00010138-ENGINEERING	390.05	12/6/19	
FCDEO.18.GAS.11A.IT	SPRINGSIDE RENO - 00010138-IT	390.05	12/6/19	$158,460
FCDEO.19.GAS.2H	NORTH CANTON OUT BUILDING ROOF REPLACE	390.05	6/24/19	$9,520
FCDEO.18.GAS.7B	FRANKLIN PAVING - 15000011	390.05	11/28/18	
FCDEO.19.GAS.2I	FRANKLIN SHOP OUT BUILDING ROOF REPLACE	390.05	6/24/19	
FCDEO.19.GAS.6A	SEPTIC SYSTEM Franklin	390.05	9/16/19	
FCDEO.19.GAS.7A	ASPHALT SEALCOAT Franklin	390.05	9/16/19	$63,220
FCDEO.18.GAS.5B	NEW CENTRAL AC SYSTEM - 49000003 NES	390.05	5/31/19	$855,326
FCDEO.19.GAS.1D	NORTHEAST PARKING LOT	390.05	10/25/19	$230,981
FCDEO.19.GAS.2B	NORTHEAST SECURITY SYSTEM INSTALL	390.05	10/30/19	$36,363
FCDEO.17.GAS.6A	ROOF & EXTERIOR REPLACEMENT - 55th Street Main	390.05	12/31/18	
FCDEO.19.GAS.1F	EAST 55TH STREET SECURITY SYSTEM INSTALL	390.05	9/23/19	$453,538
FCDEO.19.GAS.1G	RANDALL SECURITY FENCE INSTALL	390.05	9/23/19	$247,066
FCDEO.19.GAS.1E	WESTPARK PARKING LOT	390.05	9/30/19	$139,538
FCDEO.18.GAS.8A	WILBETH ROOF REPLACE - 60000003	390.05	10/19/18	$223,674
FCDEO.19.GAS.2E	WILBETH FENCE INSTALL AND CCTV UPGRADE	390.05	9/16/19	$36,088
FCDEO.16.GAS.2A.1A	EWD-FIRE ALARM SYSTEM-60000004	390.02	9/16/19	$77,981
FCDEO.16.GAS.2A	RENOVATE 2100 EASTWOOD-EWD-60000004	390.05	2/28/19	
FCDEO.16.GAS.2A.11	ENGINEERING CHARGES-EWD-60000004	390.05	2/28/19	$454,065
FCDEO.16.GAS.2A.8	RENOVATE 2100 EASTWOOD-EWD-60000004 - COR	390.05	2/28/19	
2019 Total				**$3,316,148**
FCDEO.15.GAS.2D.14	DECOMMISSION-JACKSON ST PHASE II	390.05	12/31/20	
FCDEO.15.GAS.2D.9	GENERAL CONST-JACKSON ST PHASE II	390.05	12/31/20	
FCDEO.18.GAS.10B	GENERAL CONST-JACKSON ST PHASE II	390.05	12/31/20	
FCDEO.18.GAS.10B.8	DECOMMISSION-JACKSON ST PHASE II	390.05	12/31/20	$1,045,461
FCDEO.19.GAS.2J	N CANTON PARKING LOT PAVING	390.05	12/31/20	$35,800
FCDEO.19.GAS.10B	ARCHITECTURAL WORK FOR ROOF REPLACEMENT FRS	390.05	10/19/20	$53,406
FCDEO.19.GAS.2K	EAST 55TH OPS 2 HVAC ROOFTOP UNITS	390.05	7/17/20	
FCDEO.20.GAS.7A	HVAC CHILLER REPLACEMENT 55th Street Main	390.05	12/31/20	$116,418
FCDEO.17.GAS.11B	BUILDING RENO -WILBETH - 60000003	390.05	12/31/20	$185,543
2020 Total				**$1,436,627**
2019-2020 Total				**$4,752,775**

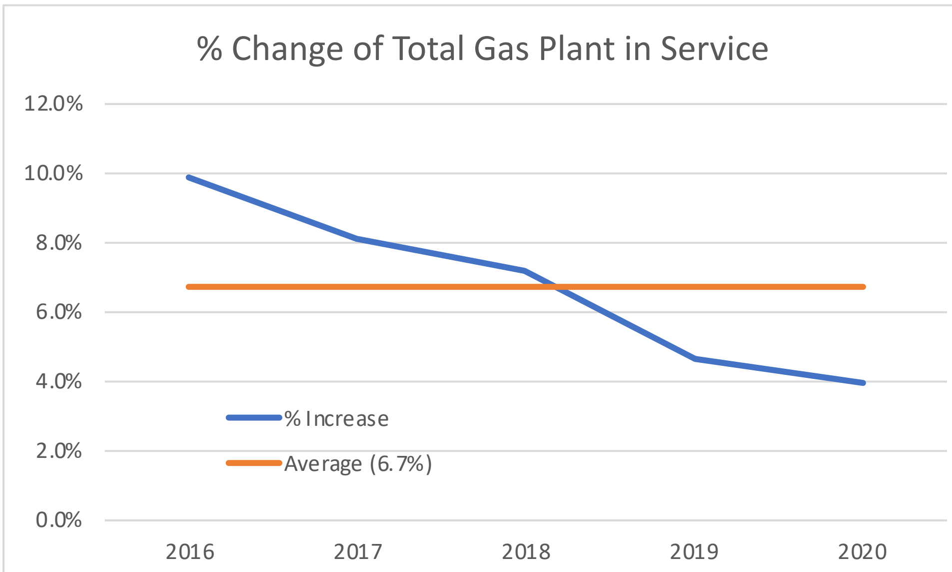
[27] Dominion response to Data Requests BRDR-56 and 57 (Variance Analysis) and BRDR-88 and 97.

Blue Ridge found that this $4,752,774.64 decrease to net plant as of December 31, 2020, is appropriate. The effect of this adjustment on the CEP revenues requirements is $(300,815) [**ADJUSTMENT #2**].

Based on the Company's responses, Blue Ridge was satisfied that the activity was not unreasonable.

Blue Ridge also did a year-over-year trend analysis for change in total plant in service. The average increase in plant since 2015 has been 6.7% per year. However, the trend is going down. For years 2019 and 2020, plant in service reduced 4.6% and 3.9%, respectively

Figure 1: Percent Change in Total Plant in Service[28]



CONCLUSION—VARIANCE ANALYSIS

Based on the variance analyses performed, Blue Ridge was satisfied that the activity was not unreasonable.

CAPITAL SPENDING AND COST CONTAINMENT

CAPITAL SPENDING

Primary spending is on consolidating facilities and Relocation and New Customer work. Our review found that the principal causes for capital spending in the Company's CEP capital expenditures were based on necessity, were not unreasonable, and did not indicate imprudence. We are satisfied that the Company is taking appropriate measures to control labor and contractor costs, which in turn control spending. We did not see anything during field testing that would indicate the Company is "gold plating" construction.

[28] WP BRDR-54 Attachment 1 Variance Analysis.xlsx.

Cost Containment

Containing costs is key to controlling the significantly increasing costs associated with CEP-type projects. The Company hires outside contractors to perform capital work, leaving most of the maintenance work to in-house labor. Over 80% of the capital activities are performed by contractor labor. In 2019 and 2020, contractor labor was approximately 84% to 85% of the total labor used on capital projects.

To help achieve the most cost-effective outcomes in utilizing contractor labor, DEO has employed a competitive bid process. This process has been utilized both with respect to PIR and non-PIR (including CEP projects). With respect to DEO's largest capital program, the PIR program, the Company explained that heavy reliance on internal labor was infeasible given the size and scope of the program. In addition, due to regulatory timing expectations (both in terms of pace of replacement and the approval of the program only in five-year increments), DEO found it necessary to engage resources that could quickly ramp up and down as needed.

Even with respect to competitively bid projects, however, DEO notes that projects are not always awarded based on least cost. While cost is a primary input into the consideration of bids, DEO states it focuses on best value, which comprises other elements beyond cost, such as a contractor's ability to complete the project by the required date, the contractor's construction schedule, and the corresponding impact on inspection, traffic control resources, and relationships with cities and customers.

The strategy the Company employs is to balance the use of contractors with internal labor and determine the areas of specialization that are best performed internally, areas that are best suited to contracting, and areas in which a blend is necessary due to the scope and/or pace required.[29]

Regarding cost containment, the Company has essentially four options:

- Pay what the market will bear
- Defer or eliminate work
- Negotiate prices and lock in longer-term contracts
- Hire and train in-house resources

The pool of outside contractors has increased over the years. The larger pool of qualified outside labor allows the Company to negotiate from a more advantageous position. The Company is taking steps to control contractor costs. The Company uses a bidding process for work. Large projects generally are performed by contractors that may be outside the state. Smaller projects tend to be done by local or state-wide contractors. Many of the projects have onsite inspectors, and the smaller projects are monitored periodically in the field. Putting on more full-time staff or staffing up would not be a viable alternative. The construction season in the gas business is finite, and therefore, the Company would be overstaffed in non-construction months. Since the ability to perform maintenance also depends on weather conditions, the same would hold true for hiring additional maintenance staff. The Company is taking steps which appear to be not unreasonable to try to control costs.

Conclusion—Capital Spending and Cost Containment

Blue Ridge concludes that the Company is implementing sound cost containment strategies.

[29] Dominion response to 2021 Data Requests BRDR-36 and BRDR-37.

DETAILED TRANSACTIONAL TESTING

The Company provided a list of 28,295 work orders / projects and 5,668 WBS Elements that support gross plant in service from January 1, 2019, through December 31, 2020. The list was compiled of 10,582 CEP-related work orders / projects and 17,713 non-CEP/non-PIR-related work orders. These work orders / projects included $340,478,134 in assets.

The Company provided a list of major additions or replacements for the same period:

1. CEP Related—February 2018–December 2019: Chippewa 9&10 (Project P400292823: Total Cost $37,586,229). The existing compressor units (five total) at Chippewa and Robinson stations were considered antiquated and inefficient. The installation of new units will allow for operation over a variety of pressure and flow conditions and will improve system flexibility and efficiency.[30]
2. Non-PIR/non-CEP Related—December 2020: Short Creek (Total Cost $24,421,672). This project was undertaken to provide 750,000 dekatherms per day of firm off-system transportation service system to move shale gas for growing national energy needs. The project included these improvements:
   a. Switzerland Compressor Station—In service September 2020 (Addition of one 500HP reciprocating gas compressor unit)
   b. Bullseye Station—TGP Interconnect—In service September 2020 (Addition of a new interconnect with TGP near the existing Holmes interconnect at the North end of TPL 18, 400MMCFD (million cubic feet per day) capacity and install new single direction feed with TGP)
   c. Plum Run Station—In service September 2020 (Facility expansion to accommodate a flow of 600MMCFD (million cubic feet per day (MMCFD). Install meter, regulation run, and flow control)
   d. Kanoski Station—In service June 2020 (Facility expansion to accommodate a flow of 300 million cubic feet per day (MMCFD) to TPL-15 and Install additional meter and regulation run and flow control)
3. Non-PIR/non-CEP Related—December 20020: Augusta Expansion (Total project $14,954,986) This project was undertaken to meet the growing energy needs of DEO's customers. The Augusta Compressor Station offers bi-directional service for deliveries to/from Kinder Morgan. The project enhanced DEO's ability to deliver gas on peak days when line pressure is higher.
   a. In-service date: 11/30/2020
   b. Project improvements included installation of two new 1380hp Caterpillar 3516/Ariel compressor units and associated appurtenances and upgrade to existing filter/separator at TGP Augusta M&R.[31]

Blue Ridge considered the following information when selecting projects for transactional testing.

[30] Dominion response to 2021 Data Request BRDR-9.
[31] Dominion response to 2021 Data Request BRDR-10.

1. Reviewed its understanding of CEP and non-regulatory-recovered projects (non-CEP, non-PIR projects)

   Blue Ridge reviewed its understanding of the difference between CEP and non-regulatory-recovered projects.

2. Reconciliation of Work Order / Annual Informational Reports and Plant-in-Service Schedules

   Blue Ridge requested and was provided a comprehensive list of work orders / projects for review and testing. We compared the lists of work orders / projects ("work order population") to the totals in the annual report of utility plant in service filed with the Commission[32] as well as the CEP annual informational filings.[33] Blue Ridge was able to reconcile the total population from PowerPlan to the Annual Reports and the total CEP population from Business Warehouse to the CEP annual informational filings.[34]

3. Determining Work Order Sample

   Blue Ridge selected 24 CEP work orders / projects from the CEP Population in Business Warehouse and nine Base Rate work orders / projects from non-PIR / non-CEP Population in PowerPlan. The sample was selected from thousands of cost line items using the probability-proportional-to-size (PPS) sampling technique and professional judgment.

   The work orders selected based on professional judgment focused on individual (rather than blanket) work orders that have a high-dollar value and occurred from January 1, 2019, through December 2020.

To satisfy the review of these areas of focus, Blue Ridge formulated the objective criteria into the following transactional testing steps, labeled T1 through T12. Blue Ridge's observations and findings against the criteria follow.

T1: Project Type
- T1A: Is the work related to DEO?
- T1B: Is the work order / project CEP, PIR, or "other capital investments"?
- T1C: Is the work order / project specific, blanket, multi-year, or other?
- T1D: Is the work order / project an addition, replacement, non-project allocation, or other?

T2: Project Category
- T2A: Is the work order / project Infrastructure Expansion, Improvement or Replacement?
- T2B: Is the work order / project Installation, Upgrade or replacement of Information Technology?
- T2C: Is the work order / project a Program Reasonably Necessary to comply with Commission Rules, Regulations, and Orders?

T3: Capital Scope
- T3A: Is the scope of work properly classified as capital and charged to the proper FERC 300 account(s) as dictated by the FERC code of accounts (CFR 18)?

T4: Justification
- T4A: For specific or multi-year work orders / projects (i.e., not blankets), does the project have detailed justification that supports that it was necessary and not

[32] Dominion response to 2021 Data Request BRDR-14.
[33] Dominion response to 2021 Data Requests BRDR-4 and 17.
[34] WP Dominion Recon Population to Filings.

unreasonable?

T5 Approval
- T5A: Did the work order / project have proper level of approval?

T6: Budget
- T6A: Does the work order / project have an approved budget?
- T6B: Are the work order / project costs +/- 20% of the approved budget?
- T6C: Are explanations and approvals provided for cost overruns 20% and greater over the approved budget?

T7: In-Service Dates
- T7A: Is the actual in-service date in line (at or before) with the estimated in-service date.
- T7B: Was the work order / project in service and closed to UPIS within a reasonable time period from project completion, and if not, was AFUDC stopped?

T8: Continuing Property Records
- T8A: Do the Continuing Property Records support the asset completely and accurately?

T9: Cost Categories
- T9A: For work orders / projects, are the cost categories (Payroll, M&S, etc.) not unreasonable and support the work order total?
- T9B: For “other” (referring to T1d above), are the description and costs not unreasonable?

T10: Revenue-Generating
- T10A: For CEP additions, will the work order / project generate revenue? If so, how has the revenue been quantified?

T11: Replacement projects
- T11A: Were assets retired?
- T11B: Was the date of retirement and cost of removal in line with the asset replacement date?
- T11C: Is the amount of the retired asset not unreasonable?
- T11D: Was salvage recorded?
- T11E: Was cost of removal charged? Is the amount not unreasonable?

T12: Field Verification
- T12A: Is the project a candidate for field verification?

The results of the detailed transactional testing performed on the work-order sample are included in the workpapers. Specific observations and findings about the testing are listed below.

T1: Project Type

T1A: Is the work related to DEO?

Based on single-line-item description of the scope provided for massed (blanket) projects and the detailed scope provided for fixed (specific) projects, the work does appear to be attributed to DEO.

T1B: Is the work order / project CEP, PIR, or “other capital investments”?

Blue Ridge tested 33 work orders / projects (WBS [Work Breakdown Structure] elements), to determine which of the following capital investment categories applied to the work.

CEP: CEP-related capital investments involve the follow three categories of work:

- HB95-1: Infrastructure Expansion, Improvement, or Replacement.
- HB95-2: Installation, Upgrade, or Replacement of Information Technology

- HB95-3: Programs Reasonably Necessary to Comply with Commission Rules, Regulations, and Orders[35]

- **PIR**: The PIR program involves the replacement of bare steel, cast iron, wrought iron, copper, and ineffectively coated pipe and other items as described below previously in the Project Scope section of this report.[36]
- **AMR**: There has been no AMR rider investment subsequent to June 2012.[37]
- **Other Capital Investments** (Base Rates): Capital investments not included in the above regulatory programs.[38]
- **Hybrid**: Where it made sense from a construction perspective, some projects, identified as *Hybrid*, included both PIR-eligible and CEP-eligible portions. Common costs incurred for these projects were allocated between PIR and CEP based on the initial project design. Allocations would be later adjusted based on the final project "as-built" entered into the system.[39]

Blue Ridge sampled 33 work orders / projects; 24 of the work orders / projects were found to be includable as CEP deferrals (100% HB95 or Hybrid projects). Three of the 24 CEP-related work orders / projects were Hybrid.[40] Blue Ridge found that, for the projects identified as Hybrid, the reasons the Company provided for the scope of work being split between CEP and PIR is not unreasonable. Six work orders / projects were found to be non-CEP and non-PIR capital investments within Base Rates. The remaining three work orders within the Base Rates sample were found to be PIR capital investments, and no further testing was done.

T1C: Is the work order / project specific (fixed), blanket (massed), multi-year, or other?

Specific (Fixed) Projects

- Fixed Projects are created in SAP as capital projects and must be closed manually as individual projects.
- Because these projects usually have longer construction times, they accumulate AFUDC.
- Costs on these projects are recorded to CWIP monthly and are closed to Plant once the assets are put into service.[41]

Blanket (Massed) Projects

- Plant assets within this classification are similar, typically of a smaller dollar value, and are constructed and put into service quickly (i.e. projects of short duration).
- Most distribution system projects are considered Massed Projects.
- Massed projects are typically created in SAP as capital project types. They settle automatically up through capital roll-up projects, the assets from which are accounted for by vintage year.

[35] Case No. 19-0468-GA-ALT, Direct Testimony of Vicki H. Friscic, page 2, line 14–page 3, line 10.
[36] Dominion response to 2019 audit Data Request BRDR-21 (PIR Investments).
[37] Dominion response to 2021 audit Data Request BRDR-18 (AMR Investment).
[38] Capital Project Process Overview 7-17-19, page 1. Provided for review during Kick-Off Meeting on 9/20/19).
[39] Capital Project Process Overview 7-17-19, page 3. Provided for review during Kick-Off Meeting on 9/20/19).
[40] Workpaper DEO Detailed Transactional Testing Matrix.
[41] Dominion response to 2021 Data Request BRDR-22 Attachment 1

- Costs on these projects are closed to Plant each month as permitted by the FERC Uniform System of Accounts.
- AFUDC is not applied to Massed Projects since the projects are short in duration.[42]
- Of the 33 work orders / projects in the sample that Blue Ridge tested, 16 (48.5%) were fixed and 17 (51.5%) were massed assets.

Table 10 Number of work orders / projects that are Fixed or Massed[43]

	CEP	%	Base Rates	%	Total	Total %
Fixed	16	66%	0	0%	16	48.5%
Massed	8	33%	9	100%	17	51.5%
Total	**24**	**100%**	**9**	**100%**	**33**	**100%**

T1D: Is the work order / project an addition, replacement, non-project allocation, or other?

Blue Ridge identified the following breakdown:

Table 11 Breakdown of number of additions, replacements, etc. sampled

	CEP	Base Rates	Total
Additions	4	3	7
Replacements	14	-	14
Additions / Replacement	-	3	3
Relocation	5	-	5
PIR	-	3	3
Total	**24**	**9**	**33**

T2: Project Category

Blue Ridge identified the project recovery category for each work order / project sampled. Blue Ridge pulled 24 CEP-related work orders: 21 were 100% CEP related and three were hybrid projects (part CEP/part PIR). Blue Ridge then pulled nine work order from the Base Rate population: five were 100% Base Rates, one was a hybrid project (part Base Rates/ part PIR), and three were 100% PIR related.

T2A: Is the work order / project Infrastructure Expansion, Improvement or Replacement?

HB95-1: Expenditures in this category include distribution system betterments; pipeline, regulating station, or other improvements or replacements, including non-billable pipeline relocations, associated with DEO's distribution, transmission, storage, production, and gathering systems that are not covered by DEO's Automated Meter Reading and Pipeline Infrastructure Replacement programs; storage well and compressor station improvements or replacements; and certain customer main line extensions, main-to-curb and curb-to-meter service lines.[44]

Blue Ridge identified 18 of the 24 CEP-related work orders / projects were associated with infrastructure, improvement, or replacement.

T2B: Is the work order / project Installation, Upgrade or replacement of Information Technology?

[42] Dominion response to 2021 Data Request BRDR-22 Attachment 1
[43] Dominion response to 2021 Data Request BRDR-83.
[44] Dominion response to 2021 Data Request BRDR-8 Attachment 2.

HB95-2: This category includes capital expenditures for upgrades to or replacements of computer systems utilized for accounting, billing, and utility operations as well as communication systems. Capitalized costs may include costs for hardware, software purchases or development, installation, and associated licenses.[45]

Blue Ridge identified two of the 24 CEP-related work orders / projects as associated with installation, upgrade, or replacement of information technology. Both of those IT projects split charges between the Company and another Dominion subsidiary.[46]

T2C: Is the work order / project a Program Reasonably Necessary to comply with Commission Rules, Regulations, and Orders?

HB95-3: Capital expenditures in this category include those for required pipeline integrity or other regulatory compliance associated with pipeline safety, environmental compliance, metering, facilities, fleet, and other general plant associated with providing DEO's regulated services.[47]

Blue Ridge identified four of the 24 CEP-related work orders / projects were associated with required pipeline integrity or other regulatory compliance associated with pipeline safety, environmental compliance, metering, facilities, fleet, and other general plant associated with providing Dominion's regulated services.

T3: Capital Scope

T3A: Is the scope of work properly classified as capital and charged to the proper FERC 300 account(s) as dictated by the FERC code of accounts (CFR 18)?

The Company provided descriptions of the type of work included in specific work orders / projects in the sample. Blue Ridge evaluated the information to determine whether the work orders / projects in the sample were appropriately classified as capital and charged to the proper Intangible, Distribution, and General Equipment FERC 300 accounts. Blue Ridge found that the work was property classified as capital and charged to the proper FERC 300 account.[48]

T4: Justification

T4A: For specific or multi-year work orders / projects (i.e., not blankets), does the project have detailed justification that supports that it was necessary and not unreasonable?

The Company provided detailed documentation that supported the specific (fixed) work orders / projects for all of the 33 work orders in the sample. The documentation defined the scope of the project and, for the most part, the necessity of the project.

Of the 33 work orders / projects sampled, 17 are blanket (massed asset) projects. Blanket projects do not have detailed justification, as projects within this classification are similar, typically of a smaller dollar value, and are constructed and put into service quickly (i.e., projects of fewer than 30 days).[49] These projects represent normal recurring utility work.

Blue Ridge is satisfied with the Company's response and the detail provided to support that

[45] Dominion response to 2019 Data Request BRDR-8 Attachment 2.
[46] Dominion response to 2021 Data Request BRDR-86.
[47] Dominion response to 2019 Data Request BRDR-8 Attachment 2.
[48] Workpaper DEO Detailed Transactional Testing Matrix.
[49] Capital Project Process Overview 7-17-19, page 1. Provided for review during Kick-Off Meeting on 9/20/19).

response.

T5 Approval

T5A: Did the work order / project have proper level of approval?

The Company provided the Expenditure Control Policy, effective April 2016 updated December 2019 and June 2020, as well as a list of the Company's Signature Authorities that Support the Approval of Capital Projects.[50]

Table 12: LOSA Level by Dollar Amount[51]

R1—$25,000 Supervisor Level
R2—$50,000 Manager Level, Superintendent, Counsel, Sr Counsel, Assistant General Counsel
R3—$500,000 Director Level, Deputy General Counsel, Assistant Controller, Assistant Treasurer, General Manager, Senior Policy Advisor
R4—$5,000,000 Officer (Vice President, General Auditor, Controller)
R5—$25,000,000 Senior Officer (Senior Vice President)
R6—Unlimited Executive Officer (CEO, President, Executive Vice President, Treasurer)

Blue Ridge identified four projects that required follow-up regarding approvals.

