Case No. 22-0619-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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Organization of Blue Ridge's Report

References to the companies and organizations of predominant concern within this report include the following.

- *Public Utilities Commission of Ohio*: PUCO or "Commission"
- *The East Ohio Gas Company d/b/a Dominion Energy Ohio*: "Dominion" or "Company"
- *Blue Ridge Consulting Services, Inc.*: "Blue Ridge"

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, which are presented in more detail in the body of the report.
- *Status of Case No. 21–619-GA-RDR Recommendations:* This section provides updated status on the recommendations and stipulated items ordered by the Commission since the audit of the prior case.
- *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 Blue Ridge's summary conclusions regarding those requirements.
- *Detailed Analysis, Findings, and Recommendations*: This section documents certain Blue Ridge 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 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, upgrades, 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 the 2019 CEP Alt Reg. Case, Dominion sought and was granted authority to incorporate into rates all assets since date certain of the prior rate case, including 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 issued a request for proposal seeking bids to conduct a two-part audit of Dominion's non-IRP 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 reviewed, to determine whether it could attest to, the accounting accuracy and used and useful nature of Dominion's capital expenditures and corresponding depreciation reserve for the period January 1, 2021, through December 31, 2021; 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, 2021, through December 31, 2021.

<u>Part 1 Plant-in-Service Balances</u>

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, 2021, through December 31, 2021. 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	Filed Balance as of Dec. 31, 2021	Recommended Adjustments	Adjusted Balance as of Dec. 31, 2021
Plant in Service, Net of COR and Retirements	$ 922,586,671	$ 1,856,985	$ 924,443,656
Accumulated Provision for Depreciation	(28,555,085)	(3,404,920.7)	(31,960,005)
Net Plant-In-Service	$ 894,031,586	$ (1,547,936)	$ 892,483,650

Blue Ridge performed a reconciliation 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, except for the cost category Bank Fees. Blue Ridge believes that Bank Fees do not represent either a direct or indirect cost of construction as allowed by CFR 18 and, therefore, recommends that the Company discontinue charging bank fees in the CEP.

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, 2021, through December 31, 2021."

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. As discussed in more detail in the variance and work order testing sections of this report, a disconnect exists between the information flowing from the plant accounting system to the Business Warehouse (BW) and ultimately into the CEP that resulted in several recommended adjustments. Blue Ridge also 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 regarding internal and other audits reviewed. Blue Ridge concluded that, other than the disconnect of the plant accounting system to the BW, Dominion's controls were adequate and not unreasonable.

Primary spending is on Distribution infrastructure, new customers, IT, and major project initiatives. 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 submitted as Attachments A and B in support of the Company's application to adjust its Capital Expenditure Program (CEP) Rider to reflect investment activity and related deferrals since Case No. 21-0619-GAL-RDR. 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. Except for the Company's ADIT calculation discussed below, Blue Ridge found the mathematical computation of the cumulative balances as of December 31, 2021, to be not unreasonable.

Other than the adjustments specified, Blue Ridge found nothing to indicate that the non-PIR capital expenses and assets for the period January 1, 2021, through December 31, 2021, were unnecessary, unreasonable, or imprudent. The necessity, reasonableness, and prudence of Dominion's non-PIR capital expenditures were 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 #	Description	Rate Base	Operating Expenses	Revenue Requirement
	Company Filed	**$ 801,771,979**	**$ 53,565,335**	**$ 133,020,938**
1	Over accrued AFUDC in 2020; Reversed in 2022 (EOG-2698.2)	(47,213)	(5,250)	(9,929)
2	Over accrued AFUDC (P400335038)	(5,468)	(214)	(756)
3	Over accrued AFUDC (P400340981)	(1,681)	(56)	(223)
4	Over accrued AFUDC (P400349560)	(56,552)	(2,266)	(7,870)
5	Over accrued AFUDC (P400369415)	(55,406)	(2,751)	(8,242)
6	Project double counted in 01/2019 CEP reports (EOG-2800.3)	(4,308)	(479)	(906)
7	Direct charges not allocated (P400887217)	6,009	189	784
8	Delayed in-svc entry; not reflected in 2020 (EOG-3524.2)	1,610,122	179,037	338,600
9	Delayed in-svc entry; not reflected in 2020 (FCDEO.17.GAS.11B)	2,514,578	119,438	368,632
10	Not identified as CEP; Process issue (P400057521)	1,589	50	208
11	Not identified as CEP; Process issue (P400292823)	1,732,987	59,693	231,432
12	Not identified as CEP; Process issue (P400335038)	23,014	897	3,178
13	Not identified as CEP; Process issue (P400349560)	6,004	241	836
14	Retirements not reflected; Recorded in May 2022 (FCDEO.16.GAS.2A)	(42,557)	(6,944)	(11,162)
15	Retirements not reflected; Communicated late (FCDEO.17.GAS.11B)	(314,548)	(55,854)	(87,026)
16	Retirements not reflected; Communicated late (FCDEO.19.GAS.2J)	(9,311)	(1,163)	(2,085)
17	Retirements not reflected; Communicated late (FCDEO.21.GAS.8B)	(866)	(182)	(268)
18	Retirements not reflected; Communicated late (FM21E55.RENO)	(25,914)	(5,529)	(8,097)
19	Retirements not reflected; Communicated late (FM21FRANKLIN)	(54,182)	(11,417)	(16,786)
20	Retirements not reflected; Communicated late (FM21VWERT.RENO)	(28,208)	(6,676)	(9,472)
21	Retirements not reflected; Process issue (EGOBCOMPHDW.2015)	(46,308)	(38,103)	(42,692)
22	Retirements not reflected; Process issue (O7400.xx.GAS.xx)	(77,283)	(21,457)	(29,116)
23	Retirements not reflected; Process issue (VARIOUS)	(80,479)	(23,090)	(31,066)
24	Retirements not reflected; Process issue (DEO.DOT_RPT.2)	(178,371)	(96,400)	(114,077)
25	Reverse ADIT modification - 2012 Rate Case Depreciation Offset	(90,069,620)	-	(8,925,899)
26	Reverse ADIT modification - Deferred Depr. regulatory asset	25,633,361	-	2,540,266
	Subtotal Adjustments	(59,570,611)	81,714	(5,821,733)
	Blue Ridge Recommended	**$ 742,201,368**	**$ 53,647,049**	**$ 127,199,205**

The following table presents the effect of Blue Ridge's recommended adjustments on the rate base balances and operating expenses supporting the Company's requested revenue requirement

Table 3: Effect of Recommended Adjustments on CEP Revenue Requirements

	As Filed Dec. 31, 2021	Recommended Adjustment	As Adjusted Dec. 31, 2021
Rate Base			
Capital Additions, Net of COR and Retirements	$ 922,586,671	$ 1,856,985	$ 924,443,656
Less: Accumulated Provision for Depreciation	(28,555,085)	(3,404,921)	(31,960,006)
Net Plant-In-Service	$ 951,141,755	$ 5,261,906	$ 956,403,661
2012 Rate Case Depreciation Offset	(428,902,953)	-	(428,902,953)
Net Plant-In-Service Less Depreciation Offset	$ 522,238,802	$ 5,261,906	$ 527,500,708
Regulatory Deferrals	364,414,619	361,265	364,775,885
Accumulated Deferred Income Tax (ADIT)	(84,881,442)	(65,193,783)	(150,075,225)
Total Rate Base	$ 801,771,979	$ (59,570,611)	$ 742,201,368
Pre-Tax Rate of Return	9.91%	0.00%	9.91%
Annualized Return on Rate Base	$ 79,455,603	$ (5,903,448)	$ 73,552,156
Operating Expenses			
Annualized Depreciation Expense	$ 30,284,394	$ 45,426	$ 30,329,820
Annualized Property Tax Expense	13,110,879	26,390	13,137,269
Amortization of Deferred PISCC	5,591,034	5,544	5,596,578
Amortization of Deferred Depreciation Expense	3,409,703	4,355	3,414,057
Amortization of Deferred Property Tax Expense	1,169,326	-	1,169,326
Total Operating Expenses	$ 53,565,335	$ 81,715	$ 53,647,050
Annual Revenue Requirement Prior to Reconciliation	$ 133,020,938	$ (5,821,733)	$ 127,199,205
(Over) / Under Recovered Balance	4,001,126	-	4,001,126
Total Revenue Requirement	**$ 137,022,064**	**$ (5,821,733)**	**$ 131,200,331**

In the 2019 CEP Alt Reg. Case, the Commission prescribed annual CEP rate caps for General Sales Service–Residential and Energy Choice Transportation Service–Residential. The cap for the CEP Investment Period under review is $6.31. The Company's initial filing calculated a Residential Rate (per bill) of $6.16/month before adjustment for prior period under-collection. The increase following implementation of Blue Ridge's recommended adjustments is $5.89/month.[1]

In addition to Blue Ridge's recommended CEP adjustments, Blue Ridge also offers the following general recommendations:

Recommendation #1: Regarding the methodology change in computing ADIT, Blue Ridge recommends that the parties to the settlement agreement in Case No. 19-0468-GA-ALT address this issue in the Company's next base rate case, wherein the current CEP balances will transfer to general rate base and Rider CEP will reset.

Dominion Comment: DEO reserves its position on Recommendations 1 and 2.

Recommendation #2: Regarding ADIT—Deferred Depreciation Regulatory Asset, Blue Ridge recommends restoring the modified treatment consistent with Case Nos. 19-0468-GA-ALT and 21-619-GA-RDR until the next base rate case when stakeholders can evaluate the Company's proposed refinements, as well as present their own modifications, in the context of the entire program.

Dominion Comment: DEO reserves its position on Recommendations 1 and 2.

[1] W_ADJ Attachment A-CEP Revenue Requirement R2, Schedule 1a.

Recommendation #3: Regarding ADIT—Tax Basis Inputs, Blue Ridge observed that the Company's ADIT calculation did not update certain inputs. The Company explained the data for 2021 would not be available until later in the year when the Company prepares its tax return. The Company stated it would true-up the basis differences to actual in the next filing. Blue Ridge recommends that the next audit follow-up on this issue.

Recommendation #4: As noted in the Variable Analysis section, Blue Ridge recommends that the Company identify the reason(s) for the failures of the BW report to accurately reflect what should be in the CEP Filing, correct the issues or explain why the issues were not corrected, and document what was done. We also recommend that this issue be reviewed in depth in the next audit.

Recommendation #5: As noted in testing step T6C for IT-, TSG-, and HCA-related work,[2] Blue Ridge recommends that the Company make a more concerted effort to provide a scope document that will result in a more accurate budget for management to approve for these types of projects.

Recommendation #6: As noted in testing step T6C for IT-related work,[3] Blue Ridge recommends that the Company conduct a more thorough review of the business requirements during the project planning process for IT-related projects.

Recommendation #7: As noted in testing step T6C for facilities-, TSG-, and Distribution Infrastructure-related work,[4] Blue Ridge recommends that the Company make a concerted effort to plan projects so that the budgets are a fair representation of the estimates to perform the work for these types of projects.

Recommendation #8: As noted in testing step T9A, Blue Ridge concludes, in accordance with the FERC code of accounts, that bank fees are not a cost of construction, and should not be recovered in the CEP. The Company is allowed to accrue AFUDC, which reimburses the Company for the cost of borrowed funds. Because the adjustment is de minimis with little or no impact on the CEP Filing, Blue Ridge does not recommend an adjustment. However, Blue Ridge recommends that in the future, this cost category be excluded from the CEP.

Recommendation #9: As noted in the Unitization Backlog section, Blue Ridge recommends that the Company make a concerted effort to significantly reduce the backlog of work orders not unitized.

Recommendation #10: Last year's audit included General Recommendation 4 regarding 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 had stated that the issue of reimbursement of costs associated with this project is a matter of dispute between Dominion and the contractor. No amount of reimbursement had been determined and applied to the project pending resolution of the dispute between Dominion and the contractor. Blue Ridge had recommended that the next CEP audit should follow up on this issue. In following up on the issue in this year's audit, Blue Ridge found that the dispute is still pending resolution. Blue Ridge, therefore, recommends that the next CEP audit follow up on this issue.

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[2] IT-related CEP Work Order: EOG-2698.2—Total Project Actuals: $952,595; TSG-related CEP Work Order: P400335038—Total Project Actuals: $3,196,747; and HCA-related Base Rate Work Order: P400369415—Total Project Actuals: $7,297,038.

[3] IT-related CEP Work Order EOG-3514.2—Total Project Actuals: $1,357,470.

[4] Facilities-related CEP Work Order: FCDEO.19.GAS.1D—Total Project Actuals: $1,470,623; TSG-related CEP Work Order: P400335038—Total Project Actuals: $3,196,747; and Distribution Infrastructure-related CEP Work Order: P400870033—Total Project Actuals: $3,738,173.

STATUS OF CASE NO. 21-619-GA-RDR ADJUSTMENTS AND RECOMMENDATIONS

Blue Ridge Consulting Services, Inc. ("Blue Ridge") performed the Plant-in-Service and Capital Spending Prudence Audit of Dominion Energy Ohio in Case No. 21-619-GA-RDR. In its report, based on its findings, Blue Ridge offered nine adjustments to non-PIR plant-in-service.

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.

Company Status: The Company stated that the 2020 CEP activity has been revised to incorporate audit adjustments that reduce the Company's CEP December 31, 2020, rate base balance. These adjustments were included in the revenue requirement and resulting rates approved by the Commission in Case No. 21-619-GA-RDR. [5] To view the Company's revisions, see the "Adjustment" columns on each of the following schedules in Attachment B of the Company's filing:

- Schedule 1: Capital Investment and Deferral Summary
- Schedule 3: Gross Capital Investment - Cumulative
- Schedule 5: Cost of Removal (COR) – Cumulative
- Schedule 7: Retirements – Cumulative
- Schedule 8a: Incremental and Cumulative Depreciation Expense
- Schedule 8b: Deferred Depreciation Expense
- Schedule 9: Incremental and Cumulative Post In-Service Carrying Costs (PISCC) (adjusted balance shown in 12/31/2020 Beg Balance column)
- Schedule 10: Incremental and Cumulative Property Tax (adjusted balance shown in 12/31/2020 Beg Balance column)[6]

Blue Ridge Comment: Blue Ridge is satisfied that the recommended adjustments were reflected in the CEP beginning balance.

Blue Ridge also offered three plant-in-service balance recommendations.[7]

PIS 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.

Company Status: The Company has recorded the retirement for this work order along with $5,701.42 of COR.[8]

Blue Ridge Comment: Blue Ridge is satisfied with the retirement and COR entries provided by the Company.

[5] Dominion's response to audit scope 2021 Data Request BRDR#10.
[6] Direct Testimony of Celia Hashlamoun in Case No. 22-0619-GA-RDR, page 13, lines 1–17.
[7] Company statuses for all three PIS recommendations were reported in Dominion's response to audit scope 2021 Data Request BRDR#11.
[8] Dominion's response to audit scope 2021 Data Request BRDR#114, Attachment 1.

PIS 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.

Company Status: The Company has recorded retirement for this work order.

Blue Ridge Comment: Blue Ridge is satisfied with the retirement entries provided by the Company.

PIS 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.

Company Status: The Company has recorded retirement for this work order.

Blue Ridge Comment: Blue Ridge is satisfied with the retirement entries provided by the Company.

Blue Ridge had the following general recommendations.[9]

General 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.

Company Status: (see status under General Recommendation 2 below.)

General 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.

Company Status: The Company stated that revenue reconciliation in this filing reflects this recommendation.[10] Schedule 11a, 13 and 14 are new schedules. Schedule 11a provides support for the calculation of estimated February through September 2022 CEP revenues by rate schedule. The Company believes this adjustment is responsive to the audit report recommendation #1 in Case No. 21-619-GA-RDR. The CEP revenue requirement approved in Case No. 19-468-GA-ALT RDR included 2019 annualized depreciation expense assuming the Company's depreciation rates which were effective in 2018. In December 2019, Dominion's depreciation rates were adjusted retroactive to January 2019. Schedule 13 provides support for the adjustment for the change in depreciation rates. In Case No. 21-619-RDR, Dominion used an estimated property tax rate to calculate its 2020 property tax. Schedule 14 provides support for

[9] Company statuses for all general recommendations (unless otherwise stated) were reported in Dominion's response to audit scope 2021 Data Request BRDR#11.
[10] Dominion's response to audit scope 2021 Data Request BRDR#11.

the true-up to Dominion's actual 2020 property tax rate. The Company believes this adjustment is responsive to the audit report recommendation #2 in Case No. 21-619-GA- RDR.[11]

Blue Ridge Comment: Blue Ridge is satisfied with the Company's status.

General 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.

Company Status: The Company has implemented revised policies and procedures to address this recommendation.[12]

1. Authorization Adjustments: Dominion's capital scope management process was updated to establish a way for changes in total project costs exceeding a certain threshold to be captured and reviewed at the proper approval tier. This update was implemented for Project Prioritization Team (PPT) projects which began the planning process effective January 2021. Please see BRDR-13 Attachment 1 (Authorization Adjustment Form) and BRDR-13 Attachment 2 (Authorization Change Process Flow Chart) for supporting detail.
2. Capital Request Form (CRF) for Reactive Projects: Previously, CRFs were not utilized for projects not initiated by the planning group ("reactive projects"). A process was implemented so that CRFs would be utilized for reactive projects which meet certain criteria. Please see BRDR-13 Attachment 3 (Capital Request Form Process Document) for supporting details. This process was implemented for projects initiated effective January 2021.
3. Field Change Approval Process: A process was implemented to ensure changes that occur on a project during construction are captured, documented, and approved at the appropriate level based on the type of change that occurred. Please see BRDR-13 Attachment 4 (Construction Design Change Control Process) and BRDR-13 Attachment 5 (Field Change Request Form) for additional information.

Blue Ridge Comment: Blue Ridge is satisfied with the Company's status and reviewed the implementation of those changes in this year's audit (discussed in the Detailed Transactional Testing section of this report).

General 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 Dominion and the contractor. No amount of reimbursement has been determined and applied to the project pending resolution of the dispute between Dominion and the contractor. Blue Ridge recommends that the next CEP audit should follow up on this issue.

[11] Direct Testimony of Celia Hashlamoun in Case No. 22-0619-GA-RDR, page 12, lines 13–25.
[12] Revised policies and procedures are discussed in Dominion's response to audit scope 2021 Data Request BRDR#13.

Company Status: The Company reports that the dispute between Dominion and the contractor is still pending resolution.

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

General 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 Dominion'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.

Company Status: As stated by Dominion in Case No. 21-619-GA-RDR and recognized in audit report, the Company's procedures regarding systematic retirements of assets General Equipment account 397.01 are consistent with internal corporate policies and FERC guidance. The Company's accounting systems do not have a mechanism in place to automatically identify and track specific assets and retire them before the systematic retirement date. For Dominion Energy to introduce and incorporate a manual retirement process for this account for one distribution operating company would be cost-prohibitive, and the Company was otherwise unable to identify a way to incorporate the recommendation that did not involve effectively abandoning the permissible systematic retirement process.

Blue Ridge Comment: Blue Ridge finds that the Company has made an effort to determine whether it is feasible to identify specific assets and retire them when they are replaced before the systematic retirement date. Blue Ridge understands the constraints required for a manual process and agrees it could be cost prohibitive. Blue Ridge encourages the Company to continue periodically exploring the issue in case a possibly cost-effective means of accomplishing the process should present.

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

Company Status: The Company reviewed the backlog of fixed project work orders and determined that the backlog is primarily due to an inability, in certain cases, of PowerPlan to automatically unitize fixed project work orders originating from the Company's work management system. To reduce the backlog in 2021, the Company manually unitized a number of projects which reduced the overall balance of work orders not unitized from 12/31/20 to 12/31/21 by over $70 million. The Company expects to further reduce the backlog during 2022 by implementing system changes to allow fixed project work orders to systematically unitize in PowerPlan without significant manual intervention. Please see Dominion's response to BRDR-25 for the unitization backlog as of December 31, 2021.

Blue Ridge Comment: Blue Ridge is satisfied with the progress the Company is making to reduce the unitization backlog. Implementing system changes to allow fixed project work orders to systematically unitize should help that effort along. Blue Ridge recommends that the Company continue to reduce the backlog.

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 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 (PISCC) and depreciation and property tax expenses associated with the CEP assets.

In Case No. 11-6024-GA-UNC et al., Dominion 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 assets since date certain of the prior rate case, including 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 CEP Rider is subject to the following residential rate caps.

Table 4: CEP Authorized Rate Caps

CEP Rate Effective Period	CEP Investment Period	GSS-R & TCTS-R Rate Cap (per customer, per month)
10/1/21–9/30/21	Through 12/31/20	$5.51 (Increase reflects 2-years of investments)
10/1/22–9/20/23	Through 12/31/21	$6.31
10/1/23–9/30/24	Through 12/31/22	$6.96
10/1/24–9/30/25	Through 12/31/23	$7.51

PURPOSE OF PROJECT

The PUCO issued a request for proposal to conduct a two-part audit to (1) conduct a comprehensive audit of Dominion's non-IRP plant in-service investment for the calendar years 2021, with a focus on CEP assets, and (2) conduct a comprehensive audit and review of Dominion's CEP assets, deferrals, schedules, and related program elements. Blue Ridge submitted a proposal and was selected to perform the audit.

As defined in the RFP, the audit was to address two parts with the following scope:[13]

> <u>Part 1 Plant In-Service Audit</u>: 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, 2021, through December 31, 2021.
> <u>Part 2 Capital Expenditures Prudence Audit</u>: 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, 2021, through December 31, 2021.

PROJECT SCOPE

The project scope, as delineated in the RFP addresses the following items:

<u>Part 1 Plant-in-Service Audit</u>

- Determine total Company plant in service for each account and subaccount from January 1, 2021, through December 31, 2021.
- Audit Dominion's plant in service to determine the proper value for 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, 2021, through December 31, 2021.
- 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.
- Confirm the accuracy and reasonableness of the depreciation expense.
- Perform physical inspections to confirm the assets are used and useful. Asset inspection may be performed in a virtual format as agreed to with Staff and Company.)

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

- 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, 21-619-GA-RDR, and 22-619-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, 2021, through December 31, 2021, with an emphasis on CEP expenditures and assets.

[13] Case No. 22-0619-GA-RDR Request for Proposal No. RAD22-CEP-3, pages 1–3.

- 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, 2021, through December 31, 2021.
- 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, 2021, through December 31, 2021.
- 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, 2021, through December 31, 2021, 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, 2021, through December 31, 2021, 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, 21-619-GA-RDR, and 22-619-GA-RDR. This includes, but is not limited to PISCC, property tax, depreciation, and incremental revenue.
- 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 and those that are not:

<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[14]

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 DOMINION's distribution, transmission, storage, production, and gathering systems that are not covered by DOMINION's Automated Meter Reading and Pipeline Infrastructure Replacement

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

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.

- *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 DOMINION's regulated services.[15]

Blue Ridge reviewed the other non-CEP mechanisms that exist for the recovery of plant. These include PIR (Pipeline Infrastructure Replacement), AMR (Automated Meter Reading), and IDR (Infrastructure Development Rider). The Company provided the following information:

<u>PIR Investment</u>: 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 DOMINION of a meter relocation plan at the time of the annual cost recovery filing.

[15] Case No. 21-0619-GA-RDR, Direct Testimony of Celia B. Haslamoun, page 3, lines 4–21.

- 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.[16]

AMR (Automated Meter Reading): The AMR Program involves the initial installation of automated meter reading equipment on customer meters between 2007 and 2012. There has been no capital investment in this program since 2012, although recovery filings are still filed annually (see DR BRDR#41, Attachment 2).

IDR (Infrastructure Development Rider): House Bill 26 created a mechanism for recovery of capital projects that provide economic development for the state of Ohio if the project would not meet DOMINION's authorized return on rate base without funding through the IDR. The projects must be approved by the Commission prior to construction, and annual recovery reports are filed in June of each year (see DR BRDR#41, Attachment 3). Project costs are recovered over the twelve-month period following rate approval by the Commission. The rate is capped at $1.50 per customer per month and is subject to reconciliation of over- or under-recovery in the following annual filing. Capital costs recovered through the IDR are accounted for as contributions in aid of construction.[17]

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. Blue Ridge calculated materiality 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

[16] Dominion's response to audit scope 2021 Data Request BRDR#21.
[17] Dominion's response to audit scope 2021 Data Request BRDR#41.

in the CEP Rider on an average residential customer's monthly bill.[18] 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, workpapers, stipulations (if any), and orders in Case Nos. 11-6024-GA-UNC et al., 12-3279-GA-UNC et al., and 13-2410-GA-UNC et al.
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 2021
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), Case No. 21-619-GA-RDR
9. The Company's CEP application in Case No. 22-619-GA-RDR.

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 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—as understood according to their definitions in the Audit Standard section of this report. The reviews also considered 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, as needed, that supported the reasonableness of the decision to execute the work.

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.

[18] 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.

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 divided 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 Dominion's capital expenditures and corresponding depreciation reserve for the period January 1, 2021, through December 31, 2021. 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, 2021, through December 31, 2021.
    - 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, 2021, through December 31, 2021.
    - 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 January 1, 2021, through December 31, 2021. 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, 2021, through December 31, 2021, 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 for the period January 1, 2021, through December 31, 2021.
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, 2021, through December 31, 2021, 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, 2021, through December 31, 2021, 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, 21-619-GA-RDR, and 22-619-GA-RDR. This includes, but is not limited to, PISCC, property tax, depreciation, and incremental revenue.
    - Conduct an analysis of the CEP program's compliance with Commission rules and orders.
    - 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, 2021, through December 31, 2021.

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, 2021, through December 31, 2021, and (2) plant in service recovered through the CEP mechanism.

Blue Ridge's investigation included data requests, notes from past interviews, field inspections, and analyses, including variance analysis and detailed transactional testing. Blue Ridge's investigation identified 26 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 5: CEP Plant-in-Service Recommended Balance

Description	Filed Balance as of Dec. 31, 2021	Recommended Adjustments	Adjusted Balance as of Dec. 31, 2021
Capital Additions	$ 1,096,672,442	$ 5,420,840	$ 1,102,093,281
Cost of Removal	(84,856,933)	-	(84,856,933)
Retirements	(89,228,838)	(3,563,854)	(92,792,692)
Capital Additions, Net of COR and Retirements	$ 922,586,671	$ 1,856,985	$ 924,443,656

2. DEPRECIATION RESERVE BALANCES

Requirement: Determine total Company depreciation reserve for each account and subaccount, from January 1, 2021, through December 31, 2021.

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 (1) the total Company depreciation reserve for each account and subaccount from the January 1, 2021, balance and (2) the depreciation reserve recovered through the CEP mechanism.

Blue Ridge's investigation included data requests, notes from past 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 flowed through the 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 6: CEP Depreciation-Reserve Recommended Balance

Description	Filed Balance as of Dec. 31, 2021	Recommended Adjustments	Adjusted Balance as of Dec. 31, 2021
Depreciation Expense	$ 145,530,686	$ 158,934	$ 145,689,620
Cost of Removal	(84,856,933)	-	(84,856,933)
Retirements	(89,228,838)	(3,563,854)	(92,792,692)
Accumulated Provision for Depreciation, Net	$ (28,555,085)	$ (3,404,921)	$ (31,960,006)

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 this audit, Blue Ridge performed a reconciliation 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 Dominion's plant investment is jurisdictional to its gas distribution service customers.

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.[19]
- 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.[20]

[19] SAP Project Structure, page 3. Provided during audit scope 2011–2018 Kick-off Meeting on 9/20/19.
[20] SAP Project Structure, page 3. Provided during audit scope 2011–2018 Kick-off Meeting on 9/20/19.

The Company provided a list of all overheads (labor loading, etc.) and any other indirect items charged to Dominion 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 (1) surcharges applied to Dominion's capital projects, and (2) although not surcharges per se, other charges that may be applied to Dominion work orders or WBS elements.

- Material Overhead
- Bin Stock (under 2" Fittings & Small Tools)
- DES Billing
- Supervision
- Project Management (A&G)
- Pension Credit
- Clearing Cap DRS ICO Expense (These charges represent intercompany costs incurred for specified Dominion capital projects.)
- 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.[21] Such costs are incurred for PIR project reporting, data preparation, and map generation. Dominion has established specific WBS elements for purposes of tracking and reporting these costs. [22])
- Restricted Stock

Information Technology (IT)

In transactional testing, Blue Ridge identified five of the 31 CEP-related work orders / projects as associated with installation, upgrade, or replacement of information technology. Four of the five IT projects allocated charges between the Company and another Dominion subsidiary. The remaining IT project was split with actual expenses charged to various WBS elements depending on the location and operating company benefiting from the project.[23] This allocation method is not unreasonable.

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.

[21] See Opinion and Order in Case No. 09-458-GA-RDR, page 9.
[22] Dominion's response to audit scope 2021 Data Request BRDR#21.
[23] Dominion's response to audit scope 2021 Data Request BRDR#90.

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, 2021, through December 31, 2021, with an emphasis on CEP expenditures and assets.

Other than the adjustments specified and other non-monetary recommendations, Blue Ridge found nothing to indicate that the capital expenditures and assets for the period January 1, 2021, through December 31, 2021, were unnecessary, unreasonable, or imprudent. The necessity, reasonableness, and prudence of Dominion'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 Dominion'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 for the period January 1, 2021, through December 31, 2021.

Primary spending is Distribution infrastructure, new customers, IT, and major project initiatives. 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, 2021, through December 31, 2021, 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, 2021, through December 31, 2021, 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. In 2021, contractor labor was approximately 86% of the total labor used on capital projects.[24]

To help achieve the most cost-effective outcomes in utilizing contractor labor, Dominion 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 stated that practices in this regard have not changed in 2021 from what was done in recent prior years.[25] The Company takes steps which appear to be not unreasonable to try to control costs.

[24] Dominion's response to audit scope 2021 Data Request BRDR#33.
[25] Dominion's response to audit scope 2021 Data Request BRDR#33.

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: Conduct an analysis of the CEP program's compliance with Commission rules and orders.