1. WBS: EOG-3514.2,
   a. Project: #
   b. Description: ATMOSPHERIC CORROSION APP
   c. LOSA: Director (Up to $500,000)
   d. Budgeted Amount: $800,000
   e. Company Explanation: This is an IT project, and the project approval is included in the budget approved by the Board of Directors. The project included an external service purchase order in the amount of $240,000, which is within the Director level approval. All other work was done by internal personnel. Please see BRDR-69 Attachment 1 for the purchase order approval documentation.[52]
   f. Blue Ridge found the Company's explanation is not unreasonable.
2. WBS: O8000.1.2
   a. Project: P400296664
   b. Description: DARROW-MIDDLETOWN RD-P400296664-PA
   c. LOSA: Director (Up to $500,000)
   d. Budgeted Amount: $583,375
   e. Company Explanation: Per DEO's Capital Request Form (CRF) process, relocation projects did not require the creation of a CRF with LOSA approval at the time this project was created. A process has been implemented for projects created after 1/1/2021 that are $50,000 and greater to ensure appropriate LOSA approval is attained. The majority of costs for the project were from the contractor, and the R3 Director level value attained meets the LOSA requirement in place for purchase order approvals.[53]

[50] Dominion response to 2021 Data Request BRDR-25 (Approval Signatures) Confidential, Attachments 1, 2, 3 and 4.
[51] Dominion response to 2021 Data Request BRDR-25 Attachments.
[52] Dominion response to 2021 Data Request BRDR-69.
[53] Dominion response to 2021 Data Request BRDR-69.

f. Blue Ridge found that the new procedure is not unreasonable

3. WBS: FCDEO.18.GAS.8A
   a. Project: #
   b. Description: WILBETH ROOF REPLACE – 60000003
   c. LOSA: Director & Manager (Up to $500,000)
   d. Budgeted Amount: $1,118,716
   e. Company Explanation: This is a Facilities project. The facilities Director has a "ZSPECIAL" LOSA with the authority to approve projects up to $5,000,000. Please see BRDR-69 Attachment 2 for supporting documentation.[54]
   f. Blue Ridge found the Company's explanation is not unreasonable.

4. WBS: O8000.1.2
   a. Project: P400172884
   b. Description: WYNN CREST DR LOOP BETTERMENT
   c. LOSA: General Manager (Up to $500,000)
   d. Budgeted Amount: $632,154
   e. Company Explanation: Per DEO's Capital Request Form (CRF) process, a general manager has project cost approval up to $1M. Per the project costs, a general manager's approval meets required LOSA for this project.[55]
   f. Blue Ridge found the Company's explanation is not unreasonable.

T6: Budget

The Company's Expenditure Control Policy notes that strict control must be exercised over the expenditure of Company funds. An essential element of control is adherence to budgeting, procurement, and expenditure policies. Employees who have been assigned requisition and payment approval authority are responsible for monitoring and exercising control over expenditures of Company funds included in their authorized budgets and are accountable for adherence to Company policies and procedures. Employees may exercise only the approval authority assigned to them.[56]

Blue Ridge asked the Company to provide budgets supporting the CEP capital expenditures and related assets for 2019 through 2020 as well as the assumptions supporting the budget/ projected data. The Company's response stated DEO's budgets are based on expenditures needed for DEO to manage its business and provide safe and reliable utility service to its customers. CEP budgets are constructed based on both previous capital budget usage and known and projected future capital needs.[57]

[54] Dominion response to 2021 Data Request BRDR-69.
[55] Dominion response to 2021 Data Request BRDR-69.
[56] Dominion response to 2021 Data Request BRDR-25 (Approval Signatures) Attachment 1, 2 and 3 Confidential.
[57] Dominion response to 2021 Data Request BRDR-35.

Table 13: Dominion Capital Budget—CEP[58]

Plan Category	2019	2020
C&M	$5,934,000	$6,709,000
Distribution Infrastructure	6,072,503	12,812,390
Facilities	7,650,500	5,212,500
Fleet	1,000,000	1,100,000
General Plant	3,305,000	825,000
IT	10,089,222	12,101,618
Majors	1,900,000	1,710,000
Metering	7,111,229	8,215,610
MLR	9,403,390	16,952,123
Pipeline Integrity	6,865,000	6,448,000
Relocation	9,600,000	9,600,000
TSG	55,105,950	37,665,066
F&BS	1,203,330	5,000,000
Grand Total	$ 125,240,124	$ 124,351,307

T6A: Does the work order / project have an approved budget?

Of the total work orders / projects in the sample, all 33 were properly approved.

T6B: Are the work order / project costs +/- 20% of the approved budget?

In summary, Blue Ridge found the following calculated results:

Table 14: Cost overrun analysis

% of Sample	CEP	Base Rates	# in Sample	Description
37%	9	2	11	Projects over budget greater than 20%
7%	2	-	2	Projects under budget by less than -20%
37%	11	-	11	Projects over/under budget by less than +/-20%
20%	2	4	6	Projects did not have budgets (Blankets or 100% Billable (Base Rates only))
100%	**24**	**6***	**30***	**Total**
*No data was provided on the three PIR work orders within the Base Rate Sample.				

T6C: Are explanations and approvals provided for cost overruns 20% and greater over the approved budget?

Of the total work orders / projects in the sample, approximately 11, or 37%, were over budget by 20% or greater. The Company provided explanations for those 11 projects.

1. WBS: EOG-3514.2, Project: #-ATMOSPHERIC CORROSION APP
   a. Actual Spend: $1,353,305
   b. CEP Spend: $1,353,305

[58] Dominion response to 2021 Data Request BRDR-35 Attachment 1.

   c. Budget / Baseline: $800,000
   d. Over budget by 69% or $553,305
   e. Project Description: Build an iOS (operating system for apple devices) app to inspect Gas Infrastructure for Atmospheric Corrosion, relay data into internal database systems and allow a process to remediate any severe corrosion.
   f. Reason for cost overrun: The primary reason for that difference was due to a change in technical direction in the early stages of the project, due to various business requirements that were discovered. It is also a reflection of the work being greater than was initially anticipated.[59]
   g. Blue Ridge found that the Company could have mitigated some or all the variance with a more thorough review of the business requirements while planning the project.

2. WBS: O7300.16.GAS.3A, Project: #-ENGINEERING CHGS FOR EAST 55TH ST
   a. Actual Spend: $879,057
   b. CEP Spend: $879,057
   c. Budget / Baseline: $380,000
   d. Over budget by 131% or $499,057
   e. Project Description: Project started in 2016 to update the Gas Microwave components within EOG as part of the Gas Microwave Ring upgrade project deploying MPR9500 Nokia radios and SAR-8 routers. The drivers are increased capacity demands and equipment that is no longer supported by the manufacturer. The 55th Street tower is one of the capital assets within the Gas Microwave Ring and was one of the components of the larger project.
   f. Reason for cost overrun: The initial capital request was created for the engineering study in 2016 for $250K across all sites. At the conclusion of the engineering study, an estimate was created for each microwave tower in the project. the project remained open for the construction work. The estimate for the 55th Street tower was $645,000. It was among the last items closed in 2020. The variance is related to differences in installed equipment and labor from the original estimate.[60] The budget amount was based on a standard cost template from a high-level engineering study. The $380,000 assumed:
      - 1 -5 channel Microwave Repeater ($300,000)
      - 2 – FCC licenses ($10,000)
      - 1 – battery charger ($20,000)
      - Standard labor cost ($50,000)

      The actual costs included unplanned items that were not understood at the beginning of the project, including:

      - Additional equipment was required for the microwave radio system testing and troubleshooting over the life of the project. Major items included:
         - Set (2) TBERD 5800 + software keys (2) upgrades for Ethernet & OC-3
         - One Field Fox N9917A Spectrum Analyzer & (8) Software upgraded
         - Additional SAR-8 to configure a new maintenance 20mb lease circuit back to NOC.

[59] Dominion response to 2021 Data Request BRDR-44.
[60] Dominion response to 2021 Data Request BRDR-44.

- Additional labor and travel were required throughout the project to install, test, and troubleshoot equipment.
  - Additional rounds of acceptance testing were needed in Texas in 2017 and 2018 before equipment was installed and during deployment.
  - Fiber pulled between buildings and new Juniper router and network engineering time were not on the original estimates.
  - Engineering hours to come up final software configuration over 8 months
  - Engineering with NOC testing months in Charles City lab to validate configurations prior to acceptance testing
  - Nokia SAM_CPAM consulting
  - Additional Nokia GPS card kit for ring timing plus tower installation labor
  - Higgins Network Services removing old, abandoned antennas and lines to clean up tower
  - Additional East 55th Street TEP Structural loading analysis to confirm no tower upgrade
- The 55th Street site was the beginning and end of a larger microwave ring. The asset was under construction for 4 years, which was not accounted for in the original estimate.[61]

g. Blue Ridge found that the Company could have mitigated some of the cost overruns through better upfront planning, as an example, by understanding that acceptance testing would be needed (which would be normal).

3. WBS: P400349560.093, Project: P400349560-FRANKLIN MEASUREMENT RUNS
   a. Actual Spend: $3,333,804 / $7,186,887[62]
   b. CEP Spend: $3,333,804 / $7,186,887[63]
   c. Budget / Baseline: $3,000,000
   d. Change Order / Funds Requested: $6,641,980
   e. Over budget by 216% or $3,947,260; when accounting for change orders, the project was overbudget by 6% or $305,280
   f. Project Description: PROJECT DRIVER: The measurement runs and monitors at Franklin storage station need to be replaced due to age and condition. PROJECT SCOPE: Replace the 6 measurement runs with upgraded Canalta units including new outlet valves with Rotork electric operators. Also replace 3 monitors, moving equipment above ground where applicable. PROJECT LOCATION: Franklin Station
   g. Reason for cost overrun: The original scope for this project called for the replacement of six measurement runs with Canalta units, replacement of outlet valves, installation of Rotork electric operators, replacement of three monitors, and where applicable, moving existing equipment above ground for enhanced

[61] Dominion response to 2021 Data Request BRDR-61.
[62] Project P400349560 is a 100% CEP project. The variance between the value included in the CEP filing and overall project costs is attributable to the following: 1) Direct charges to the high-level “P” number that were not included in the CEP BW report, and 2) specific portions of the overall project were not in-service as of 12/31/2020 (orders 64506081 & 64506261).
[63] See above

operation at Franklin station. Once construction began, additional operational requests were submitted, evaluated for need, and deemed to appropriately be coordinated with planned work. Operational requests submitted and approved consisted of; replacement of electrical building due to standing water issues, new platforms for blow down locations, installation of an operations building, removal of an existing separator, replacement of regulators for emissions control, a jumper control line allowing for more efficient control, replacement of valves due to leakage, and replacement of the existing gravel operational/prep pad. DEO actively managed this project throughout these changes and approved the appropriate changes for construction methods/costs in advance.[64]

h. Blue Ridge found that the Company submitted 11 change orders (supplemental requests) associated with this work order. It is our opinion that that many change orders is excessive and some of the additional work should have been planned up front. Examples include the replacement of the electrical building because of standing water and replacement of regulators for emission control.

4. WBS: P400783491.023, Project: P400783491-BRUSH STA PIG L-R MODS
   a. Actual Spend: $2,655,419
   b. CEP Spend: $208,516
   c. Budget / Baseline: $1,250,000
   d. Change Order / Additional Funds Requested: $730,759
   e. Over budget by 212% or $1,819,773 taking into account for change orders would make the project overbudget by 134% or $674,660
   f. Project Description: PROJECT DRIVER: Modifications are needed on the launcher receivers at Brush Station in order to run a smart pigging tool on TPL8. PROJECT SCOPE: The pig barrel must be extended on the South side TPL8 run to Gross Station in order to accommodate a newer style pigging tool. Additionally, a new door and pig signals will be installed on the barrel. 20" valve V#2840 will also be replaced along with a new actuator. On the North TPL8 run to Ferry Station a new door and pig signals will also be installed and 20" valve V#2864 will be replaced along with a new actuator.
   PROJECT LOCATION: Brush Station - Richfield, OH 44286
   g. Reason for cost overrun: The original scope of the project called for barrel extensions of the launcher/receivers, new barrel doors and new pig signals, all to accommodate newer style smart pigging tools. Additionally, the replacement of two 20” valves and actuators were required. Once construction began, it was determined that an additional 20” header with a ball valve, schaffer unit and 8” jumper line would be required, allowing for improved operational control during pigging activities. These costs were managed and approved through DEO’s COA process. Construction activities tried to avoid an existing fence, but it ultimately needed to be relocated, resulting in additional COAs. Additionally, during construction, a dent in the pipe was found at the location of the stopple fitting. The dent was evaluated, and it was determined that the pipe needed to be replaced. To remediate the dent, the stopple fitting had to be located further away, which increased the amount of replacement pipe required. This dent was not known in advance due to being located underground but would have been discovered in a later In-line Inspection (ILI) run had it not be corrected in this

[64] Dominion response to 2021 Data Request BRDR-44.

project. The costs were captured in rates that were already established for the project. It is also noted, that during the time this project was in active construction, DEO's pipeline inspection requirements were enhanced, requiring additional inspection oversight for welding and coating of steel pipelines. Per DEO process, these incremental costs would not have been captured through the COA process.[65]

h. Blue Ridge found that the Company's explanation is not unreasonable; however, they explained that the variance was due to an enhanced scope after the project started. It appears that a pattern is developing in which projects begin with one scope before later morphing into other areas. Blue Ridge also believes that some of the scope changes could have been anticipated in the original scope of work and, therefore, could have avoided supplemental requests.

5. WBS: P400870033.033, Project: P400870033- WOOSTER CHURCH ROAD STATION
   a. Actual Spend: $3,069,773
   b. CEP Spend: $1,979,707
   c. Budget / Baseline: $1,200,000
   d. Change Order / Additional Funds Requested: $307,555
   e. Over budget by 156% or $1,869,773 taking into account for change orders would make the project overbudget by 104% or $1,562,218
   f. Project Description: PROJECT DRIVER: Critical Betterment PROJECT SCOPE: Install new station to interconnect TPL 13 & CP93. The new interconnect is needed to support loads for existing and new customers. PROJECT LOCATION: TPL 13 and CP93 cross on the south side of Church Rd west of the Deerfield Ave intersection in Baughman Township, OH.
   g. Reason for cost overrun: Competitive bids for contractor work came in higher than anticipated and was not incorporated into the project baseline. After project construction commenced, it was determined that a temporary gravel access driveway for construction purposes would be required and a new permanent access road would need installed. DEO actively managed this project throughout these changes and approved the appropriate changes for construction methods/costs in advance. It is also noted, that during the time this project was in active construction, DEO's pipeline inspection requirements were enhanced, requiring additional inspection oversight for welding and coating of steel pipelines. Per DEO process, these incremental costs would not have been captured through the COA process.[66]
   h. Blue Ridge found that the Company's explanation is not unreasonable; however, they could have controlled the scope and costs with a more comprehensive review in the planning phase of the project.
6. WBS: O8000.1.2, Project: P400472376- CUY-TOWPATH-ST 3-P400472376-RELOCATIONS
   a. Actual Spend: $276,069
   b. CEP Spend: $276,069
   c. Budget / Baseline: $213,644
   d. Over budget by 29% or $62,425 taking into account for change orders would make the project overbudget by 23% or $52,230

[65] Dominion response to 2021 Data Request BRDR-44.
[66] Dominion response to 2021 Data Request BRDR-44.

   e. Project Description: Clark Fields Drive: Relocate approx. 220' of existing 20" IP L#9265 steel (50' of 1950 and 170' of 1987) with approx. 260' of IP HDPL due to shallow (ex. 20" stopper and 20"welded end cap) pipe found with less than 1 foot of cover from previous grading of site over time. Existing parking lot and asphalt vacated industrial site. Relocation due to Cuyahoga County and various other public entities multi-use Towpath Trail - Stage 3
   f. Reason for cost overrun: Once in construction, it was determined that the city required additional concrete restoration that was not included in the original scope. It was also decided that an existing service line, originally planned to be abandoned in place, needed to be removed from the ground to allow for installation of the mainline. DEO managed and approved other unforeseen circumstances, which consisted of additional depth required at a tie-in location and material costs for spherical tees that were higher than initially estimated.[67]
   g. Blue Ridge found that some of the cost overrun was outside the direct control of the Company, however, the portion where the line was replaced rather than abandoned should have been known when the project began.

7. WBS: P400169642.012, Project: P400169642.012- STRAUSSER STATION HEATER REPL
   a. Actual Spend: $1,227,195
   b. CEP Spend: $839,399
   c. Budget / Baseline: $1,002,324
   d. Change Order / Additional Funds Requested: $93,337
   e. Over budget by 22% or $224,871 taking into account for change orders would make the project overbudget by 12% or $131,644
   f. Project Description: Project Driver: The existing heater at Strausser Station is in need of replacement due to age and condition
      Project Scope: Remove and replace existing 4 MMBTU/HR heater at Strausser Station
      Project Location: Strausser Station, Summit County, New Franklin
   g. Reason for cost overrun: Once construction began, scope changes were required to address circumstances unforeseen during design. It was identified that an adjusted platform would be required to accommodate the new heater. It was discovered during construction, that the fuel line should be replaced because the existing line was in poor condition and not suitable for reuse. Additionally, some of the underground station piping needed to be reconfigured, allowing for accessibility. Soil conditions encountered on site, required the installation of rock shield and the use of premium limestone backfill, in lieu of onsite material, to ensure all underground piping was properly bedded and protected. Existing underground piping that was to be removed, was field assessed and determined to require a specialty coating contractor to safely and properly remove and dispose of the pipe. DEO managed these changes through change order agreements, approved in advance. Lastly, the project baseline did not include the cost of Glycol coolant. This was an oversite when the project baseline was created. Typically, per DEO process, all expected material and labor are included in project baselines.[68]

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[67] Dominion response to 2021 Data Request BRDR-71.
[68] Dominion response to 2021 Data Request BRDR-44.

h. Blue Ridge found that the Company's explanation was not unreasonable. The Company acknowledges that the Glycol coolant was an oversight and should have been included in the baseline project estimate.

8. WBS: P400335038.086, Project: P400335038-RITTER STATION SEPARATOR
   a. Actual Spend: $3,176,453
   b. CEP Spend: $17,496
   c. Budget / Baseline: $1,634,506
   d. Change Order / Additional Funds Requested: $190,896
   e. Over budget by 92% or $1,508,965 taking into account for change orders would make the project overbudget by 72% or $1,318,069
   f. Project Description: Project Driver: The separator at Ritter has been identified for replacement in 2018 as part of a long-term prioritization of all storage separators to be replaced.
      Project Scope: Remove and replace the separator in the station. Remove existing underground regulator and replace with above ground regulator with low/no bleed controllers. Replace controllers on existing worker regulators. / Piping reconfiguration should consider removal of old foundations and moving the separator and potentially the existing heater.
      Project Location: Ritter Storage Station, Corner of E Caston Rd and Cottage Grove Rd, Green Ohio
      Scope Change: Replace the existing measurement runs with new canalta runs, including new inlet and outlet valves with Rotork actuators.
   g. Reason for cost overrun: The original project scope consisted of replacement of the separator, removing an underground regulator, replacement of underground station piping, and assessment of the heater at Ritter Station. During design, it was determined that measurement runs at the station needed replaced, including inlet and outlet valves. Installation of a compressed air system was also identified as being required. The updated project scope was approved prior to construction commencing. However, the project baseline estimate was not updated to reflect these changes. Typically, project baseline estimates are updated to incorporate changes approved during design.
      Additionally, once in construction, it was determined that the heater's location was too close to the launcher-receiver and would need to be placed in a different location. Changing the location of the heater required replacement of the existing heater foundation, replacement of the methanol tank foundation, moving the methanol tank, installing a new methanol pump, replacement of the electrical building foundation, replacement of all associated underground piping within foundations, and replacement of the telecommunications pole foundation. DEO actively managed this project throughout these changes and approved the appropriate changes for construction methods/costs in advance.[69]
   h. Blue Ridge found that the Company did not update the budget and they could have anticipated some of the issues with the project, such as the location of the heater.

9. WBS: P400469686.239, Project: P400469686-TPL9 ILI DIG - WO19-003354
   a. Actual Spend: $3,698,050
   b. CEP Spend: $89,115

[69] Dominion response to 2021 Data Request BRDR-44.

c. Budget / Baseline: $300,000
d. Over budget by 1,133% or $3,397,334
e. Project Description: PROJECT DRIVER: Investigative digs as part of an ILI on a section of TPL9 L#213 indicate the need for pipeline replacement.
PROJECT SCOPE: Exact number of capital replacements TBD. Approximately 10-15ft of 20inch steel pipeline will be replaced at each site.
PROJECT LOCATION: Various locations on TPL9. Separate notifications will be pulled for each location.
f. Reason for cost overrun: The scope for this project was driven by ongoing required investigations due to results from In-line Inspection (ILI) smart pig runs. When project was originally scoped, DEO anticipated approximately 4-5 locations requiring excavation, investigation, and replacement of the pipe. Excavation and investigations on the highest risk sections of pipe were required to start, prior to all results from the ILI being finalized. This resulted in the project scope and baseline being established prior to all locations being known. Significantly more locations were required to be investigated due to findings from the ILI tool than originally anticipated. Due to the final ILI results, the total locations requiring excavation, inspection, and cut-out was roughly 40 locations. DEO managed and approved work at all locations, once identified.[70]
g. Blue Ridge understands the need to mitigate high risk sections of pipe prior to all locations being known, but basing a project estimate on 4–5 locations when the total ended up being 40 locations is a big difference. It is our opinion that additional locations could have been anticipated and included in the overall project estimate even though the work may have started on the high-risk sections.

10. WBS: O8000.1.1, Project: P400272072
a. Actual Spend: $167,908.95
b. Budget / Baseline: $52,127
c. Change Order / Additional Funds Requested: $17,348
d. Over budget by 222% or $115,782 taking into account for change orders would make the project overbudget by 142% or $98,434
e. Project Description: Project Summary: Mainline extension of 4" IP HD Plastic pipe for service to new customer, including a 173' case bore under CSX RR tracks.
f. Reason for cost overrun: The original scope and design for the project consisted of an Intermediate Pressure (IP) main line extension, utilizing a case bore under a railroad crossing. Once in construction, it was determined that field conditions were not conducive to completing the case bore. The scope was updated to a Medium Pressure (MP) main line extension, requiring a future system betterment, to ensure MP system could support new customer load, without impacting existing customers. This required DEO to pause construction and redesign the project. DEO managed these changes through a change order agreement (COA), including contractor downtime. In addition, between the time design was completed and construction activities commenced, a water main broke in the vicinity of proposed construction and was in the process of being repaired, requiring DEO's proposed installation route to change from being in

[70] Dominion response to 2021 Data Request BRDR-44.

softcover to road. This change in installation location increased the cost of the project significantly.[71]

The Company also explained that DEO reviewed and approved the changes required prior to the work being completed. Since the change order was completed using Time & Equipment (T&E) rates, the overall cost of the change order was not known until the work was completed. T&E rates is a pay method based on pre-agreed upon time and equipment rates to do work. Once the work was completed and the total cost was known, the change order was signed and processed.

The purchase order for this project was greater than $50,000 and less than $500,000. The R tier approval policy for a R3 value ranges from $50,000 to $500,000. Dominion actively managed and approved all work prior to the contractor completing the work in the field.[72]

g. Blue Ridge found that the Company's explanation is not unreasonable.

11. WBS: O8000.1.1, Project: P400496012
    a. Actual Spend: $548,112
    b. Budget / Baseline: $368,985
    c. Change Order / Additional Funds Requested: $3,964
    d. Over budget by 23% or $83,768 taking into account for change orders would make the project overbudget by 21% or $79,804
    e. Project Description: SECTION 1. SCOPE OF WORK
    2019 1250 S Washington St Betterment 400496012 MWO 63723788 CWO 64062902
    OVERVIEW:
    -Replace approximately 1,200 feet of 4 & 6 inch HP steel with 12 inch HP Steel per plans.
    -Remove two farm taps South side of the Lincoln Highway and switch customer services to the 4" MP steel/plastic on North side of Lincoln Highway
    f. Reason for cost overrun: An 80 ft section of the project, that crossed a roadway, was originally planned to be installed by trenching. However, the permitting municipality required DEO to case bore the section of road instead, increasing the contractor installation costs. Once in construction, additional fittings were required and in general material costs were higher than originally estimated. Additionally, inspection, traffic control, and contractor costs came in higher than originally estimated. DEO actively managed and approved these changes as they were encountered.[73]
    Project P400496012 was over budget on a total project and additions basis. The value of the total project equaled additions which amounted to $548,112, as shown in the response to BRDR-44. There were three change orders associated with this project that were created in accordance with the standard Dominion project management process.
    Please see BRDR-44. An 80 ft. section of the project that crossed a roadway was originally planned to be installed by trenching. However, the permitting municipality required DEO to case bore the section of road instead, increasing the

[71] Dominion response to 2021 Data Request BRDR-44.
[72] Dominion response to 2021 Data Request BRDR-78.
[73] Dominion response to 2021 Data Request BRDR-44.

contractor installation costs. Once in construction, additional fittings were required and material costs were higher than originally estimated. Additionally, inspection, traffic control, and contractor costs came in higher than originally estimated. DEO actively managed and approved these changes as they were encountered.[74]

g. Blue Ridge found that the Company's explanation is not unreasonable.