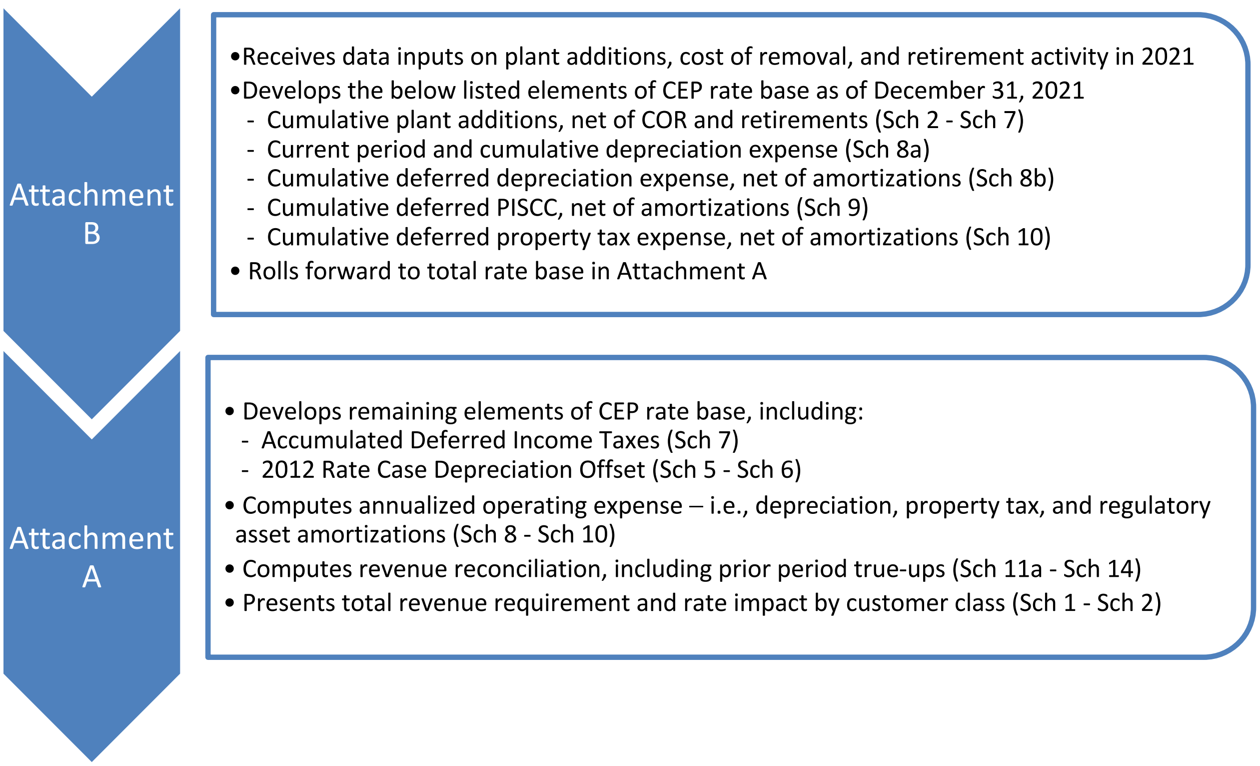
Requirement: Confirm the accuracy and reasonableness of the depreciation expense.

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.

Attachments A and B, submitted with the application, support the Company's request for a rate adjustment to reflect investments placed into service during 2021. The figure below summarizes the function and relationship between the two sets of schedules.

Figure 1: Financial Schedules Supporting Company-Proposed Rate Adjustment



Attachment B presents the opening CEP plant balances by FERC account, monthly additions, and the cumulative totals as of December 31, 2021. Attachment B also computes depreciation, property taxes, and PISCC subject to deferred accounting treatment and their respective cumulative balances, net of amortizations. The cumulative capital investment and deferred regulatory asset balances roll forward to Attachment A, the function of which is to develop the remaining elements of rate base, compute annualized expenses, and determine the revenue requirement.

The table below summarizes the Company's request to adjust Rider CEP revenues from $118,305,614, established in Case No. 21-0619-GA-RDR, to $137,022,064, as shown the in instant filing at Attachment A, Schedule 2. The increase reflects incremental annual plant additions through December 31, 2021.

Table 7: CEP Revenue Requirements Calculated by Company

	Per Order Dec. 31, 2020	2021 Activity	As Filed Dec. 31, 2021
Rate Base			
Capital Additions, Net of COR and Retirements	$ 801,083,704	$ 121,502,966	$ 922,586,671
Less: Accumulated Provision for Depreciation	(37,426,147)	8,871,062	(28,555,085)
Net Plant-In-Service	$ 838,509,851	$ 112,631,904	$ 951,141,755
2012 Rate Case Depreciation Offset	(389,705,205)	(39,197,749)	(428,902,953)
Net Plant-In-Service Less Depreciation Offset	$ 448,804,646	$ 73,434,156	$ 522,238,802
Regulatory Deferrals	345,977,741	18,436,879	364,414,619
Accumulated Deferred Income Tax (ADIT)	(107,681,768)	22,800,326	(84,881,442)
Total Rate Base	$ 687,100,619	$ 114,671,360	$ 801,771,979
Pre-Tax Rate of Return	9.91%	0.00%	9.91%
Annualized Return on Rate Base	$ 68,091,671	$ 11,363,932	$ 79,455,603
Operating Expenses			
Annualized Depreciation Expense	$ 26,200,328	$ 4,084,066	$ 30,284,394
Annualized Property Tax Expense	11,183,761	1,927,118	13,110,879
Amortization of Deferred PISCC	5,091,323	499,711	5,591,034
Amortization of Deferred Depreciation Expense	3,199,205	210,497	3,409,703
Amortization of Deferred Property Tax Expense	1,085,469	83,857	1,169,326
Total Operating Expenses	$ 46,760,085	$ 6,805,250	$ 53,565,335
Annual Revenue Requirement Prior to Reconciliation	$ 114,851,757	$ 18,169,181	$ 133,020,938
(Over) / Under Recovered Balance	3,453,857	547,269	4,001,126
Total Revenue Requirement	**$ 118,305,614**	**$ 18,716,451**	**$ 137,022,064**

Blue Ridge performed analytical procedures on Attachments A and B, verifying and validating them for mathematical accuracy, internal consistency, agreement with source documents, and compliance with settlement agreements and Orders in Case Nos. 19-0468-GA-ALT and 21-619-GA-RDR.

Except for Accumulated Deferred Income Taxes (ADIT) discussed below, Blue Ridge found the Company's preparation and presentation of the schedules in Attachments A and B to be mathematically accurate, consistent with prior case precedent, and not unreasonable. The opening balances tied to the ending balances previously approved in Case No. 21-0619-GA-RDR, and the incremental activity matched the plant additions reported in the Annual Information Filings for 2021. Consistent with Blue Ridge's expectation, the Company ceased deferring expenses related to pre-2019 vintage plant at the beginning of 2021 because the rates authorized in Case No. 19-0468-GA-ALT became effective on January 6, 2021. These findings notwithstanding, Blue Ridge's recommendations to plant discussed in other sections may impact the Company's ending plant balances, expense deferrals, and other cost of service elements as a flow-through adjustment.

Treatment of Certain Items in ADIT Calculation

Attachment A, Schedule 7 computes the impact of accumulated deferred income taxes (ADIT). Blue Ridge identified two methodology changes, two corrections, and one issue for follow-up in the Company's next CEP filing.

ADIT—2012 Rate Case Depreciation Offset

The Company modified the ADIT calculation at Line 4 to reflect the impact of deferred income taxes on the 2012 Rate Case Depreciation Offset, opining that lack of recognition in rate base would result in an IRS normalization violation. Company Witness Celia Hashlamoun addressed the matter in Direct Testimony as follows:

> Tax normalization rules require consistency in the treatment of costs for rate base, regulated depreciation expense, tax expense, and accumulated deferred income taxes ("ADIT"). To maintain compliance with the normalization rules, ADIT included in the CEP Rider must be calculated based on the timing difference between the book basis and the tax basis of the assets included in rate base. To the extent the book basis is adjusted, such as through a depreciation offset, the ADIT balance must also be adjusted. The 2021 CEP Rider rate base ADIT calculation has been updated to reflect this requirement. Attachment A at Schedule 7 shows deferred taxes associated with the CEP cumulatively through December 31, 2021.[26]

Rather than submit evidentiary support with its application, the Company requested a conference call, which occurred on April 19, 2022, to discuss the matter. Given the complexity and seriousness of the topic, Blue Ridge asked the Company to formally update the record via interrogatory response. The Company complied on June 21, 2022.[27]

Based on the Company's response, Blue Ridge neither accepts nor rejects the Company's position. Without a private letter ruling (PLR) opining on the unique facts and circumstances in this case, it is not certain that the treatment approved in Case No. 19-0468-GA-ALT creates a normalization violation. One of the unique issues the Company acknowledges is whether the normalization rules apply to alternative rate mechanisms, such as Rider CEP.[28] The purpose of alternative ratemaking is to incentivize the Company to make capital investments between base rate case proceedings by reducing its financial risk and regulatory lag; these alternative mechanisms are non-permanent and discretionary and do not necessarily adhere to the same principles applied to traditional ratemaking models.

Another pertinent fact in this case is that the CEP revenues are capped and measured against a formula the Company put forward and the counterparties agreed to adopt in Case No. 19-0468-GA-ALT. The residential rate cap for the measurement period is $6.31, whereas the Company's filed position is $6.16. Of the Company's requested residential rate adjustment from $5.50 to $6.16, the formula modification to reflect the ADIT impact of the depreciation offset contributes $0.41, or a 62.1 percent increase. Accordingly, this material modification to the performance benchmark midway through the program enables the Company to realize more of its revenue potential without following through on its commitment to make the capital investments the program was established to facilitate. As such, the change is not cost neutral to customers. Since customers do not have a voice in this proceeding, which is compliance driven, adopting the Company's proposed change at this time is not just and reasonable.

[26] Direct Testimony of Celia Hashlamoun in Case No. 22-0619-GA-RDR, p. 10, lines 19-25 thru p. 11, lines 1-4.
[27] Dominion's supplemented response to audit scope 2021 Data Request BRDR#8.
[28] Dominion's supplemented response to audit scope 2021 Data Request BRDR#8.

Blue Ridge recommends that the parties to the settlement agreement in Case No. 19-0468-GA-ALT address this issue in the Company's next base rate case, wherein the current CEP balances will transfer to general rate base and Rider CEP will reset. That proceeding is the appropriate venue for evaluating and refining the CEP mechanism in its entirety and where all stakeholders can weigh in.[29] For the current case, Blue Ridge recommends the Commission restore the modified calculation consistent with Case Nos. 19-0468-GA-ALT and 21-0619-GA-RDR. In making these recommendations, Blue Ridge notes that the CEP formulas across all utilities under PUCO's authority currently do not reflect the impact of deferred income taxes on the depreciation offset. **[Adjustment #25]**

The impact of removing the Company-proposed change increased the ADIT offset in rate base by $90.07 million and decreased the revenue requirement by $8.93 million. Blue Ridge's recommendations to plant discussed in other sections further impact the Company's filed ADIT balance.

ADIT—Deferred Depreciation Regulatory Asset

While the Company did not discuss the change in testimony or interrogatories, it voluntarily reflected the impact of deferred income taxes on the deferred depreciation regulatory asset at Line 8 in the instant filing. The CEP formulas across all utilities under PUCO's authority currently do not require the reflection of such. Accordingly, Blue Ridge recommends restoring the modified treatment consistent with Case Nos. 19-0468-GA-ALT and 21-619-GA-RDR until the next base rate case when stakeholders can evaluate the Company's proposed refinements, as well as present their own modifications, in the context of the entire program. **[Adjustment #26]**

The impact of removing the Company's modification decreased the ADIT offset in rate base by $25.63 million and increased the revenue requirement by $2.54 million. Blue Ridge's recommendations to plant discussed in other sections further impact the Company's filed ADIT balance.

ADIT—AFUDC Equity

The instant filing reflects an adjustment to remove the impact of AFUDC-Equity in the ADIT calculation at Line 22. The change in treatment decreased the Company's filed ADIT offset in rate base by $290,000 and increased the revenue requirement by $30,000.

The history behind this adjustment originates with the Company's initial application in Case No. 19-0468-GA-ALT, wherein the Company did not reflect AFUDC as a basis difference in the calculation. Later, during the proceeding, the Company updated its filed position to include both AFUDC-Debt and Equity.[30] In an interview, which included individuals from Dominion's Tax Department, Blue Ridge questioned the reflection of AFUDC-Equity since the item is a permanent, as opposed to temporary, basis difference.[31] The Company maintained its thinking; accordingly, Blue Ridge recommended adopting the treatment as Dominion had no reason to advance a position that would decrease its revenue requirement.

[29] Refer to Case No. 21-637-GA-AIR wherein Columbia Gas of Ohio proposes to adjust its current CEP formula, including removal of the depreciation offset. Staff's response docketed on April 6, 2022, at page 47, "accepts the Company's proposal" on the condition that Columbia files a rate case within five years of the Commission's order in the instant proceeding.
[30] Dominion's response to Data Request BRDR#173 in Case No. 19-0468-GA-ALT.
[31] Phone Interview on April 8, 2020.

In the instant filing, without discussing the adjustment, Dominion inserted Line 22, which negates the impact of reflecting AFUDC-Equity as a book-tax basis difference at Line 14. During a conference call on April 19, 2022, the Company acknowledged it made the adjustment to effectuate a correction. Blue Ridge agrees the adjustment is not unreasonable.

ADIT—Accumulated Provision for Depreciation

As shown on Schedule 2, the Accumulated Provision for Depreciation reflects depreciation expense, cost of removal, and retirements. These cumulative balances offset cumulative investments to derive the net book value of capital additions. In Case Nos. 19-0468-GA-ALT and 21-0619-GA-RDR, the ADIT calculation appears to have referenced the wrong spreadsheet cell for the provision for depreciation, thereby understating the net book value of capital additions when compared to the net tax value. Blue Ridge's prior audit procedures did not detect this error, which would have reduced the revenue requirement in Case Nos. 19-0468-GA-ALT and 21-0619-GA-RDR by $2.25 million and $3.26 million, respectively. Since the cell reference is correct in the instant filing and the prior audits are closed, Blue Ridge recommends no change. Blue Ridge further points out that it distinguishes this issue as a correction rather than a methodology change; no other utilities with CEP riders under PUCO's authority are permitted to include cost of removal and retirements in the gross plant basis without reflecting the same in the accumulated provision for depreciation when determining net book value in the ADIT calculation.

ADIT—Tax Basis Inputs

Blue Ridge observed that the Company's ADIT calculation did not update certain inputs as shown in the table below.

Table 8: Book-Tax Basis Differences

Description	Per Order 19-0468-GA-ALT 12/31/2018	Per Order 21-619-GA-RDR 12/31/2020	As Filed 22-619-GA-RDR 12/31/2021
AFUDC Debt	$ (1,539,103.00)	$ (2,049,430.08)	$ (2,034,764.61)
AFUDC Equity	(942,434.00)	(1,360,665.15)	(1,360,665.15)
Bonus Depreciation	(247,027,452.00)	(236,975,734.26)	(234,881,295.07)
Tax Depreciation	489,483.00	-	-
Capitalized Interest	7,438,054.00	7,417,316.57	7,417,316.57
In-House Software Depreciation	(19,316,850.00)	(25,353,757.84)	(25,353,757.84)
Other Tax Depreciation	(81,859,397.00)	(144,574,019.99)	(185,278,092.85)

In response to discovery, the Company explained the data for 2021 would not be available until later in the year when the Company prepares its tax return. The Company stated it would true-up the basis differences to actual in the next filing.[32] Blue Ridge recommends that the next audit follow-up on this issue.

[32] Dominion's supplemented response to audit scope 2021 Data Request BRDR#61.

12. 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:

Adjustment #1: As noted in testing step T7A, regarding CEP Work Order EOG-2698.2, Blue Ridge found that the Company overaccrued AFUDC in the amount of $44,302 for this work order. The Company reversed the overage in June of 2022. An adjustment to the CEP should be made to remove the AFUDC accrued as of December 31, 2021, as well as to adjust for the overaccrual of depreciation associated with the AFUDC in plant.

Adjustment #2: As noted in testing step T7A, regarding CEP Work Order P400335038, Blue Ridge recommends, and the Company agrees, that AFUDC should be reduced by $5,199.42 to reflect the delay in starting work.

Adjustment #3: As noted in testing step T7A, regarding Hybrid Work Order P400340981, Blue Ridge recommends, and the Company agrees, that AFUDC should be reduced by $1,642.85 to reflect the over-accrued AFUDC.

Adjustment #4: As noted in testing step T7A, regarding CEP Work Order P400349560, Blue Ridge recommends, and the Company agrees, that AFUDC should be reduced by $53,764.46 to reflect the delay in starting work.

Adjustment #5: As noted in testing step T7A, regarding Base Rate Work Order P400369415, Blue Ridge recommends, and the Company agrees, that AFUDC should be reduced by $52,582.68 to reflect the delay in starting work.

Adjustment #6: As noted in testing step T8A, regarding CEP Work Order EOG-2800.3, Blue Ridge found, and the Company agreed, that the $4,042 was inadvertently double counted within the CEP recovery reports.

Adjustment #7: As noted in testing step T8, regarding CEP Work Order P400887217, Blue Ridge found that the Company inadvertently did not include the direct charges of $5,722 in the 2021 CEP Filing.

Adjustment #8: As noted in testing steps T7A and T8A, regarding CEP Work Order EOG-3524.2, Blue Ridge found that the Company's delay in notifying the closing team of the in-service condition resulted in the Company inadvertently excluding $1,510,834 of CEP costs in the CEP recovery report, which is used to prepare the annual CEP Rider Filing.

Adjustment #9: As noted in testing step T8A, regarding CEP Work Order FCDEO.17.GAS.11B, Blue Ridge found that the Company's delay in notifying the closing team of in-service condition resulted in the Company inadvertently excluding $2,387,378 of CEP costs in the CEP recovery report, which is used to prepare the annual CEP Rider Filing.

Adjustment #10: As noted in testing step T8A, regarding Hybrid Work Order P400057521, Blue Ridge found that no quantity was assigned in SAP, so the BW Report inadvertently excluded $1,588.24 of CEP costs in the CEP recovery report, which is used to prepare the annual CEP Rider Filing.

Adjustment #11: As noted in testing step T8A, regarding CEP Work Order P400292823, Blue Ridge found that no quantity was assigned in SAP, so the BW Report inadvertently excluded

$1,649,259 of CEP costs in the CEP recovery report, which is used to prepare the annual CEP Rider Filing.

Adjustment #12: As noted in testing step T8A, regarding CEP Work Order P400335038, Blue Ridge found that no quantity was assigned in SAP, so the BW Report inadvertently excluded $21,884 of CEP costs in the CEP recovery report, which is used to prepare the annual CEP Rider Filing.

Adjustment #13: As noted in testing step T8A, regarding CEP Work Order P400349560, Blue Ridge found that the Company inadvertently did not include costs related to two Orders Operations that were not pulled into the BW Report to be included in the 2021 CEP Filing in the amount of $5,708.

Adjustment #14: As noted in testing step T11A, regarding CEP Work Order FCDEO.16.GAS.2A, Blue Ridge recommends an adjustment for the overaccrual of depreciation in the amount of $4,257 related to the delay in recording the retirement of $162,459 from the work order in-service date through December 31, 2021. In addition, the delay in recording the retirement is a timing issue and would be reflected in next year's CEP filing.

Adjustments #15, 16, 17, 18, 19, and 20: As noted in testing step T11A, regarding several CEP work orders, Blue Ridge found that above mentioned CEP work orders were communicated late and therefore not identified and recorded in the CEP 2021 Filing. An adjustment should be made for $(1,751,810).

Adjustments #21, 22, 23, and 24: As noted in testing step T11A, regarding various work orders in FERC 391.2, 394, 396.01, and 303, and based on the process issues discussed in the Variance Analysis section of this report, Blue Ridge found, and the Company agreed that the following four adjustments should be made to the CEP Filing: (1) FERC 391.2—$174,117; (2) FERC 394—$326,946; (3) FERC 396.01—$306,153; and (4) FERC 303—$842,368.

Adjustment #25: Blue Ridge recommends removing the Company's ADIT formula modification to reflect the impact of deferred income taxes on the 2012 Rate Case Depreciation Offset in rate base.

Adjustment #26: Blue Ridge recommends removing the Company's ADIT formula modification to reflect the impact of deferred income taxes on the deferred depreciation regulatory asset.

The following tables summarizes Blue Ridge's recommended adjustments.

Table 9: Blue Ridge Recommended Adjustments to CEP Revenue Requirements

Adj #	Description	Rate Base	Operating Expenses	Revenue Requirement
	Company Filed	**$ 801,771,979**	**$ 53,565,335**	**$ 133,020,938**
1	Over accrued AFUDC in 2020; Reversed in 2022 (EOG-2698.2)	(47,213)	(5,250)	(9,929)
2	Over accrued AFUDC (P400335038)	(5,468)	(214)	(756)
3	Over accrued AFUDC (P400340981)	(1,681)	(56)	(223)
4	Over accrued AFUDC (P400349560)	(56,552)	(2,266)	(7,870)
5	Over accrued AFUDC (P400369415)	(55,406)	(2,751)	(8,242)
6	Project double counted in 01/2019 CEP reports (EOG-2800.3)	(4,308)	(479)	(906)
7	Direct charges not allocated (P400887217)	6,009	189	784
8	Delayed in-svc entry; not reflected in 2020 (EOG-3524.2)	1,610,122	179,037	338,600
9	Delayed in-svc entry; not reflected in 2020 (FCDEO.17.GAS.11B)	2,514,578	119,438	368,632
10	Not identified as CEP; Process issue (P400057521)	1,589	50	208
11	Not identified as CEP; Process issue (P400292823)	1,732,987	59,693	231,432
12	Not identified as CEP; Process issue (P400335038)	23,014	897	3,178
13	Not identified as CEP; Process issue (P400349560)	6,004	241	836
14	Retirements not reflected; Recorded in May 2022 (FCDEO.16.GAS.2A)	(42,557)	(6,944)	(11,162)
15	Retirements not reflected; Communicated late (FCDEO.17.GAS.11B)	(314,548)	(55,854)	(87,026)
16	Retirements not reflected; Communicated late (FCDEO.19.GAS.2J)	(9,311)	(1,163)	(2,085)
17	Retirements not reflected; Communicated late (FCDEO.21.GAS.8B)	(866)	(182)	(268)
18	Retirements not reflected; Communicated late (FM21E55.RENO)	(25,914)	(5,529)	(8,097)
19	Retirements not reflected; Communicated late (FM21FRANKLIN)	(54,182)	(11,417)	(16,786)
20	Retirements not reflected; Communicated late (FM21VWERT.RENO)	(28,208)	(6,676)	(9,472)
21	Retirements not reflected; Process issue (EGOBCOMPHDW.2015)	(46,308)	(38,103)	(42,692)
22	Retirements not reflected; Process issue (O7400.xx.GAS.xx)	(77,283)	(21,457)	(29,116)
23	Retirements not reflected; Process issue (VARIOUS)	(80,479)	(23,090)	(31,066)
24	Retirements not reflected; Process issue (DEO.DOT_RPT.2)	(178,371)	(96,400)	(114,077)
25	Reverse ADIT modification - 2012 Rate Case Depreciation Offset	(90,069,620)	-	(8,925,899)
26	Reverse ADIT modification - Deferred Depr. regulatory asset	25,633,361	-	2,540,266
	Subtotal Adjustments	(59,570,611)	81,714	(5,821,733)
	Blue Ridge Recommended	**$ 742,201,368**	**$ 53,647,049**	**$ 127,199,205**

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

Table 10: Recommended Adjustments to CEP Revenue Requirements

	As Filed Dec. 31, 2021	Recommended Adjustment	As Adjusted Dec. 31, 2021
Rate Base			
Capital Additions, Net of COR and Retirements	$ 922,586,671	$ 1,856,985	$ 924,443,656
Less: Accumulated Provision for Depreciation	(28,555,085)	(3,404,921)	(31,960,006)
Net Plant-In-Service	$ 951,141,755	$ 5,261,906	$ 956,403,661
2012 Rate Case Depreciation Offset	(428,902,953)	-	(428,902,953)
Net Plant-In-Service Less Depreciation Offset	$ 522,238,802	$ 5,261,906	$ 527,500,708
Regulatory Deferrals	364,414,619	361,265	364,775,885
Accumulated Deferred Income Tax (ADIT)	(84,881,442)	(65,193,783)	(150,075,225)
Total Rate Base	$ 801,771,979	$ (59,570,611)	$ 742,201,368
Pre-Tax Rate of Return	9.91%	0.00%	9.91%
Annualized Return on Rate Base	$ 79,455,603	$ (5,903,448)	$ 73,552,156
Operating Expenses			
Annualized Depreciation Expense	$ 30,284,394	$ 45,426	$ 30,329,820
Annualized Property Tax Expense	13,110,879	26,390	13,137,269
Amortization of Deferred PISCC	5,591,034	5,544	5,596,578
Amortization of Deferred Depreciation Expense	3,409,703	4,355	3,414,057
Amortization of Deferred Property Tax Expense	1,169,326	-	1,169,326
Total Operating Expenses	$ 53,565,335	$ 81,715	$ 53,647,050
Annual Revenue Requirement Prior to Reconciliation	$ 133,020,938	$ (5,821,733)	$ 127,199,205
(Over) / Under Recovered Balance	4,001,126	-	4,001,126
Total Revenue Requirement	**$ 137,022,064**	**$ (5,821,733)**	**$ 131,200,331**

In the 2019 CEP Alt Reg. Case, the Commission authorized the Company to adjust the CEP Rider rate each year. The Commission prescribed an initial CEP rate cap of $3.86 per month for General Sales Service—Residential and Energy Choice Transportation Service—Residential. As shown in the following table, the cap for the CEP Investment Period under review is $6.31. The Company's initial filing sought an increase of $6.16/month before adjustment for prior period under-collection. The increase following implementation of Blue Ridge's recommended adjustments is $5.89/month before adjustment for prior period undercollection.[33]

Table 11: CEP Rate Caps GSS-R & TCTS-R Rate Cap (per customer, per month)

CEP Rate Effective Period	CEP Investment Period	Authorized Cap	As Filed	Adjusted
10/1/22–9/20/23	Through 12/31/21	$6.31	$6.16	$5.89

In addition to Blue Ridge's recommended CEP adjustments, Blue Ridge also offers the following general recommendations:

Recommendation #1: Regarding the methodology change in computing ADIT, Blue Ridge recommends that the parties to the settlement agreement in Case No. 19-0468-GA-ALT address this

[33] W_ADJ Attachment A-CEP Revenue Requirement R2, Schedule 1a.

issue in the Company's next base rate case, wherein the current CEP balances will transfer to general rate base and Rider CEP will reset.

Dominion Comment: DEO reserves its position on Recommendations 1 and 2

Recommendation #2: Regarding ADIT—Deferred Depreciation Regulatory Asset, Blue Ridge recommends restoring the modified treatment consistent with Case Nos. 19-0468-GA-ALT and 21-619-GA-RDR until the next base rate case when stakeholders can evaluate the Company's proposed refinements, as well as present their own modifications, in the context of the entire program.

Dominion Comment: DEO reserves its position on Recommendations 1 and 2

Recommendation #3: Regarding ADIT—Tax Basis Inputs, Blue Ridge observed that the Company's ADIT calculation did not update certain inputs. The Company explained the data for 2021 would not be available until later in the year when the Company prepares its tax return. The Company stated it would true-up the basis differences to actual in the next filing. Blue Ridge recommends that the next audit follow-up on this issue.

Recommendation #4: As noted in the Variable Analysis section, Blue Ridge recommends that the Company identify the reason(s) for the failures of the BW report to accurately reflect what should be in the CEP Filing, correct the issues or explain why the issues were not corrected, and document what was done. We also recommend that this issue be reviewed in depth in the next audit.

Recommendation #5: As noted in testing step T6C for IT-, TSG-, and HCA-related work,[34] Blue Ridge recommends that the Company make a more concerted effort to provide a scope document that will result in a more accurate budget for management to approve for these types of projects.

Recommendation #6: As noted in testing step T6C for IT-related work,[35] Blue Ridge recommends that the Company conduct a more thorough review of the business requirements during the project planning process for IT-related projects.

Recommendation #7: As noted in testing step T6C for facilities-, TSG-, and Distribution Infrastructure-related work,[36] Blue Ridge recommends that the Company make a concerted effort to plan projects so that the budgets are a fair representation of the estimates to perform the work for these types of projects.

Recommendation #8: As noted in testing step T9A, Blue Ridge concludes, in accordance with the FERC code of accounts, that bank fees are not a cost of construction, and should not be recovered in the CEP. The Company is allowed to accrue AFUDC, which reimburses the Company for the cost of borrowed funds. Because the adjustment is de minimis with little or no impact on the CEP Filing, Blue Ridge does not recommend an adjustment. However, Blue Ridge recommends that in the future, this cost category be excluded from the CEP.

[34] IT-related CEP Work Order: EOG-2698.2—Total Project Actuals: $952,595; TSG-related CEP Work Order: P400335038—Total Project Actuals: $3,196,747; and HCA-related Base Rate Work Order: P400369415—Total Project Actuals: $7,297,038.

[35] IT-related CEP Work Order EOG-3514.2—Total Project Actuals: $1,357,470.

[36] Facilities-related CEP Work Order: FCDEO.19.GAS.1D—Total Project Actuals: $1,470,623; TSG-related CEP Work Order: P400335038—Total Project Actuals: $3,196,747; and Distribution Infrastructure-related CEP Work Order: P400870033—Total Project Actuals: $3,738,173.

Recommendation #9: As noted in the Unitization Backlog section, Blue Ridge recommends that the Company make a concerted effort to significantly reduce the backlog of work orders not unitized.

Recommendation #10: Last year's audit included General Recommendation 4 regarding 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 had stated that the issue of reimbursement of costs associated with this project is a matter of dispute between Dominion and the contractor. No amount of reimbursement had been determined and applied to the project pending resolution of the dispute between Dominion and the contractor. Blue Ridge had recommended that the next CEP audit should follow up on this issue. In following up on the issue in this year's audit, Blue Ridge found that the dispute is still pending resolution. Blue Ridge, therefore, recommends that the next CEP audit follow up on this issue.

DETAILED ANALYSIS, FINDINGS, AND RECOMMENDATIONS

Blue Ridge's review was focused on determining whether Dominion has accurately accounted for its plant in service and depreciation reserve through the scope period of January 1, 2021, through December 31, 2021, 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 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 2020, 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.

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

12. Capital Spares

Blue Ridge's review covered current policies and procedures in areas that provide input into distribution plant.[37]

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.

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

[37] Dominion's response to audit scope 2011–2018 Data Request BRDR-13 (Confidential).

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 DOMINION 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 had provided a list of those assets.

Capital Spares: The Company's capital spares policy includes classification criteria, control, and review. [38]

Blue Ridge was satisfied that the policies and changes during the scope year were not unreasonable.[39]

Significant Events Between January 1, 2021, and December 31, 2021

Significant events could affect the Company's asset recording and tracking. However, the Company reported that no significant events occurred from January 1, 2021, through December 31, 2021, related to Utility Plant in Service.[40]

Conclusion—Processes and Controls

Blue Ridge concluded that, except for the process of moving information from Utility Plant in Service into the BW discussed in the Variance Analysis section of this report, Dominion's processes and controls were adequate and not unreasonable.

[38] Dominion's responses to audit scope 2019 Data Request BRDR#13 Confidential, Attachment 3 Confidential and audit scope 2021 Data Request BRDR#14.
[39] Dominion's responses to audit scope 2019 Data Request BRDR#13 and audit scope 2021 Data Requests BRDR#13 and 14.
[40] Dominion's response to audit scope 2021 Data Request BRDR#12.

EXTERNAL AND INTERNAL AUDIT REPORTS

Blue Ridge reviewed reports for internal audits 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, 2021, through December 31, 2021,[41] and selected four internal audit reports[42] 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, FERC conducted no audits for the Company during the scope period (January 1, 2021, through December 31, 2021).[43]

SOX COMPLIANCE AUDITS

Blue Ridge reviewed the SOX compliance audits that feed CWIP that were performed in 2021[44] and found that issues identified were remediated and major issues did not relate to Dominion CEP.

CONCLUSION—EXTERNAL AND INTERNAL AUDIT REPORTS

Blue Ridge concluded that Company actions taken with regard to Dominion'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 the 2021 scope year. 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.

Blue Ridge submitted questions to the Company for explanation, regarding such items as detail behind significant additions over retirements, negative additions, and zero retirements. The Company responded with explanations for each instance.[45] However, some of the responses indicate a process difficulty regarding the interplay between utility plant, the BW report, and the CEP filing.

Blue Ridge noted several instances where in-service work order costs eligible for the CEP recovery were not included in the BW Report used to load CEP charges into the CEP filing. As noted,

[41] Dominion's response to audit scope 2021 Data Request BRDR#17.
[42] Dominion's response to audit scope 2021 Data Request BRDR#62.
[43] Dominion's response to audit scope 2021 Data Request BRDR#16.
[44] Dominion's response to audit scope 2021 Data Request BRDR#18, including Attachment 1 (Confidential).
[45] Dominion's response to audit scope 2021 Data Request BRDR#60, #102, #103, #104, and #106.

the Company did provide various explanations as to why those amounts were not included in the BW Report and therefore, not in the CEP filing. Among the reasons were closings after the cut-off date but within the scope period, auto retirements of eligible general plant accounts that were inadvertently missed, a system issue where Order Operations did not have actual quantifies assigned, prior year costs that were not included when closed, and report parameters limiting cost inclusion to the year the project is in-service and the following year.

Possible major reasons for the disconnect include those listed below:

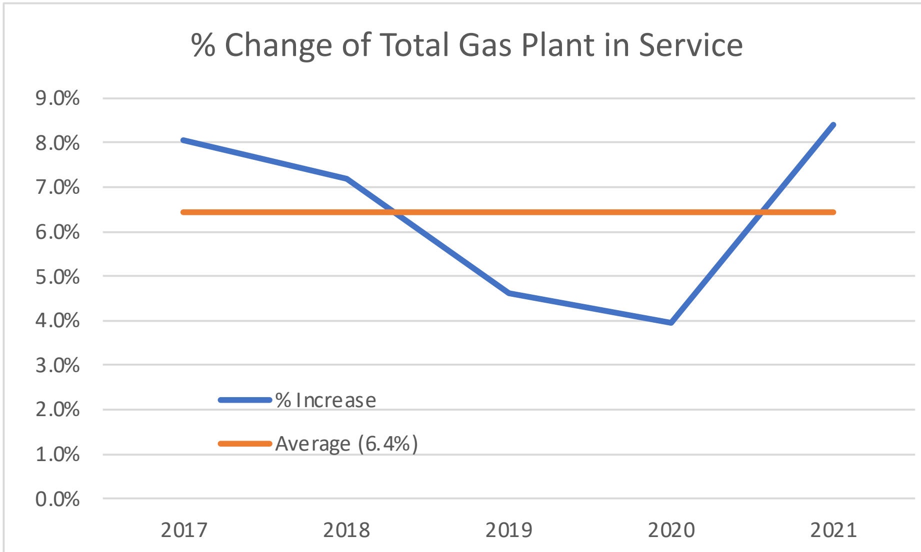
- Human Error
- A system flaw in either SAP, the Plant Accounting System, or both
- Procedures for the movement of dollars from SAP and/or the Plant Accounting System to the BW Report are not being followed and/or are not adequate

The BW Report represents the main repository for closed work orders to be included in the CEP Filing and other recovery mechanism filings. However, it appears that not all data for the report is being captured. Unless the sources that feed the BW Report provide complete and accurate data, the BW Report will prove an incomplete source for the CEP Filing or any of the recovery mechanism filings.

Blue Ridge recommends that the Company identify the reason(s) for the failures of the BW report to accurately reflect what should be in the CEP Filing or explain why the issues were not corrected, correct the issues, and document what was done. We also recommend that this issue be reviewed in depth in the next audit.

Blue Ridge also did a year-over-year trend analysis for change in total plant in service. The average increase in plant from 2017 through the scope year has been 6.4% per year. For year 2021, plant in service increased 8.4%. While the increase this year is considerably greater than the downward trend of the past few years, both Blue Ridge's review of individual accounts and the fact that the increase this year is on par with years prior to 2019 gives assurance of the legitimacy of costs. The Capital Spending section of this report provides further discussion.

Figure 2: Percent Change in Total Plant in Service[46]



Conclusion—Variance Analysis

Based on the Company's responses, other than regarding the difficulties with the BW process (described above and appearing in the detail of the Detailed Transactional Testing portion of this report), Blue Ridge was satisfied that the activity was not unreasonable.

Capital Spending and Cost Containment

Capital Spending

Primary spending is Distribution infrastructure, new customers, IT, and major project initiatives. 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.

Cost Containment

Containing costs is key to controlling the significantly increasing costs associated with CEP-type projects. Dominion engages in a bidding process to ensure competitive rates. A mix of project types and bid strategies has helped the Company maintain this competitiveness. By awarding contractors on a longer-term basis with multi-year blanket contracts, Dominion assists in ensuring pricing stability and cost controls. Dominion does most of its contracted work through local Ohio-based companies, which, according to the Company, has proven to be more competitive than utilizing national companies. During construction, a change control process ensures that Dominion manages and authorizes project scope changes appropriately. In addition, Dominion has and will continue to

[46] WP Total Plant Trend Analysis.xlsx.

place strategic material orders for the sake of cost savings as well as to mitigate supply chain issues, which helps contain costs.[47] About 86% of work activity is performed by contractor labor.

With respect to Dominion'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), Dominion found it necessary to engage resources that could quickly ramp up and down as needed.

Even with respect to competitively bid projects, however, Dominion notes that projects are not always awarded based on least cost. While cost is a primary input into the consideration of bids, Dominion 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.[48]

The process Dominion has developed and applied ensures that qualified contractors are invited to present bids on available work. The Company's efforts to develop this contractor network and bid process were extensively reviewed in Case No. 15-362-GA-ALT.

Another way in which Dominion seeks to maintain its contractor network and to encourage new entrants is its methods of awarding projects. Project work can be awarded through either competitively bid blanket contracts or spot bids. Spot bids are used to award unique or larger scale individual projects that require a project-specific price, while blanket contracts are bid for a specific period of time (typically several years) and include more typical distribution construction projects, including small mainline extensions, new service tie-ins, short mainline replacements, and smaller emergency repairs.

Both methods of awarding project work help support the Company's contractor network. For existing contractors, blanket contracts permit contractors to bid and be awarded project work over a longer period of time, which allows them to lock in labor resources for a longer term. Conversely, the use of spot bidding, in addition to representing a more appropriate pricing method for unique projects, provides opportunities for new contractors to enter Dominion's market and for smaller companies to expand their project workload.[49]

Conclusion—Capital Spending and Cost Containment

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

Detailed Transactional Testing

The Company provided a list of 21,528 projects and 60,444 WBS Elements that support gross plant in service from January 1, 2021, through December 31, 2021. The list was compiled of 1,258

[47] Dominion's response to audit 2021 Data Request BRDR-31.
[48] Dominion's response to audit 2021 Data Request BRDR-33.
[49] Dominion's response to audit 2021 Data Request BRDR-34.

CEP-related projects and 13,886 non-CEP/non-PIR-related projects. These projects included $310,915,207 in assets.[50]

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

1. CEP Related:

Table 12: List of Major CEP Related Additions/Replacements[51]

Project Description and ID	Total Cost	Recovery
PETERSBURG ODORANT SYSTEM - P400354011	$8,584,396	CEP
WOOSTER SUPPLY UPGRADE - P401234685	$7,247,407	CEP
SHOOP STATION UPGRADE - P400493989	$5,388,554	CEP
LN2925 REPL PHASE 3-PART 2 - P401257141	$4,099,201	CEP
CCS SYBASE ELIMINATION EOG-3345.2	$3,336,106	CEP
METER PURCHASES O9700.1.MTR	$3,208,292	CEP
KINSMAN. 17418 (427) REL- P400340981	$2,815,773	Hybrid
E.55th Ops Renovation FM21E55.RENO.1	$2,563,984	CEP
CHIP UNITS 1-4 ISOLATION - P400292823	$2,142,429	CEP
STRAUSSER MEASUREMENT - P400494160	$1,986,619	CEP
ERT PURCHASES O9700.1.ERT	$1,861,639	CEP
DIAMOND CONN REM & UPRATE P400019731	$1,820,929	CEP
CLE13 PHASE 2 BETTERMENT-P400092225	$1,757,096	CEP
YEARKEY STATION SEPARATOR - P400494161	$1,667,674	CEP
TOUGHBOOK REPLACEMENT-VARIOUS O7000.18.GAS.11A	$1,641,699	CEP
BT BORDER - DIST MAINLINE - P400250458	$1,601,003	CEP
RT32 LEAK REPAIR - P401270814	$1,451,602	CEP
BT BORDER HEADER - TRANS - P401086363	$1,445,087	CEP
ROBINSON PIG L-R REPL - P400341275	$1,433,621	CEP
CLE 8 SOLON-COCHRAN STATION - P400280379	$1,387,217	CEP
W MAIN ST RELO - P401269054	$1,363,996	CEP
SWITZERLAND 2-3 OVERHAULS - P400967111	$1,362,914	CEP
DEO-NORFOLK SOUTHERN MASTER AGREEMENT	$1,312,571	CEP
LN2213 HP RELOCATION - P401639130	$1,302,358	CEP
WELL 2757 CANALTA - P401289998	$1,295,426	CEP
FS-5-001 GATH WOF	$1,291,452	CEP
ARCHITECTURAL DESIGN WORK FOR ROOF REPLA FCDEO.20.GAS.10A	$1,240,641	CEP
LN4880 002-003 GATH WOFS - P400401266	$1,187,847	CEP
CAIRO/COLUMBIA STATION - P401217240	$1,165,286	CEP
ZEVAC UNITS O7600.21.GAS.11A	$1,103,816	CEP
CARSON LN - P400092650 - PPT600825	$1,040,496	CEP
TEXAS AVE - P400298791 - PPT-601033	$1,035,011	CEP

[50] Dominion's response to audit scope 2021 Data Request BRDR#2.
[51] Dominion's response to audit scope 2021 Data Request BRDR#47.

2. Non-PIR/Non-CEP Related:

Table 13: List of Major Non-PIR/Non-CEP Related Additions/Replacements[52]

Project Description and ID	Total Cost	Recovery
SIRON-ADAMS COMPRESSOR P400458834	$3,682,297	Base Rate
NEW RESIDENTIAL METER SETS O3800.CC	$1,985,122	Base Rate

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

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 ("population") to the totals in the annual report of utility plant in service filed with the Commission[53] as well as the CEP annual informational filings.[54] Blue Ridge was able to reconcile the population from PowerPlan to the Annual Reports and the total CEP population from Business Warehouse to the CEP annual informational filings.[55]

3. Determining Work Order Sample

   Blue Ridge selected 40 work orders / projects for transactional testing. 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, 2021, through December 2021.

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 Dominion?
- T1B: Is the work order / project CEP, PIR, AMR, 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?

[52] Dominion's response to audit scope 2021 Data Request BRDR#47.
[53] Dominion's response to audit scope 2021 Data Request BRDR#2.
[54] Dominion's response to audit scope 2021 Data Request BRDR#1.
[55] WP 22-619-GA-RDR Comparison of BRDR#2 and #4.

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 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 Dominion?

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 Dominion.

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

Blue Ridge tested 40 work orders / projects and found the following capital investment categories applied to the work.

Table 14: Breakdown of Work Orders by Recovery Mechanism

Category	In Sample
CEP	14
Hybrid	7
Base Rate	9
CEP but not in CEP Filing	9
Hybrid but not in CEP Filing	1
PIR	0
AMR[56]	0
IDR	0
Total	**40**

Table 15: Breakdown of the Eight Work Orders Labeled as Hybrid Split

Breakdown of Hybrid Split	In Sample
CEP—Base Rate	1
CEP—PIR	7
PIR-Base Rate	0
Other	0

Blue Ridge sampled 40 work orders / projects; 14 of the work orders / projects were found to be includable as CEP deferrals (100% HB95). Seven of the eight CEP-related work orders / projects were Hybrid. Blue Ridge found that, for the projects in the CEP filing identified as Hybrid, the reasons the Company provided for the scope of work being split between CEP and PIR is not unreasonable. Nine work orders / projects were found to be non-CEP and non-PIR capital investments within Base Rates. The remaining 10 work orders within the sample were either CEP or Hybrid but they were not found within the CEP filing.

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

Blue Ridge identified the following breakdown:

Table 16: Number of Work Orders / Projects that are Fixed or Massed[57]

	Sample	%
Fixed	28	70%
Massed	12	30%
Total	**40**	**100%**

[56] **AMR**: There has been no AMR rider investment subsequent to June 2012. (Dominion's response to audit scope 2021 Data Request BRDR#18 (AMR Investment))
[57] Dominion's response to audit scope 2021 Data Request BRDR#4, BRDR#45, and BRDR#69.

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

Blue Ridge identified the following breakdown:

Table 17: Number of Additions, Replacements and Others in Sample

	Sample
Additions	6
Replacements	18
Additions / Replacement	1
Relocation	3
Other	12
Total	**40**

T2: Project Category

Blue Ridge identified the project recovery category for each work order / project sampled. Of the 40 work orders sampled, Blue Ridge pulled 31 CEP-related work orders: 23 were 100% CEP related and eight were hybrid projects (part CEP/PIR or part CEP/Base Rates).

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.[58]

Blue Ridge identified 24 of the 31 CEP-related work orders / projects that were associated with infrastructure, improvement, or replacement.

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

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.[59]

Blue Ridge identified five of the 31 CEP-related work orders / projects as associated with installation, upgrade, or replacement of information technology. Four of the five IT projects allocated charges between the Company and another Dominion subsidiary. The remaining IT project was split with actual expenses charged to various WBS elements depending on the location and operating company benefiting from the project.[60] This allocation method is not unreasonable.

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

[58] Dominion's response to audit scope 2019 Data Request BRDR#8, Attachment 2.
[59] Dominion's response to audit scope 2019 Data Request BRDR#8, Attachment 2.
[60] Dominion's response to audit scope 2021 Data Request BRDR#90.

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.[61]

Blue Ridge identified two of the 31 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 and determined 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.

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?

Of the 40 work orders / projects sampled, 12 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).[62] These projects represent normal recurring utility work.

The Company provided detailed documentation that supported the specific (fixed) work orders / projects for all the 28 specific work orders in the sample. The documentation defined the scope and, for the most part, the necessity of the projects.

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

T5 Approval

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

The Company provided the Expenditure Control Policy, effective April 2016 and updated January 1, 2021. The Company made these changes to the Expenditure Control Policy (effective January 1, 2021):

> 1. Authorization Adjustments: Dominion's capital scope management process was updated to establish a way for changes in total project costs exceeding a certain threshold to be captured and reviewed at the proper approval tier. This update was implemented for Project Prioritization Team (PPT) projects which began the planning process effective January 2021. Please see BRDR-13 Attachment 1 (Authorization Adjustment Form) and BRDR-13 Attachment 2 (Authorization Change Process Flow Chart) for supporting detail.

[61] Dominion's response to audit scope 2019 Data Request BRDR#8 Attachment 2.
[62] Capital Project Process Overview 7-17-19, page 1. Provided for review during audit scope 2011-2018 Kick-Off Meeting on 9/20/19).

2. Capital Request Form (CRF) for Reactive Projects: Previously, CRFs were not utilized for projects not initiated by the planning group ("reactive projects"). A process was implemented so that CRFs would be utilized for reactive projects which meet certain criteria. Please see BRDR-13 Attachment 3 (Capital Request Form Process Document) for supporting details. This process was implemented for projects initiated effective January 2021
3. Field Change Approval Process: A process was implemented to ensure changes that occur on a project during construction are captured, documented, and approved at the appropriate level based on the type of change that occurred. Please see BRDR-13 Attachment 4 (Construction Design Change Control Process) and BRDR-13 Attachment 5 (Field Change Request Form) for additional information.[63]

The Company also provided a list of the Company's Signature Authorities that Support the Approval of Capital Projects.[64]

Table 18: LOSA Level by Dollar Amount[65]

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 11 projects that required follow-up regarding approvals:

1) CEP Work Order EOG-3514.2—ATMOSPHERIC CORROSION APP—Total Project Actuals: $1,357,462
   a. 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.
   b. Recovery Mechanism: CEP
   c. Approval Documentation: Baseline shows $800,000; CRF approved $800,000
   d. Approver: Director, DOMINION Customer Service (Not in LOSA[66]); Directors are R-Level R3 with an approval limit of $500,000
   e. Company Explanation: The Company's Expenditure Control Policy, which was provided in response to BRDR-24, specifically covers purchase orders and the like *under existing contracts,* i.e., it does not give authority to sign contracts and/or other binding-type documents. A delegation is required to sign binding contracts (as compared to purchase orders, invoices, etc.). This project was reviewed in Case No. 21-619-GA-RDR. The approval of EOG-3514.2 was answered in response to a similar request in that case, which still holds true. 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

[63] Dominion's response to audit scope 2021 Data Request BRDR#13.
[64] Dominion's response to audit scope 2021 Data Request BRDR#24.
[65] Dominion's response to audit scope 2021 Data Request BRDR#24, Attachments.
[66] Dominion's response to audit scope 2021 Data Request BRDR#24.

work was done by internal personnel. Please see BRDR-91 Attachment 1 for the purchase order approval documentation.[67]

Blue Ridge found the Company's explanation not unreasonable.

2) CEP Work Order FCDEO.18.GAS.8A—Total Project Actuals: $1,467,960
    a. 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.
    b. Recovery Mechanism: CEP—not in CEP Filing
    c. Approval Documentation: Baseline shows $1,118,716; Purchase Order approved $771,731
    d. Approver: Director; Directors are R-Level R3 with an approval limit of $500,000
    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, as shown below.[68]

    Blue Ridge found the Company's explanation not unreasonable.

3) Hybrid Work Order P400208932—S TAYLOR-ORMOND - P400208932 - PIR 2798—Total Project Actuals: $2,593,436
    a. Project Description: Replace approximately 17,969' of LP M/L with 10,585' of 6" and 12" MD Plastic LP M/L. This project runs South to North from E Scarborough Rd to Dellwood Rd, and West to East from Lee Rd to S Taylor Rd. Project requested due to high priority pipe in Optimain.
    b. Recovery Mechanism: Hybrid
    c. Approval Documentation: Baseline shows $2,197,825; CRF approved $2,197,825
    d. Approver: Director; Directors are R-Level R3 with an approval limit of $500,000
    e. Company Explanation: This project had sufficient LOSA documentation of VP.[69]

    Blue Ridge found the Company's explanation not unreasonable.

4) CEP Work Order P400500895—AUSTINTOWN MAJOR OVERHAULS - P400500895—Total Project Actuals: $703,407
    a. Project Description:
    PROJECT DRIVER: Engine operating hours and manufacturer recommended maintenance cycle dictate service is needed;
    PROJECT SCOPE: Contractor will perform major overhauls on Austintown Units 1 and 2;
    PROJECT LOCATION: Austintown Station
    b. Recovery Mechanism: CEP
    c. Approval Documentation: Baseline shows $550,000; CRF approved $250,000; Refined Estimate in SAP for $550,000
    d. Approver: Director; Directors are R-Level R3 with an approval limit of $500,000
    e. Company Explanation: Approval was appropriate for the original CRF estimate, as it was less than $500,000. This project was placed in service on 4/14/2020, which was prior to the change in authorization adjustments described in DOMINION's response to BRDR-13.[70]

[67] Dominion's response to audit scope 2021 Data Request BRDR#91.
[68] Dominion's response to audit scope 2021 Data Request BRDR#92.
[69] Dominion's response to audit scope 2021 Data Request BRDR#93.
[70] Dominion's response to audit scope 2021 Data Request BRDR#93.

Blue Ridge found the Company's explanation not unreasonable.

5) CEP Work Order P400572883—CLEVELANDHOPKINS C MANIFOLD - P400572883—Total Project Actuals: $537,384
   a. Project Description:
      PROJECT DRIVER: Old and antiquated equipment;
      PROJECT SCOPE: Replace commercial M&R for Concourse C at the Cleveland Hopkins Airport;
      PROJECT LOCATION: Station is located on the west side of Park Rd north of the Jackson Rd intersection in Cleveland, OH.
   b. Recovery Mechanism: CEP
   c. Approval Documentation: Baseline shows $504,540; CRF approved $150,000; Refined Estimate in SAP for $504,430
   d. Approver: Director; Directors are R-Level R3 with an approval limit of $500,000
   e. Company Explanation: Approval was appropriate for the original CRF estimate, as it was less than $500,000. This project was placed in service on 12/10/2020, which was prior to the change in authorization adjustments described in DOMINION's response to BRDR-13.[71]

   Blue Ridge found the Company's explanation not unreasonable.

6) CEP Work Order P400783491—BRUSH STA PIG L-R MODS - P400783491—Total Project Actuals: $2,658,651
   a. 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
   b. Recovery Mechanism: CEP
   c. Approval Documentation: Baseline shows $1,250,000; CRF approved $1,250,000
   d. Approver: General Manager has an approval limit of $1,000,000
   e. Company Explanation: This project had sufficient LOSA documentation of VP.[72]

   Blue Ridge found the Company's explanation not unreasonable.

7) Hybrid Work Order P400855982—W 220TH ST - P400855982 - PIR-3489-C—Total Project Actuals: $7,456,024
   a. Project Description:
      PROJECT DRIVER: C&M request due to IP SSWC and active leaks;
      PROJECT SCOPE: Replace approximately 12,096ft of existing M/L with 3,992ft of 16in IP Steel, 7ft of 2in LP MDPE, 2,663ft of 4in LP MDPE, 2,172ft of 6in LP MDPE, and 3,262ft of 12in LP MDPE. Abandon approximately 120ft of existing M/L. Also, install approximately 40ft of new 12in LP MDPE;
      PROJECT LOCATION: Project is located on W 220th St, between I-480 and Lorain Rd.

[71] Dominion's response to audit scope 2021 Data Request BRDR#93.
[72] Dominion's response to audit scope 2021 Data Request BRDR#94.

b. Recovery Mechanism: Hybrid
c. Approval Documentation: Baseline shows $3,626,141; CRF approved $3,636,141; Refined Estimate in SAP for $3,748,711
d. Approver: General Manager has an approval limit of $1,000,000
e. Company Explanation: This project had LOSA documentation of VP. Please see BRDR-94 Attachment 2. The approval granted on this project was based on the original estimate for the project. Since most of the construction occurred prior to the 2021 it did not fall into the 2021 reauthorization process.[73]

Blue Ridge found the Company's explanation not unreasonable.

8) CEP Work Order P400870033— WOOSTER CHURCH TRANS ML - P400870033—Total Project Actuals: $3,738,173
   a. 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.
   b. Recovery Mechanism: CEP
   c. Approval Documentation: Baseline shows $1,200,000; CRF approved $1,200,000
   d. Approver: General Manager has an approval limit of $1,000,000
   e. Company Explanation: This project had sufficient LOSA documentation of VP.[74]

   Blue Ridge found the Company's explanation not unreasonable.

9) Hybrid Work Order P400874703—MANHATTAN AVE - P400874703 - PIR-3513—Total Project Actuals: $762,343
   a. Project Description:
      PROJECT DRIVER: C&M request due to leak history;
      PROJECT SCOPE: Replace approximately 4,907ft of existing M/ L with 3,118ft of 4in LP MDPE, 601ft of 6in LP MDPE, and 1,188ft of 8in LP MDPE. Abandon approximately 909ft of existing M/L;
      PROJECT LOCATION: Project is located on Manhattan Ave, Wellington Ave, and Oneta Ave, between I-680 and Salt Springs Dr. Project involves going double to single main on Wellington Ave.
   b. Recovery Mechanism: Hybrid
   c. Approval Documentation: Baseline shows $808,332; CRF approved $1,000,649
   d. Approver: General Manager has an approval limit of $1,000,000
   e. Company Explanation: This project had sufficient LOSA documentation of GM. This project was originally approved at $808,332 by GM, which was sufficient approval, and overall actual spend on the project remained below $1,000,000, maintaining sufficient approval authorization.[75]

   Blue Ridge found the Company's explanation not unreasonable.

10) CEP Work Order P400349560—FRANKLIN MEASUREMENT RUNS - P400349560—Total Project Actuals: $7,932,044

[73] Dominion's response to audit scope 2021 Data Request BRDR#94.
[74] Dominion's response to audit scope 2021 Data Request BRDR#94.
[75] Dominion's response to audit scope 2021 Data Request BRDR#94.

a. 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
b. Recovery Mechanism: CEP
c. Approval Documentation: Baseline shows $3,000,000; Purchase Order not to exceed $5,000,000
d. Approver: VP—R-Level R4 with an approval limit of $5,000,000
e. Company Explanation: VP's approval was appropriate for the original baseline estimate. This project was placed in service on 11/12/2020, which was prior to the change in authorization adjustments described in DOMINION's response to BRDR-13.[76]

Blue Ridge found the Company's explanation not unreasonable.

11) Base Rate Work Order P400369415—Total Project Actuals: $7,297,038
a. Project Description: OVERVIEW: This project involves the installation of a new gathering compressor and all ancillary station equipment on DOMINION property in Ashtabula county. The compressor package is a Cat/Aerial 3508- JGJ 4 furnished by Dearing. The dehydration skid and corresponding equipment has been furnished by Gas Tech. The inlet filter will be furnished by King Tool. MCC and compressor building erection will be completed by Wildcat. This project also includes installation of L#4640 545ft 8" .322w, 380ft 6" .280w on DOMINION property. As well as installation of L# 8540 915ft of .237w and 80ft of .337w powercrete on DOMINION property and within road RoW. Installation of all other compressor station piping valves and equipment is also included in this scope of work.
b. Recovery Mechanism: Base Rate
c. Approval Documentation: Baseline shows $3,900,000; Purchase Order not to exceed $5,000,000
d. Approver: VP—R-Level R4 with an approval limit of $5,000,000
e. Company Explanation: VP's approval was appropriate for the original baseline estimate. This project was placed in service on 6/2/2020, which was prior to the change in authorization adjustments described in DOMINION's response to BRDR-13.[77]

Blue Ridge found the Company's explanation 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.[78]

[76] Dominion's response to audit scope 2021 Data Request BRDR#95.
[77] Dominion's response to audit scope 2021 Data Request BRDR#95.
[78] Dominion's response to audit scope 2021 Data Request BRDR#24.

Blue Ridge asked the Company to provide budgets supporting the CEP capital expenditures and related assets for 2021 as well as the assumptions supporting the budget/ projected data. The Company's response stated Dominion's budgets are based on expenditures needed for Dominion 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.[79]

The following table summarizes Dominion's CEP capital budget by category.

Table 19: Dominion Capital Budget—CEP

Plan Category	2021
C&M	$ 15,054,689
Distribution Infrastructure	13,516,390
Facilities	4,404,500
Fleet	1,100,000
General Plant - Tools & Equipment	825,000
IT	8,627,850
Majors	1,810,000
Metering	8,770,964
MLR	18,054,247
Pipeline Integrity	5,850,000
Relocation	9,600,000
TSG	34,252,523
F&BS	10,000,000
Grand Total	**$ 131,866,163**

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

Of the total work orders / projects in the sample, all 40 were properly approved.

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

In summary, Blue Ridge found the following calculated results:

- 15 work orders are over budget greater than 20%
- 3 work orders are under budget by less than -20%
- 21 work orders are over/under budget by less than +/-20%
- 1 work orders did not have budgets (Blankets or 100% Billable (Base Rates only))

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 15, or 38%, were over budget by 20% or greater. The Company provided explanations for those 15 projects.

1) CEP Work Order: EOG-2698.2— Total Project Actuals: $952,595
   a. Project Description: Add Manage Your Account (MYA) customer self-service web functionality related to the Landlord Reversion Agreement. This solution will allow both the business and Landlord a better means to access and maintain information about the status of each premise and their Landlord Reversion Agreement (LRA) that reverts accounts to landlord pay when tenants move out. New features include the ability for:

[79] Dominion's response to audit scope 2021 Data Request BRDR#28.

    i. The landlord to enter the effective date of the Landlord Reversion Agreement to readily verify an active agreement
    ii. Generate an expiration/renewal reminder notice in the twenty third (23rd) month of the Landlord Reversion Agreement
    iii. Auto cancellation of the landlord reversion agreement if any of the premises covered under the contract are disconnected for non-payment of services or are transferred to a collection agency
    iv. Custom designed reports to improve resource utilization and work management and ensure compliance with Ohio Minimum Gas Standards
  b. Fixed (Other-IT) Project
  c. Actuals:
    i. CEP Project Costs: $961,305
    ii. Total Project Costs:
      1. Additions in FERC 101 $952,595
      2. CCNC in FREC 106: $8,535
      3. Other: $175
  d. Approved: $233,000
  e. Variance: $(719,595) or 309% over budget
  f. Approver: ITPMO (PMO stands for Project Management Office. IT projects are reported within an annual IT Capital Budget. A steering committee of business group leaders (directors) reviews the project list and determines if the projects should continue or be delayed or canceled as the result of budget constraints or a change in the business case for a project. Approval by the committee does not require further written approval.)[80]
  g. Variance Explanation: The primary reason for that difference was due to additional web requirements to build out the technical environment including a new communication method between the website and database, additional reporting and due to various business requirements, that were discovered in detailed discussion. Additional features include filtering and maintenance capabilities for property managers in addition to landlords and features for large landlords

Blue Ridge realizes that not all factors of a project can be considered as it is being scoped out. But the Company should have been able to determine, for example, web requirements for an IT project as it was being developed. Also, if the project requires a new communication method, the Company should include the issue in the project development. Blue Ridge recommends that the Company make a more concerted effort to provide a scope document that will result in a more accurate budget for management to approve.

2) CEP Work Order EOG-3514.2—Total Project Actuals: $1,357,470
  a. 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.
  b. Fixed (Other-IT)
  c. Actuals:
    i. CEP Project Costs: 1,357,470
    ii. Total Project Costs:
      1. Additions in FERC 101: $1,357,462
      2. CCNC in FERC 106: $8

[80] Dominion's response to audit scope 2020 Data Request BRDR#77.

d. Approved: $800,000
e. Variance: $(557,470) or 70% over budget
f. Approval document: CRF; Approved by: Director, DOMINION Customer Services
    i. Approver Notes from Company: This project was reviewed in Case No. 21-619-GA-RDR. The approval of EOG-3514.2 was answered in response to a similar request in that case, which still holds true. 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-91 Attachment 1 for the purchase order approval documentation.[81]
g. Variance Explanation: 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.

Blue Ridge concludes that the Company could have mitigated some or all the variance with a more thorough review of the business requirements while planning the project. Blue Ridge recommends that the Company conduct a more thorough review of the business requirements during the project planning process.

3) CEP Work Order: FCDEO.16.GAS.2A—Total Project Actuals: $2,636,516
    a. Project Description: The existing Eastwood Service Center is approximately 46,500 square feet, of which approximately 20,400 square feet will be renovated during this project. The project will be constructed in two (2) phases of work to coincide with the customer relocating within the building to make room for renovation.
    b. Fixed[82] (Other-Facilities)
    c. Actuals:
        i. CEP Project Costs: $2,636,516
        ii. Total Project Costs:
            1. Additions in FERC 101: $2,634,428
            2. Cost of Removal: $2,088
    d. Approved Baseline: $2,149,011
    e. Variance: $(487,505) or 23% over budget
    f. Approval document: Purchase Order; Approved by R-Level R4 $500k–$5M
    g. Variance Explanation: Cost escalations and increase in scope which included a refresh of a small office area in the Northwest corner of the building including mostly carpet and paint in the small office area.[83]

Blue Ridge found the Company's explanation not unreasonable.

4) CEP Work Order: FCDEO.17.GAS.11B—Total Project Actuals: $3,545,958
    a. Project Description:
        i. Original Scope of Work: Renovation of Office area including new carpet, ceiling, light fixtures, and furniture. Add 3 new Managers offices, supervisor's bullpen area, New kitchenette /breakroom area and new 26 person conference room.
        ii. Added to Original Scope of Work: Create new 8- and 12-person conference rooms Create new standalone bathroom for use as needed during emergency maintenance.