12. WBS: O8500.1.2, Project: P400296750
    a. Actual Spend: $102,365
    b. Budget / Baseline: $80,804
    c. Over budget by 27% or $21,561
    d. Project Description: RELOCATE 75' OF 6" HDPE WITH 75' OF 6" HDPE AND RELOCATE 30' OF MDPE WITH 30' OF MDPE
    e. Reason for cost overrun: Contractor costs for this project were not captured as intended, in the estimating tool, when the project baseline was established. DEO's project management and forecasting software's cost timeline for this project, should have been adjusted once construction start date was known, which would have correctly captured the total project estimate. This error resulted in a lower project baseline than intended, as all estimated project costs were inputted into the software but were not captured because they were outside of the cost timeline. DEO's trained process includes adjustment of construction start, once known, in the estimating software.[75]
    f. This relocation was required by a municipality, which asserted that the project was not reimbursable and thus not billable by DEO. In view of the municipality's position, DEO determined that pursuing reimbursement did not have sufficient probability of success and may have ultimately substantially increased the project's costs.[76]
    g. Blue Ridge found that the Company's explanation is not unreasonable.

Overall Recommendation: it is our opinion that several of the cost overruns that resulted in change orders could have been avoided by anticipating the causes in the original budget estimate with more thorough upfront planning and assessment. However, the Company has implemented changes to policies and procedures that should address, among other things, the issues of cost overruns. Since the policy and procedure changes were by and large implemented in 2021, Blue Ridge recommends that the next CEP audit include a review of the implementation of those changes to ensure the issue is resolved.

T7: In-Service Dates

T7A: Is the actual in-service date in line (at or before) with the estimated in-service date.

Blue Ridge found that 17 work orders / projects in the sample were blanket (massed) or other types of work orders that would not typically have estimated in-service dates. However, 12 of those massed work orders / projects did have estimated in-service dates.

Of the 28 work orders / projects with estimated in-service dates, 10, or approximately 36%, had in-service dates that were over 90 days delayed from the estimates. Five, or approximately

[74] Dominion response to 2021 Data Request BRDR-79.
[75] Dominion response to 2021 Data Request BRDR-44.
[76] Dominion response to 2021 Data Request BRDR-80.

18%, accrued AFUDC.[77] Blue Ridge summarizes the Company's explanations to their greater than 90-day delay in placing the work order / project in-service.

1. WBS: EOG-3514.2, Project: # - ATMOSPHERIC CORROSION APP
   a. In-Service Date: 4/10/20
   b. Estimate: 7/31/18
   c. In-Service months after estimated date: 20
   d. AFUDC Charged: $70,962
   e. Project Description: Build an iOS (operating system for apple devices) app to inspect Gas Infrastructure for Atmospheric Corrosion, relay data into internal database systems and allow a process to remediate any severe corrosion.
   f. Reason for greater than 90-day delay: The Company discovered that some of the functionality needed would be more complicated than expected for a mobile app. Thus, there were several redeterminations of final delivery, mainly due to underestimating what it would take to get the entire product ready.[78]
   g. Blue Ridge found that the Company should have done a more thorough job of planning. Blue Ridge understands that the Company cannot anticipate everything that might happen before the project commences, but designing and planning a software project with and without external assistance should be something that the Company does routinely and, therefore, can be used as a template for this kind of project, primarily in terms of functionality and what it would take to bring the project to timely completion.
2. WBS: FCDEO.18.GAS.8A, Project: # - WILBETH ROOF REPLACE - 60000003
   a. In-Service Date: 9/30/19
   b. Estimate: 12/31/18
   c. In-Service months after estimated date: 9
   d. AFUDC Charged: $18,188
   e. Project Description: Remove and replace old roof along with correct sizing of drain lines. Work included new metal trim and capping, new roof hatch, exhaust fan installation and split system unit replacement and new tie off points.
   f. Reason for greater than 90-day delay: This project was originally included in the 2018 budget and scheduled to be complete by the end of the year. However, due to capital budget constraints for Facilities, the project design was completed, and construction shifted to 2019.[79] The Company believes that AFUDC should have been suspended during the nine-month delay. AFUDC charges of $592.12 accrued on the project in error.[80]
   g. Blue Ridge found that as a result of the over accrual of AFUDC, the CEP net plant is overstated by $592.12. The effect of the over-accrued AFUDC on CEP Revenue Requirements is estimated to be $(94) [**ADJUSTMENT #3**]
3. WBS: O8000.1.2, Project: P400172884 - WYNN CREST DR LOOP BETTERMENT
   a. In-Service Date: 11/8/19
   b. Estimate: 12/31/18
   c. In-Service months after estimated date: 11
   d. AFUDC Charged: $0

[77] Workpaper DEO Detailed Transactional Testing Matrix.
[78] Dominion response to 2021 Data Request BRDR-63.
[79] Dominion response to 2021 Data Request BRDR-63.
[80] Dominion response to 2021 Data Request BRDR-90.

e. Project Description: Project Driver: Low Pressure Issues
Project Description: This area is experiencing low pressure issues due to small diameters pipes in the area. We have had to turn away medium/large size commercial loads in the recent future. We need to install a new 6' PLMD loop(3,800' of new 6" MDPL) on Wynncrest Dr between L#RM488 and L#RM666.
Location: This Project Runs along Wynncrest Dr Warren Twp, Ohio 45750
f. Reason for greater than 90-day delay: Due to capital budget constraints, the priority of this project was reviewed, and the start of this project was moved to 2019. Operational and leadership input was attained when determining project priority and construction year shifts. [81]
g. Blue Ridge found the Company's explanation not unreasonable.

4. WBS: P400169642.012, Project: P400169642- STRAUSSER STATION HEATER REPL
   a. In-Service Date: 11/7/19
   b. Estimate: 12/31/17
   c. In-Service months after estimated date: 23
   d. AFUDC Charged: $13,418
   e. Project Description: Project Driver: The existing heater at Strausser Station is in need of replacement due to age and condition.
   Project Scope: Remove and replace existing 4 MMBTU/HR heater at Strausser Station
   Project Location: Strausser Station, Summit County, New Franklin
   f. Reason for greater than 90-day delay: Due to capital budget constraints, the priority of this project was reviewed, and the start of this project was moved to 2019. Operational and leadership input was attained when determining project priority and construction year shifts.[82]
   g. Blue Ridge found the Company's explanation not unreasonable.
5. WBS: P400335038.086, Project: P400335038 - RITTER STATION SEPARATOR
   a. In-Service Date: 11/26/19
   b. Estimate: 12/31/18
   c. In-Service months after estimated date: 11
   d. AFUDC Charged: $32,003
   e. Project Description: Project Driver: The separator at Ritter has been identified for replacement in 2018 as part of a long term prioritization of all storage separators to be replaced.
   Project Scope: Remove and replace the separator in the station. Remove existing underground regulator and replace with above ground regulator with low/no bleed controllers. Replace controllers on existing worker regulators. / Piping reconfiguration should consider removal of old foundations and moving the separator and potentially the existing heater.
   Project Location: Ritter Storage Station, Corner of E Caston Rd and Cottage Grove Rd, Green Ohio
   Scope Change: Replace the existing measurement runs with new canalta runs, including new inlet and outlet valves with Rotork actuators.

[81] Dominion response to 2021 Data Request BRDR-63.
[82] Dominion response to 2021 Data Request BRDR-63.

   f. Reason for greater than 90-day delay: Due to capital budget constraints, the priority of this project was reviewed, and the start of this project was moved to 2019. Operational and leadership input was attained when determining project priority and construction year shifts.[83]
   g. Blue Ridge found the Company's explanation not unreasonable.

6. WBS: O8000.1.1, Project: P400272072
   a. In-Service Date: 10/1/18
   b. Estimate: 10/1/17
   c. In-Service months after estimated date: 14
   d. AFUDC Charged: $0
   e. Project Description: Project Summary: Mainline extension of 4" IP HD Plastic pipe for service to new customer, including a 173' case bore under CSX RR tracks.
      Total Project Length = 1675'
   f. Reason for greater than 90-day delay: New customer addition projects are driven, planned, and scheduled based on customer requirements. This project was driven by an increased load request for an existing customer. After initiating the project, it was determined the customer did not require increased load until later than the date originally indicated.[84]
   g. Blue Ridge found the Company's explanation not unreasonable.

7. WBS: O8000.1.1, Project: P400496012
   a. In-Service Date: 1/13/20
   b. Estimate: 5/31/19
   c. In-Service months after estimated date: 8
   d. AFUDC Charged: $0
   e. Project Description: SECTION 1. SCOPE OF WORK
      2019 1250 S Washington St Betterment 400496012 MWO 63723788 CWO 64062902
      OVERVIEW:
      -Replace approximately 1,200 feet of 4 & 6 inch HP steel with 12 inch HP Steel per plans.
      -Remove two farm taps South side of the Lincoln Highway and switch customer services to the 4" MP steel/plastic on North side of Lincoln Highway
   f. Reason for greater than 90-day delay: New customer addition projects are driven, planned, and scheduled based on customer requirements. This project encountered delays due to construction resource capacity. This delay was coordinated with the affected customer and a later in-service date was agreed upon.[85]
   g. Blue Ridge found the Company's explanation not unreasonable.

8. WBS: O8500.1.2, Project: P400296750
   a. In-Service Date: 12/11/19
   b. Estimate: 3/1/19
   c. In-Service months after estimated date: 9
   d. AFUDC Charged: $0

[83] Dominion response to 2021 Data Request BRDR-63.
[84] Dominion response to 2021 Data Request BRDR-91.
[85] Dominion response to 2021 Data Request BRDR-91.

e. Project Description: RELOCATE 75' OF 6" HDPE WITH 75' OF 6" HDPE AND RELOCATE 30' OF MDPE WITH 30' OF MDPE
f. Reason for greater than 90-day delay: Relocation projects are driven, planned, and scheduled based on third party requirements. DEO coordinated construction work phasing with the municipality, resulting in the in-service date being later than initially planned.[86]
g. Blue Ridge found the Company's explanation not unreasonable.

9. WBS: O7300.16.GAS.3A, Project: # - ENGINEERING CHGS FOR EAST 55TH ST
   a. In-Service Date: 10/23/20
   b. Estimate: 12/31/16
   c. In-Service months after estimated date: 46
   d. AFUDC Charged: $0
   e. Project Description: Project started in 2016 to update the Gas Microwave components within EOG as part of the Gas Microwave Ring upgrade project deploying MPR9500 Nokia radios and SAR-8 routers. The drivers are increased capacity demands and equipment that is no longer supported by the manufacturer. The 55th Street tower it one of the capital assets within the Gas Microwave Ring and was one of the components of the larger project.
   f. Blue Ridge found this project to be a phased in project where delays to in-service would be expected.
10. WBS: P400783491.023, Project: P400783491 - BRUSH STA PIG L-R MODS - P400783491
    a. In-Service Date: 10/2/20
    b. Estimate: 12/31/18
    c. In-Service months after estimated date: 641
    d. AFUDC Charged: $66,445
    e. Project Description: PROJECT DRIVER: Modifications are needed on the launcher receivers at Brush Station in order to run a smart pigging tool on TPL8.
       PROJECT SCOPE: The pig barrel must be extended on the South side TPL8 run to Gross Station in order to accommodate a newer style pigging tool. Additionally, a new door and pig signals will be installed on the barrel. 20" valve V#2840 will also be replaced along with a new actuator. On the North TPL8 run to Ferry Station a new door and pig signals will also be installed and 20" valve V#2864 will be replaced along with a new actuator.
       PROJECT LOCATION: Brush Station - Richfield, OH 44286
    f. Blue Ridge found this project to be a phased in project where delays to in-service would be expected.

T7B: Was the work order / project in service and closed to UPIS within a reasonable time period from project completion, and if not, was AFUDC stopped?

As discussed and identified in T7A, Blue Ridge found 10 work orders / projects that were not closed timely after the work was complete. Blue Ridge does not recommend any adjustments for this section.

T8: Continuing Property Records

T8A: Do the Continuing Property Records support the asset completely and accurately?

[86] Dominion response to 2021 Data Request BRDR-91.

The Company uses a current version of PowerPlan for its plant accounting records. The system has the ability to provide detailed information by account, activity, and amount for all work orders / projects, including blankets (massed projects) down to the unit level.[87]

Blue Ridge identified the following work order / project that was supposed to be reimbursable, but no credits were identified in the cost detail.

- O8000.1.2, Project: P400874370 - Project Description: Costs related to Brainard Road
    - Company Explanation: The issue of reimbursement of costs associated this project is a matter of dispute between DEO and the contractor. No amount of reimbursement has been determined and applied to the project, pending resolution of the dispute between DEO and the contractor.[88]

Blue Ridge recommends that the next CEP audit should follow up on this issue.

T9: Cost Categories

The Company has two cost allocation methods for work orders / projects: Cost allocations for fixed assets and cost allocations for massed assets.

- Cost allocations for fixed assets: Allocation percentages determined only once at the time the as-built is finalized, as costs sit in CWIP until this process is completed.[89]
- Cost allocations for massed assets: Allocation percentages initially determined when the construction work order is generated and then updated as changes are made throughout the life of the project. This is needed since Massed dollars settle monthly. Final allocation percentages are determined when the as-built is final-final. Prior month costs, although in total will not change, could change by category (i.e.: pipe replacement low pressure, pipe replacement regulated pressure, etc.) as the make-up of the project could change during its life cycle.[90]

T9A/B: For work orders / projects, are the cost categories (Payroll, M&S, etc.) not unreasonable and support the work order total? For "other" (referring to T1d above), are the description and costs not unreasonable?

The Company provided a list of all overheads (labor loading, etc.) and any other indirect items charged to DEO work orders / projects, including descriptions of the type of charge and how that charged item is applied. The following is a list the Company provided of surcharges applied to DEO's capital projects as well as a list several charges, although not surcharges per se, that may be applied to DEO work orders or WBS elements.

- Material Overhead
- Bin Stock (under 2" Fittings & Small Tools)
- DES Billing
- Supervision
- Project Management (A&G)
- Pension Credit
- ClearingCap DRS ICO Expense (These charges represent intercompany costs incurred for specified DEO capital projects.)

[87] 2020 DEO Interview – Plant Accounting. Page 3 of 7.
[88] Dominion response to 2021 Data Request BRDR-72.
[89] SAP Project Structure, page 3. Provided during Kick-off Meeting on 9/20/19.
[90] SAP Project Structure, page 3. Provided during Kick-off Meeting on 9/20/19.

- PIR Incremental O&M (Incremental costs directly attributable to the PIR program are capitalized and recovered through the PIR Cost Recovery Charge as permitted by the Commission.[91] Such costs are incurred for PIR project reporting, data preparation, and map generation. DEO has established specific WBS elements for purposes of tracking and reporting these costs.[92])
- Restricted Stock

Blue Ridge reviewed the cost categories and charges for each work order / project sampled. Except as noted below the cost categories were not unreasonable.

1. WBS: EGOBCOMPHDW.2019.1, Project: # - DEO COMPUTER HARDWARE
   a. The radios purchased serve a similar purpose to equipment purchased under the Company's Automated Meter Reading (AMR) program. Retirements of such original assets have been recognized in AMR filings. All 230 of the Itron Mobile Radios were deployed in January 2020.[93]
   b. Initial Cost Category Concern: *Work appears to be a direct purchase of Itron mobile radios, but AFUDC was charged.*
   c. The Company provided the following explanation for the charges: AFUDC was inadvertently charged to this project but was not included in the CEP filing. All AFUDC incurred on this project was reversed in April and May 2021. Please see the SAP image below for the AFUDC line items related to this project.[94]
   d. Project costs through 2019 were included in the CEP filing. BRDR-65 stated that the AFUDC charges which were ultimately reversed were not included in the filing. AFUDC charges were not included in the filing because all 2020 costs related to this project were inadvertently excluded. AFUDC charges only occurred in 2020.
   Project Costs Included in CEP Filing = $752,563.97
   Total Project Costs per SAP (including AFUDC reversal) = $759,594.02
   Amount Inadvertently Excluded from CEP Filing = ($7,030.05)[95]

   Blue Ridge found that CEP was understated as of 12/31/20 by $7,030.05. Blue Ridge does not have any specific recommendations for the AFUDC charges. The Company can determine how best to handle this in the 2022 CEP filing.

Twenty-four of the work orders in our sample contained costs assigned to cost elements related to the award of Restricted Stock. In response to follow up discovery, the Company provided a list of 256 work orders that had charges for a category entitled restricted stock. The Company provided this explanation:

> "When a Dominion Energy Services (DES) employee charges time to a DEO capital project, the labor rate charged includes only salary, which is based on the average salary for that employee's position. A pro-rata share of the various individual benefits for that person are also charged to the project separately. Dominion Energy believes the charging of unbundled rates provides increased transparency of DES charges. DES charges are handled in the same manner across all of Dominion Energy's subsidiaries. Because the

[91] See Opinion and Order in Case No. 09-458-GA-RDR, page 9.
[92] Dominion response to 2021 Data Request BRDR-34 (Overhead and Indirect Cost Confidential).
[93] Dominion response to 2021 Data Request BRDR-95.
[94] Dominion response to 2021 Data Request BRDR-65.
[95] Dominion response to 2021 Data Request BRDR-85.

> benefit costs follow labor charges, in total such charges are consistent with the fully loaded activity rates charged to projects for DEO employee time. The inclusion of labor and associated benefits for work on a capital project is in accordance with generally accepted accounting principles. Please note that very few employees receive restricted stock grants. As shown in BRDR-68 Attachment 1, a total of $35,348.95 was charged to CEP capital projects for restricted stock in 2020.[96]

According to Dominion Energy's 2021 Proxy Statement, Dominion has a long-term incentive program that consists of 50% restricted stock (equity) and 50% performance grant (cash). The Proxy statement states, "We believe restricted stock serves as a strong retention tool and creates a focus on Dominion Energy's stock price to further align the interests of officers with the interests of our shareholders, customers and communities. We believe restricted stock is performance-based because NEOs realize value as the market value of Dominion Energy common stock appreciates. Our performance grant encourages and rewards officers for making decisions and investments that create and maintain long-term shareholder value and benefit our customers and communities."[97]

The restricted stock rewards behavior that promotes the interest of shareholders. Excessive focus on increasing profitability and share price growth can harm customers. In addition, these charges are neither a direct nor indirect charge associated with the performance of work. They represent a benefit to only a select group of employees. Blue Ridge, therefore, recommends that $35,348.95 of restricted stock be excluded from the plant recovered through the CEP. The effect of this adjustment on the CEP revenues requirements is $(5,656) [**ADJUSTMENT #1].**

T10: Revenue-Generating

T10A: For CEP additions, will the work order / project generate revenue? If so, how has the revenue been quantified?

The Project Prioritization Team (PPT) or Design Engineering technicians determine the relevant mechanism (PIR, CEP, etc.) during the design process. Projects falling within the recovery categories set forth in R.C. 4929.111 are designated as CEP when they are not eligible for the PIR program and are not expected to generate incremental income for the Company. Revenue generating projects are deemed to "stand on their own" and are not proposed for deferral and recovery via the CEP mechanism.[98]

Revenue-generating projects comprise new customer additions or additions, such as a mainline extension requested by an existing customer that is planning a building or process expansion and will generate additional revenue. An economic analysis of the project is performed that considers revenues to be generated and associated expenses to ensure that the project yields a return that is at least Gas Distribution's hurdle rate.[99]

DEO stated that it generally does not include such projects in the CEP, as the revenues from the projects provide a sufficient return and, therefore, support provided by the CEP mechanism

[96] Dominion response to 2021 Data Request BRDR-68.
[97] Dominion Energy 2021 Proxy Statement, page 43
[98] Dominion response to 2021 Data Request BRDR-12 and 2020 Data Request BRDR-14 (Work Order Accounting).
[99] Dominion response to 2021 Data Request BRDR-20.

is not considered necessary. DEO does not believe that there are any revenue-generating investments reflected in CEP plant through December 31, 2020.[100]

Blue Ridge identified three CEP work orders / projects that warranted further review and understanding on whether additional revenue was generated. The Company categorized the projects as either relocation, required due to a conflict within a public right of way with proposed third-party storm and roadway work; betterment, required due to existing customer reliability requirements and designed with consideration to allow for future new customers, in which case new revenue would be generated and would be reviewed in the audit of that period's scope; or betterment, required to remediate existing customer low-pressure issues and designed with consideration to allow for future new customers. None of these earned additional revenue as a direct result of the projects.[101] Blue Ridge found the Company's explanations were not unreasonable.

T11: Replacement projects

Systematic fixed asset retirements are processed automatically in the fixed asset system when assets reach the end of their useful life. The same entries are created and passed to SAP[102] for recording in the general ledger.

Non-systematic fixed asset retirements are identified in SAP each month by field personnel. The retirement is entered manually into the fixed asset system, which creates an entry to debit Accumulated Depreciation (FERC 108) and credit Gas Plant in Service (FERC 102). Those entries are passed back to SAP to update the general ledger.

Retirements for massed assets are done automatically in the fixed asset systems based on information provided by field personnel. The entries are passed back to SAP in the same manner as fixed and systematic retirements.[103]

Assets are flagged monthly in the system for retirement. Retirements are processed without indication of the associated recovery mechanism. Rather, the retirement is processed based on general asset information such as location code, FERC, and WBS element. A list of CEP capital projects placed in service is then matched to the list of retirements to determine which retirements are associated with CEP projects. Except for FERC accounts that are subject to systematic retirements, the matched retirements are then included in the retirement value used to calculate rate base and deferrals.[104]

[100] Dominion response to 2021 Data Request BRDR-20 and See also paragraph 12 at page 6 of the CEP Stipulation approved by the Commission in Case No. 19-468-GA-ALT.
[101] Dominion response to 2021 Data Request BRDR-66.
[102] SAP is financial software with modules that typically cover the General ledger, Fixed Assets, and other relevant financial recording and reporting areas
[103] Dominion response to 2021 Data Request BRDR-12 and 2020 Data Request BRDR-14 (Work Order Accounting).
[104] Dominion response to 2021 Data Request BRDR-56.

Table 15: Fixed Assets Automatically Retired from plant[105]

FERC	FERC Description	FA Policy	Asset Life	Depr Rate	Recovery/Deferral Treatment
303	Intangible Plant Computer Software	Retired when Software is Fully Amortized	10	10%	Where possible, match with a replacement capital addition included in CEP deferrals and include retirement dollars up to the level of CEP additions for the year in which the retirements occur
332	Production - Other Equipment - Reads "Field Lines in Depr Study"	Automatically retired based on asset life			Recognize retirements up to level of additions for that year
347	Extraction - Other Equipment	Automatically retired based on asset life			Recognize retirements up to level of additions for that year
357.03	Storage - Other Equipment	Automatically retired based on asset life	18	5.56%	Recognize retirements up to level of additions for that year
371.03	Transmission - Other Equipment	Automatically retired based on asset life	40	2.63%	Recognize retirements up to level of additions for that year
387.01	Distribution - Other Equipment	Automatically retired based on asset life	25	4.40%	Recognize retirements up to level of additions for that year
391.01	Office Furniture and Equipment - Furniture	Automatically retired based on asset life	20	5%	Recognize retirements up to level of additions for that year
391.02	Office Furniture and Equipment - Computer Hardware	Automatically retired based on asset life	5	20%	Recognize retirements up to level of additions for that year
391.03	Office Furniture and Equipment - Equipment	Automatically retired based on asset life	10	10%	Recognize retirements up to level of additions for that year
393.01	Stores Equipment	Automatically retired based on asset life	20	5%	Recognize retirements up to level of additions for that year
394.01	Tools, Shop, and Garage Equipment - Tools & Equipment	Automatically retired based on asset life	20	5%	Recognize retirements up to level of additions for that year
395.01	Laboratory Equipment	Automatically retired based on asset life	20	5%	Recognize retirements up to level of additions for that year
397.01	Communication Equipment – Radio, Comm., & Telephone	Automatically retired based on asset life	10	10%	Where possible, match with replacement capital addition of the same type of equipment at the same physical location and include retirement dollars up to the level of CEP additions for the year in
398.01	Miscellaneous Equipment	Automatically retired based on asset life	15	6.67%	Recognize retirements up to level of additions for that year

T11A: Were assets retired?