[81] Dominion's response to audit scope 2021 Data Request BRDR#91.
[82] Dominion's response to audit scope 2021 Data Request BRDR#69.
[83] Dominion's response to audit scope 2021 Data Request BRDR#67.

Purchase and install new windows and exterior doors. Create new warehouse area including new shelving, air compressor sound shed and cage areas for lockup. Update wash Bay area and install new floor drain grates and slop sink.

b. Fixed (Other-Facilities)
c. Actuals:
    i. CEP Project Costs:
        1. Value included in CEP Filing: $1,158,580
        2. Not included in CEP BW Report: $2,387,378
    ii. Total Project Costs:
        1. Additions in FERC 101: $3,544,422
        2. Cost of Removal: $1,535
d. Approved Baseline $1,500,000
e. Variance: $(2,045,958) or 41% over budget
f. Approval document: Purchase Order; Approved by R-Level R4 $500k–$5M
g. Variance Explanation: Project delayed due to funding in 2018, and added scope

Blue Ridge found the Company's explanation not unreasonable.

5) CEP Work Order: FCDEO.18.GAS.5B—Total Project Actuals: $487,373
    a. Project Description: Remove existing chiller system, perform a heat load calculation for all conditioned spaces and install a new DX cooling system.
    b. Fixed[84] (Other-Facilities)
    c. Actuals:
        i. CEP Project Costs: $487,373
        ii. Total Project Costs: Additions in FERC 101: $487,373
    d. Approved Baseline: $380,000
    e. Variance: $(107,373) or 28% over budget
    f. Approval document: Purchase Order; Approved by R-Level R4 $500k–$5M
    g. Variance Explanation: Cost escalations and in scope which included radiant heat fans in the garage, new pumps, and condensing coils moved to the roof.[85]

    Blue Ridge found the Company's explanation not unreasonable.

6) CEP Work Order: FCDEO.19.GAS.1D—Total Project Actuals: $1,470,623 *(Not included in CEP Filing)*
    a. Project Description: Remove and replace 180,000 square feet of asphalt and concrete. Install Guardrail where needed. Repair and add additional storm sewer drains lines and catch basins as needed. Install and or replace electrical wires and conduits as needed and supply 2- 1in. conduits for the new security cameras. Replace all Natural Gas Vehicle high pressure underground gas lines, repair or remove large NGV storage bottle cement foundation to replace and fast fill dispensers. Replace security fencing around perimeter to Dom code.
    b. Fixed[86] (Other-Facilities)
    c. Actuals:
        i. CEP Project Costs: $1,470,623
        ii. Total Project Costs: Additions in FERC 101: $1,470,623

[84] Dominion's response to audit scope 2021 Data Request BRDR#69.
[85] Dominion's response to audit scope 2021 Data Request BRDR#67.
[86] Dominion's response to audit scope 2021 Data Request BRDR#69.

1. Company Explanation as to why the CEP Project Costs were not included in the CEP Filing: The work orders in BRDR-70 were part of an effort to unitize work orders (move from FERC 106 to 101) in April 2021. Charges for the work orders are shown as additions to Account 101 in 2021 due to the manual unitization that was performed in April 2021. Please see BRDR-70 Attachment 1 for screenshots from PowerPlan showing the April 2021 unitization dates.[87]

d. Approved Baseline $600,000
e. Variance: $(870,623) or 145% over budget
f. Approval document: Purchase Order; Approved by R-Level R4 $500k–$5M
g. Variance Explanation: Increase in scope which included adding storage bins, undercuts not anticipated, conduits added to enable installation of EV chargers, gate operators and new site fencing, NGV upgrades, storm water underdrainage added.[88]

The work in this project relates primarily to asphalt and concrete and replacing NGV high pressure underground gas lines. Blue Ridge found that the Company could have anticipated in the original scope such things as the conduit and site fencing which appear to be normal work for this type of project.

7) CEP Work Order: O7300.16.GAS.3A—Total Project Actuals: $880,961
   a. 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.
   b. Fixed (Other-IT)
   c. Actuals:
      i. CEP Project Costs: $880,961
      ii. Total Project Costs: Additions in FERC 101: $880,961
   d. Approved: $380,000; Baseline: $380,000
   e. Variance: $(500,961) or 132% over budget
   f. Approval document: ITPMO (PMO stands for Project Management Office. IT projects are reported within an annual IT Capital Budget. A steering committee of business group leaders (directors) reviews the project list and determines if the projects should continue or be delayed or canceled as the result of budget constraints or a change in the business case for a project. Approval by the committee does not require further written approval.)[89]
   g. Variance Explanation: 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.

Blue Ridge found the Company's explanation not unreasonable.

[87] Dominion's response to audit scope 2021 Data Request BRDR#70.
[88] Dominion's response to audit scope 2021 Data Request BRDR#67.
[89] Dominion's response to audit scope 2020 Data Request BRDR#77.

8) CEP Work Order: P400335038—Total Project Actuals: $3,196,747 *(Not in the 2021 CEP Filing)*
   a. 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.
   b. Fixed (TSG Replacement Non-Billable)
   c. Actuals:
      i. CEP Project Costs:
         1. Value included in CEP Filing: $3,143,47
         2. Value not included in CEP BW Report: $21,884)
            a. Company Explanation as to why costs were not in CEP BW Report: This is a 100% CEP project. There was an Order Operations that did not have an actual quantity assigned. The CEP BW recovery report does not include an Order Operation without an actual quantity assigned. This resulted in $1,589.91 not being included in the CEP BW report. Additionally, total 2021 costs of $20,294.12 were not included because the BW report's parameters limit cost inclusion to the year which the project is in-serviced and the following year.[90]
      ii. Total Project Costs:
         1. Additions in FERC 101: $2,398,717
         2. CCNC in FERC 106: $67,314
         3. Cost of Removal: $730,716
      iii. Company Explanation as to why the CEP Project Costs were not included in the CEP Filing: The work orders in BRDR-70 were part of an effort to unitize work orders (move from FERC 106 to 101) in April 2021. Charges for the work orders are shown as additions to Account 101 in 2021 due to the manual unitization that was performed in April 2021. Please see BRDR-70 Attachment 1 for screenshots from PowerPlan showing the April 2021 unitization dates.[91]
   d. Approved: Baseline: $1,634,506[92]
   e. Variance: $(1,562,241) or 96% over budget
   f. Approval document: Purchase Order; Approved by R-Level R4 $500k–$5M
   g. Variance Explanation: 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

[90] Dominion's response to audit scope 2021 Data Request BRDR#82.
[91] Dominion's response to audit scope 2021 Data Request BRDR#70.
[92] Dominion's response to audit scope 2021 Data Request BRDR#64.

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. DOMINION actively managed this project throughout these changes and approved the appropriate changes for construction methods/costs in advance.

Blue Ridge agrees with the Company that the project baseline should have been updated to reflect the scope changes and the changes should have been sent for Management approval. While not all changes to a project can be anticipated during the planning stage, it appears that the changes that occurred during construction might have been avoided by better up-front site planning.

9) CEP Work Order: P400340981—Total Project Actuals: $2,996,839
   a. Project Description:
      PROJECT DRIVER: Third Party Project – Widening of Kinsman Rd. (RT-87) for horse and buggy lanes.
      PROJECT SCOPE: Relocate approximately 5,200ft of existing Gathering Production Line (L#7145) with 5,200ft of 8" Gathering Production steel. Relocate approximately 859ft of existing MP with 859ft of 4" MP MDPE. Relocate KINSMAN. 17418 (427) Station (Facility ID: 2038). Install approximately 5,700ft of new MP MDPE on Kinsman Rd. in order to convert 9 existing services, that are currently being fed by farm taps, to MP.
      PROJECT LOCATION: Project is located on Kinsman Rd. (RT-87) from Bundysburg Rd. to address 17190 Kinsman Rd. in Middlefield TWP.
   b. Fixed (Relocation Non-Billable)
   c. Actuals:
      i. CEP Project Costs:
         1. Value included in CEP Filing: $3,001,390
         2. Value not included in CEP BW Report: $(11,620)
         3. Direct Charges: $7,069
      ii. Total Project Costs:
         1. Additions in FERC 101: $671,724
         2. CWIP in FERC 107: $1,392.029
   d. Approved: $2,111,886; Baseline $2,111,886
   e. Variance: $(884,953) or 42% over budget
   f. Approval Document: CRF; Approved by R-Level R4 $500k–$5M
   g. Variance Explanation: In order to meet an ODOT required completion date construction started early January and due to ODOT road safety requirements during the winter, the project duration extended roughly twice as long as originally estimated to complete. This resulted in higher inspection and traffic control costs than originally estimated.

Blue Ridge found the Company's explanation not unreasonable.

10) CEP Work Order: P400349560—Total Project Actuals: $7,932,044
    a. 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
    b. Fixed (TSG Replacement Non-Billable)
    c. Actuals:
       i. CEP Project Costs:
          1. Value included in CEP Filing: $7,706,345
          2. Direct: $219,991
          3. Unknown: $5,708
             a. Company Explanation of the unknown: $5,708 represents CEP eligible costs related to two orders which were not pulled into the CEP Additions Reports and should have been included in the recovery total.[93]
       ii. Total Project Costs:
          1. Additions in FERC 101: $7,396,570
          2. CCNC in FERC 106: $306,512
          3. Cost of Removal: $228,961
    d. Approved: $2,167,563[94]
    e. Variance: $(5,764,481) or 266% over budget
    f. Approval document: Purchase Order; Approved by R-Level R4 $500k–$5M
    g. Variance Explanation: 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 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. DOMINION actively managed this project throughout these changes and approved the appropriate changes for construction methods/costs in advance.

Blue Ridge found the Company's variance explanation not unreasonable. Discussion on the unknown charges may be found in testing step T8A of this report. [**Adjustment #13**]

11) Base Rate Work Order: P400369415—Total Project Actuals: $7,297,038
    a. Project Description: OVERVIEW: This project involves the installation of a new gathering compressor and all ancillary station equipment on Dominion property in Ashtabula County. The compressor package is a Cat/Aerial 3508- JGJ 4 furnished by Dearing. The dehydration skid and corresponding equipment has been furnished by Gas Tech. The inlet filter will be furnished by King Tool. MCC and compressor building erection will be

[93] Dominion's response to audit scope 2021 Data Request BRDR#86.
[94] Dominion's response to audit scope 2021 Data Request BRDR#64.

completed by Wildcat. This project also includes installation of L#4640 545ft 8" .322w, 380ft 6" .280w on DOMINION property. As well as installation of L# 8540 915ft of .237w and 80ft of .337w powercrete on DOMINION property and within road RoW. Installation of all other compressor station piping valves and equipment is also included in this scope of work.

b. Fixed (HCA Replacement Non-Billable)
c. Actuals:
   i. Base Rate Project Costs: $7,297,038
   ii. Total Project Costs:
      1. Additions in FERC 101: $6,702,391
      2. CCNC in FERC 106: $466
      3. Cost of Removal: $594,210
      4. Other: $(28)
d. Approved Baseline: $3,900,000
e. Variance: $(3,397,038) or 47% over budget
f. Approval document: Purchase Order; Approved by R-Level R4 $500k–$5M
g. Variance Explanation: Project baseline was established based on a similar project completed five years prior. Bids for project came in significantly higher than anticipated. These additional costs were due to additional dehydration skid containment being required, contact tower rework, RTU rework, a challenging geographic location, and increased welding costs. Construction duration was lengthened due to weather, Covid delays, safety shutdowns, and unplanned scope requirements. This resulted in increased inspection costs compared to original estimates. The total spend for this project exceeded the authorization approval amount granted on the project. The approval granted on this project was based on the original estimate for the project. Since construction occurred prior to the 2021 it did not fall into the 2021 reauthorization process.

Blue Ridge found that, even though the project did not fall into the 2021 authorization process, establishing a project baseline for a current project based on a prior five-year-old project does not seem reasonable. As a result, the bids came in significantly higher than expected. In our opinion, using a baseline of a similar project several years in the past, without considering current period costs, is likely not to result in an accurate project baseline.

12) CEP Work Order: P400500895—Total Project Actuals:
a. Project Description:
   PROJECT DRIVER: Engine operating hours and manufacturer recommended maintenance cycle dictate service is needed.
   PROJECT SCOPE: Contractor will perform major overhauls on Austintown Units 1 and 2.
   PROJECT LOCATION: Austintown Station
b. Fixed (TSG Replacement Non-Billable)
c. Actuals
   i. CEP Total Project Costs:
      1. Value included in CEP Filing: $699,634
      2. Direct: $3,773
   ii. Total Project Costs:
      1. Additions in FERC 101: $635,228
      2. CCNC in FERC 106: $68,164
      3. Cost of Removal: $16
d. Approved Baseline: $550,000

e. Variance: $(153,407) or 22% over budget
f. Approval document: CRF; Approved by R-Level R3 $50k–$500k
g. Variance Explanation: Engine overhaul costs are based on actual parts and time spent on the unit. Estimates were made based off what was known to be needing replaced. Additional work was found to be necessary once the work started, after the baseline estimate was made, extending the scope and cost of the project. The total spend for this project exceeded the authorization approval amount granted on the project. The approval granted on this project was based on the original estimate for the project. Since construction occurred prior to the 2021 it did not fall into the 2021 reauthorization process.

Blue Ridge found the Company's explanation not unreasonable.

13) CEP Work Order: P400783491—Total Project Actuals: $2,658,651
   a. 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
   b. Fixed (IMP Replacement Non-Billable)
   c. Actuals:
      i. CEP Project Costs:
         1. Value included in CEP Filing: $2,592,206
         2. Direct: $66,445
      ii. Total Project Costs:
         1. Additions in FERC 101: $2,073,306
         2. CCNC in FERC 106: $472,419
         3. Cost of Removal: $112,826
   d. Approved: $1,250,000; Baseline: $1,250,000
   e. Variance: $(1,408,651) or 113% overbudget
   f. Approval document: CRF; Approved by R-Level R4 $500k–$5M
   g. Variance Explanation: 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 DOMINION'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 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, DOMINION's pipeline inspection requirements were enhanced, requiring additional inspection oversight for welding and coating of steel pipelines. Per DOMINION process, these incremental costs would not have been captured through the COA process.

Blue Ridge found the Company's explanation not unreasonable.

14) CEP Work Order: P400870033—Total Project Actuals: $3,738,173
    a. 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.
    b. Fixed (Distribution Infrastructure-Extension New-Install)
    c. Actuals:
        i. CEP Project Costs:
            1. Value included in CEP Filing: $3,690,787
            2. Value not included in CEP BW Report: $5,407
            3. Direct: $41,979
        ii. Total Project Costs:
            1. Additions in FERC 101: $3,609,281
            2. CCNC in FERC 106: $239,679
            3. Cost of Removal: $(110,804)
            4. Other: $17
    d. Approved: $1,200,000; Baseline: $1,200,000
    e. Variance: $(2,538,173) or 212% over budget
    f. Approval document: CRF; Approved by R-Level R4 $500k–$5M
    g. Variance Explanation: Competitive bids for contractor work came in higher than anticipated and were 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 to be installed. Dominion 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, DOMINION's pipeline inspection requirements were enhanced, requiring additional inspection oversight for welding and coating of steel pipelines. Per DOMINION process, these incremental costs would not have been captured through the COA process.

Blue Ridge concludes that the higher contractor bid should have been included in the original project baseline to give management a more accurate understanding of the project cost estimate. Blue Ridge does not have a specific recommendation for this work order; however, this item applies to our overall recommendation (at the end of this testing step) regarding better up-front planning to yield a better estimated cost.

15) Base Rate Work Order: P401268491—Total Project Actuals: $26,146
    a. Project Description: PLAN TO DESIGN A 180' MLX FROM L#29556 USING 4" MDPE TO SERVE ONE CONVERSION CUSTOMER
    b. Massed (Distribution Infrastructure-Extension New-Install)
    c. Actuals:

i. Base Rate Project Costs: $26,146
ii. Total Project Costs: Additions in FERC 101: $26,146

d. Approved Baseline: $19,886[95]
e. Variance: $(6,260) or 31 over budget
f. Approval document: Purchase Order; Approved by R-Level R6 Unlimited
g. Variance Explanation: Project required more footage than originally estimated. Project construction duration was longer than originally estimated because of the additional footage, which resulted in more internal and inspection costs than expected. The project footage was estimated based on GIS linear footage to tie-in customer. Actual install required an offset to avoid a conflict with a gathering main in the road right-away. This offset, in addition to the imprecise nature of estimating footage based on GIS linear footage, resulted in approximately 40 more feet required than expected to tie-in the customer.

Blue Ridge found the Company's explanation not unreasonable.

Overall Recommendation: Blue Ridge believes that several of the cost overruns could have been avoided by anticipating the causes in the original budget estimate with more thorough upfront planning and assessment. In addition, several of the projects suffered from "Scope Creep," where the scope was expanded once the project was started. While it might make sense to expand the scope to avoid duplicate costs down the road, we found that in several instances the expansion of scope did not give management a reasonable understanding of the cost of a project in the planning and approval phases. Blue Ridge recommends that the Company make a concerted effort to plan projects so that the budgets are a fair representation of the estimates to perform the work.

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 12 work orders / projects in the sample were blanket (massed) or other types that would not typically have estimated in-service dates. However, 11 of those massed work orders / projects did have estimated in-service dates.

Of the 39 work orders / projects with estimated in-service dates, 19, or approximately 49%, had in-service dates that were over 90 days delayed from the estimates. 13, or approximately 74%, accrued AFUDC. Below, Blue Ridge summarizes the Company's explanations for the work orders that were greater than 90 days delayed in being placed in-service.

1) CEP Work Order: EOG-2698.2—Total Project Actuals: $952,595
   a. In-Service Date: 12/31/19
   b. Estimated In-Service Date: 9/16/16
   c. In-Service Delay: 1,200 days
   d. AFUDC Charged: $86,368
   e. Project Description: Add Manage Your Account (MYA) customer self-service web functionality related to the Landlord Reversion Agreement. This solution will allow both the business and Landlord a better means to access and maintain information about the status of each premise and their Landlord Reversion Agreement (LRA) that reverts accounts to landlord pay when tenants move out. New features include the ability for:

[95] Dominion's response to audit scope 2021 Data Request BRDR#64.

   i. The landlord to enter the effective date of the Landlord Reversion Agreement to readily verify an active agreement
   ii. Generate an expiration/renewal reminder notice in the twenty third (23rd) month of the Landlord Reversion Agreement
   iii. Auto cancellation of the landlord reversion agreement if any of the premises covered under the contract are disconnected for non-payment of services or are transferred to a collection agency
   iv. Custom designed reports to improve resource utilization and work management and ensure compliance with Ohio Minimum Gas Standards
f. Reason for Delay: The primary reasons for the project delay were additional scope and changes in project prioritization that extended the project timeline. The design was completed in 2017. New features were added to the project scope including a new communication method between the website and database, additional reporting to track landlord agreements and processes were added for property managers for large companies and government agencies. AFUDC in the amount of $44,301.96 was over accrued on this project. Please see BRDR-74 Attachment 1 for the supporting documentation showing the reversal made to the Company's books for the over accrued amount.[96]

Blue Ridge found that the Company overaccrued AFUDC in the amount of $44,302 for this work order. The Company reversed the overage in June of 2022. An adjustment to the CEP should be made to remove the AFUDC accrued as of December 31, 2021, as well as to adjust for the overaccrual of depreciation associated with the AFUDC in plant. [**Adjustment #1**]

2) CEP Work Order EOG-3514.2—Total Project Cost: $1,357,462
   a. In-Service Date: 4/10/20
   b. Estimated In-Service Date: 7/31/18
   c. In-Service Delay: 619 days
   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 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. AFUDC was not over accrued on this project.[97]

   Blue Ridge found the Company's explanation not unreasonable.

3) CEP Work Order EOG-3524.2—Total Project Costs: $1,359,250
   a. In-Service Date: 12/31/20
   b. Estimate In-Service Date: 10/31/18
   c. In-Service Delay: 792
   d. AFUDC Charged: $86,991
   e. Project Description: In 2016, Dominion Energy Ohio partnered with Accenture to develop an Asset Data Strategy roadmap focusing on the complete, accurate and timely capture of asset data. The key systems included in the roadmap were SAP and GE Smallworld, in which, all construction and maintenance assets and associated work would be managed

[96] Dominion's response to audit scope 2021 Data Request BRDR#74.
[97] Dominion's response to audit scope 2021 Data Request BRDR#74.

in SAP, completed via mobile applications and integrated with the GIS. After this roadmap was approved, the decision was made to investigate ESRI as a potential replacement for GE Smallworld. In 2017, Accenture completed a GIS platform assessment and recommended a total migration to the Esri platform. This is the first phase of that project and will allow access to user tools to GIS users without having to immediately move away from GE Smallworld. It should be noted that if Dominion chooses to stay with GE Smallworld, Accenture still recommends this phase of the project to help close identified gaps.

f. Reason for Delay: The primary reason for the project's delay was technical issues related to setting up the ESRI software environment and translating data from the previous GIS (Graphic Information System) maps. There were multiple exceptions to the translation process that needed to be reviewed and remediated for the large set of data attributes. During the project, additional attributes were identified for translation. Each time the issues were remediated the translation was retested for accuracy. Over accrual of AFUDC in the amount of $28,044.42 was posted as of 12/31/2021 but the entry did not get unitized, so it remained in CWIP as of 12/31/2021. The CEP filing did not include the over accrual of AFUDC. Rather, the filing inadvertently excluded Year 2018-2020 costs related to this project, resulting in project costs which were included in the CEP BW report to be a negative value.[98]

Blue Ridge found that the Company's delay in notifying the closing team of the in-service condition resulted in the Company inadvertently excluding $1,510,834 of CEP costs in the CEP recovery report, which is used to prepare the annual CEP Rider Filing (discussed in testing step T8A). [**Adjustment #8**]

4) CEP Work Order FCDEO.17.GAS.11B—Total Project Costs: $3,544,422
   a. In-Service Date: 12/31/20
   b. Estimate In-Service Date: 12/31/18
   c. In-Service Delay: 731
   d. AFUDC Charged: $98,633
   e. Project Description: Original Scope of Work: Renovation of Office area including new carpet, ceiling, light fixtures and furniture. Add 3 new Managers offices, Supervisors bullpen area, New kitchenette /breakroom area and new 26 person conference room.
   Added to Original Scope of Work: Create new 8- and 12-person conference rooms. Create new standalone bathroom for use as needed during emergency maintenance. Purchase and install new windows and exterior doors. Create new warehouse area including new shelving, air compressor sound shed and cage areas for lockup. Update wash Bay area and install new floor drain grates and slop sink.
   f. Reason for Delay: This project in-service date was delayed due to capital budget constraints and the project scope was expanded. Expansion details were provided in response to BRDR-45. AFUDC was not overaccrued on this project. The project was delayed from March 2018 until October 2019 and AFUDC did not accrue during that time. Additionally, the accruing of AFUDC was appropriately stopped when the project went into service.[99]

Blue Ridge found the Company's explanation not unreasonable.

[98] Dominion's response to audit scope 2021 Data Request BRDR#74.
[99] Dominion's response to audit scope 2021 Data Request BRDR#74.

5) CEP Work Order FCDEO.17.GAS.6A—Total Project Actuals: $2,371,418 *(Not in the 2021 CEP Filing)*
   a. In-Service Date: 1/1/19
   b. Estimate In-Service Date: 12/31/17
   c. In-Service Delay: 366
   d. AFUDC Charged: $25,357
   e. Project Description: Work of the Project includes the addition of new steel platform to support the relocated building cooling towers at grade, erection of a screen wall and re-cladding of the existing rooftop mechanical penthouse with new insulated metal panels along with replacement aluminum insulated glass windows.
   f. Reason for Delay: The estimated in-service date was December 31, 2018. This was a multi-year roof replacement that included building a new steel platform, recladding the existing rooftop mechanical penthouse, and other mechanical and electrical modifications. AFUDC was not over accrued on this project because it was appropriately stopped when the project went into service.[100]

   Blue Ridge found the Company's explanation not unreasonable.

6) CEP Work Order FCDEO.18.GAS.8A—Total Project Actuals: $1,165,848 *(Not in the 2021 CEP Filing)*
   a. In-Service Date: 9/31/19
   b. Estimate In-Service Date: 12/31/18
   c. In-Service Delay: 273
   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 Delay: The project was originally included in the 2018 budget and scheduled to be completed by the end of the year. However, due to capital budget constraints for Facilities, the project design was completed, and construction shifted to 2019. This project was reviewed in Case No. 21-619-GA-RDR. In that case, it was determined that AFUDC charges of $592.12 were accrued on the project in error. The approved CEP revenue requirement was adjusted for this error.[101]

   Blue Ridge found the Company's explanation not unreasonable.

7) CEP Work Order O7300.16.GAS.3A—Total Project Actuals: $880,961
   a. In-Service Date: 10/23/20
   b. Estimate In-Service Date: 12/31/16
   c. In-Service Delay: 1,392
   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.

[100] Dominion's response to audit scope 2021 Data Request BRDR#74.
[101] Dominion's response to audit scope 2021 Data Request BRDR#96.

f. Reason for Delay: This project was reviewed and part of the virtual field audit in Case No. 21-619-GA-RDR and an explanation was provided at that time, which still holds true. Blue Ridge found that no AFUDC was charged to this project and that it was a phased in project where delays to in-service would be expected.[102]

Blue Ridge found the Company's explanation not unreasonable.

8) CEP Work Order O7400.19.GAS.2A—Total Project Actuals: $ $804,000 *(Not in the 2021 CEP Filing)*
   a. In-Service Date: 8/28/19
   b. Estimate In-Service Date: 3/19/19
   c. In-Service Delay: 162
   d. AFUDC Charged: $0
   e. Project Description: Zero Emissions Vacuum and Compressor Equipment for atmospheric venting reduction (blowdown reductions)
   f. Reason for Delay: This project was delayed due to longer procurement and delivery times. The initial down payment was made in late February, and then the final payment was made when all units were delivered. This project was a purchase of six (6) Zevacs, so no AFUDC was charged.[103]

   Blue Ridge found the Company's explanation not unreasonable.

9) Hybrid Work Order P400057521—Total Project Actuals: $1,025,802
   a. In-Service Date: 12/27/21
   b. Estimate In-Service Date: 12/31/16
   c. In-Service Delay: 1,822
   d. AFUDC Charged: $0
   e. Project Description: Project Scope: Replace approximately 13,434ft of LP target mainline with 6,713ft of 4" MDPE and 6,721ft of 6" MDPE. This project is 97% PIR and 3% CEP.
   f. Reason for Delay: This project was scoped and prioritized as a PIR Major project. PIR Major projects are prioritized based on several factors, including Optimain risk evaluation, operational input, city workload balancing, third party coordination efforts, material constraints, and budgetary constraints. This project had its planned construction adjusted based on these factors to align more effectively with the overall DOMINION PIR work portfolio. This is a massed project, so no AFUDC was charged.[104]

   Blue Ridge found the Company's explanation not unreasonable.

10) Hybrid Work Order P400208932—Total Project Actuals: $1,467,960
   a. In-Service Date: 11/23/21
   b. Estimate In-Service Date: 12/31/19
   c. In-Service Delay: 693
   d. AFUDC Charged: $0
   e. Project Description: Replace approximately 17,969' of LP M/L with 10,585' of 6" and 12" MD Plastic LP M/L. This project runs South to North from E Scarborough Rd to Dellwood Rd, and West to East from Lee Rd to S Taylor Rd. Project requested due to high priority pipe in Optimain.

[102] Dominion's response to audit scope 2021 Data Request BRDR#74.
[103] Dominion's response to audit scope 2021 Data Request BRDR#74.
[104] Dominion's response to audit scope 2021 Data Request BRDR#96.

f. Reason for Delay: This project was scoped and prioritized as a PIR Major project. PIR Major projects are prioritized based on several factors, including Optimain risk evaluation, operational input, city workload balancing, third party coordination efforts, material constraints, and budgetary constraints. This project had its planned construction adjusted based on these factors to align more effectively with the overall Dominion PIR work portfolio. This is a massed project, so no AFUDC was charged.[105]

Blue Ridge found the Company's explanation not unreasonable.

11) Base Rate Work Order P400247994—Total Project Actuals: $355,629
   a. In-Service Date: 10/8/18
   b. Estimate In-Service Date: 12/31/17
   c. In-Service Delay: 281
   d. AFUDC Charged: $103
   e. Project Description: Dominion to install new 20" pipeline lateral from interconnect, an odorant tank and pumps, and a new 20" tie-in valve on TPL#12.
   Nexus will also be installing three new indirect fired heaters, a regulation/flow control skid, and emergency generator, an EGM building, and interconnecting piping that may or may not be owned by Dominion. Please note the following.
   The 20" lateral and the odorant system will be new transmission M&R.
   The tie-in to TPL#12 including the 20" valve and operator, tee, pipe, and fittings will be transmission line pipe. Pipe will be removed from TPL#12 for the tie-in.
   f. Reason for Delay: This project was dependent upon coordination with a third-party in order to complete an interconnect. Delays in construction were out of DOMINION's control due to third-party project requirements and timeline. This project is classified as an interconnect project with CIAC. AFUDC was not accrued on this project.[106]

Blue Ridge found the Company's explanation not unreasonable.

12) Hybrid Work Order P400305829—Total Project Actuals: $507,378
   a. In-Service Date: 12/2/20
   b. Estimate In-Service Date: 12/31/19
   c. In-Service Delay: 337
   d. AFUDC Charged: $0
   e. Project Description:
   PROJECT DRIVER: WOF.
   PROJECT SCOPE: Replace approximately 951 ft of existing 6 in steel M/L with 951 ft of 8 in LP MDPE.
   PROJECT LOCATION: Project is located on Scott St., between Hager St. and S Main St. SCAF#1430: Design requested to cut and cap after the last service (45 Scott st) on Scott St due to constructability and possible water issues, and replace mains on Hager St, Clingan St and Bentley St with larger diameters to maintain service requirements on Scott St. Install footage updated to 3,430ft. Services updated to 67. HLE updated to $564,587.
   f. Reason for Delay: This project was scoped and prioritized as a steel mainline WOF (weather or outside force). DOMINION tracks all reported WOFs and prioritizes their remediation based on several factors, including WOF location, pressure of mainline, and material. This project was prioritized within the overall DOMINION capital budget based

[105] Dominion's response to audit scope 2021 Data Request BRDR#96.
[106] Dominion's response to audit scope 2021 Data Request BRDR#74.

on these factors and had its construction date adjusted accordingly. This is a massed project, so no AFUDC was charged.[107]

Blue Ridge found the Company's explanation not unreasonable.

13) CEP Work Order P400335038—Total Project Actuals: $2,398,717
    a. In-Service Date: 11/26/19
    b. Estimate In-Service Date: 12/31/18
    c. In-Service Delay: 330
    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.
    f. Reason for Delay: Due to capital budget constraints, the priority of this project was reviewed, and the bulk of the work of this project was moved to 2019. Operational and leadership input was attained when determining project priority and construction year shifts. After reviewing, it has been determined that AFUDC in the amount of ($5,199.42) was over-accrued for this project.[108]

Blue Ridge recommends, and the Company agrees, that AFUDC should be reduced by $5,199.42 to reflect the delay in starting work. **[Adjustment #2]**

14) Hybrid Work Order P400340981—Total Project Actuals: $657,508
    a. In-Service Date: 7/21/21
    b. Estimate In-Service Date: 12/31/19
    c. In-Service Delay: 568
    d. AFUDC Charged: $7,069
    e. Project Description:
    PROJECT DRIVER: Third Party Project—Widening of Kinsman Rd. (RT-87) for horse and buggy lanes.
    PROJECT SCOPE: Relocate approximately 5,200ft of existing Gathering Production Line (L#7145) with 5,200ft of 8" Gathering Production steel. Relocate approximately 859 ft of existing MP with 859ft of 4" MP MDPE. Relocate KINSMAN. 17418 (427) Station (Facility ID: 2038). Install approximately 5,700ft of new MP MDPE on Kinsman Rd. in order to convert 9 existing services, that are currently being fed by farm taps, to MP. PROJECT LOCATION: Project is located on Kinsman Rd. (RT-87) from Bundysburg Rd. to address 17190 Kinsman Rd. in Middlefield TWP.
    f. Reason for Delay: This project was scoped and coordinated with third party work. The construction period for this project was adjusted to align with the clear date and work

[107] Dominion's response to audit scope 2021 Data Request BRDR#96.
[108] Dominion's response to audit scope 2021 Data Request BRDR#96.

being performed by the third party. In order to meet an ODOT required completion date construction started early January and due to ODOT road safety requirements during the winter, the project duration extended roughly twice as long as originally estimated to complete**.** After reviewing, it has been determined that AFUDC in the amount of ($1,642.85) was over-accrued for this project.[109]

Blue Ridge recommends, and the Company agrees, that AFUDC should be reduced by $1,642.85 to reflect the over-accrued AFUDC. **[Adjustment #3]**

15) CEP Work Order P400349560—Total Project Actuals: $7,396,570
   a. In-Service Date: 11/12/20
   b. Estimate In-Service Date: 12/31/18
   c. In-Service Delay: 682
   d. AFUDC Charged: $224,178
   e. 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
   f. Reason for Delay: Due to capital budget constraints, the priority of this project was reviewed, and the start of this project was moved to 2020. Operational and leadership input was attained when determining project priority and construction year shifts. After reviewing, it has been determined that AFUDC in the amount of $(53,764.46) was overaccrued for this project.[110]

Blue Ridge recommends, and the Company agrees, that AFUDC should be reduced by $53,764.46 to reflect the delay in starting work. **[Adjustment #4]**

16) Base Rate Work Order P400369415—Total Project Actuals: $6,702,391
   a. In-Service Date: 6/2/20
   b. Estimate In-Service Date:12/31/19
   c. In-Service Delay: 154
   d. AFUDC Charged: $203,455
   e. Project Description: OVERVIEW: This project involves the installation of a new gathering compressor and all ancillary station equipment on DOMINION property in Ashtabula county. The compressor package is a Cat/Aerial 3508- JGJ 4 furnished by Dearing. The dehydration skid and corresponding equipment has been furnished by Gas Tech. The inlet filter will be furnished by King Tool. MCC and compressor building erection will be completed by Wildcat. This project also includes installation of L#4640 545ft 8" .322w, 380ft 6" .280w on DOMINION property. As well as installation of L# 8540 915ft of .237w and 80ft of .337w powercrete on DOMINION property and within road RoW. Installation of all other compressor station piping valves and equipment is also included in this scope of work.
   f. Reason for Delay: This project was being coordinated with another project, P400354081 (Austinburg Rd Station). Due to capital budget constraints, the priority of that project was reviewed, and the start of that project was moved to 2020. As a result, this project was

[109] Dominion's response to audit scope 2021 Data Request BRDR#96.
[110] Dominion's response to audit scope 2021 Data Request BRDR#96.

also adjusted to 2020. Operational and leadership input was attained when determining project priority and construction year shifts. After reviewing, it has been determined that AFUDC in the amount of ($52,582.68) was over-accrued for this project.[111]

Blue Ridge recommends, and the Company agrees, that AFUDC should be reduced by $52,582.68 to reflect the delay in starting work. **[Adjustment #5]**

17) CEP Work Order P400420660—Total Project Actuals: $2,143,606 *(Not in the 2021 CEP Filing)*
   a. In-Service Date: 6/26/19
   b. Estimate In-Service Date: 12/31/18
   c. In-Service Delay: 177
   d. AFUDC Charged: $224
   e. Project Description:
      PROJECT DRIVER: A section of TPL18 transmission line L#322 is slipping out of position down a slope.
      PROJECT SCOPE: Secure pipeline into position with anchors and improve drainage on hillside.
      PROJECT LOCATION: TPL18 L#322, off of Lake Tappan Park Rd - (Lat/Long) 40.316677 / -81.187178
   f. Reason for 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. After reviewing, it was determined that AFUDC was not over-accrued for this project.[112]

Blue Ridge found the Company's explanation not unreasonable.

18) Hybrid Work Order P400499242—Total Project Actuals: $1,489,574
   a. In-Service Date: 5/13/21
   b. Estimate In-Service Date: 12/31/20
   c. In-Service Delay: 133
   d. AFUDC Charged: $0
   e. Project Description:
      PROJECT DRIVER: Third Party Project - Widening, milling and resurfacing project that includes full and partial depth repair, upgrading traffic signals with fiber interconnect, sidewalk and apron replacements, new curb and gutter, sewer repairs and new catch basins.
      PROJECT SCOPE: Relocate approximately 4,216ft of existing MP M/L with 3,950ft of 4 and 6in MP MDPE as well as relocate approximately 4,341ft of existing LP M/L with 3,181ft of 4, 6 and 8in LP MDPE. Replace approximately 750ft of existing LP M/L with 750ft of 8in MP MDPE. Install 87ft of new MP M/L. Abandon approximately 1,426ft of existing MP and LP M/L.
      PROJECT LOCATION: Project is located on Wales Rd between Burd Ave and Lincoln Way in the city of Massillon.
   f. Reason for Delay: This project was scoped and coordinated with third party work. The construction period for this project was adjusted to align with the clear date and work being performed by the third party. This is a massed project, so no AFUDC was charged.[113]

[111] Dominion's response to audit scope 2021 Data Request BRDR#96.
[112] Dominion's response to audit scope 2021 Data Request BRDR#96.
[113] Dominion's response to audit scope 2021 Data Request BRDR#96.

Blue Ridge found the Company's explanation not unreasonable.

19) CEP Work Order P400572883—Total Project Actuals: $294,065
   a. In-Service Date: 12/10/20
   b. Estimate In-Service Date: 12/31/19
   c. In-Service Delay: 345
   d. AFUDC Charged: $208
   e. Project Description:
      PROJECT DRIVER: Old and antiquated equipment.
      PROJECT SCOPE: Replace commercial M&R for Concourse C at the Cleveland Hopkins Airport.
      PROJECT LOCATION: Station is located on the west side of Park Rd north of the Jackson Rd intersection in Cleveland, OH.
   f. Reason for Delay: Due to capital budget constraints, the priority of this project was reviewed, and the start of this project was moved to 2020. Operational and leadership input was attained when determining project priority and construction year shifts. After reviewing, it was determined that no AFUDC was overaccrued.[114]

Blue Ridge found the Company's explanation not unreasonable.

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

Of the 19 work orders with delayed in-service dates, 14 (or approximately 74%) accrued AFUDC. Blue Ridge identified the work order / projects with AFUDC charges in Testing Step T7A above and comments on those of which AFUDC was not stopped timely below. Blue Ridge recommends four adjustments to reduce AFUDC in the amount of $113,189.41 for this section.

T8: Continuing Property Records

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

The Company uses an up-to-date 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.[115]

The Company provided the plant in-service additions (housed within FERC Account 101) from January 1, 2021 through December 31, 2021. The Company stated that they have been manually classified by recovery mechanism for purposes of tying the Company's 2021 PUCO Annual Report.

The Company provided the cost detail for each work order sampled. The data provided within the cost detail included the total project costs which include Additions (FERC 101), CCNC (FERC 106), CWIP (FERC 107), Amount in PowerPlan Clearing Accounts, Cost of Removal and Other Charges.

Originally, Blue Ridge noted 14 work orders in which the cost detail did not tie out to the population. The population did not tie out to the cost detail because the cost detail includes

[114] Dominion's response to audit scope 2021 Data Request BRDR#96.
[115] 2020 Dominion Interview—Plant Accounting. Page 3 of 7.

FERC 101 Additions prior to Year 2021.[116] When accounting for those costs prior to Year 2021, there were 2 remaining work orders that still did not tie to the detail.

1. CEP Work Order EOG-2800.3—Software Package, Purchased *(Not in 2021 CEP Filing)*
    a. Project Description: The scope of the project is to replace the existing Gas SCADA system.
    b. Population: $1,137,946
    c. Total Project Costs: $1,137,946
    d. Additions FERC 101 in 2021: $0
    e. Additions FERC 101 Prior to 2021: $1,137,946
    f. Value included in CEP BW Report: $1,147,854
    g. Value not included in CEP BW Report: $(9,908)
    h. Company Explanation of Value not included in CEP BW Report: This project is 100% CEP eligible. Please see BRDR-82 Attachment 1 for a revised reconciliation of this project. January 2019 costs in the amount of $4,042.20 were inadvertently double counted in the CEP recovery reports.[117]

    Blue Ridge found, and the Company agreed, that the $4,042 was inadvertently double counted within the CEP recovery reports. [**Adjustment #6**]

2. CEP Work Order EOG-3524.2
    a. Project Description: In 2016, Dominion Energy Ohio partnered with Accenture to develop an Asset Data Strategy roadmap focusing on the complete, accurate and timely capture of asset data. The key systems included in the roadmap were SAP and GE Smallworld, in which, all construction and maintenance assets and associated work would be managed in SAP, completed via mobile applications and integrated with the GIS. After this roadmap was approved, the decision was made to investigate ESRI as a potential replacement for GE Smallworld. In 2017, Accenture completed a GIS platform assessment and recommended a total migration to the Esri platform. This is the first phase of that project and will allow access to user tools to GIS users without having to immediately move away from GE Smallworld. It should be noted that if Dominion chooses to stay with GE Smallworld, Accenture still recommends this phase of the project to help close identified gaps.
    b. Population: $1,359,250
    c. Total Project Costs: $1,331,205
    d. Additions in FERC 101 in 2021: $(179,628)
    e. Additions in FERC 101 Prior to 2021: $1,510,834
    f. CWIP FERC 107: $(28,044)
    g. Value included in CEP BW Report: $(179,628)
    h. Value not included in CEP BW Report: $1,510,834
    i. Company Explanation: This project is 100% CEP eligible. Year 2018- 2020 costs in the amount of $1,510,833.53 that should have been included in CEP, were not included, because the project was communicated to the closing team that construction was complete in 2020 after the 2020 CEP filing was prepared.[118]

[116] Dominion's response to audit scope 2021 Data Request BRDR#101.
[117] Dominion's response to audit scope 2021 Data Request BRDR#82.
[118] Dominion's response to audit scope 2021 Data Request BRDR#82.

Blue Ridge found that the Company's delay in notifying the closing team of in-service resulted in the Company inadvertently excluding $1,510,834 of CEP costs in the CEP recovery report, which is used to prepare the annual CEP Rider Filing. **[Adjustment #8]**

3. CEP Work Order FCDEO.17.GAS.11B—Building RENO-Wilbeth
    a. Project Description: Original Scope of Work:
    Renovation of Office area including new carpet, ceiling , light fixtures and furniture. Add 3 new Managers offices, Supervisors bullpen area, new kitchenette /breakroom area and new 26 person conference room.
    Added to Original Scope of Work:
    Create new 8- and 12-person conference rooms
    Create new standalone bathroom for use as needed during emergency maintenance.
    Purchase and install new windows and exterior doors.
    Create new warehouse area including new shelving, air compressor sound shed and cage areas for lockup.
    Update wash Bay area and install new floor drain grates and slop sink.
    b. Population: $3,544,422
    c. Total Project Costs: $3,545,958
    d. Additions FERC 101 in 2021: $86,416
    e. Additions FERC 101 Prior to 2021: $3,459,542
    f. Cost of Removal: $1,536
    g. Value included in CEP BW Report: *$1,158,580*
    h. Value not included in CEP BW Report: $2,387,378
    i. Company Explanation: This project is 100% CEP eligible. Year 2020 costs in the amount of $2,387,378.32 that should have been included in CEP, were not included in the CEP BW report. The project was communicated to the closing team that construction was complete in 2020 after the 2020 CEP filing was prepared.[119]

    Blue Ridge found that the Company's delay in notifying the closing team of in-service condition resulted in the Company inadvertently excluding $2,387,378 of CEP costs in the CEP recovery report, which is used to prepare the annual CEP Rider Filing. **[Adjustment #9]**

4. Hybrid Work Order P400057521—Revere Antisdale
    a. Project Description: Project Scope: Replace approximately 13,434ft of LP target mainline with 6,713ft of 4" MDPE and 6,721ft of 6" MDPE. This project is 97% PIR and 3% CEP.
    b. Population: $1,025,802
    c. Total Project Costs: $2,195,063
    d. Additions FERC 101 in 2021: $2,142,853
    e. Additions FERC 101 Prior to 2021: $50,477
    f. CCNC FERC 106: $1,096,026
    g. Cost of Removal: $1,536
    h. Value included in CEP BW Report: $142,424
    i. Value not included in CEP BW Report: $1,588.24
    j. Value included in PIR BW Report: $2,050,963

[119] Dominion's response to audit scope 2021 Data Request BRDR#82.

k. Direct Charges: $87
l. Company Explanation: This is a hybrid project (CEP/PIR). There were a few Order Operations that did not have an actual quantity assigned. The CEP and PIR BW recovery reports do not include Order Operations without an actual quantity assigned. This resulted in $1,588.24 not being included in the CEP BW report.[120]

Blue Ridge found that no quantity was assigned in SAP, so the BW Report inadvertently excluded $1,588.24 of CEP costs in the CEP recovery report, which is used to prepare the annual CEP Rider Filing. **[Adjustment #10]**

5. CEP Work Order P400292823—Chippewa Units 1–3
   a. Project Description: PROJECT DRIVER: Compressor units (5 total) at Chippewa and Robinson stations are antiquated and inefficient. Installing new units will allow operation over a variety of pressure and flow conditions and improve system flexibility and efficiency.
   PROJECT SCOPE: Install two new 3,750HP compressor units and associated appurtenances (filtration, measurement, regulation, etc.) at Chippewa Station. New 24" suction lines from TPL13S and TPL13N will be installed along with new discharge lines to storage lines L#4700, L#317, L#3400, L#3950, L#3439, and L#3440 for the new compressor units. Approximately 2800' of 12" pipe, 1500' of 6" pipe, and 700' of 8" pipe will have to be relocated prior to the installation of the new compressor units and appurtenances.
   PROJECT LOCATION: Chippewa Station
   b. Population: $37,000,886
   c. Total Project Costs: $43,417,322
   d. Additions FERC 101 in 2021: $542,914
   e. Additions FERC 101 Prior to 2021: $42,874,409
   f. CCNC FERC 106: $13,369
   g. CWIP FERC 107: $4333,208
   h. Cost of Removal: $1,879,389
   i. Other: $4
   j. Value included in CEP BW Report: $41,755,352
   k. Value not included in CEP BW Report: $1,649,259
   l. Direct Charges: $12,711
   m. Company Explanation: This project is 100% CEP eligible. There was an Order Operation that did not have an actual quantity assigned. The CEP BW recovery Report does not include Order Operations without an actual quantity assigned. This resulted in $1,623,569.28 not being included in the CEP BW report. Additionally, there were two Operations which had total 2021 costs of $25,690.07. These Operations were technically closed in 2019, so they were not included in the Year 2021 report. The report's parameters limit cost inclusion to the year which the project is in-service and the following year.[121]

   Blue Ridge found that no quantity was assigned in SAP, so the BW Report inadvertently excluded $1,649,259 of CEP costs in the CEP recovery report, which is used to prepare the annual CEP Rider Filing. [**Adjustment #11**]

6. Hybrid Work Order P400305829—Scott St PIR3118

[120] Dominion's response to audit scope 2021 Data Request BRDR#82.
[121] Dominion's response to audit scope 2021 Data Request BRDR#82.

a. Project Description: PROJECT DRIVER: WOF.
PROJECT SCOPE: Replace approximately 951ft of existing 6in steel M/L with 951ft of 8in LP MDPE.
PROJECT LOCATION: Project is located on Scott St., between Hager St. and S Main St.
SCAF#1430: Design requested to cut and cap after the last service (45 Scott st) on Scott St due to constructability and possible water issues, and replace mains on Hager St, Clingan St and Bentley St with larger diameters to maintain service requirements on Scott St. Install footage updated to 3,430ft. Services updated to 67. HLE updated to $564,587.
b. Population: $507,378
c. Total Project Costs: $595,050
d. Additions FERC 101 in 2021: $43,665
e. Additions FERC 101 Prior to 2021: $551,385
f. Cost of Removal: $4,522
g. Value included in CEP BW Report: $188,824
h. Value not included in CEP BW Report: $1,811
i. Value included in PIR BW Report: $404,416
j. Company Explanation: This is a hybrid project (CEP/PIR). There were a few Order Operations that did not have an actual quantity assigned. The CEP and PIR BW recovery reports do not include Order Operations without an actual quantity assigned. This resulted in $1,810.95 not being included in the PIR recovery report.[122]

Blue Ridge found that no quantity was assigned in SAP, so the BW Report inadvertently excluded $1,810.95 of PIR costs in the PIR recovery report, which is used to prepare the annual PIR Rider Filing.

7. CEP Work Order P400335038 *(Not in 2021 CEP Filing)*
   a. 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.
   b. Population: $2,398,717
   c. Total Project Costs: $3,196,747
   d. Additions FERC 101 in 2021: $20,294
   e. Additions FERC 101 Prior to 2021: $3,176,453
   f. CCNC FERC 106: $67,314
   g. Cost of Removal: $730,716

[122] Dominion's response to audit scope 2021 Data Request BRDR#82.

h. Value included in the CEP BW Report: $3,143,471
i. Value not included in the CEP BW Report: $21,884
j. Direct Charges: $31,392
k. Company Explanation: This is a 100% CEP project. There was an Order Operations that did not have an actual quantity assigned. The CEP BW recovery report does not include an Order Operation without an actual quantity assigned. This resulted in $1,589.91 not being included in the CEP BW report. Additionally, total 2021 costs of $20,294.12 were not included because the BW report's parameters limit cost inclusion to the year which the project is in-serviced and the following year.[123]

Blue Ridge found that no quantity was assigned in SAP, so the BW Report inadvertently excluded $21,884 of CEP costs in the CEP recovery report, which is used to prepare the annual CEP Rider Filing. **[Adjustment #12]**

8. Hybrid Work Order P400340981— KINSMAN RD GATH L7145 REL—PPT-601074
   a. Project Description: PROJECT DRIVER: Third Party Project - Widening of Kinsman Rd. (RT-87) for horse and buggy lanes.
      PROJECT SCOPE: Relocate approximately 5,200ft of existing Gathering Production Line (L#7145) with 5,200ft of 8" Gathering Production steel. Relocate approximately 859ft of existing MP with 859ft of 4" MP MDPE. Relocate KINSMAN. 17418 (427) Station (Facility ID: 2038). Install approximately 5,700 ft of new MP MDPE on Kinsman Rd. in order to convert 9 existing services, that are currently being fed by farm taps, to MP.
      PROJECT LOCATION: Project is located on Kinsman Rd. (RT-87) from Bundysburg Rd. to address 17190 Kinsman Rd. in Middlefield TWP.
   b. Population: $657,508
   c. Total Project Costs: $$2,996,838
   d. Additions FERC 101 in 2021: 657,508
   e. Additions FERC 101 Prior to 2021: $14,216
   f. CWIP FERC 107: $1,392,029
   g. Cost of Removal: $933,087
   h. Value included in CEP BW Report: $3,001,390
   i. Value not included in CEP BW Report: $(11,620)
   j. Direct Charges: $7,069
   k. Company Explanation: This is hybrid project (CEP/Base rate). One portion of the project, which is ODOT billable, was assigned base rate recovery and was not in-service as of 12/31/2021. The value of ($11,619.78) relates to the base rate portion. The costs related to this portion are recorded to a notification separate from the CEP eligible costs.[124]

Project ID	Notification	Recovery	Calendar	Amount
P400340981	401237559	BASE RATE	2020	$ 136.64
P400340981	401237559	BASE RATE	2021	-$ 11,756.42
P400340981	401237559	BASE RATE	2022	$ 11,619.78
P400340981	401237559	Result		$ 0.00

[123] Dominion's response to audit scope 2021 Data Request BRDR#82.
[124] Dominion's response to audit scope 2021 Data Request BRDR#82.

Blue Ridge found that the Company has overstated Plant in-Service by $(11,620) since the work was not in-service as of 12/31/21. However, this is just a timing issue as the investment will be in-service and recoverable through base rates in the next base rate case. No adjustment is necessary.

9. CEP Work Order P400870033—WOOSTER CHURCH ROAD STATION—P400870033
    a. 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.
    b. Population: $3,609,281
    c. Total Project Costs: $3,738,173
    d. Additions FERC 101 in 2021: $629,333
    e. Additions FERC 101 Prior to 2021: $3,111,840
    f. CCNC FERC 106: $239,679
    g. Cost of Removal: $(110,804)
    h. Other Charges: $17
    i. Value included in CEP BW Report: $3,690,787
    j. Value not included in CEP BW Report: $5,407
    k. Direct Charges: $41,979
    l. Company Explanation: This project is 100% CEP eligible. There were two Orders that were not pulled into the CEP report because they were not closed as of 12/31/2021.

    Blue Ridge found that the Company did not include costs for two Order Operation charges totaling $5,407 that were not pulled into the BW Report because they were not closed as of 12/31/21. The investment should be included in the 2022 CEP Filing.

10. Hybrid Work Order P400074477 *(Not in 2021 CEP Filing)*
    a. Project Description: Blanket work order for office and field personnel to use to charge time when working on New Service for LOW PRESSURE ONLY.
    b. Population: $416,627
    c. Total Project Costs: $1,916,969.62
    d. Additions FERC 101 in 2021: $416,626,97[125]
    e. Additions FERC 101 Prior to 2021: $1,467,648.66
    f. CCNC FERC 106: $32,693.99
    g. Difference from Population to Additions FERC 101 in 2021: $(614.89)
    h. Company Explanation: The Company provided an updated reconciliation for P4000074477.[126]

    Blue Ridge found that within the original reconciliation (that the Company provided for BRDR#45), a difference of $615 existed. The difference is de minimis.

11. Hybrid Work Order P400499242
    a. Project Description: PROJECT DRIVER: Third Party Project - Widening, milling and resurfacing project that includes full and partial depth repair, upgrading traffic

[125] Dominion's response to audit scope 2021 Data Request BRDR#107.
[126] Dominion's response to audit scope 2021 Data Request BRDR#107.

signals with fiber interconnect, sidewalk and apron replacements, new curb and gutter, sewer repairs and new catch basins.
PROJECT SCOPE: Relocate approximately 4,216ft of existing MP M/L with 3,950ft of 4 and 6in MP MDPE as well as relocate approximately 4,341ft of existing LP M/L with 3,181ft of 4, 6 and 8in LP MDPE. Replace approximately 750ft of existing LP M/L with 750ft of 8in MP MDPE. Install 87ft of new MP M/L. Abandon approximately 1,426ft of existing MP and LP M/L.
PROJECT LOCATION: Project is located on Wales Rd between Burd Ave and Lincoln Way in the city of Massillon.

b. Population: $1,489,574
c. Total Project Costs: $1,563,374.51
d. Additions FERC 101 in 2021: $1,489,574.17[127]
e. Additions FERC 101 Prior to 2021: $59,543.94
f. CCNC FERC 106: $397.47[128]
g. Cost of Removal: $13,858.92[129]
h. Difference from Population to Additions FERC 101 in 2021: $(32.98)
i. Company Explanation: The Company provided an updated reconciliation for P400499242.[130]

Blue Ridge found that the Company used the previous 1.11% Cost of Removal rate instead of the current 1.03% Cost of Removal rate and did not include one WBS element in December 2021 CCNC. This resulted in an under recovery of $32.98 for this hybrid work order. Because the adjustment is de minimis with little impact on the CEP Filing, Blue Ridge does not recommend an adjustment.

12. CEP Work Order: P400349560—Total Project Actuals: $7,932,044
    a. 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
    b. Unknown in BRDR#45: $5,708
    c. Company Explanation of the unknown: $5,708 represents CEP eligible costs related to two orders which were not pulled into the CEP Additions Reports and should have been included in the recovery total.[131]

Blue Ridge found that the Company inadvertently did not include costs related to two Orders Operations that were not pulled into the BW Report to be included in the 2021 CEP Filing in the amount of $5,708. [**Adjustment #13**]

Blue Ridge identified 13 work orders with Direct Charges associated with the work. One work order required adjustments.

1. CEP Work Order P400887217—WELL 1431 REMEDIATION - P400887217

[127] Dominion's response to audit scope 2021 Data Request BRDR#87.
[128] Dominion's response to audit scope 2021 Data Request BRDR#87.
[129] Dominion's response to audit scope 2021 Data Request BRDR#87.
[130] Dominion's response to audit scope 2021 Data Request BRDR#87.
[131] Dominion's response to audit scope 2021 Data Request BRDR#86.

a. Blue Ridge Concern: Direct Charges inadvertently not charged to CEP.
b. Direct Charges: $5,722

Blue Ridge found that the Company inadvertently did not include the direct charges of $5,722 in the 2021 CEP Filing. [**Adjustment #7**]

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.[132]
- 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.[133]

T9A: For work orders / projects, are the cost categories (Payroll, M&S, etc.) not unreasonable and support the work order total?

The Company provided a list of all overheads (labor loading, etc.) and any other indirect items charged to Dominion 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 (1) surcharges applied to Dominion's capital projects, and (2) although not surcharges per se, other charges that may be applied to Dominion 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 Dominion capital projects.)
- 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.[134] Such costs are incurred for PIR project reporting, data preparation, and map generation. Dominion has established specific WBS elements for purposes of tracking and reporting these costs. [135])
- Restricted Stock

1) Hybrid Work Order P400092225—Total Project Actuals: $1,664,763
   a. Initial Cost Category Concern: Material Exp-Cst Dif for $(35,174)

[132] SAP Project Structure, page 3. Provided during audit scope 2011–2018 Kick-off Meeting on 9/20/19.
[133] SAP Project Structure, page 3. Provided during audit scope 2011–2018 Kick-off Meeting on 9/20/19.
[134] See Opinion and Order in Case No. 09-458-GA-RDR, page 9.
[135] Dominion's response to audit scope 2021 Data Request BRDR#21.

b. Company Explanation: There was a goods movement booked on 5/20/21 for $35,174.34 from work order MWO 63254462 to work order CWO 64562011. Both work orders are under P400092225.[136]

Blue Ridge found the Company's explanation not unreasonable.

2) CEP Work Order P400292823—Total Project Actuals: $37,000,886
   a. Initial Cost Category Concern:
      i. Material Exp-Stk Cr for $(220,186)
      ii. Misc. Supplies for $14,445
      iii. Postage Shipping & Freight for $879,494
   b. Company Explanation:
      i. Material Exp-Stk Cr for $(220,186): The amount in the Material Expense Stock Credit GL is for material ordered but unused/not installed on the project. The unused material was credited to the project and returned to inventory.
      ii. Misc. Supplies for $14,445: Miscellaneous Supplies is associated with costs related to an item that is not part of standard inventory, such as special-order items and unique one-time usage. In comparison, Material Expense relates to material that is commonly used (e.g., pipe, fittings, gravel, screws, etc.) that is either charged from a warehouse/inventory or purchased directly from a hardware store because the materials are not kept on hand.
      iii. Postage Shipping & Freight for $879,494: These charges are related to the shipment of the equipment to the site. The higher shipment charges align with the size and scale of the equipment being shipped.[137]

   Blue Ridge found the Company's explanation not unreasonable.

3) Base Rate Work Order P400379401—Total Project Actuals: $287,670
   a. Initial Cost Category Concern:
      i. Legal Services for $1,010
      ii. Expense Reimbursement: $(200,000)
   b. Company Explanation:
      i. Legal Services for $1,010: The legal services charges for these three projects are fees from external law firms for contract review and consulting related to these capital projects.
      ii. Expense Reimbursement: $(200,000): The -$200,000 credit was a contribution aid of construction (CIAC) from Spectra Energy to fund the relocation capital project.[138]

   Blue Ridge found the Company's explanation not unreasonable.

4) Base Rate Work Order P400474552—Total Project Actuals: $15,031,135
   a. Initial Cost Category Concern: Travel Expense for $25,734
   b. Company Explanation: The legal services charges for these three projects are fees from external law firms for contract review and consulting related to these capital projects.[139]

   Blue Ridge found the Company's explanation not unreasonable.

5) Base Rate Work Order P400510572—Total Project Actuals: $9,077,783

[136] Dominion's response to audit scope 2021 Data Request BRDR#81 Update.
[137] Dominion's response to audit scope 2021 Data Request BRDR#81 Update.
[138] Dominion's response to audit scope 2021 Data Request BRDR#81 Update.
[139] Dominion's response to audit scope 2021 Data Request BRDR#81 Update.

a. Initial Cost Category Concern: Legal Service for $15,194
b. Company Explanation: The legal services charges for these three projects are fees from external law firms for contract review and consulting related to these capital projects.[140]

Blue Ridge found the Company's explanation not unreasonable.

6) Base Rate Work Order P400828132—Total Project Actuals: $14,730,881
   a. Initial Cost Category Concern:
      i. Legal Services for $3,169
      ii. Postage Shipping & Freight for $137,591
   b. Company Explanation:
      i. Legal Services for $3,169: The legal services charges for these three projects are fees from external law firms for contract review and consulting related to these capital projects.[141]
      iv. Postage Shipping & Freight for $137,591: These charges are related to the shipment of the equipment to the site. The higher shipment charges align with the size and scale of the equipment being shipped.[142]

   Blue Ridge found the Company's explanation not unreasonable.

7) Base Rate Work Order P401268491—Total Project Actuals: $26,146
   a. Initial Cost Category Concern: Cost Element (Bank Fees)
   b. Company Explanation: This cost element represents a banking transaction fee. As a basic function of SAP, all costs associated with capital projects are captured under the project number. This includes any financial institution fees associated with payments or credits processed while working with vendors and contractors during construction.[143]

   Blue Ridge concludes, in accordance with the FERC code of accounts, that bank fees are not a cost of construction, and should not be recovered in the CEP. The Company is allowed to accrue AFUDC, which reimburses the Company for the cost of borrowed funds. Because the adjustment is de minimis with little or no impact on the CEP Filing, Blue Ridge does not recommend an adjustment. However, Blue Ridge recommends that in the future, this cost category be excluded from the CEP.

Thirty-one of the work orders in our sample contained $38,719 of costs assigned to cost elements related to the award of Restricted Stock. Twenty-one of the work orders were included in the CEP filing with $34,282[144] cost assigned to cost elements related to the award of Restricted Stock. The CEP BW Report showed only $28,464[145] of costs assigned to cost elements related to the award of Restricted Stock. The Company provided the following statement in regard to CA-LTIP/Restricted Stock

> In Case 19-791-GA-ALT, the Commission held that stock-based compensation could be recovered in the CEP Rider rate base. *In re Duke Energy Ohio, Inc.,* Case No. 19-791-GA-ALT, Opin. & Order (Apr. 21, 2021) ¶ 69. The Commission also specifically found that the costs of DEO's Long-Term Incentive Program (LTIP), which utilizes stock awards with time-based vesting and cash awards based on

[140] Dominion's response to audit scope 2021 Data Request BRDR#81 Update.
[141] Dominion's response to audit scope 2021 Data Request BRDR#81 Update.
[142] Dominion's response to audit scope 2021 Data Request BRDR#81 Update.
[143] Dominion's response to audit scope 2021 Data Request BRDR#78.
[144] Dominion's response to audit scope 2021 Data Request BRDR#4 Attachment 1.
[145] Dominion's response to audit scope 2021 Data Request BRDR#4 Attachment 2.