Of the 33 work orders / projects selected for testing, approximately 10 were of the type of work for which retirements would not be expected (such as main and service line addition, reclassifications, massed asset reallocations, and other adjustments and transfers). The remaining 23 work orders / projects represented replacement work, such as service line replacements, public improvement, and replacements for age and condition. Typically, when assets are retired, cost of removal will be charged. Even in instances where pipe is retired in place, the Company may perform some functions to relieve the pipe of gas and make it safe,

105 Dominion response to 2021 Data Request BRDR-56 Attachment 1

resulting in a cost of removal charge. Cost of removal represents a decrease to the accumulated reserve for depreciation (debit to a contra-asset) and increases net plant.

The following work orders / projects had no retirement nor Cost of Removal charges and the Company has overstated CEP net plant.

1. WBS: FCDEO.18.GAS.8A, Project: # - WILBETH ROOF REPLACE – 60000003
   a. Company Explanation: When asked about FERC Accounts 390.02 and 390.05 for 2019 and 2020, the Company stated that upon review certain assets should have been retired and reflected as a reduction to both plant assets and accumulated depreciation. The reduction to plant for 2019 is $3,316,147.78 and for 2020 is $1,436,626.86.
   b. Blue Ridge found that a $4,752,775 decrease to net plant as of December 31, 2020, is appropriate. Since this issue first appeared in the variance analysis, the work order detail is included in that section of this report.
2. WBS: O7300.16.GAS.3A, Project: # - ENGINEERING CHGS FOR EAST 55TH ST
   a. Company Explanation: No cost of removal or retirements were indicated for WBS O7300.16.GAS.3A. The assets of this project settle to plant account 397.01 (Communication equipment). Account 397.01 is subject to systematic retirement treatment, as described in BRDR-56.[106] Because of Dominion Energy's systematic retirement process, there is no direct connection between a retirement of an asset at the end of its useful life and a new asset placed in service at a different point in time that effectively replaces and potentially augments the functionality of the retired asset. DEO notes that two (2) MDR 4000 radios, which would have served a similar purpose to the radios purchased under WBS O7300.16.GAS.3A, were systematically retired in 2017. The radios retired in 2017 had an original cost of $633,926.74 and were placed in service in 2002.[107] With respect to the assets retired in 2017 and discussed in BRDR-84, the Company did not retire these assets before the average service life was reached. The assets were retired from the books upon reaching their average service life in accordance with Dominion Energy's systematic retirement policy. In addition, please note that, although the retirements associated with these assets were included in the CEP, the original assets were included in base rates.[108]
   b. Blue Ridge found that the Company is following its stated procedures and the systematic retirements of assets in the General Equipment account 397.01 is in accordance with FERC. Since the retirements in this account are done by vintage year of the assets, it is possible some of the replaced radios had already been retired. It is also difficult to identify specific assets. Even though the Company is following FERC and internal policies, a replaced asset should be retired before it reaches systematic retirement date if it can be specifically identified in the plant records. We recommend that the Company make an effort to identify specific assets and retire them when they are replaced before the systematic retirement date.
3. WBS: O8000.1.1, Project: P400496012
   a. Company Explanation: Cost of removal was expected for this project, but the project was assigned a service type code in SAP which resulted in no cost of removal being generated. Cost of removal should have been recorded in the amount of $5,243.37.[109]

[106] Dominion response to 2021 Data Request BRDR-60.
[107] Dominion response to 2021 Data Request BRDR-84.
[108] Dominion response to 2021 Data Request BRDR-92.
[109] Dominion response to 2021 Data Request BRDR-74.

When asked why no retirements were recorded. The Company explained that in preparing the response to this request, the Company determined that the retirements associated with these projects had not been posted to the Company's fixed asset records; therefore, they were not included in the present CEP filing. Since then, the Company has updated its records. These retirements were posted in June 2021. Retirement date should have been January 2020.[110]

b. Blue Ridge found that a $5,243.37 increase (due to COR not being recorded timely) and a $2,351.15 decrease (due to retirements not being recorded timely) to net plant as of December 31, 2020, is appropriate. Blue Ridge recommends this issue be resolved prior to any future base rate filing.

4. WBS: O8000.1.2, Project: P400874370
   a. Company Explanation: in preparing the response to this request, the Company determined that the retirements associated with these projects had not been posted to the Company's fixed asset records; therefore, they were not included in the present CEP filing. Since then, the Company has updated its records. These retirements were posted in June 2021. Retirement date should have been February 2020.[111]
   b. Blue Ridge found that a $7,540.81 decrease to net plant as of December 31, 2020, is appropriate. Blue Ridge recommends this issue be resolved prior to any future base rate filing.

5. WBS: O8500.1.2, Project: P400296750
   a. Company Explanation: in preparing the response to this request, the Company determined that the retirements associated with these projects had not been posted to the Company's fixed asset records; therefore, they were not included in the present CEP filing. Since then, the Company has updated its records. These retirements were posted in June 2021. Retirement date should have been January 2020.[112]
   b. Blue Ridge found that a $22,810.66 decrease to net plant as of December 31, 2020, is appropriate. Blue Ridge recommends this issue be resolved prior to any future base rate filing.

T11B: Was the date of retirement and cost of removal in line with the asset replacement date?

Massed Asset projects (Blanket projects) are closed every month. Blue Ridge reviewed the asset replacement and asset retirement dates for Fixed Projects (Specific projects). None of the work orders /projects required additional information and review.

T11C: Is the amount of the retired asset not unreasonable?

Retired assets are based on the original cost of the asset retired. We were satisfied that assets were retired for replacement work orders.

T11D: Was salvage recorded?

Dominion Energy Services' Investment Recovery group handles DEO's scrap materials. In order to be credited to a project as salvage, a WBS element that settles to the salvage component of accumulated depreciation must be provided to Investment Recovery with the material to be scrapped. This is true for both massed asset projects and fixed projects. If scrap

[110] Dominion response to 2021 Data Request BRDR-73.
[111] Dominion response to 2021 Data Request BRDR-73.
[112] Dominion response to 2021 Data Request BRDR-73.

materials are stockpiled at a shop location with material from other jobs, when salvage proceeds are received, they will be credited to the shop location's cost center.[113]

Blue Ridge found that the Company's explanation about salvage is not unreasonable for salvage that can be specifically identified to a project. Blue Ridge also finds that as long as stockpiled scrap ends up charged as a credit to the accumulated reserve for depreciation (FERC account 108), it does not matter if the credit goes to the shop location.

T11E: Was cost of removal (COR) charged? Is the amount not unreasonable?

Starting in 2003, prior to the last rate case, the Company moved away from direct charging COR on small dollar, high volume (massed) pipeline replacement projects. That decision eliminated the Company's ability to distinguish, on an individual project basis, costs related to new pipeline installations or COR for retired pipe. Fixed Asset Accounting developed allocation factors based on historical direct charge data in order to develop an average COR rate to be used in allocating project costs between the new pipeline asset and COR on the retired asset. In 2003, an allocation factor of 2.91% was established. That factor was used until 2014 when an internal audit was performed recommending a changed to the current rate of 1.11%.[114] The audit also recommended that the rate be reviewed every three to five years.[115] The Company reviewed the rate again in the fourth quarter of 2020. The review was completed in the first quarter of 2021, resulting in a COR factor of 1.03%. The updated factor became effective May 2021.[116]

Specific, fixed projects can receive COR directly. Common costs are allocated between installation and abandonment/retirement (COR) components of the project on the basis of internal logic (a calculated percentage based on standard cost and actual quantity). During the settlement process in SAP, the total costs for the installation and for the abandonment/retirement are passed to the respective plant asset and COR accounts.[117]

Blue Ridge believes the percentage of COR charged to the accumulated reserve for depreciation has a direct impact on net plant. Understating the percentage increases net plant, and overstating the percentage decreases net plant. The accuracy of COR also impacts deprecation studies, where the FERC 300 account rates are established based on the actual versus theoretical reserve by FERC 300 accounts, including cost of removal and salvage. Those rates are used to accrue depreciation expense.

Blue Ridge agrees that the COR rate should be reviewed in every three to five years, or sooner if a significant change in how the Company conducts business takes place.

Blue Ridge reviewed the 16 work orders / projects with charges to cost of removal. Blue Ridge found that the Company's responses to the cost of removal charges were not unreasonable.

Blue Ridge identified 5 work orders / projects that had cost of removal charged but no retirements. Blue Ridge found the Company's various explanations that follow were not unreasonable, however, adjustments need to be made.

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113 Dominion response to 2019 Data Request BRDR-126 (Salvage).
114 Dominion response to 2019 Data Request BRDR-45 (CEP Revenue Requirements COR and Retirements).
115 Dominion response to 2019 Data Request BRDR-62 (CEP Revenue Requirements COR and Retirements).
116 Dominion response to 2021 Data Request BRDR-93.
117 Dominion response to 2019 Data Request BRDR-63 (CEP Revenue Requirements COR and Retirements).

1. WBS: O8000.1.2, Project: P400296664 - DARROW-MIDDLETOWN RD
   a. Cost of Removal charged: $14,159
   b. In-Service Date: 9/3/20
   c. Company explanation: The Company determined that the retirements associated with these projects had not been posted to the Company's fixed asset records; therefore, they were not included in the CEP filing. These retirements were posted in June 2021. The retirement date was September 2020.[118]
   d. Blue Ridge recommends an $18,581.88 decrease to the CEP net plant as of December 31, 2020. The effect of this adjustment on the CEP revenues requirements is $(621) [**ADJUSTMENT #4**]

2. WBS: O8000.1.2, Project: P400872232- EAST TULLY ST RECONSTRUCTION
   a. Cost of Removal charged: $1,731
   b. In-Service Date: 4/27/20
   c. Company explanation: The Company determined that the retirements associated with these projects had not been posted to the Company's fixed asset records; therefore, they were not included in the CEP filing. These retirements were posted in June 2021. The retirement date was June 2020.[119]
   d. Blue Ridge recommends a $4,046.52 decrease to the CEP net plant as of December 31, 2020. The effect of this adjustment on the CEP revenues requirements is $(148) [**ADJUSTMENT #5**]

3. WBS: O8500.1.2, Project: P400877198 - RELOC - GRACE AVE CROSS OVER
   a. Cost of Removal charged: -$173
   b. In-Service Date: 3/31/20
   c. Company explanation: The Company determined that the retirements associated with these projects had not been posted to the Company's fixed asset records; therefore, they were not included in the CEP filing. These retirements were posted in June 2021. The retirement date was June 2020.[120]
   d. Blue Ridge recommends a $9.62 decrease to CEP net plant as of December 31, 2020. The effect of this adjustment on the CEP revenues requirements is $<1 [**ADJUSTMENT #6**]

4. WBS: P400870033.033, Project: P400870033 - WOOSTER CHURCH ROAD STATION
   a. Cost of Removal charged:
   b. Company explanation: This project is made up of three parts. One part was construction complete as of December 2020. The completed part was 100% install and did not have any retirements. The remaining parts of the project were not in service as of December 31, 2020, and accordingly not included in the CEP filing.[121]
   c. Blue Ridge found the Company's explanation to be not unreasonable.

5. WBS: O8000.1.2, Project: P400172884 - WYNN CREST DR LOOP BETTERMENT
   a. Cost of Removal charged: $6,610.09

[118] Dominion response to 2021 Data Request BRDR-67.
[119] Dominion response to 2021 Data Request BRDR-67.
[120] Dominion response to 2021 Data Request BRDR-67.
[121] Dominion response to 2021 Data Request BRDR-67.

b. Company explanation: This project was 100% installation and did not have any associated retirements or cost of removal. The project was created as a service type 3N (replacement non-billable) project with some portion of costs settling to roll-up WBS element O8000.1.2. Per the Company's settlement process, 1.11% of O8000.1.2 dollars settle to cost of removal. Therefore, $6,610.09 of cost of removal was inadvertently generated. Guidance for project creation has since been updated to have non-replacement projects created as a service type "2," which avoids COR being associated with the project.[122]

c. Blue Ridge recommends a $6,610.09 increase to CEP net plant as of December 31, 2020. The effect of this adjustment on the CEP revenues requirements is $273 [**ADJUSTMENT #7**]

T12: Field Verification

T12A: Is the project a candidate for field verification?

Blue Ridge identified 15 work orders / projects within the sample as candidates for field visits. Further discussion on field inspections and desktop audits are below in Section: Field Inspections and Desktop Reviews.

INSURANCE RECOVERY

The Company indicated that no significant events related to Utility Plant occurred from January 1, 2019, through December 31, 2020, that resulted in an insurance claim recovery greater than $50,000. In addition, there were no pending Utility Plant-in-Service insurance claim recoveries as of December 31, 2020, that are not recorded or accrued that would be charged to capital.[123]

UNITIZATION BACKLOG

Blue Ridge reviewed the unitization backlog for two reasons. First, it provides an indication of how well the Company controls the process, and second, if the backlog were both significant and old, it represents a potential retirement issue.

As new construction costs are charged to work orders, they need to be assigned to the appropriate company, project, FERC account, location code, and retirement unit asset. The accurate setup of a work order ensures that the appropriate amount of accumulated reserve for depreciation is calculated from the time the asset is placed in-service. The unitization process is used to confirm that all appropriate charges related to the work order are assigned correctly. An over or under accrual of accumulated reserve for depreciation may arise in instances where the unitization process results in changes to the assignment of work order charges.

In the Gas utility industry, it is not uncommon for work orders to remain in FERC 106 for several months, waiting for the completion of the project. Frequently projects cannot be 100% completed because of weather conditions that may obstruct the Company's ability to complete paving and seeding and other functions. In accordance with FERC accounting, a project can be substantially complete, used and useful, and waiting for completion of work that does not hinder the functionality of the asset(s).

[122] Dominion response to 2021 Data Request BRDR-67.
[123] Dominion response to 2021 Data Request BRDR-32.

Table 16: CEP 2020 Work Order Backlog as of December 31, 2020[124]

	2018		2020			
	Amount	Work Orders Backlogged	Amount	Work Orders Backlogged	% Change 2018 to 2020 of Amount Backlogged	% Change 2018 to 2020 of Work Orders Backlogged
0-3 Months	$ 93,194,055	635	$85,945,228	396	-8%	-38%
4-6 months	$ 1,158,846	332	$22,692,206	518	1858%	56%
7-9 months	$ 1,684	1	$9,750,619	611	578781%	61000%
10-12 months	$ 0	0	$26,435,916	681	26435915900%	680900%
Over 12 months	$ 10,557	1	$106,152,633	4,166	1005406%	416500%
	$ 94,365,143	**969**	**$250,976,602**	**6,372**	**166%**	**558%**

The backlog of work orders over 12 months not unitized has increased considerably since the end of 2018. This state of backlog is troublesome since this grouping represents 42% of the total unitized work orders. We acknowledge that frequently work orders remain open for months waiting on back charges or additional work to complete a project. But in our opinion, it is not common for the work of the majority of projects to remain uncompleted for more than a three- to four-month period. The backlog can create a litany of problems, including charges to incorrect FERC accounts and trying to unitize replacement projects where the original assets were not unitized. In addition, this backlog could impact depreciation studies that rely on the proper recording of FERC 300 accounts, which translates to the proper accrual for depreciation and an accurate accumulated reserve. Blue Ridge recommends that the Company make a concerted effort to significantly reduce the backlog of work orders not unitized.

Field Inspections and Desktop Reviews

For the field inspections and detailed desktop reviews, Blue Ridge selected a total of 15 locations: detailed desktop audits were performed for all those locations.

The following criteria were used for the field inspection and/or desktop review:

- The assets were operational (used and useful) and providing service to the customer.
- The purpose of the project was reasonable.
- The assets that were installed were in accordance with the original scope of work, and no assets were installed that were not in the original scope of work.
- The equipment that was installed matched the equipment that was capitalized.
- Company personnel understood the scope of work and were able to provide staff with detailed answers to questions about the work.
- Problems identified during the process of construction were identified and discussed.
- The project was not over built or "gold plated."

Work orders / projects were excluded from selection for the following reasons:

1. The work cannot be visually seen because it is underground or out of sight.
2. The workorder is an adjustment or transfer of dollars and therefore no physical assets have been installed
3. The workorder is a blanket and therefore multiple assets have been installed at various locations and therefore, it would not be practical to try and find them. In addition, those assets

[124] Dominion response to 2021 Data Request BRDR-30, (a) Massed asset projects have been included in this category since they are generally unitized on a one-month lag.

are generally minor in terms of dollar value. An example is meters installed at multiple locations.

4. The workorder is for installed software and it would be difficult to review an entire software program to see what was added. An example is PowerPlan.
5. The workorder is for a mass unitization where the total dollars are large but each workorder is small

The field observations were performed by Blue Ridge and Commission Staff with assistance from Company representatives. The field verifications (desktop audits) were performed on June 21, 2021. Information for each work order / project was provided to the observation team and a standard questionnaire was completed for each location. Where possible, pictures were taken of the installed assets. For the detailed desktop reviews, pictures of the selected project documents, before and after gas pressure simulation models, detailed asset attribute tables, and before and after drawings were available. The completed questionnaires and applicable pictures are included as workpapers with this report.

Blue Ridge concludes the following items:

- The assets audited were operational (used and useful) and providing service to the customer.
- The purposes of the audited projects were reasonable.
- The assets that were installed were in accordance with the original scope of work.
- Company personnel understood the scope of work and were able to provide Staff and Blue Ridge with detailed answers and supporting documentation to questions about the work.
- The projects audited were determined not to be over built or "gold plated."
- The Company provided adequate documentation to support projects that were reviewed as Desk-top audits.

The following list provides information for the field-inspected, desktop-reviewed, and combination (desktop-reviewed and field-audited) projects:

<table>
<tr><th>FINAL SETTLEMENT WBS</th><th>PROJECT ID</th><th>PROJECT DESCRIPTION</th><th>Final Project Cost</th><th>In-Service Date</th></tr>
<tr><td rowspan="3">O7300.16.GAS.3A</td><td>EOG2638</td><td>ENGINEERING CHGS FOR EAST 55TH ST</td><td>$879,056.64</td><td>10/23/20</td></tr>
<tr><td colspan="4">Scope of Work: Upgrade Microwave backbone system. Process started in 2016/17 and was completed in 2020</td></tr>
<tr><td colspan="4">Blue Ridge Comments: Blue Ridge reviewed one-line before and after drawings and photos including gas flow diagrams showing pressurized gas lines. Blue Ridge found that the work was prudent, used and useful, not overbuilt and major installed assets were the same as in the original scope of work.</td></tr>
<tr><td rowspan="3">O8000.1.2</td><td>P400296664</td><td>DARROW-MIDDLETOWN RD-P400296664-PA</td><td>$535,095.79</td><td>9/3/20</td></tr>
<tr><td colspan="4">Scope of Work: Distribution main relocation due to Ohio DOT work</td></tr>
<tr><td colspan="4">Blue Ridge Comments: Blue Ridge reviewed one-line before and after drawings and photos including gas flow diagrams showing pressurized gas lines. Blue Ridge found that the work was prudent, used and useful, not overbuilt and major installed assets were the same as in the original scope of work.</td></tr>
<tr><td>O8000.1.2</td><td>P400872232</td><td>EAST TULLY ST RECONSTRUCTION-</td><td>$242,784.36</td><td>4/27/20</td></tr>
</table>

		P400872232		
	Scope of Work: Relocation of distribution main due to road reconstruction program			
	Blue Ridge Comments: Blue Ridge reviewed one-line before and after drawings and photos including gas flow diagrams showing pressurized gas lines. Blue Ridge found that the work was prudent, used and useful, not overbuilt and major installed assets were the same as in the original scope of work.			
P400292823.132	P400292823	CHIPPEWA COMPRESSOR UNITS 9 AND 10	$9,461.06	11/4/19
	Scope of Work: Part of multi-year upgrade (through several Project ID's) to upgrade the Chippewa station			
	Blue Ridge Comments: Blue Ridge reviewed one-line before and after drawings and photos including gas flow diagrams showing pressurized gas lines. Blue Ridge found that the work was prudent, used and useful, not overbuilt and major installed assets were the same as in the original scope of work.			
P400349560.093	P400349560	FRANKLIN MEASUREMENT RUNS - P400349560	$3,333,804.15	11/12/20
	Scope of Work: Upgrade obsolete controls with new pneumatics and update sensing points			
	Blue Ridge Comments: Blue Ridge reviewed one-line before and after drawings and photos including gas flow diagrams showing pressurized gas lines. Blue Ridge found that the work was prudent, used and useful, not overbuilt and major installed assets were the same as in the original scope of work.			
P400783491.023	P400783491	BRUSH STA PIG L-R MODS - P400783491	$208,516.44	10/2/20
	Scope of Work: Updated existing testing point for transmission line (Piggs) to allow for use of newer style of test devices also repair pipe that testing indicated needing repairs			
	Blue Ridge Comments: Blue Ridge reviewed one-line before and after drawings and photos including gas flow diagrams showing pressurized gas lines. Blue Ridge found that the work was prudent, used and useful, not overbuilt and major installed assets were the same as in the original scope of work.			
P400870033.033	P400870033	WOOSTER CHURCH ROAD STATION - P400870033	$1,979,706.96	12/23/20
	Scope of Work: Install new station to resolve transmission and area low pressure issues identified during gas flow modeling.			
	Blue Ridge Comments: Blue Ridge reviewed one-line before and after drawings and photos including gas flow diagrams showing pressurized gas lines. Blue Ridge found that the work was prudent, used and useful, not overbuilt and major installed assets were the same as in the original scope of work.			
FCDEO.18.GAS.8A		WILBETH ROOF REPLACE - 60000003	$1,123,374.08	9/30/19
	Scope of Work: Replacement of end of life leaking gravel based roof (29,500 square feet installed in 1999 – 20 years) with insulated three ply membrane roof, also coordinate with building renovations that occurred under a separate project			
	Blue Ridge Comments: Blue Ridge reviewed one-line before and after drawings			

	and photos including gas flow diagrams showing pressurized gas lines. Blue Ridge found that the work was prudent, used and useful, not overbuilt and major installed assets were the same as in the original scope of work.			
O8000.1.2	P400172884	WYNN CREST DR LOOP BETTERMENT	$614,424.21	11/8/19
	Scope of Work: Upgrade to larger diameter mains to address emerging low pressure issues based on gas flow models			
	Blue Ridge Comments: Blue Ridge reviewed one-line before and after drawings and photos including gas flow diagrams showing pressurized gas lines. Blue Ridge found that the work was prudent, used and useful, not overbuilt and major installed assets were the same as in the original scope of work.			
O8000.1.2	P400472376	CUY-TOWPATH-ST 3-P400472376-RELOCATIONS	$276,068.63	5/1/19
	Scope of Work: Relocate mains due to roadway re-construction			
	Blue Ridge Comments: Blue Ridge reviewed one-line before and after drawings and photos including gas flow diagrams showing pressurized gas lines. Blue Ridge found that the work was prudent, used and useful, not overbuilt and major installed assets were the same as in the original scope of work.			
P400169642.012	P400169642	STRAUSSER STATION HEATER REPL	$839,399.36	11/7/19
	Scope of Work: Replace obsolete heater with new for a station deemed critical for system gas injection stabilization			
	Blue Ridge Comments: Blue Ridge reviewed one-line before and after drawings and photos including gas flow diagrams showing pressurized gas lines. Blue Ridge found that the work was prudent, used and useful, not overbuilt and major installed assets were the same as in the original scope of work.			
P400292823.082	P400292823	CHIPPEWA 9 AND 10 - SUCTION LINES	$1,149,158.92	11/4/19
	Scope of Work: Part of multi-year upgrade (through several Project ID's) to upgrade the Chippewa station			
	Blue Ridge Comments: Blue Ridge reviewed one-line before and after drawings and photos including gas flow diagrams showing pressurized gas lines. Blue Ridge found that the work was prudent, used and useful, not overbuilt and major installed assets were the same as in the original scope of work.			
P400292823.104	P400292823	CHIPPEWA COMPRESSOR UNITS 9 AND 10	$5,719,853.63	11/4/19
	Scope of Work: Part of multi-year upgrade (through several Project ID's) to upgrade the Chippewa station			
	Blue Ridge Comments: Blue Ridge reviewed one-line before and after drawings and photos including gas flow diagrams showing pressurized gas lines. Blue Ridge found that the work was prudent, used and useful, not overbuilt and major installed assets were the same as in the original scope of work.			
P400292823.120	P400292823	CHIPPEWA COMPRESSOR UNITS 9 AND 10	$3,540,898.26	11/4/19
	Scope of Work: Part of multi-year upgrade (through several Project ID's) to upgrade the Chippewa station			
	Blue Ridge Comments: Blue Ridge reviewed one-line before and after drawings			

	and photos including gas flow diagrams showing pressurized gas lines. Blue Ridge found that the work was prudent, used and useful, not overbuilt and major installed assets were the same as in the original scope of work.			
P400292823.144	P400292823	CHIPPEWA COMPRESSOR UNITS 9 AND 10	$1,415,791.70	11/4/19
	Scope of Work: Part of multi-year upgrade (through several Project ID's) to upgrade the Chippewa station			
	Blue Ridge Comments: Blue Ridge reviewed one-line before and after drawings and photos including gas flow diagrams showing pressurized gas lines. Blue Ridge found that the work was prudent, used and useful, not overbuilt and major installed assets were the same as in the original scope of work.			