> financial performance metrics, were recoverable in the CEP Rider rate base. *In re The East Ohio Gas Co. d/b/a Dominion Energy Ohio*, Case No. 21-619-GA-RDR, Opin. & Order (Feb. 23, 2022) ¶ 72. Thus, the Commission has already determined that that type of charge listed above is appropriate to be included in the CEP Rider rate base. Note that the table above, which is based on DEO's response to BRDR-45, is not limited to CEP projects, but also includes base rate projects.
>
> In Case No. 21-619-GA-RDR, to reach a compromise and limit contested issues, DEO agreed to "prospectively exclude capitalized amounts from any CEP revenue requirement for the Long-Term Incentive Program (LTIP) and Leadership Incentive Plan (LIP)" starting in 2021. (Stipulation and Recommendation (Sept. 7, 2021) ¶ 2.
>
> Consistent with that commitment, DEO excluded the 2021 capitalized LTIP and LIP amounts from its proposed updated CEP revenue requirement. The 2021 LTIP and LIP amounts are embedded in the capital values by utility account which total to the amounts shown on Line 96 of Attachment B, Schedule 2. DEO then excluded the 2021 CEP LTIP and LIP amounts on Line 97. Please see BRDR-2 Attachment 2 for the details, including work order, which tie to Line 97. DEO's exclusion would not include any pre-2021 LTIP and LIP amounts associated with any multi-year CEP projects placed in service in 2021. In addition, the table above is not limited to 2021 costs.[146]

Blue Ridge found that the Company removed $28,464 of costs assigned to cost elements related to the award of LTIP/LIP spend.

T9B: For "other" (referring to T1d above), are the description and costs not unreasonable?

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) CEP Work Order FCDEO.16.GAS.2A—Total Project Actuals: $2,634,428 *(Not is CEP Filing)*
   c. Initial Cost Category Concern:
      i. Contractor Service Charge for $1,474,716
      ii. ClrngCap7000 ICO Ex for $52,716
   d. Company Explanation:
      i. Contractor Service Charge for $1,474,716: Company provided detail for the charges.[147]
      ii. ClrngCap7000 ICO Ex for $52,716: Expenses are intercompany costs incurred for this project.[148]

   Blue Ridge found the Company's explanation not unreasonable.

2) CEP Work Order O7300.16.GAS.3A—Total Project Actuals: $880,961
   a. Initial Cost Category Concern:
      i. Material Exp-Obsolete for $(1,000)
      ii. Misc. Supplies for $11,613
   b. Company Explanation:

[146] Dominion's response to audit scope 2021 Data Request BRDR#97.
[147] Dominion's response to audit scope 2021 Data Request BRDR#76 Attachment 2.
[148] Dominion's response to audit scope 2021 Data Request BRDR#76 Attachment 2.

i. Material Exp-Obsolete for $(1,000): There was a ($1,000) credit for salvage booked on 12/18/19 and credited to WBS O7300.16.GAS.3A.[149]
ii. Misc. Supplies for $11,613; Miscellaneous Supplies is associated with costs related to an item that is not part of standard inventory, such as special-order items and unique one-time usage. In comparison, Material Expense relates to material that is commonly used (e.g., pipe, fittings, gravel, screws, etc.) that is either charged from a warehouse/inventory or purchased directly from a hardware store because the materials are not kept on hand. [150]

Blue Ridge found the Company's explanation not unreasonable.

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.[151]

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.

Dominion 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 is not considered necessary. Dominion does not believe that there are any revenue-generating investments reflected in CEP plant through December 31, 2021.[152]

While the Company has stated that it does not believe any work orders / projects in the CEP filing would generate additional revenues, Blue Ridge identified four Hybrid work orders / projects that, based on their descriptions, may possibly create incremental revenue based on the changes in either pipe size or length.

1) Hybrid Work Order P400057521
   a. Project Type: Replacement/ PIR MAJOR
   b. Service Type: 3N—Replacement Non-Billable
   c. 2021 Activity: $1,025,802
   d. Project Description: Replace approximately 13,434 ft of LP target mainline with 6,713ft of 4" MDPE and 6,721ft of 6" MDPE. This project is 97% PIR and 3% CEP.

[149] Dominion's response to audit scope 2021 Data Request BRDR#81 Update.
[150] Dominion's response to audit scope 2021 Data Request BRDR#81 Update.
[151] Dominion's response to audit scope 2020 Data Request BRDR#12 and audit scope 2019 Data Request BRDR#14 (Work Order Accounting).
[152] Dominion's response to audit scope 2021 Data Request BRDR#43.

Blue Ridge found that this project is unlikely to generate incremental revenue because less pipe was replaced than removed.

2) Hybrid Work Order P400092225
   a. Project Type: Addition / Replacement / DIST INFRA-BETTERMENT
   b. Service Type: 2—Betterment
   c. 2021 Activity: $1,664,763
   d. Project Description: Project Driver: Low pressures
   e. Project Scope: Replace approximately 2,470' of 4" MP plastic (644') and steel (1826') mainline with 2,470' of 8" MP plastic mainline (leaving this mainline and installing 2,470' of 8" double main along Hopkins Rd and Munson Rd is also an option). Install 1,200' of 4" MD plastic from Hopkins Rd to Mansion Blvd along Market St. Install 1,500# of 4# MD plastic along Munson Rd north of Market St.
   f. Project Location: Mentor City

   Blue Ridge found that the Company removed 4" pipe but replaced with less 8" pipe. The other 8" pipe was an option but not installed. The remainder of the project was additional pipe that could generate incremental revenue, but the driving force for the project was to relieve low pressure and not to increase throughput.

3) Hybrid Work Order P400208932
   a. Project Type: Replacement / PIR MAJOR
   b. Service Type: 3N—Replacement Non-Billable
   c. 2021 Activity: $1,467,960
   d. Project Description: Replace approximately 17,969' of LP M/L with 10,585' of 6" and 12" MD Plastic LP M/L. This project runs South to North from E Scarborough Rd to Dellwood Rd, and West to East from Lee Rd to S Taylor Rd. Project requested due to high priority pipe in Optimain.
   e. Retirement Explanation: Retirements were recorded in January 2022, which is outside the scope of this audit. This is a hybrid project, and the retirements are related to PIR additions; therefore, the retirements will be included in the PIR filing requesting recovery of 2022 activity.[153]

   Blue Ridge found that the Company replaced less pipe then was removed. Therefore, it is unlikely that the project will generate incremental revenue. The retirement activity was related to PIR and therefore out of scope for this audit.

4) Hybrid Work Order P400874703
   a. Project Type: Replacement / PLANNED MLR
   b. Service Type: 3N—Replacement Non-Billable
   c. 2021 Activity: $727,722
   d. Project Description: PROJECT DRIVER: C&M request due to leak history.
   e. PROJECT SCOPE: Replace approximately 4,907ft of existing M/ L with 3,118ft of 4in LP MDPE, 601ft of 6in LP MDPE, and 1,188ft of 8in LP MDPE. Abandon approximately 909ft of existing M/L.
   f. PROJECT LOCATION: Project is located on Manhattan Ave, Wellington Ave, and Oneta Ave, between I-680 and Salt Springs Dr. Project involves going double to single main on Wellington Ave.

[153] Dominion's response to audit scope 2021 Data Reqeust BRDR#66.

Retirement Description	Quantity Retired
PIPE, 2 IN HD PLASTIC	68
PIPE, 2 IN STEEL BARE	34
PIPE, 2 IN STEEL COATED	102
PIPE, 3 IN HD PLASTIC	14
PIPE, 3 IN MD PLASTIC	4
PIPE, 3 IN STEEL BARE	504
PIPE, 3 IN STEEL COATED	100
PIPE, 4 IN HD PLASTIC	210
PIPE, 4 IN MD PLASTIC	40
PIPE, 4 IN STEEL BARE	840
PIPE, 4 IN STEEL COATED	767
PIPE, 6 IN STEEL BARE	1545
PIPE, 6 IN STEEL COATED	112
PIPE, 8 IN STEEL COATED	31
PIPE, 12 IN STEEL COATED	6
Grand Total	4377

Blue Ridge found that the Company retired pipe sizes from 2" through 12". The new pipe is 4" and 8". Therefore, the new pipe is 4", 6", and 8", which is consistent and possibly even smaller than the pipe removed. Based on these replacement sizes, we do not think this project will create incremental revenue.

T11: Replacement projects

T11A: Were assets retired?

Of the 40 work orders / projects selected for testing, approximately 16 were of the type of work for which retirements would not be expected (such as main and service line additions, reclassifications, massed asset reallocations, and other adjustments and transfers). The remaining 24 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, 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) CEP Work Order FCDEO.18.GAS.5B—Total Project Actuals: $487,373 *(Not in CEP Filing)*
   a. Company Explanation: This project was reviewed in Case No. 21-619-GA-RDR. Please see BRDR-79 Attachment 1 for the information provided in that case. Retirements associated with the project were reflected in the approved CEP revenue requirement as of 12/31/2020. Please see BRDR-79 Attachment 2 for the details behind the retirements.[154]

   Blue Ridge found the Company's explanation not unreasonable.

2) CEP Work Order P400420660—Total Project Actuals: $2,143,606 *(Not in CEP Filing)*

[154] Dominion's response to audit scope 2021 Data Request BRDR#79.

a. Company Explanation: The project objective was to reinforce a transmission pipeline and install a retaining wall, which is a major unit of property. No assets associated with the pipeline were removed or retired.[155]

Blue Ridge found the Company's explanation not unreasonable.

Blue Ridge identified 18 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.

1) CEP Work Order FCDEO.16.GAS.2A—Fixed *(Not in CEP Filing)*
   a. Cost of Removal Charge: $2,088
   b. In-Service Date: 2/28/19
   c. Company Explanation: The Company provided retirement detail for this work order as follows
      (1) Prior to 2021 Retirement: $(56,393)
      (2) 2021 Retirements: $0
      (3) 2022 Retirements: $(162,459) – CPR Posting Date of 5/27/22[156]

   Blue Ridge found that this process is normal for gas projects. Blue Ridge recommends an adjustment for the overaccrual of depreciation in the amount of $4,257 related to the delay in recording the retirement of $162,459 from the work order in-service date through December 31, 2021. [**Adjustment #14**]

2) CEP Work Order FCDEO.17.GAS.11B—Fixed
   a. Cost of Removal Charge: $1,536
   b. In-Service Date: 12/31/20
   c. Company Explanation: The Company referenced BRDR#60-Variance Analysis.[157] In preparing this response, DOMINION has identified additional retirements that should have been reflected in the Company's filing. … Part e) iv) $1,751,810.31 of assets should have been retired and reflected as a reduction of both plant assets and accumulated depreciation. Please see BRDR-60 Attachment 2 for details.
      (1) FCDEO.17.GAS.11B Retirements booked in 2022 to FERC 375.03: $(1,197,525)
      (2) FCDEO.19.GAS.2J Retirements booked in 2022 to FERC 351.04: $(35,800)
      (3) FCDEO.21.GAS.8B Retirements booked in 2022 to FERC 375.03: $(4,111)
      (4) FM21E55.RENO Retirements booked in 2022 to
         (a) FERC 375.03: $(118,263)
         (b) FERC 390.05: $(1,086)
         (c) FERC 391.01: $(3,735)
      (5) FM21FRANKLIN Retirements booked in 2022 to
         (a) FERC 355.02: $(71,150)
         (b) FERC 375.03: $(82,952)
         (c) FERC 390.05: $(103,261)
      (6) FM21VWERT.RENO Retirements booked in 2022 to
         (a) FERC 352.12: $(2,500)
         (b) FERC 375.03: $(97,628)
         (c) FERC 390.05: $(23,723)

[155] Dominion's response to audit scope 2021 Data Request BRDR#79.
[156] Dominion's response to audit scope 2021 Data Request BRDR#66.
[157] Dominion's response to audit scope 2021 Data Request BRDR#66.

(d) FERC 397.01: $(10,077)[158]

Blue Ridge found that above mentioned CEP work orders were communicated late and therefore not identified and recorded in the CEP 2021 Filing. Blue Ridge recommends an adjustment for the overaccrual of depreciation in the amount of approximately $52,910 related to the delay in recording the retirement of $1,751,811 from the work order in-service date through December 31, 2021. [**Adjustments #15, 16, 17, 18, 19, and 20**]

3) Hybrid Work Order P400057521—Massed
   a. Cost of Removal Charge: $21,920
   b. In-Service Date: 12/27/21
   c. Company Explanation: Retirements were recorded in January 2022, which is outside the scope of this audit. This is a hybrid project, and the retirements are related to PIR additions, therefore, the retirements will be included in the PIR filing requesting recovery of 2022 activity.[159] Retired $69,166,89.[160]

   Blue Ridge found the Company's explanation not unreasonable. When assets are retired, the accounting entry does not change net plant.

4) Hybrid Work Order P400092225—Massed
   a. Cost of Removal Charge: $905 (BRDR#66)
   d. Company Explanation: The Company provided retirement detail for this work order showing prior to 2021 retirements of $38,406.[161]

   Blue Ridge found the Company's explanation not unreasonable.

5) Hybrid Work Order P400208932—Massed
   a. Cost of Removal Charge: $20,554
   b. In-Service Date: 11/23/21
   c. Company Explanation: Retirements were recorded in January 2022, which is outside the scope of this audit. This is a hybrid project, and the retirements are related to PIR additions; therefore, the retirements will be included in the PIR filing requesting recovery of 2022 activity.[162] Retired $64,722.16[163]

   Blue Ridge found the Company's explanation not unreasonable. When assets are retired, the accounting entry does not change net plant.

6) Base Rate Work Order P400247994—Fixed
   a. Cost of Removal Charge: $25,176
   b. Company Explanation: The Company provided retirement detail for this work order showing prior to 2021 retirements of $(86).[164]

   Blue Ridge found the Company's explanation not unreasonable.

7) CEP Work Order P400335038—Fixed *(Not in CEP Filing)*
   a. Cost of Removal Charge: $730,716

[158] Dominion's response to audit scope 2021 Data Request BRDR#60.
[159] Dominion's response to audit scope 2021 Data Request BRDR#66.
[160] Dominion's response to audit scope 2021 Data Request BRDR#108.
[161] Dominion's response to audit scope 2021 Data Request BRDR#66.
[162] Dominion's response to audit scope 2021 Data Request BRDR#66.
[163] Dominion's response to audit scope 2021 Data Request BRDR#108.
[164] Dominion's response to audit scope 2021 Data Request BRDR#66.

b. Company Explanation: The Company provided retirement detail for this work order showing prior to 2021 retirements of $(84).[165]

Blue Ridge found the Company's explanation not unreasonable.

8) CEP Work Order P400349560—Fixed
   a. Cost of Removal Charge: $228,961
   b. Company Explanation: The Company provided retirement detail for this work order showing prior to 2021 retirements of $(817,885).[166]

Blue Ridge found the Company's explanation not unreasonable.

9) Base Rate Work Order P400369415—Fixed
   a. Cost of Removal Charge: $594,210
   b. Company Explanation: The Company provided retirement detail for this work order showing prior to 2021 retirements of $0.[167]

Blue Ridge found the Company's explanation not unreasonable.

10) Base Rate Work OrderP400379401—Fixed
   a. Cost of Removal Charge: $54,030
   b. Company Explanation: The Company provided retirement detail for this work order showing prior to 2021 retirements of $(3,704).[168]

Blue Ridge found the Company's explanation not unreasonable.

11) CEP Work Order P400500895—Fixed
   a. Cost of Removal Charge: $16
   b. Company Explanation: This project was an overhaul of a compressor station where some components of the compressor station were replaced. The compressor station is recorded as one asset, therefore, there were no parts to retire.

Blue Ridge found the Company's explanation not unreasonable.

12) Base Rate Work Order P400510572—Fixed
   a. Cost of Removal Charge: $220,344
   b. Company Explanation: The Company provided retirement detail for this work order showing prior to 2021 retirements of $(229,710).[169]

Blue Ridge found the Company's explanation not unreasonable.

13) Base Rate Work Order P400681730—Fixed
   a. Cost of Removal Charge: $3,432
   b. Company Explanation: The Company provided retirement detail for this work order showing prior to 2021 retirements of $(536).[170]

Blue Ridge found the Company's explanation not unreasonable.

14) CEP Work Order P400783491—Fixed

[165] Dominion's response to audit scope 2021 Data Request BRDR#66.
[166] Dominion's response to audit scope 2021 Data Request BRDR#66.
[167] Dominion's response to audit scope 2021 Data Request BRDR#66.
[168] Dominion's response to audit scope 2021 Data Request BRDR#66.
[169] Dominion's response to audit scope 2021 Data Request BRDR#66.
[170] Dominion's response to audit scope 2021 Data Request BRDR#66.

a. Cost of Removal Charge: $112,826
b. Company Explanation: The Company provided retirement detail for this work order showing prior to 2021 retirements of $(55,986).[171]

Blue Ridge found the Company's explanation not unreasonable.

15) Base Rate Work Order P400828132—Massed
   a. Cost of Removal Charge: $386,731
   b. Company Explanation: This project only added to the compressor station rather than replacing it.[172]

   Blue Ridge found the Company's explanation not unreasonable.

16) Hybrid Work Order P400855982—Massed
   a. Cost of Removal Charge: $77,358
   b. Company Explanation: The Company provided retirement detail for this work order showing in 2021 retirements of $102,287.[173]

   Blue Ridge found the Company's explanation not unreasonable.

17) CEP Work Order P400887217—Fixed
   a. Cost of Removal Charge: $22,377
   b. Company Explanation: The Company provided retirement detail for this work order showing prior to 2021 retirements of $(5,682).[174]

   Blue Ridge found the Company's explanation not unreasonable.

18) CEP Work Order P401006857—Massed
   a. Cost of Removal Charge: $273
   b. In-Service: 7/30/21
   c. Company Explanation: Retirements were recorded in 2022, which is outside the scope of the audit.[175] Retired $9,484.30[176]

   Blue Ridge found the Company's explanation not unreasonable. This project is a massed asset work order where additions to plant and retirements take place routinely, normally every 30 days.

Based on the process issues discussed in the Variance Analysis section of this report related to retirements that were reflected in the CEP filing, Blue Ridge found, and the Company agreed that the following four adjustments should be made to the CEP Filing.

1) Various work orders in FERC 391.2—Totaling a reduction to Gross Plant of $174,117 **[Adjustment #21]**
2) Various work orders in FERC 394—Totaling a reduction to Gross Plant of $326,946 **[Adjustment #22]**

[171] Dominion's response to audit scope 2021 Data Request BRDR#66.
[172] Dominion's response to audit scope 2021 Data Request BRDR#66.
[173] Dominion's response to audit scope 2021 Data Request BRDR#66.
[174] Dominion's response to audit scope 2021 Data Request BRDR#66.
[175] Dominion's response to audit scope 2021 Data Request BRDR#66.
[176] Dominion's response to audit scope 2021 Data Request BRDR#108.

3) Various work orders in FERC 396.01—Totaling a reduction to Gross Plant of $306,153 **[Adjustment #23]**
4) DEO.DOT_RPT.2—Computer Software-DOT Report in FERC 303—Totaling a reduction to Gross Plant of $842,368 **[Adjustment #24]**

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. Blue Ridge was satisfied that assets were retired for replacement work orders.

T11D: Was salvage recorded?

Dominion Energy Services' Investment Recovery group handles Dominion's scrap materials. 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 requirement is true for both massed asset projects and fixed projects. If scrap 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.[177]

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 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 change to the current rate of 1.11%.[178] The audit also recommended that the rate be reviewed every three to five years.[179] 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.[180]

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

[177] Dominion's response to audit scope 2011–2018 Data Request BRDR#126 (Salvage).
[178] Dominion's response to audit scope 2011–2018 Data Request BRDR#45 (CEP Revenue Requirements COR and Retirements).
[179] Dominion's response to audit scope 2011–2018 Data Request BRDR#62 (CEP Revenue Requirements COR and Retirements).
[180] Dominion's response to audit scope 2020 Data Request BRDR#93.

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.[181]

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 every three to five years, or sooner if a significant change in how the Company conducts business takes place.

Blue Ridge reviewed the 27 work orders / projects with charges to cost of removal. Blue Ridge found that the cost of removal charges were not unreasonable.

T12: Field Verification

T12A: Is the project a candidate for field verification?

Blue Ridge identified two work orders / projects within the sample and 11 additional work orders / projects within the population 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, 2021, through December 31, 2021, 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, 2021, that are not recorded or accrued that would be charged to capital.[182]

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 depreciation credited to the 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 that results in changes in depreciation.

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

[181] Dominion's response to audit scope 2019 Data Request BRDR#63 (CEP Revenue Requirements COR and Retirements).
[182] Dominion's response to audit scope 2021 Data Request BRDR#26.

complete, used and useful, and waiting for completion of work that does not hinder the functionality of the asset(s).

Table 20: CEP 2020 Work Order Backlog as of December 31, 2021[183]

	2020		2021			
	Amount	Work Orders Backlogged	Amount	Work Orders Backlogged	% Change 2020 to 2021 of Amount Backlogged	% Change 2020 to 2021 of Work Orders Backlogged
0-3 Months	$85,945,228	396	$82,492,130	456	-4%	15%
4-6 months	$22,692,206	518	$8,812,433	287	-61%	-45%
7-9 months	$9,750,619	611	$6,043,569	139	-38%	-77%
10-12 months	$26,435,916	681	$10,680,772	635	-60%	-7%
Over 12 months	$106,152,633	4,166	$64,696,836	6,236	-39%	50%
	$250,976,602	**6,372**	**$172,725,740**	**7,753**	-31%	22%

The backlog of work orders over 12 months not unitized has increased considerably since the end of 2020. Work orders over 12 months not unitized represent 80% of the total work order backlog. 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 13 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

[183] Dominion's response to audit scope 2021 Data Request BRDR-25 (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 13 and 14, 2022. 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:

1) CEP Work Order P400354011—PETERSBURG ODORANT SYSTEM
   a) Total Cost: $8,584,396.17
   b) Scope of Work: Replace three odorant systems with a new 5000-gallon system
2) CEP Work Order P400493989—SHOOP STATION
   a) Total Cost: $5,388,553.74
   b) Scope of Work: Install new filter and separator to prevent fluids entering TPL2 plus replacement of end of life measurement and controllers
3) CEP Work Order P401257141—LN2925 REPL PHASE 3-PART 2
   a) Total Cost: $4,099,201.16
   b) Scope of Work: Replace pipe due to internal corrosion and scaling,~2500 feet of 8 inch replaced with 12 inch
4) Hybrid Work Order P400340981—KINSMAN. 17418 (427) REL
   a) Total Cost: $2,815,773.12
   b) Scope of Work: Relocate ~5200 feet of existing production, replace with 8 inch steel
5) CEP Work Order FM21E55.RENO.1—E.55th Ops Renovation
   a) Total Cost: $2,563,983.83
   b) Scope of Work: Renovation of 1st and 2nd floor interior building
6) CEP Work Order P400092225—CLE13 PHASE 2 BETTERMENT
   a) Total Cost: $1,757,095.90
   b) Scope of Work: Replace ~2470' of 4 inch plastic and steel with 8 inch MP plastic mains

to increase low pressure within residential neighborhood

7) CEP Work Order P400494161—YEARKEY STATION SEPARATOR
   a) Total Cost: $1,667,673.88
   b) Scope of Work: Replace existing separator and upsize inlet
8) CEP Work Order P400250458—BT BORDER - DIST MAINLINE
   a) Total Cost: $1,601,002.59
   b) Scope of Work: Rebuild of BT (Brush Twinsburg) station
9) CEP Work Order P401270814—RT32 LEAK REPAIR
   a) Total Cost: $1,451,602.21
   b) Scope of Work: LN 2925, leak repair due to damage of an abandoned by-pass pipe stub not recorded in the asset and map records
10) CEP Work Order P400967111—SWITZERLAND 2-3 OVERHAULS
   a) Total Cost: $1,362,914
   b) Scope of Work: Overhaul work on units 2 and 3 compressors
11) CEP Work Order P400898302—DEO-NORFOLK SOUTHERN MASTER AGREEMENT
   a) Total Cost: $1,312,571
   b) Scope of Work: Master agreement for land rights to cross to facilitate future permit requests and to cover existing crossings. From post virtual field audit DR 111, master agreement started in 2020 is for a 20 year period
12) CEP Work Order FCDEO.20.GAS.10A—ARCHITECTURAL DESIGN WORK FOR ROOF REPLA
   a) Total Cost: $1,240,641
   b) Scope of Work: Roof Replacement
13) Base Rate Work Order P400458834—SIRON-ADAMS COMPRESSOR
   a) Total Cost: $3,682,297
   b) Scope of Work: Install new two stage compressor unit
14) CEP Work Order FCDEO.16.GAS.2A—EASTWOOD RENOVATION
   a) Total Cost: $2,636,516)-NOT in the CEP Filing
   b) Scope of Work: Renovations to Eastwood Service Center
15) Hybrid Work Order P400369415—NEW LYME COMPRESSOR
   a) Total Cost: $7,297,038)-NOT in the CEP Filing
16) Scope of Work: New Lyme Compressor and ancillary equipment for new gathering station

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
- Case No. 22-0619-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.

<u>Case No. 07-829-GA-AIR et al</u>

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%.[184]

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)]

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

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[185]	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

[185] 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 assisted 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. Blue Ridge filed its report on July 15, 2021. On August 2, 2021, Staff filed its Review and Recommendation. On September 7, 2021, Dominion and Staff entered in to a Stipulation and Recommendation that the Commission approved on February 23, 2022.

Staff's Review and Recommendation dated August 2, 2021

STAFF'S RESPONSE AND RECOMMENDATIONS

Staff has completed its investigation of Dominion's proposed CEP Rider application. Staff fully adopts the Blue Ridge Report. Based on the Auditor's recommendations, the new rate is approximately $5.50 for residential customers. While Staff agrees with and adopts all the recommendations in the Blue Ridge Report, Staff specifically highlights that the Company should:

1. Remove restricted stock incentives (Adjustment #1);
2. Retire certain assets from several work orders (Adjustment #2);
3. Correct an over accrual in AFUDC (Adjustment #3);
4. Correct various adjustments to cost of removal and retirements (Adjustments #4-7);
5. True up annualized property tax (Adjustment #8);
6. Correct the composite asset life amortization rate calculation (Adjustment #9);
7. Correct various adjustments to cost of removal and retirements in the next base rate case (Recommendations #1-3);

8. Follow all general recommendations that do not have an impact on the revenue requirement (Recommendations #1-6).

Blue Ridge identified CEP projects that warranted further review and understanding on whether additional revenue was generated. These projects were designed with consideration to allow for future new customers.17 While there is no additional revenue from these projects in this audit period, these types of projects should be monitored in the future for incremental revenue.

Stipulation and Recommendation dated September 7, 2021

The Signatory Parties stipulate and recommend as follows:

1. DEO's Application for authority to adjust its Capital Expenditure Program (CEP) Rider filed in this proceeding on April 1, 2021, shall be approved as filed, subject to the findings and recommendations of the Staff Review and Recommendation (Staff Report) filed in this proceeding on August 2, 2021, except as otherwise specifically provided for in this Stipulation. If any proposed rate, charge, term, condition, or other item set forth in DEO's Application is not addressed in the Staff Report or this Stipulation, the proposed rate, charge, term, condition, or other item shall be treated in accordance with the Application.

2. For CEP investments from January 1, 2021, through the date certain of DEO's base rate case application to be filed not later than October 2024, DEO shall prospectively exclude capitalized amounts from any CEP revenue requirement for the Long-Term Incentive Program (LTIP) and Leadership Incentive Plan (LIP). DEO reserves the right to seek, and no Signatory Party is prohibited from opposing, recovery of costs associated with the aforementioned programs in other Commission proceedings.

Finding and Order dated February 23, 2022

I. Summary

[¶ 1]Consistent with this Opinion and Order, the Commission adopts the stipulation resolving all issues related to the application of The East Ohio Gas Company d/b/a Dominion Energy Ohio for approval to adjust its capital expenditure program rate recovery mechanism. The Commission also finds that The East Ohio Gas Company d/b/a Dominion Energy Ohio should file its next base rate case application by October 2023 rather than October 2024.

Case No. 22-0619-GA-RDR

On April 1, 2022, Dominion filed an application for authority to adjust its CEP charges for CEP plant placed in service between January 1, 2021 through December 31, 2021. On March 23, 2022, 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 2021; 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

1) **PRIORITY: CEP Rider Application dated April 1, 2022.** Please provide the electronic (Excel) files that support all schedules filed in the Company's application in Case No. 22-619-GA-RDR.
2) **PRIORITY: Work Orders**: In Microsoft Excel format, please provide a list of all work orders placed in service from January 1, 2021 to December 31, 2021. Please. For each work order, please include the following information:
    a) Recovery mechanism
    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 (date charges were moved from FERC 106 to FERC 101)
    h) Dollar amount by FERC 300 account number
    i) Whether the work was an addition or replacement
    j) Whether the work order was a blanket project work order and, if so, associated project identification numbers, if applicable.
3) **PRIORITY: Work Orders**: Please provide a reconciliation of the work order total to the total in the annual report of utility plant in service filed with the PUCO. For any differences, provide an explanation.
4) **PRIORITY: Work Order Reconciliation**: Please provide a reconciliation of the 2021 work order total to the total utility plant in service included in the Company's CEP application. For any differences, provide an explanation.
5) **PRIORITY: Retirements**: Please provide the population of CEP work orders that were retired for the period January 1, 2021, through December 31, 2021, by FERC account/sub account and month retired.
6) **PRIORITY: Organization**: Please provide a current organization chart of the Company.
7) **PRIORITY: Interviews**: Have there been any personnel changes for the individuals responsible for the following areas. If so, please provide their names and titles.
    a) Plant Accounting
    b) Capital budgeting
    c) Project Engineering
    d) Work Order Management
    e) Preparation and review of the CEP filings
8) **CEP Rider Application dated April 1, 2022.** Please discuss any methodology changes the Company may have made to the underlying inputs or computations since Case No. 21-619-GA-RDR.
9) **CEP Schedules**: Please provide a narrative of the process used to develop the 2021 CEP deferrals and CEP Rider filings and schedules.
10) **Status of Case No. 21-619-GA-RDR Adjustments:** On February 23, 2022, the Commission issued its Opinion and Order approving the Stipulation and Recommendation. The Stipulation agreed to the findings and recommendations of the Staff Report filed on August 2, 2021, except as otherwise specifically provided for in the Stipulation. The Staff Report fully adopted Blue Ridge report and its recommended adjustments. Please describe and provide support for how these adjustments were reflected within the CEP revenue requirements.
    a) Blue Ridge 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).

        The Stipulation included the following:

        For CEP investments from January 1, 2021, through the date certain of DEO's base rate case application to be filed not later than October 2024, DEO shall prospectively exclude capitalized amounts from any

CEP revenue requirement for the Long-Term Incentive Program (LTIP) and Leadership Incentive Plan (LIP). DEO reserves the right to seek, and no Signatory Party is prohibited from opposing, recovery of costs associated with the aforementioned programs in other Commission proceedings.

b) Blue Ridge 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).

c) Blue Ridge 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).

d) Blue Ridge 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).

e) Blue Ridge 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).

f) Blue Ridge 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.

g) Blue Ridge 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.

h) Blue Ridge 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).

i) Blue Ridge 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.

11) Status of Case No. 21-619-GA-RDR Recommendations: On February 23, 2022, the Commission issued its Opinion and Order approving the Stipulation and Recommendation. The Stipulation agreed to the findings and recommendations of the Staff Report filed on August 2, 2021, except as otherwise specifically provided for in the Stipulation. The Staff Report fully adopted Blue Ridge report and its recommendations. Please provide the status of Staff and Blue Ridge Recommendations.

a) Blue Ridge Recommendation: 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.

i) Blue Ridge 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.

ii) Blue Ridge 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

iii) Blue Ridge 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

b) Blue Ridge also offers the following general recommendations:

i) Blue Ridge General 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.

ii) Blue Ridge General 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.

iii) Blue Ridge General 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.

iv) Blue Ridge General 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.

v) Blue Ridge General 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.

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

12) **Major Events**:
  a) Please describe any major events that occurred in calendar year 2021 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.

13) **Policies and Procedures**: Please provide any major changes and explanations for the changes since January 1, 2021, 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

14) **Policies and Procedures**: Please provide the policies, both internal and FERC-related, to the purchase and accounting for capital spares.

15) **Cost Codes**: Please provide a list of the cost codes (charge types) that identify the types 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.

16) **FERC Audits and Other Regulatory Audits**: Please provide a copy of all FERC audit reports and/or other regulatory audit reports, if any, that were issued during the period January 1, 2021, through December 31, 2021. Also provide the Company's response to any findings and the ultimate resolution of those findings.

17) **Internal Audits**: Please provide a list of internal audits completed or in progress from January 1, 2021, through December 31, 2021. List the name of the audit, scope, objective, and when the work was performed.

18) **SOX Compliance Audits**: For any feeder system that feeds CWIP, please provide a list of any SOX Compliance audits performed from January 1, 2021, through December 31, 2021. 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.

19) **Depreciation:**
  a) Please provide a copy of the approved depreciation study.

   b) Were any depreciation accrual rates added or changed from date certain January 1, 2021, through December 31, 2021? 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.

20) **Property Taxes**: Please provide the supporting workpapers and documentation for the property tax rate used in the CEP.
21) **Overhead and Indirect Costs:** Please provide a list of all overheads and other allocations, that are applied either directly or indirectly to Construction Work in progress (CWIP). Include the following information:
    a) Type of allocation (examples: Supervision and Engineering, Stores clearing, Transportation),
    b) Method of allocation (Clearing account, direct allocation to CWIP or other)
    c) List of what is included in each allocation (component parts)?
    d) The basis that the allocation is applied to CWIP (examples: applied to direct payroll, applied to all CWIP charges, applied to M&S)
    e) Calculation of each overhead or other allocation.
    f) The Frequency that the allocations are reviewed (examples: monthly, quarterly, annually)
22) **AFUDC**: Please provide the AFUDC interest rate for 2021, including the calculations and supporting documentation.
23) **Major Additions or Replacements**: Please provide a list with a description and total dollar amount of any *major* additions and/or replacements placed in service in calendar year 2021.
24) **Approval Signatures**: Please provide the Level of Signature Authority (LOSA) document(s) that supports the approval of capital projects from January 1, 2021, through December 31, 2021.
25) **Unitization Backlog**: Please provide information regarding any backlog in the unitization of distribution work orders as of December 31, 2021. 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.
26) **Insurance Recovery**:
    a) Have there been any significant events from January 1, 2021, through December 31, 2021, that resulted in (a) an insurance claim recovery greater than $50,000 related to Utility Plant in Service or (b) no insurance claim because it was under the insurance deductible? If so, please provide a list of such events, identifying for each whether an insurance claim was filed, how each recovery was recorded on the Company's books, and how, if applicable, how each recovery was reflected in plant balances.
    b) Are there any pending Utility Plant-in-Service recoveries as of December 31, 2021, 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.
27) **Subaccounts**: 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?
28) **Budget**: Please provide the budgets supporting the CEP capital expenditures and related assets for 2021. Also, include the assumptions supporting the budget/projected data.
29) **Budget:** Please provide a document that approves the capital budget.
30) **Budget vs. Actual:** For 2021, please provide a variance analysis, cumulative by year, that shows budget by category, actual, variance, and explanations for variances over and under budget, broken down, if possible, between blanket and specific projects.
31) **Cost Containment**: What steps has the Company taken in 2021 to contain costs?
32) **Cost Containment**: Please describe how the Company obtains goods and services at the most competitive price.
33) **Labor Costs**:
    a) Please provide the approximate percentage of contractor vs. in-house labor used for capital activities for 2021.
    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.

34) **Labor Costs**:
    a) Please provide a list of contractors, description of work performed, and amount paid each contractor that provided services for CEP in 2021.
    b) Please provide a copy of the contracts for contractors performing CEP and related asset work from 2021.
    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.
35) **Labor Costs**: What steps has the Company taken to contain non-contractor construction costs?
36) **Cost per Main Mile Replaced**: Please break out the 2021 total cost per main mile replaced, service line replaced, engineering designed service line replacement, growth, and betterment.
37) **DIMP**: Please provide a copy of the Company's latest PHMSA-filed Gas Distribution Integrity Management Program (DIMP).
38) **TIMP**: Please provide a copy of the Company's latest PHMSA-filed Gas Transmission Integrity Management Program (TIMP).
39) **Leak Performance**: For Distribution Mains
    a) Please complete the following table, and discuss any trend line for the failure rate from 2017–2021

Miles of Distribution Mains	2017	2018	2019	2020	2021
Plastic Mains					
Protected Steel					
Cast Iron/Ductile					
Unprotected Steel Main					
Others (please explain)					
Total (all) mile of Distribution Mains					

Distribution Main Leak History	2017	2018	2019	2020	2021
# of Distribution Main Leaks					

    b) For Distribution main leak history, please describe key drivers of the leaks (e.g., corrosion, pipe/weld/joint failure) and material types (e.g., Aldyl A, unprotected steel).
    c) Please describe any leak mitigation capital and maintenance programs, including a discussion on milestones and metrics to manage and measure the program's success.
40) **Leak Performance**: Services
    a) Please complete the following table for services:

Services	2017	2018	2019	2020	2021
Number of Services					
Number of Service Leaks					

    b) For service leak history, please provide key drivers of service leaks, including by type of material.
    c) Please describe any leak mitigation capital and maintenance programs, including a discussion on milestones and metrics used to manage and measure the program's success.
41) **Recovery Mechanism**: For any recovery mechanism and/or rider (other than CEP) that allows for the recovery of plant, please provide these items:
    a) Description of the mechanism
    b) Explanation for how the recovery is different from the CEP
    c) Filings made for the mechanism in 2021
    d) A list of work order numbers and/or identifier used to tag the project to the appropriate recovery mechanism

42) **Other Riders**: Has the Company requested and received Commission approval for any rider other than CEP that allow for recovery of capital additions? If so, how does the Company ensure that the capital additions reflected in those non-CEP riders are not included in the plant balances reflected in the CEP.
43) **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?
44) **Incentive Comp:** For any cash or stock-based incentive compensation costs charged to the CEP, provide the amounts and description by work order number.
45) **Work Order Sample:** Reference Company response to BRDR-2. 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 project ID (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.
- If you have any questions, please contact Blue Ridge
- In the interest of time and associated deadlines, please provide the data in batches as they are completed.

Recovery	Project ID	Amount Posted
Base Rate	EOG-3524.2	$1,359,249.79
	P400247994	$355,629.13
	P400474552	$15,031,135.28
	P400510572	$9,077,783.18
	P400681730	$1,289,201.43
	P400828132	$14,730,881.18
	P401048250	$16,772.07
	P401268491	$26,146.04
	P400369415	$6,702,390.85
	P400379401	$287,670.12
HB95	EOG-2698.2	$952,595.29
	EOG-2800.3	$1,137,946.43
	EOG-3514.2	$1,357,462.12
	FCDEO.16.GAS.2A	$2,634,427.83
	FCDEO.17.GAS.11B	$3,544,422.18

Recovery	Project ID	Amount Posted
	FCDEO.17.GAS.6A	$2,371,418.16
	FCDEO.18.GAS.5B	$487,373.38
	FCDEO.18.GAS.8A	$1,165,847.82
	FCDEO.19.GAS.1D	$1,470,623.04
	O7300.16.GAS.3A	$880,960.93
	O7400.19.GAS.2A	$804,000.00
	P400074477	$416,626.97
	P400292823	$37,000,885.88
	P400335038	$2,398,717.02
	P400340981	$657,507.56
	P400349560	$7,396,570.21
	P400420660	$2,143,605.88
	P400500895	$635,227.55
	P400572883	$294,065.36
	P400783491	$2,073,306.31
	P400870033	$3,609,281.02
	P400887217	$333,099.73
	P401006857	$32,094.60
Hybrid	P400057521	$1,025,801.55
	P400092225	$1,664,762.77
	P400208932	$1,467,960.36
	P400305829	$507,377.66
	P400499242	$1,489,573.97
	P400855982	$5,788,618.09
	P400874703	$727,721.75
Grand Total		**$135,346,740.49**

46) **Interviews**: Follow-up to Data Request response BRDR-7, part b. Who is performing the Capital Budgeting functions until the vacant position of Manager-Finance $ Business Services is filled?
47) **Major Additions or Replacements**: Follow-up to Data Request response BRDR-23—Major Additions and Replacements. Please provide a list with descriptions and total dollar amounts of any major additions or replacements of CEP and Base Rate non-blanket or project work orders greater than $1 million.
48) (Rescinded)
49) **CEP Retirements for Offset (Schedule 6):** Provide the annual reports referenced in Columns (B) and (C) for the year ended December 31, 2021.
50) **CEP ADIT on Liberalized Depreciation (Schedule 7):** Please provide the Company Records that support the tax basis additions and deductions reported on Lines 13 through 18.
51) **CEP ADIT on Liberalized Depreciation (Schedule 7):** Please provide a breakdown of the cumulative ADIT calculation by plant vintage.
52) **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.
53) **CEP Annualized Expense (Schedule 8):** The following accounts on Attachment A, Schedule 8, are new since Case No. 21-0619-GA-RDR. Please explain their purpose and how the Company determined their treatment in Rider CEP.

Description	FERC	Balance	Depreciation Rate	Property Tax Rate
Other Land & Land Rights	325.51	214.81	0.00%	1.4211%
Land & Land Rights-Leaseholds (ND)	352.11_ND	5,155.28	0.00%	1.4211%
Rights Of Way (ND)	365.21_ND	5,333.94	0.00%	1.4211%
Land & Land Rights - Rights-of-Way (ND)	374.04_ND	1,245.57	0.00%	1.4211%

54) **CEP Revenue Reconciliation (Schedules 11 and 11a):** Please provide the source documents for the values reported lines 2, 5, and 6.

55) **CEP Revenue Reconciliation (Schedules 11 and 11a):** Please provide the supporting documentation for actual monthly revenues reported and future volumes projected.

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

57) **CEP True-up #1 (Schedule 13):** Please provide a comparison of the 2018 depreciation rates applied in Case No. 19-468-GA-ALT and the authorized rates applied thereafter. Besides the impact on annualized depreciation expense, what is the impact on deferred depreciation in rate base and where is it reflected in the CEP Application under review?

~~58) **CEP True-up #2 (Schedule 14):** Please provide the property tax return in connection with the 2020 actual rate of 1.4007%. If the rate is not apparent on the property tax return, please provide how the rate was determined.~~

59) **PISCC** – Attachment B, Schedule 9. Please provide the supporting workpaper or calculations for the following opening balance adjustments at Lines 5 and 10.

2019 & 2020 Depreciation on cumulative 12/2018 assets	-42,177,971.48
2019 & 2020 Depreciation	-4,028,598.81

60) **Variance Analysis**: Reference Application, Attachment B. 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 2021 Company Additions to Plant were negative:
      i) FERC acct 328.01
      ii) FERC acct 334.12
   b) For Infrastructure Expansion, Improvement, or Replacement, please explain in detail, for each of the following accounts, why total 2021 Company Additions to Plant were significantly greater than Retirements:
      i) FERC acct 327.01: Additions—$1,835,536.57; Retirements—$(43.25)
      ii) FERC acct 332.01: Additions—$4,627,588.35; Retirements—$(3,956.46)
      iii) FERC acct 333.01: Additions—$1,572,155.16; Retirements—$(64.26)
      iv) FERC acct 352.01: Additions—$4,105,902.36; Retirements—$(102,191.25)
      v) FERC acct 353.01: Additions—$5,852,755.33; Retirements—$(75,850.72)
      vi) FERC acct 355.02; Additions—$13,469,397.98; Retirements—$(541,389.31)
      vii) FERC acct 367.01; Additions—$3,528,175.78; Retirements—$(129,243.22)
      viii) FERC acct 368.01; Additions—$2,333,400.94; Retirements—$(236,754.69)
      ix) FERC acct 369.03; Additions—$10,600,017.02; Retirements—$(87,800.79)
      x) FERC acct 375.01; Additions—$832,219.38; Retirements—$(45,335.80)
      xi) FERC acct 376.01; Additions—$36,486,783.67; Retirements—$(2,211,174.50)
      xii) FERC acct 378.02; Additions—$11,593,535.22; Retirements—$(203,360.76)
      xiii) FERC acct 385.00; Additions—$420,544.12; Retirements—$(5,310.20)
   c) For Compliance/Operations, please explain in detail, for each of the following accounts, why total 2021 Company Additions to Plant were significantly greater than Retirements:
      i) FERC acct 332.01: Additions—$3,808,767.17; Retirements—$(2,244.47)
      ii) FERC acct 353.01: Additions—$2,657,144.50; Retirements—$(220,189.53)
      iii) FERC acct 367.01: Additions—$1,374,628.83; Retirements—$(8,487.41)
   d) For Infrastructure Expansion, Improvement, or Replacement, please explain in detail, for each of the following accounts, why 2021 Retirements were $0:
      i) FERC acct 334.11
      ii) FERC acct 351.03

iii) FERC acct 351.04
iv) FERC acct 352.02
v) FERC acct 355.01
vi) FERC acct 366.02
vii) FERC acct 374.04
viii) FERC acct 380.02
ix) FERC acct 380.03
x) FERC acct 303.03

e) For Compliance/Operations, please explain in detail, for each of the following accounts, why 2021 Retirements were $0:
i) FERC acct 382.00
ii) FERC acct 384.01
iii) FERC acct 390.02
iv) FERC acct 390.05
v) FERC acct 391.02
vi) FERC acct 394.01
vii) FERC acct 396.01

61) **Schedule 7 – ADIT Plant Related Book-Tax Timing Differences.**

Line No.	Description	Per Order 19-0468-GA-ALT 12/31/2018	Per Order 21-619-GA-RDR 12/31/2020	As Filed 22-619-GA-RDR 12/31/2021
1	AFUDC Debt	$ (1,539,103.00)	$ (2,049,430.08)	$ (2,034,764.61)
2	AFUDC Equity	(942,434.00)	(1,360,665.15)	(1,360,665.15)
3	Bonus Depreciation	(247,027,452.00)	(236,975,734.26)	(234,881,295.07)
4	Tax Depreciation	489,483.00	-	-
5	Capitalized Interest	7,438,054.00	7,417,316.57	7,417,316.57
6	In-House Software Depreciation	(19,316,850.00)	(25,353,757.84)	(25,353,757.84)
7	Other Tax Depreciation	(81,859,397.00)	(144,574,019.99)	(185,278,092.85)

a) Please explain why there is no change between the balances as of December 31, 2020, and 2021 with respect to Lines 2, 5, and 6.
b) Describe the timing differences on Line 4 and why it is no longer has a balance.
c) Has the Company deducted any Repair Allowances? If yes, why is the timing difference not applicable for purposes of calculating the net tax basis of the CEP plant additions in this case?

62) **Internal Audits**: Follow-up to Data Request response BRDR-17, CONFIDENTIAL. For the following internal audits, please provide the summary findings and recommendations, including any remediation that has taken place or is planned. If an audit is in progress or complete and the report not yet issued, please provide the information requested above when it becomes available.
a) Overpressurization Protection—DEO; 4/26/2021
b) Facilities Renovation Project—Ohio; 5/26/2021
c) Contractor Leak Repair Review; 9/20/2021
d) Regulator Station Inspection Process; 12/13/2021

63) **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 beginning from 8 AM on or around June 18, 2022.
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:

- An individual(s) who can coordinate all the field verification with Blue Ridge
- Representatives from the Company who can field assist Blue Ridge at each location
- The Project Manager or a person who was responsible for the work on each project available to answer Blue Ridge's questions
- Schematics/drawings or any other visual diagrams that indicate what was built or installed

- A list of material and/or equipment installed, along with any applicable serial numbers

If the Company has questions about the selection or any other requirement, please contact Blue Ridge.

a) CEP Work Order P400354011—PETERSBURG ODORANT SYSTEM (Total Cost: $8,584,396.17)
b) CEP Work Order P400493989—SHOOP STATION (Total Cost: $5,388,553.74)
c) CEP Work Order P401257141—LN2925 REPL PHASE 3-PART 2 (Total Cost: $4,099,201.16)
d) Hybrid Work Order P400340981—KINSMAN. 17418 (427) REL (Total Cost: $2,815,773.12)
e) CEP Work Order FM21E55.RENO.1—E.55th Ops Renovation (Total Cost: $2,563,983.83)
f) CEP Work Order P400092225—CLE13 PHASE 2 BETTERMENT (Total Cost: $1,757,095.90)
g) CEP Work Order P400494161—YEARKEY STATION SEPARATOR (Total Cost: $1,667,673.88)
h) CEP Work Order P400250458—BT BORDER - DIST MAINLINE (Total Cost: $1,601,002.59)
i) CEP Work Order P401270814—RT32 LEAK REPAIR (Total Cost: $1,451,602.21)
j) CEP Work Order P400967111—SWITZERLAND 2-3 OVERHAULS (Total Cost: $1,362,914)
k) CEP Work Order P400898302—DEO-NORFOLK SOUTHERN MASTER AGREEMENT (Total Cost: $1,312,571)
l) CEP Work Order FCDEO.20.GAS.10A—ARCHITECTURAL DESIGN WORK FOR ROOF REPLA (Total Cost: $1,240,641)
m) Base Rate Work Order P400458834—SIRON-ADAMS COMPRESSOR (Total Cost: $3,682,297)

64) **Work Order Testing:** Follow-up to Data Request response BRDR#45. Regarding the following list of work orders, each work order had (1) a different amount for baseline, CRF high-cost estimate, and/or the purchase order estimate, and/or (2) estimates provided in other formats.
a) Please identify which amount is the correct approved amount.
b) Please provide the sequence of activities that takes place that leads to each work order being approved.
c) When are the baselines created?

WBS Element/ Project ID	High Estimate on CRF	Purchase Order Estimate	Refined Estimate in SAP	Project Baseline	ITPMO/ BOD/ IRC
P401268491		$12,481,747	$9,337	$19,886	
P400335038		$1,050,000	$1,250,000	$1,634,506	
P400855982	$3,636,141		$3,748,711	$3,626,141	
P400292823			$42,000,000	$47,774,585	$73,500,000
FCDEO.17.GAS.6A		$938,321		$2,000,000	
FCDEO.19.GAS.1D		$5,000,000		$600,000	
P400092225		$1,764,076		$1,665,051	
P400420660	$1,000,000			$2,167,563	
P400499242		$1,486,707		$1,605,111	
P400572883		$150,000		$504,540	

65) **Work Order Testing:** Follow-up to Data Request response BRDR#45. The work orders in the following list had charges that exceeded their approved amounts. Please provide an explanation as to why the estimate was not refined further in SAP.

WBS Element/ Project ID	Refined Estimate	Approved Amount	Overall Project Actuals	Amount over approved	% Variance	Approval Found within
P401268491	$9,337	$9,337	$26,146	$16,809	64%	Purchase Order & Refined Estimate in SAP
P400500895	$550,000	$550,000	$703,407	$153,407	22%	CRF & Refined Estimate in SAP
P400335038	$1,250,000	$1,250,000	$3,196,747	$1,946,747	61%	Purchase Order & Refined Estimate in SAP
P400349560	$3,000,000	$3,000,000	$7,932,044	$4,932,044	62%	Purchase Order

WBS Element/ Project ID	Refined Estimate	Approved Amount	Overall Project Actuals	Amount over approved	% Variance	Approval Found within
P400855982	$3,748,711	$3,748,711	$7,456,024	$3,707,313	50%	CRF - Refined Estimate in SAP
P400369415	$3,900,000	$3,900,000	$7,297,038	$3,397,038	47%	Purchase Order
P400292823	$42,000,000	$42,000,000	$43,417,322	$1,417,322	3%	BOD

66) **Work Order Testing**: Follow-up to Data Request response BRDR#45. The following work orders had cost of removal charged but no retirements recorded. For each work order, please explain why no retirement was recorded or provide the retirement detail.

WBS Element/ Project ID	Cost of Removal
FCDEO.16.GAS.2A	$2,088
FCDEO.17.GAS.11B	$1,536
P400057521	$21,920
P400092225	$905
P400208932	$20,554
P400247994	$25,176
P400335038	$730,716
P400349560	$228,961
P400369415	$594,210
P400379401	$54,030
P400500895	$16
P400510572	$220,344
P400681730	$3,432
P400783491	$112,826
P400828132	$386,731
P400855982	$77,358
P400887217	$22,377
P401006857	$1,840

67) **Work Order Testing:** Follow-up to Data Request response BRDR#45. Regarding the following list of work orders, the Company noted that the Project Actuals were greater than 20% over estimates; however, no explanations were given. Please provide variance explanations.

a) FCDEO.16.GAS.2A
b) FCDEO.18.GAS.5B
c) FCDEO.19.GAS.1D

68) **Work Order Testing:** Follow-up to Data Request response BRDR#45. The following work orders have in-service dates prior to January 1, 2021, which is the start of the scope period for this CEP audit.

a) Please explain why these work orders are included in the CEP for calendar year 2021.
b) If the answer to “a” above is that additional charges resulting in additional closings were recorded in 2021, please explain why those charges were not the only charges included in the 2021 CEP.

WBS Element/ Project ID	Scope Period
EOG-2698.2	12/30/19
EOG-2800.3	3/29/18
EOG-3514.2	4/10/20
EOG-3524.2	12/31/20
FCDEO.16.GAS.2A	2/28/19
FCDEO.17.GAS.11B	12/31/20
FCDEO.17.GAS.6A	1/1/19
FCDEO.18.GAS.5B	5/31/19

WBS Element/ Project ID	Scope Period
FCDEO.18.GAS.8A	9/30/19
FCDEO.19.GAS.1D	10/25/19
O7300.16.GAS.3A	10/23/20
O7400.19.GAS.2A	8/28/19
P400247994	10/8/18
P400292823	11/4/19
P400305829	12/2/20
P400335038	11/26/19
P400349560	11/12/20
P400369415	6/2/20
P400379401	9/18/18
P400420660	6/26/19
P400474552	9/25/20
P400500895	4/14/20
P400510572	9/16/20
P400572883	12/10/20
P400681730	12/31/19
P400783491	10/2/20
P400828132	12/31/20
P400870033	12/23/20
P400887217	7/10/20

69) **Work Order Testing:** Follow-up to Data Request response BRDR#45. Regarding the following list of work orders, please indicate whether each is massed (Blanket project) or fixed (Specific project).
   a) EOG-2698.2
   b) EOG-2800.3
   c) EOG-3524.2
   d) FCDEO.16.GAS.2A
   e) FCDEO.17.GAS.11B
   f) FCDEO.18.GAS.5B
   g) FCDEO.19.GAS.1D
   h) O7400.19.GAS.2A
   i) P400474552
   j) P401048250

70) **Work Order Testing**: Follow-up to Data Request responses to BRDR#2, #4, and #45.
   a) The work orders in the following list were placed in service in years prior to scope year 2021 and had no 2021 charges within the Cost Detail provided in BRDR#4 and BRDR#45. Please explain why they were included within BRDR#2's population of 2021 work orders.
   b) Why were the full amounts of the work orders in the work order population (BRDR#2) reflected in the Company's Utility Plant in Service FERC Accounts 101 and 106 (Annual Report from BRDR#49, Attachment 1, page 26, column "c") when the work was not placed in-service during 2021?
   c) Why are there more dollars in the cost detail provided in the work order sample (BRDR#45) than in the work order population (BRDR#2)?

WBS Element/ Project ID	Actual In-Service Date	w/PIR and w/o PIR Population for BRDR#2	Overall Project Actuals (Cost Detail BRDR#45)	Difference between Cost Detail and Population BRDR#45	Total 2021 Spend from Cost Detail BRDR#45
EOG-2800.3	3/29/18	$1,137,946	$1,137,946	$0.00	$0.00
FCDEO.16.GAS.2A	2/28/19	$2,634,428	$2,636,516	-$2,087.89	$0.00

FCDEO.17.GAS.6A	1/1/19	$2,371,418	$2,384,723	-$13,305.33	$0.00
FCDEO.18.GAS.5B	5/31/19	$487,373	$487,373	$0.00	$0.00
FCDEO.18.GAS.8A	9/30/19	$1,165,848	$1,165,848	$0.00	$0.00
FCDEO.19.GAS.1D	10/25/19	$1,470,623	$1,470,623	$0.00	$0.00
O7400.19.GAS.2A	8/28/19	$804,000	$804,000	$0.00	$0.00
P400420660	6/26/19	$2,143,606	$2,279,676	-$136,070.28	$0.00

71) **Work Order Testing:** Follow-up to Data Request responses to BRDR#2, #4, and #45. Please explain why the work orders in the following list had 2021 charges in the cost detail of the work order sample (BRDR#45) that were less than the amounts for the same work orders provided in the work order population (response to BRDR#2).

WBS Element/ Project ID	Actual In-Service Date	w/PIR and w/o PIR Population for BRDR#2	Overall Project Actuals (Cost Detail BRDR#45)	Difference between Cost Detail and Population BRDR#45	Total 2021 Spend from Cost Detail BRDR#45
P400335038	11/26/19	$2,398,717	$3,196,747	-$798,029.96	$20,294.12
P400379401	9/18/18	$287,670	$177,440	$110,229.93	$0.00

72) **Work Order Testing**: Follow-up to Data Request responses to BRDR#2, #4, and #45. Please explain the difference between the cost detail of BRDR#45 and the amounts in the Population of BRDR#2.

WBS Element/ Project ID	w/PIR and w/o PIR Population for BRDR#2	Total Cost from Cost Detail BRDR#45	Difference between Cost Detail and Population
EOG-2698.2	$952,595	$961,305.36	-$8,710.07
EOG-3514.2	$1,357,462	$1,357,470.07	-$7.95
EOG-3524.2	$1,359,250	$1,331,205.37	$28,044.42
FCDEO.17.GAS.11B	$3,544,422	$3,545,957.83	-$1,535.65
P400057521	$1,025,802	$2,195,062.84	-$1,169,261.29
P400074477	$416,627	$1,916,969.62	-$1,500,342.65
P400092225	$1,664,763	$1,808,588.07	-$143,825.30
P400208932	$1,467,960	$2,593,436.43	-$1,125,476.07
P400247994	$355,629	-$164,280.48	$519,909.61
P400292823	$37,000,886	$43,417,322.46	-$6,416,436.58
P400305829	$507,378	$595,050.42	-$87,672.76
P400335038	$2,398,717	$3,196,746.98	-$798,029.96
P400340981*	$657,508	$2,996,838.96	-$2,339,331.40
P400349560	$7,396,570	$7,932,043.96	-$535,473.75
P400369415	$6,702,391	$7,297,038.02	-$594,647.17
P400379401*	$287,670	$177,440.19	$110,229.93
P400474552*	$15,031,135	$15,971,726.16	-$940,590.88
P400499242	$1,489,574	$1,563,374.51	-$73,800.54
P400500895	$635,228	$703,407.30	-$68,179.75
P400510572*	$9,077,783	$9,669,281.22	-$591,498.04
P400572883	$294,065	$537,383.83	-$243,318.47
P400681730	$1,289,201	$1,535,256.41	-$246,054.98
P400783491	$2,073,306	$2,658,650.83	-$585,344.52
P400828132	$14,730,881	$15,257,707.84	-$526,826.66
P400855982	$5,788,618	$7,456,023.40	-$1,667,405.31
P400870033	$3,609,281	$3,738,172.81	-$128,891.79
P400874703*	$727,722	$762,342.67	-$34,620.92
P400887217	$333,100	$390,056.39	-$56,956.66

WBS Element/ Project ID	w/PIR and w/o PIR Population for BRDR#2	Total Cost from Cost Detail BRDR#45	Difference between Cost Detail and Population
P401006857	$32,095	$39,135.77	-$7,041.17
P401048250	$16,772	$17,711.78	-$939.71

73) **Work Order Testing**: Follow-up to Data Request responses to BRDR#4 and #45. Please explain the difference between the 2021 charges from the cost detail provided in BRDR#45 and the 2021 Capital Additions provided in BRDR#4.

WBS Element/ Project ID	Recovery Bucket	Total 2021 Spend from Cost Detail BRDR#45	Total 2021 Capital Additions BRDR#4	Difference
EOG-3524.2	CEP	-$179,628.16	-$178,082.78	$1,545.38
P400057521	Hybrid	$2,142,852.93	$142,424.22	-$2,000,428.71
P400092225	Hybrid	$1,659,504.73	$1,757,095.90	$97,591.17
P400208932	Hybrid	$2,521,607.41	$135,084.61	-$2,386,522.80
P400292823	CEP	$542,913.51	$2,142,429.09	$1,599,515.58
P400305829	Hybrid	$43,665.43	$6,340.59	-$37,324.84
P400340981*	CEP	$2,763,125.76	$3,001,390.10	$238,264.34
P400349560	CEP	$745,157.30	$759,084.40	$13,927.10
P400499242	Hybrid	$1,490,325.11	$839,717.99	-$650,607.12
P400572883	CEP	-$752.11	$535,760.60	$536,512.71
P400855982	CEP	$4,384,406.57	$293,526.78	-$4,090,879.79
P400870033	CEP	$626,332.88	$833,654.27	$207,321.39
P400874703*	Hybrid	$735,789.79	$65,853.69	-$669,936.10
P401006857	CEP	$32,468.97	$39,135.77	$6,666.80

74) **Work Order Testing**: Follow-up to BRDR#45. Regarding the following list of work orders, please respond to the following items:
   a) Please explain why the work order closings were delayed and also calculate any over accrual of AFUDC.
   b) If the Company determines that AFUDC was not over accrued for the project, please explain why.

WBS Element/ Project ID	Estimated In-Service Date	Actual In-Service Date	Days delayed
EOG-2698.2	9/16/16	12/30/19	1200
EOG-3514.2	7/31/18	4/10/20	619
EOG-3524.2	10/31/18	12/31/20	792
FCDEO.17.GAS.11B	12/31/18	12/31/20	731
FCDEO.17.GAS.6A	2017	1/1/19	41449
O7300.16.GAS.3A	12/31/16	10/23/20	1392
O7400.19.GAS.2A	3/19/19	8/28/19	162
P400247994	2017	10/8/18	41364
P400474552	2020	9/25/20	42079
P400870033	2020	12/23/20	42168
P401048250	2021	5/7/21	42302

75) **Work Order Testing**: Follow-up to Data Request response to BRDR#45. The supporting detail for each of the following work orders indicates differing recovery mechanisms. Please indicate what Recovery Mechanism each work order belongs in.