VALIDATION AND VERIFICATION OF SCHEDULES

This section of the report summarizes the findings and recommendations from verifying and validating the CEP Revenue Requirement and Rate Design schedules that support the Company's requested adjustments to charges for its CEP Rider. The schedules were filed with the Company's Application on April 1, 2021, as Attachment A.

The Company is seeking to begin recovering plant additions and related deferrals placed into service after the Initial CEP Application. Accordingly, the revenue requirement reflects the opening balance as of December 31, 2018, plus incremental activity from January 1, 2019, through December 31, 2020.

The Company's request is supported by 12 schedules. Mathematical checks were performed on each schedule and on the schedules' roll-forward balances to the revenue requirement calculation. In addition, Blue Ridge traced the values used in the schedules to source documentation and reviewed the reasonableness of the results calculated by the Company. Each major component of the proposed CEP revenue requirement and Rate Design is discussed below, along with Blue Ridge's comments.

Schedule 1: Rate Design

Schedule 1 allocates the Total Revenue Requirement from Schedule 2 to the applicable rate classes. The revenue requirement by rate class is computed using Total Plant in Service Allocators, which were established in the Company's last base rate case, Case No. 07-0829-GA-AIR, and later updated for separation between residential and nonresidential rate schedules in Case No. 09-654-GA-UNC.[125] Blue Ridge found the allocation factors and calculations to be consistent with the Initial CEP Application approved in Case No. 19-0468-GA-ALT and not unreasonable.

Schedule 1 also determines the rate for each tariff. The projected rate per bill or Mcf is equal to the allocated revenue requirement divided by the appropriate billing determinant for each respective rate class. Inputs for the number of bills or volume are supported by Schedule 12. Blue Ridge verified the calculation by rate class and found no exceptions.

Schedule 1a: Rate Comparison to Rate Cap

Schedule 1a compares the Annual Revenue Requirement Prior to Revenue Reconciliation from Schedule 2, allocated to residential customers (GSS/ECTS), to the December 31, 2020, rate cap. Case No. 19-468-GA-ALT approved a rate cap of $5.51 for the GSS-R and ECTS-R classes for CEP

[125] CEP Application (April 1, 2021) at Attachment A, Schedule 1, Note 1.

investments through December 31, 2020.[126] The Company's proposed rate prior to the revenue reconciliation is $5.36, which is below the authorized cap.

Schedule 2: Revenue Requirements

The Company is seeking to adjust CEP charges to recover incremental plant additions and related deferrals recorded after December 31, 2018. The Company's computation on Schedule 2 represents the need to increase the current revenue requirement established in Case No. 19-0468-GA-ALT from $82,679,047 to $118,763,447 for cumulative activity through December 31, 2020. The table below summarizes the Company's request.

Table 17: CEP Revenue Requirements Calculated by Company

	Opening Balance December 31, 2018	2019/2020 Activity	As Filed December 31, 2020
Rate Base			
Plant in Service	$ 612,895,042	$ 192,993,406	$ 805,888,448
Less: Accumulated Provision for Depreciation	(36,219,656)	3,720,233	(32,499,423)
Net Capital Additions	$ 649,114,698	$ 189,273,173	$ 838,387,871
Depreciation Offset	(310,120,037)	(79,585,168)	(389,705,205)
Net Capital Additions Less Depreciation Offset	$ 338,994,661	$ 109,688,005	$ 448,682,666
Regulatory Deferrals	204,094,728	142,366,537	346,461,266
Accumulated Deferred Income Tax (ADIT)	(84,663,991)	(23,052,991)	(107,716,982)
Rate Base	$ 458,425,398	$ 229,001,552	$ 687,426,950
Pre-Tax Rate of Return	9.91%	0.00%	9.91%
Annualized Return on Rate Base	$ 45,429,957	$ 22,694,054	$ 68,124,011
Operating Expenses			
Annualized Depreciation Expense	$ 22,017,567	$ 4,341,751	$ 26,359,317
Annualized Property Tax Expense	8,475,988	2,926,528	11,402,516
Amortization of Deferred PISCC	3,658,658	1,459,060	5,117,718
Amortization of Deferred Depreciation Expense	2,378,079	837,227	3,215,306
Amortization of Deferred Property Tax Expense	718,799	371,924	1,090,723
Total Operating Expenses	$ 37,249,090	$ 9,936,490	$ 47,185,579
Annual Revenue Requirement Prior to Reconciliation	$ 82,679,047	$ 32,630,543	$ 115,309,590
(Over) / Under Recovered Balance	-	3,453,857	3,453,857
Total Revenue Requirement	$ 82,679,047	$ 36,084,400	$ 118,763,447

Most of the components included in the revenue requirements calculation were developed and rolled forward from other schedules. Blue Ridge's review of these other schedules and their supporting source data is discussed later.

The ADIT balances on PISCC and Property Tax Deferrals are calculated on the summary schedule using the federal tax rate of 21%. The derivation is consistent with the stipulation approved by the Commission in Case No. 19-0468-GA-ALT and not unreasonable. Blue Ridge found that the mathematical calculations used to compute the CEP revenue requirements were not unreasonable. Nonetheless, any adjustments to the components reflected in the calculation could affect the CEP

[126] Case No. 19-468-GA-ALT, Opinion and Order (December 31, 2020), page 21.

revenue requirements that would be recovered through the CEP Rider. Recommended adjustments are summarized in Section 13 Adjustments and Other Recommendations.

Schedule 3: Annual Capital Investments and Deferral Summary

Schedule 3 shows the CEP Annual Capital Investment and Deferral Summary. The Company's presentation of the cumulative annual investment and deferral balance through December 31, 2020, includes the opening balance as of December 31, 2018, plus incremental annual activity for years 2019 and 2020. The schedule provides annual balances for capital additions, cost of removal, retirements, accumulated provisions for depreciation to derive Total Capital Additions, Net. The deferral section of the schedule provides annual PISCC, depreciation expense, and property tax expense to derive Deferred Costs, Net.

Blue Ridge found that the mathematical computation of the cumulative balances as of December 31, 2020, to be not unreasonable. With respect to the source data, the opening balance, tied to the previous ending balance approved in Case No. 19-0468-GA-ALT, and the incremental activity matched the totals reported in the Annual Information Filings for 2019 and 2020. However, recommendations discussed in other sections of this report could affect the Company's filed balances.

Schedule 4: Rate of Return on Rate Base

Schedule 4 provides the Company's calculation of the rate of return that is applied to rate base. Blue Ridge found that the Company appropriately began with the 8.49% after-tax rate of return approved in its last rate case.[127] The after-tax rate of return was grossed up to reflect the current 21% federal income tax rate effective with the Tax Cuts and Jobs Act of 2017. Blue Ridge found the resultant 9.91% pre-tax rate of return to be consistent with the Initial CEP Application approved in Case No. 19-0468-GA-ALT and not unreasonable.

Schedule 5: Calculation of Depreciation Offset

Schedule 5 presents the Company's calculation of the depreciation offset in CEP rate base. The Company explained the purpose of the depreciation offset: "For accounting purposes, as depreciation expense is recovered, the accumulated depreciation reserve increases, therefore reducing rate base. The depreciation offset was created to represent the portion of depreciation expense that has been collected from customers through base rates, but not yet recognized as an offset to rate base. The offset effectively provides a credit to customers by reducing CEP rate base."[128]

Blue Ridge reviewed the Company's mathematical calculation and found it to be consistent with the method approved in Case No. 19-0468-GA-ALT and not unreasonable. However, recommendations discussed in other sections of this report could affect the Company's computed result.

Schedule 6: Total Company Retirements Net of PIR Retirements for Depreciation Offset Calculation

Schedule 6 presents support for net retirements used in calculating the depreciation offset on Schedule 5. Blue Ridge found that the inputs tied to the Company's Annual PUC Reports[129] and PIR

[127] Case No. 07-829-GA-AIR Order & Opinion (October 15, 2008), page 32.
[128] Case No. 21-619-GA-RDR Direct Testimony of Celia Hashlamoun, 8:20–24.
[129] Dominion response to 2021 Data Request BRDR-14, Attachments 1 and 2.

Applications[130] without exception. However, recommendations discussed in other sections of this report could affect the Company's computed result.

Schedule 7: Accumulated Deferred Income Tax (ADIT) on Liberalized Depreciation

Schedule 7 calculates the ADIT offset in rate base attributable to book-tax differences involving CEP plant. Tax law provisions generally enable companies to accelerate the expensing of capital investments in deriving taxable income relative to when book depreciation is recognized on the financial statement under accrual accounting principles. The timing difference results in the recordation of deferred tax liabilities as lower cash taxes are paid in the earlier years of asset lives. For this reason, the accumulated deferred tax balance, or ADIT, is often referred to as an interest-free loan from the government. Most regulatory jurisdictions treat ADIT as a rate base reduction to the extent the revenue requirement permits the recovery of total income taxes, whether current or deferred.

The Company's computation applies the federal statutory tax rate of 21 percent to the difference between the net book value and net tax value of CEP plant. Blue Ridge found the reported book-tax value differences tied to source reports generated by Company's PowerTax system[131] and the mathematical computation to be not unreasonable. However, recommendations discussed in other sections of this report could affect the Company's computed result.

Schedule 8: Annualized Depreciation and Property Tax Expense

Schedule 8 provides the calculations of the annual depreciation and property tax expense.

Annualized Depreciation

The Commission-approved calculation for CEP depreciation expense is "accumulated gross plant less cumulative COR and retirements, times the associated depreciation rate."[132] Annualized Depreciation is calculated for each asset by plant FERC account based on the updated depreciation rates approved by the Commission in Case No. 19-1639-GA-AAM. In accordance with the Commission's Finding and Order dated December 4, 2019, the updated rates were effective January 1, 2019. Blue Ridge confirmed that the depreciation accrual rates approved in Case No. 19-1639-GA-AAM matched the rates in the instant CEP Application without exception.

Blue Ridge found that the mathematical calculations used to calculate annualized depreciation expense to be not unreasonable. However, recommendations discussed in other sections of this report could affect the Company's computed result.

Annualized Property Taxes

The Company calculated annualized property tax by applying an estimated 2021 effective rate to the Cumulative Plant less COR and Retirements balance as of December 31, 2020. The use of an estimated tax rate is consistent with the method established in Case No. 19-0468-GA-ALT. However, per the Opinion and Order in Case No. 19-468-GA-ALT, the Commission agreed with Blue Ridge's and Staff's recommendation that, in subsequent annual filings, the property taxes based on estimated rates should be trued up using the actual rate.[133]

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[130] Dominion response to 2021 Data Request BRDR-17, Attachments 3 and 4.
[131] Dominion response to 2021 Data Requests BRDR-48, -49, and -50 (CEP ADIT).
[132] Dominion response to 2019 Data Request BRDR-14 (CEP Accounting) and Case No. 11-06024-GA-UNC (December 12, 2012), page 6.
[133] Case No. 19-468-GA-ALT, Opinion and Order (December 30, 2020) ¶33, ¶ 35(4), and ¶39(1).

Blue Ridge found that the Company did not true-up the estimated 2019 effective rate applied in its Initial CEP Application. The actual 2019 rate was 1.3600%, compared to the estimated rate which was 1.3846%, The rate differential applied to the property tax base as of December 31, 2018, results in a true-up of $(150,772) [**ADJUSTMENT #8**]. Blue Ridge recommends reducing the result of the Company's annualized property tax calculation accordingly. Aside from the issue of the true-up, recommendations discussed in other sections of this report could affect the Company's computed result as well.

Schedule 9: Annualized Amortization of Deferrals

Schedule 9 reflects the Company's proposed recovery of the Deferred Balances for PISCC, Depreciation Expense, and Property Tax Expense. The Company has proposed to amortize the balances using a composite life amortization rate of 2.72% that was developed on Schedule 10 and discussed later. Blue Ridge found that the mathematical calculations used to amortize the Deferred balances not unreasonable. However, recommendations discussed in other sections of this report, including the calculation of the composite life amortization rate, could affect the Company's computed result.

Amortization of Deferred PISCC

The Company seeks to recover Deferred PISCC of $188,151,379. The cumulative balance through December 31, 2020, is consistent with the approved opening balance and subsequent activity reported in the 2019 and 2020 Annual Informational Reports. However, recommendations discussed in other sections of this report could affect the Company's computed result.

Amortization of Deferred Depreciation Expense

The Company seeks to recover Deferred Depreciation Expense of $118,209,774. The cumulative balance through December 31, 2020, is consistent with the approved opening balance and subsequent activity reported in the 2019 and 2020 Annual Informational Reports. However, recommendations discussed in other sections of this report could affect the Company's computed result.

Amortization of Deferred Property Tax Expense

The Company seeks to recover Deferred Property Taxes of $40,100,113. The cumulative balance through December 31, 2020, is consistent with the approved opening balance and subsequent activity reported in the 2019 and 2020 Annual Informational Reports. However, recommendations discussed in other sections of this report could affect the Company's computed result.

Schedule 10: Calculation of Composite Asset Life Amortization Rate

Schedule 10 provides the calculation that the Company used to derive the composite asset life amortization rate of 2.72% that was used to amortize the deferred balances for PISCC, Depreciation Expense, and Property Tax Expense. Blue Ridge found the asset life inputs by FERC account matched the updated Depreciation Study approved in Case No. 19-1639-GA-AAM[134] with two exceptions.

First, Account 375.03 Other Structures reflected separate lives for (a) Cleveland #2 Works - Office and Shop of 90 years and (b) Small Structures of 45 years. The Company, therefore, used 67.5 years based on a simple average to compute its asset life amortization rate. Blue Ridge found 88.55 years based on a dollar weighted average to be more reasonable.

[134] Dominion response to 2021 Data Request BRDR-26 Depreciation, Attachment 2.

Second, Account 390.02 Structures & Improvements-Main Office used a 30-year life, where the Depreciation Study specifies "lifespan." The prior study reported 20 years.

Blue Ridge found the use of a 30-year life for Account 390.02 not unreasonable but recommends adjusting the asset life input for Account 375.03 to reflect a dollar-weighted average of 88.55 years. The impact on the Composite Asset Life Amortization Rate is a reduction of 0.01%, decreasing amortization expense by $34,646 [**ADJUSTMENT #9**].

Schedule 11: Revenue Reconciliation Adjustment

Schedule 11 provides a reconciliation of costs recoverable and costs actually recovered; the resultant (Over)/Under Recovered Balance is carried forward to Schedule 2 and included in the Total Revenue Requirement.

Blue Ridge found that the Company included a revenue reconciliation as agreed to in the approved Stipulation in Case No. 19-0468-GA-ALT.[135] However, the methodology should be refined in future CEP filings. As shown on Schedule 11, the Company is computing the over/under recovered balance using one month of actual data (January 2021), and eight months of estimate based on 1/12th of the approved CEP Revenue Requirement from Case No. 19-468-GA-ALT (February 2021 through September 2021). Blue Ridge recommends using volumetric and/or customer counts to refine the estimated revenue. Blue Ridge also recommends that the revenue estimate should be trued-up to reflect actual revenue and any variance between the estimated and actual revenue should be reflected in future CEP filings.

Schedule 12: Actual Bills Issued and DTS Volume

Schedule 12 provides the actual bills issued and DTS Volumes for the 12 months ended December 31, 2020, and the maximum storage capacity volumes for the 2020/2021 season that support the Rate Design on Schedule 1. Blue Ridge verified the source data inputs and found not exceptions.[136]

Conclusion on Validation and Verification of CEP Revenue Requirement Schedules

Blue Ridge performed various validations and verification checks on the schedules reflected in the calculation of the CEP revenue requirement. Blue Ridge found that the capital additions, cost of removal, and retirements reflected in rate base reconciled to the opening balances as of December 31, 2018, plus the incremental activity reported in the 2019 and 2020 Annual Informational Reports. In addition, the deferrals associated with PISCC and depreciation expense also tied.

Blue Ridge' review of the CEP revenue requirement schedules resulted in recommendations for an adjustment for annualized property taxes (Schedule 8) and a change in the calculation of the composite asset life amortization rate (Schedule 10) as previously discussed in detail above. Blue Ridge also recommends that the Revenue Reconciliation adjustment be refined to use volumetric and/or customer counts to estimate revenue. Blue Ridge also recommends that the revenue estimate should be trued-up to reflect actual revenue and any variance between the estimated and actual revenue should be reflected in future CEP filings (Schedule 11).

Blue Ridge's investigation included data requests, interview notes, field inspections, and analyses, including variance analysis and detailed transactional testing. Blue Ridge's investigation identified adjustments that should be applied to the plant-in-service, depreciation-reserve, and

[135] Dominion response to 2021 Data Request BRDR-53 Revenue Recon Adjust (Schedule 11).
[136] Dominion response to 2021 Data Request BRDR-54 Number of Bills (Schedule 12).

annualized depreciation expense, annualized property taxes, and the amortization of the deferrals. Blue Ridge's recommended adjustments are summarized in the following table.

Table 18: Recommended Adjustments to CEP Revenue Requirements

Adj #		Rate Base	Operating Expenses	Revenue Requirement
	Company Filed	**$ 687,426,950**	**$ 47,185,579**	**$ 118,763,447**
1	Restricted Stock	(38,892)	(1,801)	(5,656)
2	Delayed Retirements - 2019, 2020	(286,832)	(272,390)	(300,815)
3	Over Accrued AFUDC, WBS: FCDEO.18.GAS.8A - WILBETH ROOF REPLACE - 60000003	(662)	(28)	(94)
4	COR/No Retirement, Project: P400296664 - DARROW-MIDDLETOWN RD	(260)	(596)	(621)
5	COR/No Retirement, Project: P400872232- EAST TULLY ST RECONSTRUCTION	(149)	(133)	(148)
6	COR/No Retirement, Project: P400877198 - RELOC - GRACE AVE CROSS OVER	(0)	(0)	(0)
7	Overstated COR, Project: P400172884 - WYNN CREST DR LOOP BETTERMENT	464	227	273
8	Annualized Property Tax - Effective Rate True-Up	-	(150,772)	(150,772)
9	Calculation of Composite Asset Life Amortization Rate	-	-	-
	Subtotal Adjustments	(326,332)	(425,495)	(457,833)
	Blue Ridge Recommended	**$ 687,100,619**	**$ 46,760,085**	**$ 118,305,614**

The following table shows the flow of Blue Ridge's recommended adjustments through the CEP Revenue Requirement.

Table 19: Recommended Adjustments to CEP Revenue Requirements

	As Filed December 31, 2020	Adjustments	As Adjusted December 31, 2020
Rate Base			
Plant in Service	$ 805,888,448	$ (4,804,744)	$ 801,083,704
Less: Accumulated Provision for Depreciation	(32,499,423)	(4,926,724)	(37,426,147)
Net Capital Additions	$ 838,387,871	$ 121,980	$ 838,509,851
Depreciation Offset	(389,705,205)	-	(389,705,205)
Net Capital Additions Less Depreciation Offset	$ 448,682,666	$ 121,980	$ 448,804,646
Regulatory Deferrals	346,461,266	(483,525)	345,977,741
Accumulated Deferred Income Tax (ADIT)	(107,716,982)	35,213	(107,681,768)
Rate Base	$ 687,426,950	$ (326,332)	$ 687,100,619
Pre-Tax Rate of Return	9.91%	0.00%	9.91%
Annualized Return on Rate Base	$ 68,124,011	$ (32,339)	$ 68,091,671
Operating Expenses			
Annualized Depreciation Expense	$ 26,359,317	$ (158,990)	$ 26,200,328
Annualized Property Tax Expense	11,402,516	(218,755)	11,183,761
Amortization of Deferred PISCC	5,117,718	(26,395)	5,091,323
Amortization of Deferred Depreciation Expense	3,215,306	(16,101)	3,199,205
Amortization of Deferred Property Tax Expense	1,090,723	(5,254)	1,085,469
Total Operating Expenses	$ 47,185,579	$ (425,494)	$ 46,760,085
Annual Revenue Requirement Prior to Reconciliation	$ 115,309,590	$ (457,833)	$ 114,851,757
(Over) / Under Recovered Balance	3,453,857	-	3,453,857
Total Revenue Requirement	**$ 118,763,447**	**$ (457,833)**	**$ 118,305,614**

APPENDICES

Appendix A: Background Information

Appendix B: Data Requests

Appendix C: Work Papers

APPENDIX A: BACKGROUND INFORMATION REVIEWED

Blue Ridge reviewed the applicable testimony, workpapers, and Commission orders for the following CEP related cases.

- Case No. 07-829-GA-AIR et. al. – Last Base Rate Case
- Case No. 11-6024-GA-UNC
- Case No. 12-3279-GA-UNC
- Case No. 13-2410-GA-UNC et. al.
- Case No. 19-0468-GA-ALT
- Case No. 21-0619-GA-RDR

The following excerpts from the Commission Opinion and Order and the Combined Stipulation specifically related to the last Rate Case, PIS, and CEP relevant to this audit are provided below.

Case No. 07-829-GA-AIR et al

On August 30, 2007, DEO filed an application for approval of an increase in gas distribution rates, for approval of an alternative rate plan for its gas distribution service, and for approval of an application to modify certain accounting methods. On August 22, 2008, the parties entered into a settlement with the only issue not resolved was the rate design.

On May 23, 3008, Staff filed its report. Staff recommended the following net plant in-service balances. The recommendation reflects several adjustments.

	Company	Staff Adjustments	Staff Adjusted Balance	Staff Schedule
Plant in Service	$1,933,453,697	$(17,319,717)	$1,916,133,980	B-2.1
Depreciation Reserve	(795,525,692)	53,822,053	(849,347,745)	B-3
Net Plant in Service	$1,087,131,795	$(20,345,560)	$ 1,066,786,235	

Staff's recommendation included several adjustments as summarized below.

	Plant in-Service	Reserve
Elimination of Plant No Longer in Service	$ (6,561,282)	$ (6,129,909)
Elimination of Plant Retirement Obligation	(10,707,160)	59,985,396
Leasehold Improvements No Longer in Service	(163,635)	(163,635)
Contribution in Aid of Construction	(28,517)	(1,306)
Unspecified Leased Plant	140,877	131,507
	$ (17,319,717)	$ 53,822,053

The Stipulation and Recommendation filed on August 22, 2008, stated that unless otherwise specifically provided in the Stipulation and Recommendation, all rates, terms, conditions, and other items shall be treated in accordance with the Staff Report.

On October 15, 2008, the Commission approved the joint stipulation with modifications. The Commission found that the value of all of the company's property used and useful for the rendition of service to its customers affected by this application, determined in accordance with Section 4909.15, Revised Code, is not less than $1,404,744,493. The Commission also approved a rate of return of 8.29%.[137]

[137] Case No. 07-829-GA-AIR Opinion and Order, dated October 15, 2008, pages 30–31,

Case No. 11-6024-GA-UNC

On December 23, 2011, DEO filed an application for authority to implement a capital expenditure program (CEP) for the period of October 1, 2011, through December 31, 2012. DEO sought accounting authority to capitalize post-in-service carrying costs (PISCC) on program investments for assets placed in service but not yet reflected in rates; defer depreciation expense and property tax expense directly associated with the assets placed in service; and establish a regulatory asset to which PISCC, depreciation expense, and property tax expense will be deferred for recovery.

Staff Sur-Reply Comments dated September 20, 2012

F. The Commission should establish the specific formulas that should be used to calculate DEO's total monthly CAPEX deferrals.