WBS Element/ Project ID	Recovery Bucket on Documentation	
EOG-3524.2	Hybrid	CEP
FCDEO.17.GAS.11B	Hybrid	CEP
P400074477	Base Rate	CEP

P400092225	CEP	Hybrid
P400305829	PIR	Hybrid
P400335038	CEP	MAYBE NOT CEP
P400340981*	Hybrid - CEP and PIR	CEP
P400855982	Hybrid - PIR and CEP	CEP

76) **Work Order Testing:** Follow-up to Data Request response BRDR-45. For Work Order FCDEO.16.GAS.2A - Eastwood Service Center, please respond to the following items:
   a) Please provide a more detailed description about the scope of the project, provide what was constructed and/or moved, and indicate which phase the project is in.
   b) Who is the Customer in the Building?
   c) Does the Customer have a lease? If so, please provide the lease.
   d) How does the Company account for the lease payments?
   e) What percentage of the square footage of the building does the customer occupy?
   f) Please provide the detail for Contractor Services of $1,474,716.19.
   g) Please explain what cost line item ClrngCap7000 ICO means.

77) **Work Order Testing:** Follow-up to Data Request response BRDR#45. Regarding Work Order O7400.19.GAS.2A—Zero Emissions Vacuum and Compressor Equipment for atmospheric venting reduction (blowdown reductions), the Company purchased six units.
   a) Are all the Units in-service and being used?
   b) If the response to “a” is negative, how many units are in service, and how are the remaining units accounted for (Capital or M&S)?

78) **Work Order Testing:** Follow-up to Data Request response BRDR#45. Regarding Work Order P401268491- PLAN TO DESIGN A 180' MLX FROM L#29556 USING 4" MDPE TO SERVE ONE CONVERSION CUSTOMER, what does cost element 5310080—bank fees represent, and why is it included in the cost of construction?

79) **Work Order Testing**: Follow-up to Data Request response BRDR#45. For the following replacement work orders, please explain why no Retirements or Cost of Removal were recorded on the projects.
   a) FCDEO.18.GAS.5B
   b) P400420660

80) **Work Order Testing**: Follow-up to Data Request response BRDR#45. Pre-1955 Coated Steel Replacement. The following projects have Pre-1955 Coated Steel / Bare Steel pipes being replaced. Were these projects included in the PIR filing? If not, why not?
   a) P400305829
   b) P400499242
   c) P400874703

81) **Work Order Testing**: Follow-up to Data Request response BRDR#45. Regarding the following list of work orders, please provide supporting documentation for the following cost charges.

Work Order	Cost Element Description	Amount
P400379401	Expense Reimbursements from Customers	-$200,000.00
P400379401	Legal Services	$1,009.80
P400510572	Legal Services	$15,193.96
P400828132	Legal Services	$3,169.03
P400092225	Material Exp-Cst Dif	-$35,174.34
O7300.16.GAS.3A	Material Exp-Obslete	-$1,000.00
P400292823	Material Exp-Stk Cr	-$220,186.60
P400247994	Material Exp-Stock	$232,457.53
O7300.16.GAS.3A	Misc Supplies	$11,613.43
P400292823	Misc Supplies	$14,444.72
P400292823	Postage Shipping & Freight	$879,494.39
P400828132	Postage Shipping & Freight	$137,590.80

P400474552	Travel Expense	$25,733.65
EOG-3524.2	Miscellaneous Expense	-$151,258.72
P400369415	Rent Expense - Computer Office & Other E	$805.70
P400887217	Rent Expense - Computer Office & Other E	$46,529.14
P400369415	Utilities - Electric and Gas	$6,154.33
P400828132	Utilities - Phone	$14,596.96
P400474552	Utilities - Water	$937.70
EOG-3514.2	Utilities - Wireless Services-Cell Phone	$8,115.19

Update provided on 5/24/22

- For 1: What was the credit was for? We do not need detail.
- For 2,3,4: What are the nature of the charges and were those charges internal or external? Basically what were they for and who charged them. We do not need detail.
- For 5,6,7: What are the nature of the credits? We do not need detail.
- For 8: Nothing. We can rescind
- For 9 and 10: What does Misc. Supplies represent and why are they different from M&S?
- For 11: What were the following charges for?

THE EAST OHIO GAS COMPANY d/b/a DOMINION ENERGY OHIO
Case No. 22-619-GA-RDR
Capital Expenditure Program (CEP) Rider
Details Item #11

Line No.	Year	Object Type	WBS element	Cost Elem.	Cost element name	Cost element descr.	D/C	Partner Object	Postg Date	Val/COArea Crcy
11	2018	WBS element	P400292823.001	5304320	Pstge/Shppng/Frght	Postage Shipping & Freight	D	63508946 0010	12/31/18	$ 217,083.70
11	2019	WBS element	P400292823.001	5304320	Pstge/Shppng/Frght	Postage Shipping & Freight	D	63508946 0010	2/28/19	$ 178,188.66
11	2019	WBS element	P400292823.001	5304320	Pstge/Shppng/Frght	Postage Shipping & Freight	D	63508946 0010	1/31/19	$ 96,424.34
11	2018	WBS element	P400292823.001	5304320	Pstge/Shppng/Frght	Postage Shipping & Freight	D	63508946 0010	11/30/18	$ 61,400.66
11	2018	WBS element	P400292823.001	5304320	Pstge/Shppng/Frght	Postage Shipping & Freight	D	63508946 0010	10/31/18	$ 53,873.71

82) **Work Order Testing**: Follow-up to Data Request response BRDR#45. Regarding the following list of work orders, please respond to these items:

a) Please explain why the amounts were not included in the CEP Business Warehouse Report.
b) What recovery mechanism are the work orders charged to?
c) Where are Direct Charges recovered?

WBS Element/ Project ID	Total Cost from Cost Detail	[redacted]	Value not included in CEP BW Report (Per BRDR#45)	Value included in CEP Filing (Per BRDR#45)	PIR	Direct
EOG-2800.3	$1,137,946.43		-9,907.86	$1,147,854.29		
EOG-3524.2	$1,331,205.37		$1,510,833.53	(179,628.16)		
FCDEO.17.GAS.11B	$3,545,957.83		2,387,378.32	$1,158,579.51		
P400057521	$2,195,062.84		$1,588.24	$142,424.22	2,050,963.04	87.34
P400292823	$43,417,322.46		$1,649,259.35	$41,755,352.13		$12,710.98
P400305829	$595,050.42		$1,810.95	$188,823.96	$404,415.51	
P400335038	$3,196,746.98		$21,884.03	$3,143,471.39		$31,391.56
P400340981*	$2,996,838.96		($11,619.78)	$3,001,390.10		$7,068.64
P400870033	$3,738,172.81		5,407.44	$3,690,786.52		41,978.85

83) **Work Order Testing**: Follow-up to Data Request response BRDR#45. Regarding the following list of work orders,

a) Please explain how each work order is in service and has charges to CWIP.
b) And the Differences in the third table below.

WBS Element/ Project ID	w/PIR and w/o PIR Population for BRDR#2	Total Cost from Cost Detail	Difference between Cost Detail and Population
EOG-3524.2	$1,359,250	$1,331,205.37	$28,044.42
P400292823	$37,000,886	$43,417,322.46	$(6,416,436.58)
P400340981	$657,508	$2,996,838.96	$(2,339,331.40)
P400420660	$2,143,606	$2,279,676.16	$(136,070.28)
P400510572	$9,077,783	$9,669,281.22	$(591,498.04)

WBS Element/ Project ID	Additions - FERC 101 @ 12/2021	CCNC-FERC 106 @ 12/2021	Other	COR	CWIP - FERC 107 @ 12/2021	Total Cost from Cost Detail
EOG-3524.2	$1,359,249.79	$0.00	$0.00	$0.00	$(28,044.42)	$1,331,205.37
P400292823	$37,191,352.84	$13,368.93	$3.71	$1,879,388.55	$4,333,208.43	$43,417,322.46
P400340981	$671,723.62	$0.00	$0.00	$933,086.59	$1,392,028.79	$2,996,838.96
P400420660	$2,143,605.88	$136,070.28	$0.00	$0.00	$136,070.28	$2,279,676.16
P400510572	$9,077,783.18	$361,300.07	$0.00	$220,344.12	$9,853.85	$9,669,281.22

WBS Element/ Project ID	Difference between Cost Detail and Population	CWIP - FERC 107 @ 12/2021	Difference
EOG-3524.2	$28,044.42	$(28,044.42)	$0.00
P400292823	$(6,416,436.58)	$4,333,208.43	($2,083,228.15)
P400340981	$(2,339,331.40)	$1,392,028.79	($947,302.61)
P400420660	$(136,070.28)	$136,070.28	$0.00
P400510572	$(591,498.04)	$9,853.85	($581,644.19)

84) **Work Order Testing**: Follow-up to Data Request response BRDR#45. Please provide a more detailed description of the following cost elements:
   a) Material Ex-Non Stk
   b) Material Ex-Stk Cr (5304015)
   c) Material Exp-Stock
   d) Miscellaneous Employee-Related Expense

85) **Work Order Testing**: Follow-up to Data Request response BRDR#45 Attachment 1a. Regarding work order P400092225. The Summary of Project cost indicates that there was $905.04 of cost of removal, however the detail below shows that the $905.04 was for CCNC. Which is correct?

86) **Work Order Testing**: Follow-up to Data Request response BRDR#45 Attachment 5a Tab#4. Regarding work order P400349560, there is a discrepancy between the Total Project calculation in Cell C7 and the sum of the "Value included in the CEP Filing" and "Direct Charges not included" of $5,708. Please explain

Additions - FERC 101 @ 12/2021	7,396,570.21	
CCNC - FERC 106 @ 12/2021	306,512.29	
COR	228,961.46	
Total Project	7,932,043.96	Cell C7
<u>Recovery</u>		
Value included in CEP Filing	7,706,344.60	
Direct Charges not included	219,991.30	
Total	7,932,043.96	Cell C12

87) **Work Order Testing**: Follow-up to Data Request response BRDR#45 Attachment 1a Tab#9a. Regarding work order P400499242, there is a discrepancy between the Total Project calculation in Cell C7 and the sum of the "Total Overall Project Value" of $32.98. Please explain

Additions - FERC 101 @ 12/2021	1,549,117.91	
CCNC @ 12/2021	373.62	
Cost of Removal	13,915.96	
Total	1,563,407.49	Cell C6
Recovery		
Value in CEP Filings	839,717.99	
Value in PIR Filings	723,608.24	
Direct Charges	48.28	
Total Overall Project Value	1,563,374.51	Cell C13

88) **Reconciliation**: Follow-up to Data Request response BRDR#2 and #4. Please reference the attached excel file labeled (WP 22-619-GA-RDR Comparison of BRDR#2 and #4). When comparing the CEP work orders in BRDR#4 (BW data dump of Total Capital Additions to the CEP) to the list of work orders provided in BRDR#2 (SAP data dump of Total Additions or the Population of work orders),
   a) Please explain why 145 work orders in BRDR#2 are labeled as PIR when the same work order numbers in BRDR#4 are labeled as HB95.
   b) Please explain why work order in BRDR#2 is labeled as Base Rate when the same work order number in BRDR#4 is labeled as HB95. Please explain.
   c) Please explain why 498 work orders in BRDR#2 cannot be found in BRDR#4.

Found in BRDR#4	Count	Amount in BRDR#4	Amount in BRDR#2
Labled as HB95 in BRDR#2 Population	839	$40,558,905.65	$99,826,115.15
Labled as Hybrid in BRDR#2 Population	1,223	$17,885,517.42	$48,807,457.56
Labled as HB26 in BRDR#2 Population	-	$0.00	$0.00
Labled as Base Rates in BRDR#2 Population	1	-$178,082.78	$1,359,249.79
Labled as PIR in BRDR#2 Population	145	$1,182,087.81	$100,653,743.00
NOT found in BRDR#2 Population	498	$80,690,773.92	NA
	2,062	$140,139,202.02	$250,646,565.50
	BRDR#4 Total	**$140,139,202.02**	
		$0.00	

89) **Cost Codes:** Follow-up to Data Request response BRDR#15 and BRDR#45. The response to BRDR#15 states that "Charges to capital project WBS elements are reclassified via 8xxxxxx series activity allocation accounts from the natural income statement accounts to plant accounts through the month-end project settlement run as part of the accounting close process." Please explain why there are 5xxxxx series cost elements within the cost detail for capital projects if the elements are reclassified via 8xxxxxx series allocation accounts.

90) **Work Order Testing – Allocation**. Follow-up to Data Request response to BRDR#45. 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.
   a) EOG-2698.2
   b) EOG-2800.3
   c) EOG-3514.2
   d) EOG-3524.2
   e) O7300.16.GAS.3A

91) **Work Order Testing:** Follow-up to Data Request responses to BRDR#24 and BRDR#45. Regarding work order EOG-3514.2 (Baseline shows $800,000; CRF approved $800,000), please respond to these items:
   a) The approval detail provided in BRDR#45 shows that Bob Metzinger—Director DEO Customer Service was the sponsor of this project; however, Bob Metzinger is not on the LOSA document provided in BRDR#24 Attachment 1. Please explain.
   b) According to the Capital Expenditure Policy, Directors, such as Bob Metzinger, have an approval level of $500,000, but the Capital Request Form (CRF) shows an approval amount of $800,000. Please explain

92) **Work Order Testing:** Follow-up to Data Request response to BRDR#24 and BRDR#45. Regarding work order FCDEO.18.GAS.8A (Baseline shows $1,118,716; Purchase Order approved $771,731), the approval detail provided in BRDR#45 shows that Scott Beckett (R-Level 3) approved the work order through the Purchase Order; however, the LOSA documentation shows that Scott Beckett has approval authority up to only $500,000. Please explain.
93) **Work Order Testing:** Follow-up to Data Request responses to BRDR#24 and BRDR#45. The approval detail provided in BRDR#45 shows that Tim McNutt approved the following projects; however, the LOSA documentation shows that Tim McNutt has approval authority up to only $500,000. Please explain these items:
    a) Work order P400208932 (Baseline shows $2,197,825; CRF approved $2,197,825)—Total Project Actuals: $2,593,436
    b) Work order P400500895 (Baseline shows $550,000; CRF approved $250,000; Refined Estimate in SAP for $550,000)—Total Project Actuals: $703,407
    c) Work order P400572883 (Baseline shows $504,540; CRF approved $150,000; Refined Estimate in SAP for $504,430)—Total Project Actuals:$537,384
94) **Work Order Testing:** Follow-up to Data Request responses to BRDR#24 and BRDR#45. The approval detail provided in BRDR#45 shows that Julie Pischulla approved the following work orders through the Purchase Order or CRF; however, the LOSA documentation shows that Julie Pischulla has approval authority up to only $1,000,000. Please explain these items:
    a) Work order P400783491 (Baseline shows $1,250,000; CRF approved $1,250,000)—Total Project Actuals: $2,658,651
    b) Work order P400855982 (Baseline shows $3,626,141; CRF approved $3,636,141; Refined Estimate in SAP for $3,748,711)—Total Project Actuals: $7,456,024
    c) Work order P400870033 (Baseline shows $1,200,000; CRF approved $1,200,000)—Total Project Actuals: $3,738,173
    d) Work order P400874703 (Baseline shows $808,332; CRF approved $1,000,649)—Total Project Actuals: $762,343
95) **Work Order Testing:** Follow-up to Data Request responses to BRDR#24 and BRDR#45. The approval detail provided in BRDR#45 shows that James Eck (R-Level 4) approved the following work orders through the Purchase Order; however, the LOSA documentation shows that James Eck has approval authority up to only $5,000,000. Please explain these items:
    a) Work order P400349560 (Baseline shows $3,000,000; Purchase Order Not to exceed $5,000,000)—Total Project Actuals: $7,932,044
    b) Work order P400369415 (Baseline shows $3,900,000,;Purchase Order Not to exceed $5,000,000)—Total Project Actuals: $7,297,038
96) **Work Order Testing**: Follow-up to BRDR#45. Regarding the following list of work orders, please respond to the following items:
    a) Please explain why the work order closings were delayed and also calculate any over accrual of AFUDC.
    b) If the Company determines that AFUDC was not overaccrued for the project, please explain why.

WBS Element/ Project ID	Estimated In-Service Date	Actual In-Service Date	Days delayed
FCDEO.18.GAS.8A	12/31/18	9/30/19	273
P400057521	12/31/16	12/27/21	1822
P400208932	12/31/19	11/23/21	693
P400305829	12/31/19	12/2/20	337
P400335038	12/31/18	11/26/19	330
P400340981*	12/31/19	7/21/21	568
P400349560	12/31/18	11/12/20	682
P400369415	12/31/19	6/2/20	154
P400420660	12/31/18	6/26/19	177
P400499242	12/31/20	5/13/21	133
P400572883	12/31/19	12/10/20	345

97) **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 1/1/21–12/31/21.

WBS Element/ Project ID	Cost Element	Cost Description	Amount
EOG-2698.2	5409203	CA-LTIP/Restricted S	$8,291.11
EOG-3514.2	5409203	CA-LTIP/Restricted S	$9,300.37
EOG-3524.2	5409203	CA-LTIP/Restricted S	$13,271.78
FCDEO.16.GAS.2A	5409203	CA-LTIP/Restricted S	$657.74
FCDEO.17.GAS.11B	5409203	CA-LTIP/Restricted S	$977.77
FCDEO.17.GAS.6A	5409203	CA-LTIP/Restricted S	$655.04
FCDEO.18.GAS.8A	5409203	CA-LTIP/Restricted S	$722.58
O7300.16.GAS.3A	5409203	CA-LTIP/Restricted S	$204.23
P400057521	5409203	CA-LTIP/Restricted S	$10.63
P400208932	5409203	CA-LTIP/Restricted S	$60.32
P400247994	5409203	CA-LTIP/Restricted S	$20.37
P400292823	5409203	CA-LTIP/Restricted S	$519.64
P400305829	5409203	CA-LTIP/Restricted S	$9.08
P400335038	5409203	CA-LTIP/Restricted S	$26.12
P400340981	5409203	CA-LTIP/Restricted S	$84.57
P400349560	5409203	CA-LTIP/Restricted S	$59.66
P400369415	5409203	CA-LTIP/Restricted S	$164.39
P400379401	5409203	CA-LTIP/Restricted S	$4.23
P400420660	5409203	CA-LTIP/Restricted S	$11.64
P400474552	5409203	CA-LTIP/Restricted S	$1,537.81
P400499242	5409203	CA-LTIP/Restricted S	$45.78
P400500895	5409203	CA-LTIP/Restricted S	$5.47
P400510572	5409203	CA-LTIP/Restricted S	$642.42
P400572883	5409203	CA-LTIP/Restricted S	$20.02
P400681730	5409203	CA-LTIP/Restricted S	$19.23
P400783491	5409203	CA-LTIP/Restricted S	$32.06
P400828132	5409203	CA-LTIP/Restricted S	$1,275.26
P400855982	5409203	CA-LTIP/Restricted S	$26.93
P400870033	5409203	CA-LTIP/Restricted S	$43.73
P400874703	5409203	CA-LTIP/Restricted S	$15.20
P401006857	5409203	CA-LTIP/Restricted S	$3.63

WBS Element/ Project ID	Cost Element	Cost Description	Amount
Grand Total			**$38,718.81**

98) **Work Order Testing:** Follow-up to BRDR#45. Regarding the following list of work orders, please explain what the "Direct" charges are and how they are recovered.

WBS Element/ Project ID	Value not included in CEP BW Report	Value included in CEP Filing	PIR	Direct
P400057521	$1,588.24	$142,424.22	$2,050,963.04	$87.34
P400208932		$135,084.61	$2,457,871.57	$480.25
P400292823	$1,649,259.35	$41,755,352.13		$12,710.98
P400335038	$21,884.03	$3,143,471.39		$31,391.56
P400340981*	$(11,619.78)	$3,001,390.10		$7,068.64
P400349560		$7,706,344.60		$219,991.30
P400420660		$2,279,452.10		$224.06
P400499242		$839,717.99	$723,608.24	$48.28
P400500895		$699,634.18		$3,773.12
P400572883		$537,176.32		$207.51
P400783491		$2,592,206.09		$66,444.74
P400870033	$5,407.44	$3,690,786.52		$41,978.85
P400887217		$384,334.71		$5,721.68

99) **Work Order Testing:** Follow-up to BRDR#45. Regarding the following list of work orders, how were the split of costs among PIR, CEP, and Base Rate determined?

WBS Element/ Project ID	Value not included in CEP BW Report	Value included in CEP Filing	PIR	Direct	PIR $ not included in PIR BW Report	Base Rate Recovery
P400057521	$1,588.24	$142,424.22	$2,050,963.04	$87.34		
P400074477		$335,876.42				$1,581,093.20
P400092225		$1,757,095.90	$51,492.17			
P400208932		$135,084.61	$2,457,871.57	$480.25		
P400305829	$1,810.95	$188,823.96	$404,415.51			
P400499242		$839,717.99	$723,608.24	$48.28		
P400855982		$617,871.35	$6,575,993.97		$262,158.28	
P400874703*		$65,853.69	$696,488.98			

100) **FIELD/VIRTUAL VISITS**: Blue Ridge would like to add the following two work orders to the list of Field / Virtual Visits requested in BRDR#63 on May 18, 2022.

a) Work Order FCDEO.16.GAS.2A
b) Work Order P400369415

101) **Work Order Testing:** Follow-up to BRDR#2, BRDR#45 and BRDR#72. After considering FERC 106 (CCNC), FERC 107 (CWIP), Amount in PowerPlan Clearing Accounts, Cost of Removal and Other; the following list of work orders still are not balancing. Please explain how each of these work orders reconcile with the population.

WBS Element/ Project ID	Population BRDR#2 (A)	Total Project Cost BRDR#45 (B)	Additions FERC 101 @ 12/2021 BRDR#45 (C)	Total Project Costs (less Additions in FERC 101 (D)=(B)-(C)	Difference with taking into account FERC 106, FERC 107, etc (E)=(D)-(A)
P400057521	$1,025,802	$2,195,062.84	$1,077,117.08	1,117,945.88	$51,315.41
P400074477	$416,627	$1,916,969.62	1,883,660.74	33,308.88	$1,467,033.77
P400092225	$1,664,763	$1,808,588.07	$1,807,683.03	905.04	$142,920.26
P400208932	$1,467,960	$2,593,436.43	$1,537,292.99	1,056,143.44	$69,332.63

P400292823	$37,000,886	$43,417,322.46	$37,191,352.84	6,225,969.62	$190,466.96
P400305829	$507,378	$595,050.42	$590,528.80	4,521.59	$83,151.17
P400340981*	$657,508	$2,996,838.96	$671,723.62	2,325,115.38	$14,216.02
P400499242	$1,489,574	$1,563,374.51	$1,549,117.91	14,289.58	$59,510.96
P400572883	$294,065	$537,383.83	$437,886.31	99,497.52	$143,820.95
P400681730	$1,289,201	$1,535,256.41	$1,363,238.70	172,017.76	$74,037.22
P400855982	$5,788,618	$7,456,023.40	$7,356,667.87	99,355.73	$1,568,049.58
P400874703*	$727,722	$762,342.67	$737,825.73	24,517.00	$10,103.92
P400887217	$333,100	$390,056.39	$367,679.87	22,376.52	$34,580.14
P401006857	$32,095	$39,135.77	$37,023.95	2,113.39	$4,927.78

102) Work Order Testing: Follow-up to Data Request response BRDR#60, Attachment 1, part a, account (ii) 334.12. Please explain the $(1,158,631.91) credit in Project ID P400354081—AUSTINBURG RD. STATION TSG.

103) Work Order Testing: Follow-up to Data Request response BRDR#60, Attachment 1, part b, account (x) 376.01 and (xi) 378.02, $(2,211,174,50) and $(203,380.75), respectively. Please provide the retirement detail by project if that information is readily available.

104) Work Order Testing: Follow-up to Data Request response BRDR#60, Attachment 1, part d. The Company response indicated capital additions and Cost of Removal by project ID, project description, and amount. The request asked the Company to explain why the work orders had zero retirements. Please explain why the FERC accounts referenced in i-x did not have retirements recorded.

105) Work Order Testing: Follow-up to Data Request response BRDR#60, Attachment 1, part e. The Company response indicated capital additions and Cost of Removal by project ID, project description, and amount. The request asked the Company to explain why the work orders had zero retirements. Please explain why the FERC accounts referenced in i-vii did not have retirements recorded.

106) Work Order Testing: Follow-up to Data Request response BRDR#60. The Company response in part indicated the following:

> In preparing this response, DEO has identified additional retirements that should have been reflected in the Company's filing."
>
> > Part d) x) $842,367.86 of assets that were retired from the Company's book of records should have been reflected as a reduction of both plant assets and accumulated depreciation.
> >
> > Part e) iv) $1,751,810.31 of assets should have been retired and reflected as a reduction of both plant assets and accumulated depreciation. Please see BRDR-60 Attachment 2 for details.
> >
> > Part e) v) $174,116.80 of assets that were retired from the Company's book of records should have been reflected as a reduction of both plant assets and accumulated depreciation"
> >
> > Part e) vi) $326,946.12 of assets that were retired from the Company's book of records should have been reflected as a reduction of both plant assets and accumulated depreciation.
> >
> > Part e) vii) $306,153.44 of assets that were retired from the Company's book of records should have been reflected as a reduction of both plant assets and accumulated depreciation.

a. Please explain why the retirements were not picked up when the CEP filing was prepared.
b. Because the retirement of assets does not change net plant, please explain how not reflecting the retirements impacts the CEP filing.

107) **Work Order Testing:** Follow-up to BRDR#2, BRDR#45, BRDR#72, and BRDR#101. When accounting for the prior years FERC 101 Additions as provided in BRDR#45, the following work orders did not balance. Please explain

WBS Element/ Project ID	Accounting for FERC 106, 107, Other etc. BRDR#101 (E)	Sum of all Prior Years in FERC 101	Difference

P400074477	$1,467,033.77	$1,467,648.66	-$614.89
P400499242	$59,510.96	$59,543.94	-$32.98

108) **Work Order Testing:** Follow-up to BRDR#66. Regarding the following work orders, please provide the amounts retired in 2022.
   a) P400057521
   b) P400208932
   c) P401006857

109) **Field Work:** Follow-up to BRDR#63—Virtual Field Visits, CEP Work Order FM21E55.RENO.1—E.55th Ops Renovation (Total Cost: $2,563,983.83).
   a) What was the cost to renovate and/or relocate the fitness area?
   b) If the Company cannot provide the separate cost for the fitness area, please provide both the building square footage and the square footage of the fitness area.
   c) Was the existing fitness area equipment incorporated into the new fitness area?

110) **Field Work:** Follow-up to BRDR#100—Virtual Field Visits, CEP Work Order FCDEO.16.GAS.2A—Eastwood Service Center Renovations (Total Cost $2,636,516).
   a) What was the cost to renovate and/or relocate the exercise facility?
   b) If the Company cannot provide the separate cost for the exercise facility, please provide both the building square footage and the square footage of the exercise facility.
   c) Was the existing exercise facility equipment incorporated into the new exercise facility?

111) **Field Work:** Follow-up to BRDR#63 and BRDR#100—Virtual Field Visits conducted on June 13 and June 14. Please respond with the appropriate information for these work orders.
   a) For Work Order P 40035011 Petersburg System Odorant System, please provide the completed site pictures.
   b) For Work Order P400898302 DEO-Norfolk Southern Master Agreement, please clarify the duration of the Master Agreement.
   c) For Work Order P 400458834 Siron-Adams Compressor, please provide details on what part of the station the measurement run is monitoring.
   d) For Work Order P400369415 New Lyme Compressor, please provide the completed site pictures.
   e) For the work orders below, please provide copies of the PowerPoint presentations:
      i) FM21E55.RENO.1 (E.55th Ops Renovation), FCDEO.20.GAS.10 (Architectural Design work for Roof Replacement)
      ii) FCDEO.16.GAS.2A (Eastwood Renovations)

112) Field Work: Follow-up to BRDR#63 and BRDR#100—Virtual Field Visits conducted on June 13 and June 14. Work Order FM21E55.RENO.1 (E.55th Ops Renovation). The Company indicated that this facility is shared between Ohio and WV. Please respond to the following:
   a) Please explain how the building costs are allocated between the companies. Include the formula and a brief narrative that explains the cost sharing.
   b) Does the Company have a shared services agreement?
   c) Does a policy exist on cost sharing between jurisdictions?

113) Field Work: Follow-up to BRDR#63 and BRDR#100—Virtual Field Visits conducted on June 13 and June 14. Work order P400898302 DEO-Norfolk Southern Master Agreement.
   a) Please provide the Master Service Agreement between the Company
   b) Is the payment to Norfolk Southern a one -time payment or periodic Payment?
   c) In what FERC 300 account is the payment recorded?

114) Status of Case No. 21-619-GA-RDR Recommendations. Follow-up to response to Data Request BRDR#11, a, i. The Company stated it would supplement this response with support for the cost of removal entry once the project costs were closed to plant at the end of April 2022. Please provide the cost of removal support for WBS: O8000.1.1, Project P400496012.

115) Attachment A, Schedule 11 – Revenue Reconciliation. Please provide the Company's actual recovery for the estimated periods shown below:

Recovery:

	...		
22	February 2022	Estimate	7,130,096.20
23	March 2022 (Rate change)	Estimate	10,081,815.97
24	April 2022	Estimate	9,978,762.14
25	May 2022	Estimate	10,039,870.64
26	June 2022	Estimate	9,920,176.82
	...		

APPENDIX C: WORKPAPERS

Blue Ridge's workpapers were delivered to the PUCO Staff per the RFP requirements.

- ADIT - Revenue Requirement Analysis.xlsx
- Adjustments
  - BRDR-45 Attachment 3a (Part 3).xlsx
  - BRDR-60 (Variance Analysis).pdf
  - BRDR-60 Attachment 1.xlsx
  - BRDR-60 Attachment 2.xlsx
  - BRDR-60 Attachment 3.pdf
  - BRDR-66 (Work Order Testing).pdf
  - BRDR-66 Attachment 1.xlsx
  - BRDR-74 (Work Order Testing).pdf
  - BRDR-74 Attachment 1.xlsx
  - BRDR-82 (Work Order Testing).pdf
  - BRDR-82 Attachment 1.xlsx
  - BRDR-86 (Work Order Testing-P400349560).pdf
  - BRDR-106 (Work Order Testing).pdf
  - BRDR-106 Attachment 1.xlsx
  - BRDR-107 (Work Order Testing).pdf
  - BRDR-107 Attachment 1.xlsx
  - WP_ADJ Attachment A - CEP Revenue Requirement R3.xlsx
  - WP_ADJ Attachment B - 2021 R3.xlsx
- Dominion ADIT Calculation.xlsx
- Dominion Energy Ohio Virtual Audit Final Draft June 27 2022 vr1.docx
- Work Order Testing
  - Dominion CEP-Base Rates Matrix 220628.xlsx
  - WP 22-619-GA-RDR Comparison of BRDR#2 and #4.xlsb
  - WP 22-619-GA-RDR Pulling Sample.xlsx
  - WP 22-619-GA-RDR Sensitivity and Sample Size 220412.xlsx
  - WP 22-619-GA-RDR WO Reconciliation.xlsx
  - WP BRDR-87 Attachment 1.xlsx
- WP 2021 Dominion Var Analysis.xlsx
- WP BRDR-25 Attachment 1 (Work Order Backlog).xlsx
- WP Total Plant Trend Analysis
- WP V&V 22-619-GA-RDR Attachment A - CEP Revenue Requirement (FINAL).xlsx
- WP V&V 22-619-GA-RDR Attachment B - 2021 (FINAL).xlsx