As the preceding discussion above demonstrates, there is now a substantial amount of agreement between DEO and the Staff on DEO's proposal for creation of a CAPEX Program and calculation of associated deferrals. Similarly, the formulas for calculating DEO's CAPEX deferrals that the Staff and DEO are recommending are consistent with similar formulas that the Commission adopted for Columbia in the Columbia CEP Order. As a result, the Staff recommends that the Commission adopt the following specific formulas for calculating DEO's monthly CAPEX deferrals:

Total Monthly Deferral	=	(PISCC) + (Depreciation Expense) + (Property Tax Expense) - (Incremental Revenues)

Where:

PISCC	=	[Previous Month's Cumulative Gross Plant Additions) - (Previous Month's Cumulative Cost of Removal) - (Previous Month's Cumulative Retirements) - (Previous Month's Accumulated Depreciation)] x [(Long Term Debt Rate) / (12 Months)]

Depreciation Expense	=	[(Current Month's Cumulative Gross Plant Additions) - (Current Month's Cumulative Cost of Removal) - (Current Month's Cumulative Retirements)] x [(Depreciation Rate) / (12 Months)]

Property Tax Expense	=	[(Prior Year-end Cumulative Gross Plant Additions) - (Prior Year's Cumulative Cost of Removal) - (Prior Year-End Cumulative Retirements)] x [(Effective Property Tax Rate) / (12 Months)]

Incremental Revenue	=	[(Current Month's Customers - Baseline Customers) x (Cost Portion of Rate)] + [(Consumption by non-SFV customers directly attributable to program investment) x (Cost Portion of Rate)] + (Other revenues directly attributable to program investment)

Finding and Order dated December 12, 2012

(34) Upon review of DEO's application and the comments filed by the parties, the Commission finds that the application should be approved, with the following modifications and clarifications:

(a) DEO should calculate the total monthly deferral, PISCC, depreciation expense, property tax expense, and incremental revenue by using the specific formulas set forth in Staff's surreply comments.

(b) DEO should offset the monthly regulatory asset amount charged to the CEP by those revenues generated from the assets included in the CEP for SFV customers, non-SFV customers, and any other revenue sources directly attributable to CEP investments.

(c) DEO should maintain sufficient records to enable Staff to verify that all revenue generated from CEP investments is accurately excluded from the total monthly deferral.

(d) DEO should calculate the PISCC, as well as the depreciation and property tax deferrals, for the CEP in a manner consistent with Staff's recommendations.

(e) DEO should docket an annual informational filing by April 30 of each year that details the monthly CEP investments and the calculations used to determine the associated deferrals, as recommended by Staff. Each annual informational filing should include schedules showing the inputs and all calculations used to determine the monthly deferred amounts, including a breakdown of investments (by budget class), PISCC, depreciation expense, property tax expense, and all incremental revenue, as well as a capital budget for the year following the year covered in the filing. The annual informational filings should also include a schedule showing the potential impact on GSS customer rates, if the deferrals were to be included in rates.

(f) DEO may accrue CEP deferrals up until the point where the accrued deferrals, if included in rates, would cause the rates charged to the GSS class of customers to increase by more than $1.50 per month. Accrual of all future CEP-related deferrals should cease once the $1.50 per month threshold is surpassed, until such time as DEO files to recover the existing accrued deferrals and establish a recovery mechanism under Section 4909.18, 4929.05, or 4929.11, Revised Code.

Case No. 12-3279-GA-UNC

On December 20, 2012, DEO filed an application for authority to implement a CEP for the period of January 1, 2013, through December 31, 2013. On October 9, 2013, the Commission approved DEO's application as modified.

On April 30, 2013, DEO docketed its annual informational filing in 11-6024 (2013 filing).

Finding and Order dated October 9, 2013

(11) Upon review of DEO's application and the comments, the Commission finds that the application should be approved, subject to Staff's recommendations, which are not opposed by the Company.

(12) With respect to DEO's annual informational filings due on April 30 of each year (CEP Order at 14), the Company should include revenue data from all potential sources of revenue delineated in the incremental revenue formula adopted by the Commission in 11-6024. DEO should work with Staff to confirm that the necessary data is included in the Company's annual informational filing due on April 30, 2014.

(13) Additionally, the Commission emphasizes that, consistent with DEO's application, we approve the Company's request for deferral authority, but do not authorize recovery of the deferred amounts at this time. The question of recovery of the deferred amounts, including, but not limited to, issues such as prudence, proper computation, proper recording, and reasonableness, will be considered when DEO files an application to recover the deferred amounts. As we stated in the CEP Order, the Commission has not granted cost recovery for any CEP-related items, and the prudence and reasonableness of the magnitude of DEO's CEP-related regulatory assets and associated capital spending will be considered by the Commission in any future proceedings seeking cost recovery, at which time the Company will be expected to provide detailed information regarding the expenditures for our review (CEP Order at 15).

Case No. 13-2410-GA-UNC et al

On December 19, 2013, in the above-captioned cases, DEO filed an application for authority to implement a CEP for the period of January 1, 2014, through December 31, 2014. The Commission issued its Finding and Order on July 2, 2014.

Finding and Order dated July 2, 2014

(7) In its comments. Staff explains that it reviewed DEO's application to determine whether the proposed CEP and associated deferrals are just and reasonable under R.C, 4929.111, as well as consistent with sound ratemaking principles and the Commission's prior orders in the 2012 CEP Case and the 2013 CEP Case. Staff notes that it will investigate and recommend any necessary adjustments to the CEP deferrals when DEO applies to recover the deferred assets in a future proceeding. Subject to the acknowledgements and agreements in DEO's application, as well as continued ongoing cooperation between Staff and the Company, Staff concludes that the Commission should approve the application, as filed.

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(10) Upon review of DEO's application. Staffs comments, and the Company's reply comments, the Commission finds that the Company has demonstrated that the CEP is consistent with its obligation under R.C. 4905.22 to furnish necessary and adequate services and facilities, which the Commission finds to be just and reasonable. Further, the Commission finds that DEO's application will not result in an increase in any rate or charge. Accordingly, the application should be considered as an application not for an increase in rates under R.C. 4909.18.

(11) With the requirements set forth below, the Commission finds DEO's proposed CEP to be both reasonable and consistent with R.C. 4929.111. Accordingly, DEO is authorized, pursuant to R.C. 4909.18 and 4929.111, to implement the CEP and modify its accounting procedures as necessary to carry out the implementation of the CEP, consistent with this Finding and Order and the Commission's orders in the 2012 CEP Case and the 2013 CEP Case, in 2014 and succeeding years, up until the point where the accrued deferrals, if included in rates, would cause the rates charged to the GSS class of customers to increase by more than $1.50 per month.

(12) While the Commission approves DEO's application for 2014 and succeeding years, we find that a process should be adopted, as proposed by the Company and clarified herein, to allow interested persons and Staff to comment on the information provided by the Company in its annual informational filings due on April 30 of each year….

(13) Additionally, the Commission emphasizes that, consistent with DEO's application, we approve the Company's request for deferral authority, but do not authorize recovery of the deferred amounts at this time. The question of recovery of the deferred amounts, including, but not limited to, issues such as prudence, proper computation, proper recording, and reasonableness, will be considered when DEO files an application to recover the deferred amounts. As we stated in the 2012 CEP Case and the 2013 CEP Case, the Commission has not granted cost recovery for any CEP-related items, and the prudence and reasonableness of the magnitude of DEO's CEP related regulatory assets and associated capital spending will be considered by the Commission in any future proceedings seeking cost recovery, at which time the Company will be expected to provide detailed information regarding the expenditures for our review.

ORDERED, That DEO's application be approved, subject to the Commission's review of the Company's annual informational filings and any comments or reply comments received in response.

Case No. 19-0468-GA-ALT

On May 1, 2019, DEO filed an application for Alternate Form of Regulation seeking authority to establish a rider on customer bills to collect the amounts accrued in the CEP Deferral through December 31, 2018, and a return of and a return on the underlying CEP capital assets. Blue Ridge was selected to perform a two-part audit. The first part of the audit is to review and attest to the accounting accuracy and used and useful nature of DEO's non-PIR / non-automated meter reading (AMR) capital expenditures and related assets and corresponding depreciation reserve since the date certain of its most recent base rate case (March 31, 2007, as set in Case No. 07-829-GA-AIR et al.) through December 31, 2018. The second part of the audit is to simultaneously assess and form an opinion on the necessity, reasonableness, and prudence of DEO's non-PIR / non-AMR capital expenditures and related assets, with an emphasis on the CEP expenditures and assets from October 2011 through December 31, 2018. Blue Ridge filed its report on April 27, 2020. On August 31, 2020, DEO and Commission Staff entered in to a Stipulation and Recommendation that the Commission approved on December 30, 2020.

Finding and Order dated December 30, 2020

D. Summary of the Audit Report and the Staff Report

2. STAFF REPORT

{¶ 35} As noted above, the Staff Report was filed on May 11, 2020. Staff adopts the audit report filed by Blue Ridge and, based on the audit, recommends that Dominion take the following steps with regard to the plant audit:

(1) Revise CEP net plant balances as of December 31, 2018: plant in service $612,895,042; accumulated provision for depreciation $36,219,656; net CEP plant in service $649,114,695;

(2) Demonstrate that a reconciliation can be more easily performed between the CEP and the fixed asset system for annual CEP reporting on a timely basis;

(3) Update the deferred property tax expense in the CEP to reflect the actual tax rate and the correction for the tax rates for tax years 2015, 2016, and 2017, removing the lease payment reclass;

(4) True-up estimated property tax expense to the actual rate in the subsequent annual filing;

(5) Update ADIT on liberalized depreciation to reflect the removal of AFUDC from original costs and to reflect the actual balances following the tax return filing;

(6) Revise net plant balance to reflect adjustments from the last base rate case not reflected in beginning balances in its next rate case; and

(7) Evaluate the performance issue that occurred related to PowerPlan (massed assets recorded as FERC 106 instead of FERC 101) and develop a plan to identify and rectify the issue should it occur again in the future. (Staff Ex. 1 at 7-8.)

{¶ 36} Next, with regard to capital spending, Staff recommends that Dominion work with Staff to identify reasonable and meaningful annual caps in order to keep costs under control and to ensure ratepayers are not burdened with excessive and unnecessary plant investments (Staff Ex. 1 at 8).

{¶ 37} Staff finds Dominion's methodology for the recovery of deferrals, annualized depreciation expense, and rate base depreciation offset to be reasonable (Staff Ex. 1 at 9).

{¶ 38} Staff indicates it has reviewed the rates and tariffs proposed by Dominion and makes the following recommendations:

(1) The initial CEP Rider rate should be a fixed rate, modified to include the Blue Ridge adjustments, as estimated in the chart below:

Rate Schedule	Rate
General Sales Service – Residential and Energy Choice Transportation Service - Residential	\$3.87/month
General Sales Service – Nonresidential and Energy Choice Transportation Service - Nonresidential	\$11.02/month
Large Volume General Sales Service and Large Volume Energy Choice Transportation Service	\$51.44/month
General Transportation Service and Transportation Service for Schools	\$445.99/month
Daily Transportation Service	\$0.0473/Mcf
Firm Storage Service	\$0.1264/Mcf

(Staff Ex. 1 at 9).

(2) Dominion should file an annual CEP Rider update to adjust the rider rate, which should include the same schedules in similar format as the currently filed annual reports (Staff Ex. 1 at 10).

(3) The annual CEP Rider filings should be set with fixed caps starting the first year the rider is adjusted through 2024 or until the filing of the next rate case, whichever comes first (Staff Ex. 1 at 10).

(4) The caps should be set to increase by a fixed cap rate for each future year until 2024 or when the Company files its next rate case, with the cap being no greater than \$1.00 per year for residential customers (Staff Ex. 1 at 10).

(5) The annual CEP Rider should include a reconciliation and true-up mechanism for actual costs from the prior year (Staff Ex. 1 at 10).

(6) If a Commission order is issued prior to 2021, the first-year filing in 2021 will cover audit of assets for 2019 and 2020. Thereafter, the Company will file an annual review. If a Commission order is issued later, the Company should confer with Staff to establish the best time for the first filing. (Staff Ex. 1 at 10.)

(7) Staff recommends that Dominion should file its annual CEP Rider filings on May 1 and with rates going into effect November 1 (Staff Ex. 1 at 10).

(8) The CEP Rider rate caps will also cap Dominion's capital expense deferral authority, granted in Case Nos. 13-2410-GA-UNC and 13-2411-GA-AAM, in calendar years 2019 through 2024 (Staff Ex. 1 at 10).

(9) Deferral of the PISCC, property tax, and depreciation expenses should cease once Dominion begins to recover CEP assets in rates (Staff Ex. 1 at 10).

(10) The CEP Rider should cease on December 31, 2024, unless Dominion files a base rate application in 2024. Further, Dominion should cease accruing CEP related deferrals until such time that Dominion files an application or applications, pursuant to R.C. 4909.18, 4929.05, or 4929.11, to incorporate into base rates the CEP Rider revenue requirement and to recover a return on and of the assets underlying the CEP deferral. (Staff Ex. 1 at 10.)

(11) In the event Dominion does not file the aforementioned rate case by December 31, 2024, Dominion should file revised tariff sheets by January 1, 2025, that revise the CEP Rider rate to $0, and Dominion should not exercise its deferral authority granted in Case Nos. 13-2410-GA-UNC and 13-2411-GA-AAM for assets placed in service beginning January 1, 2025, and beyond until Dominion files a rate case. Dominion's deferral authority granted in Case Nos. 13-2410-GA-UNC and 13-2411-GA-AAM should remain unchanged for assets placed in service beginning January 1, 2025, and beyond, so long as Dominion meets the recommended 2024 rate case filing deadline. (Staff Ex. 1 at 10.)

(12) Should Dominion seek to continue the CEP Rider or equivalent capital rider beyond its next base rate case, Dominion should be required to file an application (in conjunction with its next base rate case) for an alternative rate plan for collection from customers of CEP investment in calendar years 2024 and beyond. Any such application filed by Dominion for an alternative rate plan should include specific annual rate caps and annual audits. (Staff Ex. 1 at 10.)

(13) In the next PIR alternative regulation re-authorization filing, the Company should consider discussing aligning the audit and filing timing of PIR and CEP for audit purposes only. Staff specifies it does not recommend merging the programs, rather merging the audit timing in order to create efficiencies. (Staff Ex. 1 at 10.)

E. Summary of the Stipulation

{¶ 39} The Stipulation, executed by Dominion and Staff (Signatory Parties), was filed on August 31, 2020. The Signatory Parties state the Stipulation is supported by adequate data and information; represents an integrated and complete document, as well as a just and reasonable resolution of the legal and policy issues raised in the proceeding; meets the Commission's criteria for assessing the reasonableness of a stipulation, and should be accepted and approved by the Commission. The Signatory Parties stipulate and recommend as follows:

1. Dominion's application filed in this proceeding on May 1, 2019, shall be approved as filed, subject to the findings and recommendations of the Staff Report filed in this proceeding on May 11, 2020, except as otherwise specifically provided for in this Stipulation. If any proposed rates, charges, terms, conditions, or other items set forth in Dominion's application are not addressed in the Staff Report or the Stipulation, the proposed rate, charge, term, condition, or other item shall be treated in accordance with the application. (Joint Ex. 1 at 2.)

2. The CEP Rider revenue requirement associated with the CEP assets placed in service and the related CEP regulatory asset for the period October 1, 2011, through December 31, 2018, is shown in the schedule attached to the Stipulation and identified as Joint Exhibit 2.0 (Joint Ex. 1 at 2).

Rate Schedule	Rate
General Sales Service – Residential and Energy Choice Transportation Service - Residential	$3.86/month
General Sales Service – Nonresidential and Energy Choice Transportation Service - Nonresidential	$11.00/month
Large Volume General Sales Service and Large Volume Energy Choice Transportation Service	$48.33/month
General Transportation Service and Transportation Service for Schools	$481.24/month
Daily Transportation Service	$0.0420/Mcf
Firm Storage Service	$0.1948/Mcf

(Joint Ex. 2).

3. The Commission should approve final tariffs in the form of Joint Exhibit 3.0, which includes Original Sheet Nos. CEP 1 and CEP 2, to be effective on a bills-rendered basis commencing with the first billing cycle following Commission approval of the Stipulation. The recommended initial CEP Rider rates, associated with the CEP assets placed in service and the related CEP regulatory asset for the period October 1, 2011, through December 31, 2018, are the rates identified in Original Sheet No. CEP 1 in Joint Exhibit 3.0. The initial CEP Rider rates in Original Sheet No. CEP 1 in Joint Exhibit 3.0 have been calculated using total bills for the 12 months ending December 31, 2019, for each rate class except the DTS and FSS rate schedules for which volumes in Mcf are used. For any CEP Rider rates covered by the Stipulation, Dominion's annual applications to update the CEP Rider rates shall rely on total bills for the most recent 12 month period ending December 31, for each rate class except the DTS and FSS rate schedules for which volumes in Mcf are used. (Joint Ex. 1 at 2; Joint Ex. 3.)

4. Dominion's annual applications to update the CEP Rider rates shall be filed on or before April 1 of each year with the rate effective date for the updated CEP Rider rates being on or before the start of the first billing cycle of October (Joint Ex. 1 at 3).

5. The first annual update of the CEP Rider rates to be filed in 2021 shall cover the CEP assets placed in service and the related CEP regulatory asset for the period January 1, 2019, through December 31, 2020. Beginning 2022, subsequent annual updates of the CEP Rider rates shall cover the CEP assets placed in service and the related CEP regulatory asset for the prior calendar year from January 1 through December 31. Beginning with the first annual update filing, the CEP Rider shall include a reconciliation of costs recoverable and costs actually recovered. Any resulting reconciliation adjustment, plus or minus, shall be made to the revenue requirement of

the subsequent CEP Rider filing. Reconciliation adjustments will be determined using the same methods and mechanics currently employed for the PIR Cost Recovery Charge. (Joint Ex. 1 at 3.)

6. Staff or its designee shall perform an annual review of Dominion's annual application to update the CEP Rider rates to determine the lawfulness, used and usefulness, prudence, and reasonableness of the CEP assets placed in service and the related CEP regulatory asset included in the proposed updated CEP Rider revenue requirement (Joint Ex. 1 at 3).

7. Dominion shall file its next application to adjust base rates that customers pay, no later than October of 2024. Dominion's application shall propose a date certain that is no later than two months after the application's filing date. The base rates for which Dominion seeks approval shall, among other things, incorporate both of the following: (i) the CEP Rider revenue requirement as of the date certain of that case, and (ii) a return on and of the assets underlying the CEP deferrals that are used and useful on the date certain of that case, including any unamortized CEP regulatory assets as of the date certain. In the event Dominion fails to timely file an application to adjust base rates in accordance with this paragraph, or fails to comply with the requirements of this paragraph, Dominion shall cease accruing CEP-related deferrals, and shall promptly file revised tariff sheets that revise CEP Rider rates to $0.00, until such time that Dominion files an application in compliance with these requirements. Provided that Dominion files an application in compliance with these requirements, Dominion's authority pursuant to Case Nos. 11-6024-GA-UNC, 11-6025-GA-AAM, 12-3279-GA-UNC, 12-3280-GA-AAM, 13-2410-GA-UNC, and 13-2411-GA-AAM (collectively, the CEP Deferral Cases) to accrue CEP related deferrals, file annual updates to the CEP Rider, and implement approved CEP Rider rates will continue until such time as rates approved in the aforementioned rate case become effective. (Joint Ex. 1 at 3-4.)

8. If Dominion seeks to continue CEP-related deferrals and/or the CEP Rider or equivalent capital rider beyond such time as rates approved in the aforementioned rate case become effective, Dominion shall file an application separately or in conjunction with its next base rate case to continue such deferral authority after the effective date of new base rates and/or an alternative rate plan for recovery from customers of CEP investment placed in service in calendar years 2024 and beyond. Such application shall be filed not later than the aforementioned application to adjust base rates and may be filed pursuant to R.C. 4909.18, R.C. 4929.05, or R.C. 4929.11. (Joint Ex. 1 at 4.)

9. The annual updated CEP Rider rates shall be subject to the following residential rate caps:

CEP Rate Effective Period	CEP Investment Period[138]	GSS-R & ECTSR Rate Cap (per customer, per month)
October 1, 2021–September 30, 2022	Through December 31, 2020	$5.51 (increase reflects two years' investment)
October 1, 2022–September 30,2023	Through December 31, 2021	$6.31
October 1, 2023–September 30, 2024	Through December 31, 2022	$6.96
October 1, 2024–September 30, 2025	Through December 31, 2023	$7.51

[138] The periods and applicable rate caps shown may be affected by the timing and date certain of Dominion's next rate case and thus may be modified by the Commission in that proceeding.

Charges for the remaining rate classes shall be determined by allocating the revenue requirement to those rate schedules based on the cost of service study used in Dominion's most recent base rate case. The Signatory Parties agree that the aforementioned rate caps will also cap Dominion's capital expense deferral authority, granted in the CEP Deferral Cases, for CEP investments placed in service in calendar years 2019 through 2023. Deferral of the PISCC, property tax, and depreciation expenses will cease once the costs associated with CEP assets begin to be recovered in rates. Deferral of the PISCC, property tax, and depreciation expenses will also cease for any CEP assets excluded from the annual CEP revenue requirement due to application of the aforementioned rate caps. Any assets excluded from recovery in the CEP Rider due to application of the aforementioned rate caps shall be deemed to be base rate assets. Any adjustments to CEP-related deferrals relating to such excluded assets will result in a reversal of the regulatory asset and be expensed on Dominion's accounting books and records. (Joint Ex. 1 at 4-5.)

10. In the Company's next base rate case, Dominion shall evaluate the adjustments to base rate net plant balances recommended in Appendix D to the Plant in Service and Capital Spending Audit prepared by Blue Ridge and submitted in this proceeding on April 27, 2020. In its initial application, Dominion shall make the recommended adjustments unless it determines that such adjustments are no longer appropriate under then current ratemaking conventions. Any Signatory Party may support or oppose Dominion's proposed treatment of such adjustments in its sole discretion. (Joint Ex. 1 at 5.)

11. With respect to Staff's recommendations regarding "Financial Review and Earnings Impact," the Signatory Parties acknowledge that the Staff is entitled to make such recommendations to the Commission as it deems necessary and appropriate regarding recovery issues in future cases and that the other Signatory Parties are entitled to support or oppose such recommendations as they deem necessary and appropriate in future cases (Joint Ex. 1 at 6).

12. With regard to incremental revenue, the Signatory Parties acknowledge that the recommended CEP Rider revenue requirement set forth in Joint Exhibit 2.0 of the Stipulation does not include any revenue-generating plant, and therefore there is no incremental revenue offset incorporated into the revenue requirement. However, if, in future years, revenue generating plant is included in the CEP Rider revenue requirement, then an incremental revenue offset shall also be included in the CEP Rider revenue requirement. The incremental revenue offset shall be calculated in accordance with the formulas adopted in the CEP Deferral Cases, and to determine incremental revenue associated with straight fixed-variable rate customers shall use a baseline of current customer count as of the date certain in this case December 31, 2018. (Joint Ex. 1 at 6.)

13. Within 30 calendar days of the filing of the Stipulation, Dominion shall make an incremental contribution of shareholder funding in the amount of $750,000 to the EnergyShare program. This $750,000 contribution shall be in addition to the $400,000 contribution in shareholder funding that was previously committed to the EnergyShare program to assist Dominion customers in 2020. (Joint Ex. 1 at 6.)

14. The Signatory Parties hereby withdraw their respective objections to the Staff Report, which were filed on June 10, 2020. Such objections may be reinstituted if the Commission rejects the Stipulation in whole or in part. (Joint Ex. 1 at 7.)

15. The Signatory Parties stipulate, agree, and recommend that the Commission issue a final Opinion and Order in this proceeding, ordering the adoption of this Stipulation, including the terms and conditions agreed to in this Stipulation by all Signatory Parties (Joint Ex. 1 at 9).

III. COMMISSION CONCLUSION ON THE STIPULATION

{¶ 80} For the above noted reasons, the Commission finds that the Stipulation satisfies the three-part test used to evaluate stipulations and should be approved. Further, the Commission finds that Dominion is in compliance with R.C. 4905.35 and is in substantial compliance with the policy of the state as specified in R.C. 4929.02; that Dominion will continue to be in substantial compliance with the policy of the state as specified in R.C. 4929.02 after implementation of the Commission-approved alternative rate plan; and that the alternative rate plan, with the implementation of the Stipulation as approved by the Commission, is just and reasonable (Co. Ex. 1 at Ex. D).

{¶ 81} The Commission notes that Blue Ridge indicated that Sarbanes-Oxley Act compliance audit reports for the period 2007-2010 were not available due to Dominion's record retention policies and, therefore, Blue Ridge was unable to review and render a decision regarding the Company's controls for the period (Staff Ex. 2 at 41). The Commission directs Dominion to reevaluate its record retention policies with the goal of retaining the documents likely to be needed for subsequent audits, annual reviews, or rate cases, for an extended period of time. Accordingly, the Commission approves the Stipulation, consistent with this Opinion and Order.

VI. ORDER

{¶ 106} It is, therefore,

{¶ 107} ORDERED, That the Stipulation be adopted and approved, consistent with this Opinion and Order. It is, further,

Case No. 21-0619-GA-RDR

On April 1, 2021, Dominion filed an application for authority to adjust its CEP charges for CEP plant placed in service between January 1, 2019 through December 31, 2020. On March 24, 2021, the Commission selected Blue Ridge Consulting Services, Inc. as the auditor that will assist Staff in performing a two part audit to (1) conduct a comprehensive audit of Dominion's non-IRP plant in-service investments for 2019–2020; and (2) conduct a comprehensive audit and review of Dominion's CEP assets, deferral, schedules, and related program elements.

The findings and recommendations from this audit is the subject of this report.

APPENDIX B: DATA REQUESTS AND INFORMATION PROVIDED

Staff DR-1. Please provide all schedules for case number 21-619-GA-RDR in electronic (Excel) format.

1) **Organization**: Please provide a current organization chart of the Company.

2) **Organization**: Please provide contiguous information for the period from January 1, 2019, through December 31, 2020, for the following items:
   a) Name of the person with responsibility for plant accounting
   b) Dates the person held the position
   c) Summary of the qualifications of the person
   d) Whether the person is still with the Company, and if so, the person's current position
   e) Changes in the number of personnel in the Plant Accounting department

3) **Accounting:** Please provide a chart (code) of accounts as of December 31, 2020.

4) **Case Nos. 11-6024-GA-UNC and 12-3279-GA-UNC Annual Informational Filings**: Please provide copies of the Company's schedules included in the Company's Annual Informational Filings in Excel format for 2019–2020. Also provide any supporting schedules for the balances included within the annual information filings (e.g., depreciation and property tax calculations).

5) **Case No. 12-3279-GA-UNC Annual Informational Filing:** Please provide updated schedules in Excel format in the 2019 filing replacing fourth quarter estimates with fourth quarter actuals.

6) **Work Orders**: In Microsoft Excel format, please provide a list of all work orders, by calendar year, put in service from January 1, 2019 to December 31, 2020. Please identify the work orders as either CEP or NON-PIR. For each work order, please include the following information for each year:
   a) Plant accounts charged (FERC 300 accounts)
   b) Project identification numbers (work order and project roll up, if applicable)
   c) Project description (Single line description will be acceptable along with location numbers.)
   d) Project description (e.g., Replacement, Betterment, Relocations, programs required to comply with Commission Rules and Regulations, Information Technology, etc.)
   e) Work order construction completion date (when project became used and useful)
   f) Work order accounting in-service date
   g) Unitization date
   h) Dollar amount by FERC 300 account number
   i) Whether the work order was a blanket project work order and, if so, associated project identification numbers, if applicable.

7) **Work Orders**: For each year that the lists of work orders are provided for the previous request, please provide a reconciliation of the work order total to the totals in the annual report of utility plant in service filed with the PUCO. For any differences, provide an explanation.

8) **Work Order Number**: Please provide explanations for any intelligence built into the identifying project numbers.

9) **Major Additions or Replacements**: Please provide a list with a description and total dollar amount of any *major* CEP additions and/or replacements placed in service from January 1, 2019, through December 31, 2020.

10) **Timeline**:
   a) Please provide a timeline of major events that occurred since January 1, 2019, that had an impact on the plant-in-service balances. Examples of major events include major sales of assets, acquisitions, mergers and system conversions, and upgrades.
   b) Please provide an explanation of each event and how the event affected plant balances.
   c) Please provide an explanation of what steps were taken to ensure that plant balances were accurate following the impact of the event.

11) **Policies and Procedures**: Please provide any major changes and explanations for the changes since January 1, 2019, to the policies and procedures and flowcharts for the following activities that provide input to distribution plant:
   a) Plant Accounting:
      i) Capitalization vs. Expense
      ii) Preparation and approval of work orders
      iii) Recording of CWIP, including the systems that feed the CWIP trial balance;
      iv) Application of AFUDC
      v) Recording and closing of additions, retirements, cost of removal and salvage to plant
      vi) Unitization process based on the retirement unit catalog
      vii) Application of depreciation
      viii) Contributions in Aid of Construction (CIAC)
      ix) Damage Claims
   b) Purchasing/Procurement
   c) Accounts Payable/Disbursements
   d) Accounting/Journal Entries
   e) Payroll (direct charged and allocated)
   f) Insurance recovery
   g) Allocations
   h) Work Management System
   i) Information Technology
   j) Capital Project selection and prioritization
   k) System planning and load growth

12) **Work Order Accounting:** Please provide any changes to the narrative of the CEP accounting provided to the auditor in Case No. 19-0468-GA-ALT (BRDR-14) with examples of how the following items take place:
   a) A completed project is designated as CEP
   b) The accounting entry or entries to record the deferral of a CEP project.
   c) The accounting entry or entries to record the retirements of a CEP project.
   d) The accounting entry or entries to record the retirement of a non-PIR project, where the replacement is a CEP project.

e) The accounting entry or entries to record PISCC, depreciation on the closed assets, and incremental property taxes.
f) The accounting entries to retire a CEP project.
g) How CEP ~~deferred~~ projects are unitized

13) **Policies and Procedures**: Please specifically explain any major changes that have been made to the Company's capitalization policy from January 1, 2019, through December 31, 2020.

14) **Commission Annual Reports:** Upon availability, please provide the Annual Reports for the years ending December 31, 2019 and 2020, filed with the Commission.

15) **Composite Life Amortization Rate**: Reference Exhibit I, Schedule 9. Please provide the source and calculation for the Composite Life Amortization Rate used for annual amortization of deferrals.

16) **Interviews**: Please provide the person(s) responsible for and/or capable of discussing in detail the following areas:
a) Major events that affect plant accounting
b) Plant Accounting
c) Capital budgeting
d) Project Engineering
e) Work Order Management

17) **PIR Investment**: The audit focuses on CEP, non-PIR, non-AMR plant. This request will help isolate the plant that will be audited. For PIR investments, please provide the following information:
a) List of the type of work included in the PIR
b) List of FERC plant accounts in which PIR project activity is charged
c) List of project/work order numbers used for PIR
d) Explanation for how PIR plant investment is identifiable in the plant accounting system(s)
e) Annual reports filed with the Commission on PIR plant inclusive of 2019 through 2020

18) **AMR Investment**: The audit focuses on CEP, non-PIR, non-AMR plant. This request will help isolate the plant that will be audited. For AMR investments, please provide the following information:
a) List of the type of work included in the AMR
b) List of FERC plant accounts in which AMR project activity is charged
c) List of project/work order numbers used for AMR
d) Explanation for how AMR plant investment is identifiable in the plant accounting system(s)
e) Annual reports filed with the Commission on AMR plant inclusive of 2019 through 2020

19) (RESCINDED)

20) **Revenue-generating CEP** investments:
a) How does the Company identify CEP plant that will generate additional revenue?
b) How is that plant identified?

c) Is that plant included within the CEP? If so, how is the revenue reflected in the CEP?

21) **Unit of Property Catalog**:
a) Does the Company maintain a unit of property catalog?
b) If yes, how frequently is the catalog updated?
c) If not, why not?
d) What is the approval process necessary to establish a new retirement unit of property?

22) **Systems** (from January 2019 through December 2020):
a) What system has the Company used to record entries to the General Ledger?
b) What system has the Company used to record assets to and from Utility Plant?
c) What system has the Company used to maintain the detail for the FERC 300 accounts?

23) **Project / Capital Work Order Identification**: Please explain how the project / capital work order numbering system works regarding the following items:
a) How does the Company identify programs and projects that may be considered blanket work orders?
b) Is there a hierarchy of program, project, and work order numbers? If so, please explain how it works.
c) How are "specific" work orders identified?
d) How are retirement work orders identified?

24) **Cost Codes**: Please provide a list of the cost codes (charge types) that identify the type of charges included in the work order detail that supports FERC accounts 101 and 106. For example, identify cost codes related to charge types for payroll, overheads, materials and supplies, contractor charges, AFUDC, transportation, and employee expenses.

25) **Approval Signatures**: Please provide the Level of Signature Authority (LOSA) document(s) that supports the approval of capital projects from January 1, 2019, through December 31, 2020.

26) **Depreciation:** Reference Schedule B-3.2.
a) Please provide a copy of the approved depreciation study.
b) Were any depreciation accrual rates added or changed from date certain January 1, 2019, through December 31, 2020? For any change, please explain the reason for each change, when the change was made, what the change was, and whether it was approved by the Commission.
c) Has the Company added any additional FERC 300 accounts and/or subaccounts that were not included in the most recent Commission-approved depreciation accrual rates? If so, please provide a list and the reason each subaccount was added.

27) **FERC Audits**: Please provide a copy of all FERC audit reports, if any, that were issued during the period January 1, 2019, through December 31, 2020. Also provide the Company's response to any findings and the ultimate resolution of those findings.

28) **Internal Audits**: Please provide a list of internal audits completed or in progress from January 1, 2019, through December 31, 2020. List the name of the audit, scope, objective, and when the work was performed.

29) **SOX Compliance Audits**: For any feeder system that feeds CWIP, please provide a list of any SOX Compliance audits performed from January 1, 2019, through December 31, 2020. Include whether the controls passed or failed and, if failed, the severity and impact of the failure and how the failure was corrected or otherwise mitigated. NOTE: Utility Plant in Service is fed from CWIP. Therefore, any system that feeds CWIP, including, but not limited to WMS, Payroll, M&S, Overheads, AFUDC, Transportation, and direct contractor charges through purchasing, could have an impact on plant balances.

30) **Unitization Backlog**: Please provide information regarding any backlog in the unitization of distribution work orders as of December 31, 2020. Please provide the number of backlogged work orders, the dollar values of each, and the length of time for each in months (e.g., under three months, four to 12 months, and over 12 months). If possible, provide the list for both CEP work orders and non-CEP work orders.

31) **AFUDC**: Please provide the AFUDC interest rate for each year from 2019 through 2020.

32) **Insurance Recovery**:
   a) Have there been any significant events from January 1, 2019, through December 31, 2020, that resulted in an insurance claim recovery greater than $50,000 related to Utility Plant in Service? If so, please provide a list of such events, how each recovery was recorded to the Company's books, and how it was reflected in plant balances.
   b) Are there any pending Utility Plant-in-Service insurance claim recoveries as of December 31, 2020, that are not recorded or accrued that would be charged to capital? Please provide the type of recovery, estimated amount, and when receipt is expected.

33) **Tax Cuts and Jobs Act (TCJA)**: How has the TCJA effect been reflected in the Company's non-PIR/CEP recovery related to ADIT and Excess Accumulated Deferred Income Taxes (EDIT)?

34) **Overhead and Indirect Costs:** Please provide a list of all overheads (labor loadings, etc.) and any other indirect items charged to DEO work orders/projects, including descriptions of the type of charge and how that charged item is applied (e.g., calculation with descriptions of factors used in the calculations).

35) **Budget**: Please provide the budgets supporting the CEP capital expenditures and related assets for 2019 through 2020. Also, include the assumptions supporting the budget/projected data.

36) **Labor Costs**:
   a) Please provide the approximate percentage of contractor vs. in-house labor used for capital activities for years 2019 through 2020.
   b) Please provide a copy of any analysis performed that evaluates the least cost alternative regarding the use of internal labor vs. the use of contractors.

37) **Labor Costs**:
   a) Please provide a list of contractors, description of work performed, and amount paid each contractor that provided services for CEP in 2019 through 2020.

b) Please provide a copy of the contracts for contractors performing CEP and related asset work from 2019 through 2020.

c) How has the demand for gas contractors in Ohio and surrounding states impacted the overall cost to complete capital work?

d) What steps has the Company taken to address the demand constraints for gas contractors?

e) Please describe what process and initiatives are in place now and anticipated to manage contractor costs going forward.

38) **Labor Costs**: What steps has the Company taken to contain non-contractor construction costs?

39) (RESCINDED)

40) **Overheads**: Follow up to Data Request response BRDR-34 Overheads and Indirect Costs. Please provide the detail that supports how the Vehicle clearing rates are developed. Include all the component parts that make up the amount used to determine the percentage (examples: Maintenance, cost, Transportation building cost, fuel)

41) **Reconciliation of WO Population to Recovery Mechanism—2020**: Follow up to Data Request response BRDR-4 Attachment 3 (CEP Mechanism), BRDR-17 Attachment 4 (PIR Mechanism), and BRDR-6 Attachment 2 (Total WO Population and Additions per Annual Report). The additions included in the PIR and CEP exceed the total additions in the WO Population and in the 2020 Annual Report as shown in the following table. Please explain why the total additions being recovered through the PIR and CEP mechanisms are in excess of the total additions reflected in WO population and on the Annual Report. Note: the total WO population provided in BRDR-6 Attachment 2 was tied out to the total additions in the Annual Report.

Description	Amount	Source
Cumulative Capital Additions (2020) - CEP	$98,560,719.99	BRDR-4 Attachment 3, Sch 2 (Cell R126)
Cumulative Capital Additions (2020) - PIR	$178,193,163.56	BRDR-17 Attachment 4, Sch 2 (Cell O44)
Total Cumulative Capital Additions being recovered in 2020	$276,753,883.55	Calculation
Total DEO Additions in 2020 Account 101 per Annual Report	$197,991,959.00	BRDR-6 Attachment 2 (Cell B3)
Difference	($79,726,474)	Calculation

42) **Reconciliation of WO Population to Recovery Mechanism—2019**: Follow up to Data Request response BRDR-4 Attachment 2 (CEP Mechanism), BRDR-17 Attachment 3 (PIR Mechanism), and BRDR-6 Attachment 1 (Total WO Population and Additions per Annual Report). The additions included in the PIR and CEP exceed the total additions in the WO Population and in the 2019 Annual Report as shown in the following table. Please explain why the total additions being recovered through the PIR and CEP mechanisms are different

than the total additions reflected in WO population and on the Annual Report. Note: the total WO population provided in BRDR-6 Attachment 1 was tied out to the total additions in the Annual Report.

Description	Amount	Source
Cumulative Capital Additions (2019) - CEP	$137,076,945	BRDR-4 Attachment 2, Sch 2 (Cell R126)
Cumulative Capital Additions (2019) - PIR	$209,419,324	BRDR-17 Attachment 3, Sch 2 (Cell O44)
Total Cumulative Capital Additions being recovered in 2019	$346,496,268	Calculation
Total DEO Additions in 2019 Account 101 per Annual Report	$351,595,513	BRDR-6 Attachment 1 (Cell B3)
Difference	$5,099,244	Calculation

43) **Internal Audits:** Follow-up to Data Request response BRDR-28, attachment 1, Confidential.pdf. The Audit request asked for audits competed and in-progress. Please provide a list of audits that are in-progress.

44) **Work Order Sample:** Reference Company response to BRDR-6. Please refer to the four tables below for a list of work orders selected from the population provided in response to the referenced data request. Please note that the selection is WBS elements / work order / project ID / programs (hereafter referred to as “work orders”). For each work order on the list, please provide the following information in sortable Microsoft Excel spreadsheets:
   a) Detailed description, scope, and objective of the work, including service area location and any other identifiers (e.g., budget mapping)
   b) Work order identification as either addition, replacement, non-project allocation, or other
   c) Work order justification and approval at the highest approval level available based on the nature of the work order in accordance with the LOSA document in effect at the time the work order was prepared
   d) Estimated in-service date and actual in-service date
   e) Budget and total cost for non-blanket work orders and blanket work orders, in which the specific blanket work orders can be specifically identified as part of the larger project or program (Provide explanation of any variances in excess of 20%. For purposes of this examination, blanket work orders are mass assets or any other project budgeted to close every 30 days.)
   f) Supporting cost detail for each addition to plant (run of charges by FERC account and units) (The detail should be by charge code (or charge code description) with amounts by year and month. Examples of charge code descriptions would include such information as payroll, contractor charges, overheads, other allocations, M&S, Transportation, and employee expenses.)
   g) Supporting detail for retirements, cost of removal, and salvage, if applicable, charged or credited to plant (Provide the description, units, amount, and date recorded.)

Notes:

- To avoid unnecessary work, please send a sample of the detail that will be provided to make sure it is what we need.

- In the interest of time and associated deadlines, please provide the data in batches as they are completed.

2019 Base Rates Sample

WBS element	Project ID	GAS FERC	Base Rates
O8000.1.1	P400272072	376	$167,908.95
O8000.1.1	P400496012	376	$452,753.28
O8000.1.2	P400008321	376	$2,703,525.03
O8000.1.2	P400874370	376	$3,596,738.80
O8500.1.2	P400072396	376	$127,160.14
O9000_FA.1.1	P400481034	380	$19,575.87
			$7,067,662.07

2020 Base Rates Sample

WBS Element	Project ID	Gas FERC	Base Rate
O3900.CC	O3900.CC	382	$264,992.13
O8000.1.11	P400238094	376	$62,952.31
O8500.1.2	P400296750	376	$19,672.04
Grand Total			$347,616.48

2019 CEP Sample

FINAL SETTLEMENT WBS	PROJECT ID	PROJECT DESCRIPTION	CEP
EGOBCOMPHDW.2019.1	#	DEO COMPUTER HARDWARE	$752,563.97
FCDEO.18.GAS.8A	#	WILBETH ROOF REPLACE - 60000003	$1,123,374.08
O7400.18.GAS.7A	#	STOPPLE EQUIPMENT	$2,382,027.84
O8000.1.2	P400172884	WYNN CREST DR LOOP BETTERMENT	$614,424.21
O8000.1.2	P400472376	CUY-TOWPATH-ST 3-P400472376-RELOCATIONS	$276,068.63
O8500.1.2	P400525087	S MAIN ST-P400525087-REL	$55,251.53
P400169642.012	P400169642	STRAUSSER STATION HEATER REPL	$839,399.36
P400292823.082	P400292823	CHIPPEWA 9 AND 10 - SUCTION LINES	$1,149,158.92
P400292823.104	P400292823	CHIPPEWA COMPRESSOR UNITS 9 AND 10	$5,719,853.63
P400292823.120	P400292823	CHIPPEWA COMPRESSOR UNITS 9 AND 10	$3,540,898.26
P400292823.144	P400292823	CHIPPEWA COMPRESSOR UNITS 9 AND 10	$1,415,791.70
P400335038.086	P400335038	RITTER STATION SEPARATOR	$17,495.57
P400469686.239	P400469686	TPL9 ILI DIG - WO19-003354 - P400469686	$89,115.12
Grand Total			$17,975,422.82

2020 CEP Sample

FINAL SETTLMENT WBS	PROJECT ID	PROJECT DESCRIPTION	CEP
EOG-3514.2	#	ATMOSPHERIC CORROSION APP	$1,353,305.05
O7300.16.GAS.3A	#	ENGINEERING CHGS FOR EAST 55TH ST	$879,056.64
O8000.1.2	P400296664	DARROW-MIDDLETOWN RD-P400296664-PA	$535,095.79
	P400872232	EAST TULLY ST RECONSTRUCTION-P400872232	$242,784.36
O8500.1.2	P400877198	RELOC - GRACE AVE CROSS OVER	$22,508.21

O9700.1.ERT	#	ERT PURCHASES	$1,797,874.63
P400292823.132	P400292823	CHIPPEWA COMPRESSOR UNITS 9 AND 10	$9,461.06
P400349560.093	P400349560	FRANKLIN MEASUREMENT RUNS - P400349560	$3,333,804.15
P400783491.023	P400783491	BRUSH STA PIG L-R MODS - P400783491	$208,516.44
P400870033.033	P400870033	WOOSTER CHURCH ROAD STATION - P400870033	$1,979,706.96
P400892318.017	P400892318	AUGUSTA - CONTROLLERS - P400892318	$386,792.18
Grand Total			$10,748,905.47

45) **CEP Rider Application dated April 1, 2020.** Please discuss any methodology changes the Company may have made to the underlying inputs or computations since Case No. 19-0468-GA-ALT.

46) **CEP Revenue Requirement (Schedule 2):** Refer to the Accumulated Deferred Income Taxes (ADIT) balance as of December 31, 2018, at Line 16. The value does not tie to the Stipulation & Recommendation filed on August 3, 2020, at Joint Exhibit No. 2. Explain what the $(265,557) variance represents and whether it impacts the revenue requirement for the period ending December 31, 2020.

47) **CEP Revenue Requirement (Schedule 2):** Refer to the (Over)/Under Recovered Balance at Line 27, which was not previously reflected in Case No. 19-0468-GA-ALT. What is the basis for its inclusion in the revenue requirement?

48) **CEP ADIT on Liberalized Depreciation (Schedule 7):** Please provide the Company Records that support the tax basis additions and deductions reported on Lines 5 through 10.

49) **CEP ADIT on Liberalized Depreciation (Schedule 7):** Please provide a breakdown of the cumulative ADIT calculation by plant vintage.

50) **CEP ADIT on Liberalized Depreciation (Schedule 7):** For each plant vintage, please provide a schedule outlining the cost basis, bonus election, and annual tax depreciation through to completion. Indicate the MACRS table and life underlying the annual tax depreciation.

51) **Annualized Expense (Schedule 8):** Please provide the property tax returns that support the 2021 effective rate of 1.4149%. If the rate is not apparent on the property tax return, please provide how the rate was determined.

52) **CEP Amortization Rate (Schedule 10):** Please provide the source documentation for Asset Life in Years by account. Why did the assumptions change from Case No. 19-0468-GA-ALT?

53) **Revenue Reconciliation Adjustment (Schedule 11):** Please provide the source documentation and/or supporting workpapers for the (1) Q4 2020 deferrals related to cumulative 12/31/2018 assets and (2) actual and estimated recoveries.

54) **Number of Bills (Schedule 12):** Please provide the source documentation for Number of Bills and Volumes by customer class.

55) **Internal Audits:** Follow-up to Data Request response BRDR-28, attachment 1. For the following internal audits, please provide the summary findings, recommendations, and any remediation that resulted from the audit.

a) PowerPlan Implementation—Report issued 3/7/2019
b) DEO—Energy Choice Supplier Payments and Processes—Report issued 5/21/2019
c) Environmental Management System Implementation Plan Advisory Review—DE Gas Infrastructure Group—East—Report Issued 6/12/2019
d) DEO—Pipeline Integrity ACT Compliance—Gas Transmission Pipelines—Report issued 10/21/2019
e) DEO Pipeline Integrity Act Compliance—Gas Distribution Pipelines—Report Issued 10/21/2019
f) DEO—Quality Assurance & Quality Control Program Implementation (Advisory)—Report Issued 12/30/2019
g) Oho Gas LDC Standards of Conduct—Report Issued 2/24/2020
h) Atmospheric Corrosion Inspection and Remediation—Residential—Report Issued 7/30/2020
i) DEO – Transmission Integrity Management Program—Report Issued 12/18/2020

56) **Variance Analysis**: Follow-up to response to BRDR-4, Attachment 2. Please respond to the following requests:

a. For Infrastructure Expansion, Improvement, or Replacement, please explain in detail, for each of the following accounts, why total 2019 Retirements were greater than 2019 Additions to Plant.
   i. FERC acct 328.01: Additions—$32,745.46; Retirements—$(197,863.53)
   ii. FERC acct 371.03: Additions—$0; Retirements—$(157,768.30)
   iii. FERC acct 397.01: Additions—$0; Retirements—$(992,889.03)
b. For Compliance/Operations, please explain in detail, for each of the following accounts, why total 2019 Retirements were greater than 2019 Additions to Plant.
   i. FERC acct 391.01: Additions—$530,482.95; Retirements—$(1,615,100.64)
   ii. FERC acct 394.01: Additions—$5,062,135.22; Retirements—$(7,983,987.63)
c. For Infrastructure Expansion, Improvement, or Replacement, please explain in detail, for each of the following accounts, why total 2019 Company Additions to Plant were significantly greater than Retirements:
   i. FERC acct 332.01: Additions—$604,198.42; Retirements—$(3,715.09)
   ii. FERC acct 333.01: Additions—$3,098,487.32; Retirements—$(12,888.14)
   iii. FERC acct 351.04: Additions—$372,203.14; Retirements—$(478.82)
   iv. FERC acct 352.01: Additions—$2,551,781.19; Retirements—$(112,833.36)
   v. FERC acct 354.01: Additions—$28,480,947.56; Retirements—$(2,428.33)
   vi. FERC acct 355.02; Additions—$6,642,622.11; Retirements—$(160,647.14)
   vii. FERC acct 367.01; Additions—$7,474,780.31; Retirements—$(31,964.21)
   viii. FERC acct 369.03; Additions—$5,790,796.48; Retirements—$(133,437.62)
   ix. FERC acct 375.01; Additions—$528,031.77; Retirements—$(4,793.23)
d. For Compliance/Operations, please explain in detail, for each of the following accounts, why total 2019 Company Additions to Plant was significantly greater than Retirements:
   i. FERC acct 332.01: Additions—$2,115,804.94; Retirements—$(14,588.90)
   ii. FERC acct 353.01: Additions—$1,003,238.83; Retirements—$(17,854.38)
   iii. FERC acct 367.01: Additions—$6,804,277.03; Retirements—$(43,235.09)

e. For Infrastructure Expansion, Improvement, or Replacement, please explain in detail, for each of the following accounts, why 2019 Retirements were $0:
   i. FERC acct 351.03
   ii. FERC acct 366.01
   iii. FERC acct 366.02
   iv. FERC acct 366.03
   v. FERC acct 368.01
   vi. FERC acct 375.02
   vii. FERC acct 376.01 (Distribution—New Customer Facilities)
   viii. FERC acct 380.02
   ix. FERC acct 380.03
   x. FERC acct 385.00
   xi. FERC acct 303.03

f. For Compliance/Operations, please explain in detail, for each of the following accounts, why 2019 Retirements were $0:
   i. FERC acct 376.01
   ii. FERC acct 378.02
   iii. FERC acct 380.03
   iv. FERC acct 381.02
   v. FERC acct 382.00
   vi. FERC acct 383.01
   vii. FERC acct 384.01
   viii. FERC acct 390.02
   ix. FERC acct 390.05

57) **Variance Analysis**: Follow-up to response to BRDR-4, Attachment 3. Please respond to the following requests:

a. For Compliance/Operations, please explain in detail, for FERC acct 391.01, why total 2020 retirements were greater than Additions to Plant: Additions—$0; Retirements—$(709,220.78)

b. For Infrastructure Expansion, Improvement, or Replacement, please explain in detail, for each of the following accounts, why total 2020 Additions to Plant were significantly greater than Retirements:
   x. FERC acct 332.01: Additions—$420,154.33; Retirements—$(1,211.34)
   xi. FERC acct 333.01: Additions—$2,059,705.48; Retirements—$(24,744.32)
   xii. FERC acct 353.01: Additions—$2,517,688.59; Retirements—$(47,789.88)
   xiii. FERC acct 354.01: Additions—$1,003,683.79; Retirements—$(4,142.21)
   xiv. FERC acct 366.02; Additions—$940,413.32; Retirements—$(961.35)
   xv. FERC acct 367.01; Additions—$2,698,455.54; Retirements—$(67,458.93)
   xvi. FERC acct 375.01; Additions—$949,148.24; Retirements—$(1,166.60)
   xvii. FERC acct 376.01; Additions—$23,581,447.10; Retirements—$(10,644.32)

c. For Compliance/Operations, please explain in detail, for each of the following accounts, why total 2020 Additions to Plant were significantly greater than Retirements:
   xviii. FERC acct 332.01: Additions—$1,582,951.61; Retirements—$(3,830.77)
   xix. FERC acct 369.03: Additions—$3,782,244.31; Retirements—$(83,804.18)
   xx. FERC acct 394.01: Additions—$1,041,108.65; Retirements—$(14,075.24)

d. For Infrastructure Expansion, Improvement, or Replacement, please explain in detail, for each of the following accounts, why 2020 Retirements were $0:
   xxi. FERC acct 328.01
   xxii. FERC acct 351.04
   xxiii. FERC acct 352.02
   xxiv. FERC acct 368.01
   xxv. FERC acct 380.02
   xxvi. FERC acct 380.03
   xxvii. FERC acct 385.00
   xxviii. FERC acct 303.03
   xxix. FERC acct 397.01

e. For Compliance/Operations, please explain in detail, for each of the following accounts, why 2020 Retirements were $0:
   xxx. FERC acct 376.01
   xxxi. FERC acct 378.02
   xxxii. FERC acct 380.03
   xxxiii. FERC acct 381.02
   xxxiv. FERC acct 382.00
   xxxv. FERC acct 383.01
   xxxvi. FERC acct 384.01
   xxxvii. FERC acct 352.01
   xxxviii. FERC acct 353.01
   xxxix. FERC acct 366.02
   xl. FERC acct 390.02
   xli. FERC acct 390.05

58) **Work Order Testing**—Project P400169642: The response to BRDR-44 Attachment 2 (tab: Part F&G) indicated that cost detail could be found in tab #7 for Project P400169642, but Tab #7 included Project P400335038 only. Please provide the cost detail for Project P400169642.

59) **Work Order Testing**—WBS FCDEO.18.GAS.8A: The detailed description/Scope indicates that this project is removing and replacing old roof along with correct sizing of drain lines. Please explain why this project is not a replacement project and therefore should have Retirements and Cost of Removal

60) **Work Order Testing**—WBS O7300.16.GAS.3A: The project description indicates that this project is an addition. The scope indicates that radios are being replaced. Please explain why this project is not a replacement project and therefore should have retirements and Cost of Removal.

61) **Work Order Testing**—WBS O7300.16.GAS.3A: This work order was part of a larger project. This work order was 131% over budget. The company explanation indicates the differences are in labor and installed cost but does not indicate why. Please explain what caused the labor and installed cost to exceed the budget.

62) **Work Order Testing**: The total cost of the following work orders were allocated between the CEP and PIR. Please explain how the costs were allocated.

a) O8000.1.2—P400872232—EAST TULLY ST RECONSTRUCTION-P400872232
b) O8000.1.2—P400172884—WYNN CREST DR LOOP BETTERMENT
c) O8500.1.2—P400525087—S MAIN ST-P400525087-REL

63) **Work Order Testing**: The following work orders actual in-service dates were significantly later that the estimated in-service dates. Please explain why.

WBS	Project	Description	Estimated In-Service	Actual In-Service	Dela
EOG-3514.2	#	ATMOSPHERIC CORROSION APP	7/31/18	4/10/20	619
FCDEO.18.GAS.8A	#	WILBETH ROOF REPLACE - 60000003	12/31/18	9/30/19	273
O8000.1.2	P400172884	WYNN CREST DR LOOP BETTERMENT	12/31/18	11/8/19	312
P400169642.012	P400169642	STRAUSSER STATION HEATER REPL	12/31/17	11/7/19	676
P400335038.086	P400335038	RITTER STATION SEPARATOR	12/31/18	11/26/19	330
EGOBCOMPHDW.2019.1	#	DEO COMPUTER HARDWARE	12/31/19	1/29/20	498

64) **Work Order Testing**—WBS EGOBCOMPHDW.2019.1: Please explain why this work order was closed May 2020 but backdated to January 2020.

65) **Work Order Testing**—WBS EGOBCOMPHDW.2019.1: This work order appears to be a purchase of Itron Mobile Radios. Why does a direct purchase have AFUDC accrued?

66) **Work Order Testing**: Please explain if the following work orders generated additional revenue based on the size or length of the pipe replaced or if it was a betterment.
a) O8000.1.2—P400296664—DARROW-MIDDLETOWN RD-P400296664-PA
b) P400870033.033—P400870033—WOOSTER CHURCH ROAD STATION - P400870033
c) O8000.1.2—P400172884—WYNN CREST DR LOOP BETTERMENT

67) **Work Order Testing**: The following work orders appear to be for replacement work and have Cost of Removal charged but no retirements. Please provide the amount of the retirements by work order, including the dates.
a) O8000.1.2—P400296664—DARROW-MIDDLETOWN RD-P400296664-PA
b) O8000.1.2—P400872232—EAST TULLY ST RECONSTRUCTION-P400872232
c) O8500.1.2—P400877198—RELOC - GRACE AVE CROSS OVER
d) P400870033.033—P400870033—WOOSTER CHURCH ROAD STATION - P400870033
e) O8000.1.2—P400172884—WYNN CREST DR LOOP BETTERMENT
f) FCDEO.18.GAS.8A—#—WILBETH ROOF REPLACE – 60000003
g) O7300.16.GAS.3A—#—ENGINEERING CHGS FOR EAST 55TH ST

68) **Work Order Testing**: The following work orders had charges for a category entitled restricted stock. Please explain why this type of charge is appropriate to be included in the CEP. Please provide, by work order number, the charges for restricted stock included in the CEP from 1/1/20-12/31/20.

69) **Work Order Testing**: Follow-up to BRDR#25. Please explain how the following work orders had lower that appropriate levels of approval based on Approval Signatures provided in BRDR#25

WBS	Project	Description	Approval Level	Budgeted amount
EOG-3514.2	#	ATMOSPHERIC CORROSION APP	Director (>$500k)	$800,000
O8000.1.2	P400296664	DARROW-MIDDLETOWN RD-P400296664-PA	Director (>$500k)	$583,375
FCDEO.18.GAS.8A	#	WILBETH ROOF REPLACE - 60000003	Director (>$500k) & Manager (>$50k)	$1,118,716
O8000.1.2	P400172884	WYNN CREST DR LOOP BETTERMENT	General Manager (>$50k)	$632,154

70) **Work Order Testing**—Project P400872232: Please provide an explanation as to why the project was under budget by greater than -20%.
a) Estimated Amount: $332,432
b) Actual Amount: $242,784
c) % Variance: -27%

71) **Work Order Testing**—Project P400472376: Please provide an explanation as to why the project was overbudget by greater than 20%.
a) Estimated Amount: $213,644
b) Actual Amount: $276,069
c) % Variance: 29%

72) **Work Order Testing**—WBS O8000.1.2 (Project P400874370). The scope of this project indicates that it is reimbursable, but the cost detail does not show any credits.
a. Please explain why no reimbursements were applied to this project.
b. What are the total reimbursements expected to be for this project?

73) **Work Order Testing**: The following work orders were addition / replacement work orders with no retirements. Please provide the retirements along with when they were recorded
a. WBS O8000.1.1 (Project P400496012)
b. WBS O8000.1.2 (Project P400874370)
c. WBS O8500.1.2 (Project P400296750)

74) **Work Order Testing**: WBS O8000.1.1 (Project P400496012) was an addition / replacement work orders with no cost of removal. Please provide the cost of removal along with when they were recorded

75) **Work Order Testing**: Please explain why the base rate work order sample included the following work orders designated as PIR.
a. WBS 08000.1.2, Project P400874370
b. WBS 08000.1.2, Project P400008321
c. WBS 08000.1.2, Project P400072396

d. WBS 08000.1.2, Project P400296750

76) **Work Order Testing**: Please provide a list of FERC accounts that each of the following work orders had charges.
   a. EOG-3514.2
   b. O9700.1.ERT
   c. P400349560.093—P400349560
   d. P400469686.239—P400469686

77) **Work Order Testing**: WBS O7300.16.GAS.3A denotes Approval level PMO. What does PMO mean?

78) **Work Order Testing**: WBS O8000.1.1 (Project P400272072).
   a. Please explain why a change order was issued after the work order was placed in service.
   b. Please explain why the baseline cost estimate was $52k and the project approval was for $500k.

79) **Work Order Testing**: WBS O8000.1.1 (Project P400496012). Please explain why this project was over budget on a total project basis but now overbudget based on additions and why was a change order not issued?

80) **Work Order Testing**: WBS Order O8500.1.2 (Project P400296750). Was this relocation done at the request of the customer, or the estate of the customer? If so, should the costs have been billed? If not, why not?

81) **FIELD/VIRTUAL VISITS**: As a continuation of the audit process, we have selected certain work orders/projects, for field verification from the work order sample. The purpose of the field verification is to determine that the assets have been installed per the work order scope and description. Blue Ridge will conduct the verifications from 8 AM on or around June 18, 2021

   The lists of the projects to be reviewed are included below. To assist Blue Ridge in that endeavor, please provide, or have available, the following items:
   a. An individual(s) who can coordinate all the field verification with Blue Ridge
   b. Representatives from the Company who can field assist Blue Ridge at each location
   c. The Project Manager or a person who was responsible for the work on each project available to answer Blue Ridge's questions
   d. Schematics/drawings or any other visual diagrams that indicate what was built or installed
   e. A list of material and or equipment installed along with any applicable serial numbers

count	FINAL SETTLMENT WBS	PROJECT ID	PROJECT DESCRIPTION	CEP	Year
1	O7300.16.GAS.3A	EOG2638	ENGINEERING CHGS FOR EAST 55TH ST	$879,056.64	2020
2	O8000.1.2	P400296664	DARROW-MIDDLETOWN RD-P400296664-PA	$535,095.79	2020
3	O8000.1.2	P400872232	EAST TULLY ST RECONSTRUCTION-P400872232	$242,784.36	2020
4	P400292823.132	P400292823	CHIPPEWA COMPRESSOR UNITS 9 AND 10	$9,461.06	2020
5	P400349560.093	P400349560	FRANKLIN MEASUREMENT RUNS - P400349560	$3,333,804.15	2020
6	P400783491.023	P400783491	BRUSH STA PIG L-R MODS - P400783491	$208,516.44	2020
7	P400870033.033	P400870033	WOOSTER CHURCH ROAD STATION - P400870033	$1,979,706.96	2020
8	FCDEO.18.GAS.8A		WILBETH ROOF REPLACE - 60000003	$1,123,374.08	2019
9	O8000.1.2	P400172884	WYNN CREST DR LOOP BETTERMENT	$614,424.21	2019
10	O8000.1.2	P400472376	CUY-TOWPATH-ST 3-P400472376-RELOCATIONS	$276,068.63	2019
11	P400169642.012	P400169642	STRAUSSER STATION HEATER REPL	$839,399.36	2019
12	P400292823.082	P400292823	CHIPPEWA 9 AND 10 - SUCTION LINES	$1,149,158.92	2019
13	P400292823.104	P400292823	CHIPPEWA COMPRESSOR UNITS 9 AND 10	$5,719,853.63	2019
14	P400292823.120	P400292823	CHIPPEWA COMPRESSOR UNITS 9 AND 10	$3,540,898.26	2019
15	P400292823.144	P400292823	CHIPPEWA COMPRESSOR UNITS 9 AND 10	$1,415,791.70	2019

82) **Annualized Expense (Schedule 8)**: In response to BRDR-51, the Company stated, "The estimated rate will be trued-up to the actual rate in a subsequent annual filing as recommended by Staff in Case No. 19-468-GA-ALT." How did the Company reflect the property tax rate true-up related to the prior filing in the instant application? BRDR-51, Attachment 1, shows the actual rate for tax year 2019 was 1.3600%, compared to 1.3846% applied in Case No. 19-0486-GA-ALT.

83) **WBS Testing**: Fixed vs. Massed Projects. Follow-up to BRDR-44. Please indicate whether the following WBS elements are massed or fixed

FINAL SETTLMENT WBS	PROJECT ID	Fixed vs. Mass
O8000.1.1	P400272072	
O8000.1.1	P400496012	
O8000.1.2	P400008321	
O8000.1.2	P400874370	
O8500.1.2	P400072396	
O9000_FA.1.1	P400481034	
O3900.CC	O3900.CC	
O8000.1.11	P400238094	
O8500.1.2	P400296750	
EOG-3514.2	#	
O7300.16.GAS.3A	#	
O8000.1.2	P400296664	
O8000.1.2	P400872232	
O8500.1.2	P400877198	
O9700.1.ERT	#	
P400292823.132	P400292823	
P400349560.093	P400349560	
P400783491.023	P400783491	
P400870033.033	P400870033	
P400892318.017	P400892318	
EGOBCOMPHDW.2019.1	#	
FCDEO.18.GAS.8A	#	
O7400.18.GAS.7A	#	

FINAL SETTLMENT WBS	PROJECT ID	Fixed vs. Mass
O8000.1.2	P400172884	
O8000.1.2	P400472376	
O8500.1.2	P400525087	
P400169642.012	P400169642	
P400292823.082	P400292823	
P400292823.104	P400292823	
P400292823.120	P400292823	
P400292823.144	P400292823	
P400335038.086	P400335038	
P400469686.239	P400469686	

84) **Work Order Testing**—WBS O7300.16.GAS.3A: Follow-up to Data Request response BRDR-60.

a. How many radios were replaced?
b. What was the vintage year of the radios replaced?
c. What was the total original cost (retirement amount) of the radios replaced?
d. When would those radios reach the systematic retirement (average service life) date?
e. Why did the Company not retire those assets when they were replaced rather than wait until the systematic retirement date?

85) Work Order Testing—WBS EGOBCOMPHDW.2019.1: Follow-up to Data Request response BRDR-65. Please explain why this project was not included in the CEP filing if it was included in the CEP work order population?

86) **Work Order Testing – Allocation.** For the below list of IT Projects, were the project costs split between East Ohio and any other subsidiary? If so, please explain the rationale.

EOG-3514.2
O7300.16.GAS.3A

87) Follow-up to Data Request response BRDR-56 (Revised), supplemental response, attachment 3.

a. Please provide the in-service dates for each work order.
b. Please confirm that the work orders that did not have retirement value were not replacement work orders. If they were replacement work orders, please provide the retirement amounts.
c. Work Order FCDEO.17.GAS.6A – Roof & Exterior Replacement – 55th Street Main. The note indicates that all roofing should have been retired. Please provide the amount that should have been retired.
d. Work Order FCDEO.19.GAS.3B – Furnace Marietta. Note "Not able to locate a Furnace on retirement list; original furnace was included in initial building cost." Please confirm that the Company is unable to provide retirement amounts.
e. For those work orders where the retirements are associated with different FERC accounts from the additions, please provide the FERC accounts associated with the retirements.
f. Column heading 2019 Additions and COR. Please split out the amount of the additions and amount of COR by work order.

88) Follow-up to Data Request response BRDR-57 (Revised), supplemental response, attachment 3, supplemental response Parts e), xi and xii.
    a. Please provide the in-service dates for each work order.
    b. Please confirm that the work orders that did not have retirement value were not replacement work orders. If they were replacement work orders, please provide the retirement amounts.
    c. Column heading 2019 Additions and COR. Please split out the amount of the additions and amount of COR by work order.
    d. For those work orders where the retirements are associated with different FERC accounts from the additions, please provide the FERC accounts associated with the retirements.

89) **Work Order Testing** (EGOBCOMPHDW.2019.1). Please explain why the work order was closed as of 5/12/21 and backdated 1/29/20.

90) Follow-up to Data Request response No. 63—Project FCDEO.18.GAS.8A. Wilbeth Roof Replacement. The Company indicated that the project was delayed due to capital budget constraints. The project design was completed, and construction shifted to 2019. That resulted in a 9-month delay from estimated to actual in-service dates. Was AFUDC suspended between the design and construction phases? If not, why not?

91) Follow-up to Data Request responses BRDR-44. For the following work orders, please explain the reason(s) for the delays from the estimated in-service dates to the actual in-service dates.
    a. Work Order 08000.1.1. Project P400272072—14-month delay
    b. Work Order 08000.1.1. Project P400496012—8-month delay
    c. Work Order 08500.1.2, Project P400296750—9-month delay

92) Follow-up to Data Request response No. 67—work order 07300.16.GAS.3A. The Company response indicated that that no retirements or Cost of Removal was charged to the work order because account 397.01 (communication equipment) is subject to systematic retirement treatment.
    a. Were the vintages of the replaced assets already retired under the systematic retirement treatment because they reached the average service life? If not, in what year would those assets be retired?
    b. If assets were physically retired before the average service life was reached, why would the Company keep those assets on the books and in the CEP rather than retire them when they were replaced?
    c. What is the vintage year costs of the assets retired?

93) Follow-up to Data Request response BRDR-62 (CEP Revenue Requirements, COR, and retirements). An internal audit was performed in 2014 which recommended that the COR allocation factors be reviewed every 3 to 5 years. Blue Ridge agreed with that recommendation and recommended that the review be done sooner if significant changes take place in how the Company conducts business. Has the Company reviewed the Cost of Removal allocation factor in 2020 as they stated they intended to do in 2020? If not, why not? If so, what was the result of that review?

94) In Blue Ridge's Plant-in-Service & Capital Spending Prudence Audit report (Case No. 19-468-GA-ALT), dated 4/27/2020, Recommendation #6 stated, "Blue Ridge recommends

that the Company evaluate the performance issue that occurred with PowerPlan in 2018 and develop a plan to identify and rectify the issue should it occur again in the future." Please provide a status for this recommendation.

95) Follow up to Data Request response BRDR-62 Work order WBS EGOBCOMPHDW.2019.1. The company indicated that this work order was completed in January 2020. The project was for the purchase of 230 Itron Mobile Radios.

   a. How many of the 230 ITRON Mobile Radios deployed in January 2020?
   b. If less than 230 were deployed were the remaining units considered spares?
   c. If less than 230 were deployed In January 2020 please provide a list of when (month) those spare units were deployed in 2020 and what remains as spares as of December 31, 2020.
   d. Did the ITRON Mobile Radios replace other radios? If so when were those radios retired and what was the original cost of the radios retired?

96) Please provide status to the following recommendations from the Plant-in-Service and Capital Spending Prudence Audit of Dominion Energy Ohio in Case No. 19-468-GA-ALT that were not specifically included in Staff's report in that case but were adopted globally based on Staff's statement that it "fully adopts Blue Ridge's audit report . . . and recommends the Company comply with all recommendations and adjustments outlined in the report":

   a. Blue Ridge recommends the Company review and comply with their approval process to ensure that it is applied on a consistent uniform basis. Blue Ridge found that in some instances the Company did not update the CRF when the projects changed. The purchase order requisition was used instead. For blanket projects, it is appropriate that the approvals are at the Board of Director level. Because of the various types of approvals that take place based on the nature of the project, it is important for the Company to apply a consistent procedure. (page 56)
   b. Blue Ridge found that several factors contributed to the cost overrun for DEO PLNT MAINT.2.BA and DEO PLNT MAINT.2. Scope changes and time delays contribute to some extent. Also contributing is the additional testing as a result of the initial tests not meeting performance goals. It is our opinion that while we understand projects such as this contain many variables, the Company should have been able to control the project to a certain extent regarding meeting testing performance goals. Blue Ridge recommends that the Company put more emphasis on monitoring the projects so the testing phase would yield positive results. (pages 61–62)
   c. Blue Ridge recommends that the Company make a more concerted effort to ensure project budgets include the routine type project costs. Doing so may help avoid cost overruns and provide savings to the ratepayer. (page 68)
   d. Blue Ridge recommends that the Company conform to FERC guidelines as to what purchases of General Equipment can be capitalized at point of purchase and what should be considered inventory until deployed in the field. (page 73)
   Blue Ridge recommends that, in the future, the Company provide an explanation and reconciliation of any differences between what is reported in the Annual Informational Filings to the amounts it requests through the CEP. (page 108)

97) Delayed Retirements: Follow up-up to BRDR#87 and 88. Please break out the $1,122,670 by the three work orders below

Work Order	Description	In-Service	Additions	Retirement Value
FCDEO.18.GAS.5B	NEW CENTRAL AC SYSTEM - 49000003 NES	5/31/19	487,373.38	$1,122,670
FCDEO.19.GAS.1D	NORTHEAST PARKING LOT	10/25/19	1,470,623.04	
FCDEO.19.GAS.2B	NORTHEAST SECURITY SYSTEM INSTALL	10/30/19	76,402.19	

Appendix C: Workpapers

Blue Ridge's workpapers are available on a thumb drive and were delivered to the PUCO Staff per the RFP requirements.

Adjustments
- WP Adjustments - BRDR-4 Attachment 1 (CEP Revenue Requirement) R3.xlsx
- WP Adjustments - BRDR-4 Attachment 2 (2019 Activity) R3.xlsx
- WP Adjustments - BRDR-4 Attachment 3 (2020 Activity) R3.xlsx
- WP Dominion 21-619-EL-RDR Adjustments R6.xlsx

Dominion 2021 Proxy Statement .pdf
Dominion CEP-Base Rates Matrix 210714.xlsx
Dominion Form 10k 12-31-21.pdf
Dominion Ohio June 23 2021 Virtual Field Work.docx
Reconciliation and Sample Pull
- WP 21-619-GA-RDR Sensitivity and Sample Size FINAL.xlsx
- WP BRDR-6 Attachment 1 (Base Rates 2019).xlsb
- WP BRDR-6 Attachment 2 (Base Rates 2020).xlsb
- WP BRDR-6 Attachment 3 (CEP 2019).xlsb
- WP BRDR-6 Attachment 4 (CEP 2020).xlsb

WP BRDR-30 Attachment 1 (Backlog Analysis).xlsx
WP Dominion Recon Population to Filings.xlsx
WP BRDR-54 Attachment 1 Variance Analysis.xlsx
WP V&V BRDR-4 Attachment 1 (CEP Revenue Requirement) FINAL.xlsx