

**STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH**

DOCKET NO. E-22, SUB 677

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of	
Application by Virginia Electric and Power)
Company, d/b/a Dominion Energy North)
Carolina for Approval of Affiliate Agreement)
to Enter into Bills of Sale and Assignment)
Agreements)
	ORDER APPROVING
	AFFILIATE AGREEMENT

BY THE COMMISSION: On September 1, 2023, Virginia Electric and Power Company, d/b/a Dominion Energy North Carolina (DENC or Company) filed, pursuant to N.C. Gen. Stat. § 62-153(b) and Regulatory Condition 3.1(a) as approved by the North Carolina Utilities Commission's (Commission) Order Approving Merger Subject to Regulatory Conditions and Code of Conduct issued on November 19, 2018, in Docket Nos. E-22, Sub 551, and G-5, Sub 585, an application requesting the Commission's approval to enter into affiliate Bills of Sale and Assignment Agreements (Agreements) for the sale and conveyance by Bellflower Holdings, LLC (Bellflower Holdings), to the Company of the Bellflower Solar project in Brunswick County, Virginia, and for the sale and conveyance by Chicory Holdings, LLC (Chicory Holdings), to the Company of the Chicory Solar Project in Mecklenburg County, Virginia.

Bellflower Holdings and Chicory Holdings are North Carolina limited liability companies that hold assets related to the Bellflower Solar Project and Chicory Solar Project, respectively. As indirect, wholly owned subsidiaries of Dominion Energy, Inc., both Bellflower Holdings and Chicory Holdings are affiliates of DENC for the purposes of N.C.G.S. § 62-153.

In its application, the Company stated that Bellflower Solar Project is located in the northwest corner of Brunswick County, Virginia. The project site consists of approximately 7,800 acres under lease option with approximately 2,500 acres in use for solar production. The project is being developed as four separate solar systems, each delivering 150 megawatt alternating current (MWac) into a common substation for interconnection with the existing 500 kilovolt (kV) transmission system that traverses Brunswick County in the project area. DENC further stated that the Chicory Solar Project, owned by Chicory Holdings, is located in Mecklenburg County, Virginia, and consists of approximately 673 acres. The project is being developed to deliver 69.5 MWac via interconnection to the South Hill – Broadnax 115 kV line.

The Company stated that the sale and conveyance of both solar projects and related interests to the Company by Bellflower Holdings and Chicory Holdings for future use by the

Company will assist the Company in complying with Virginia Clean Energy Act renewable energy requirements and achieving its own clean energy goals.

The Agreements further provide for the assignment of all rights, title, and interests in and to agreements related to the 7,800-acre property in Brunswick County, Virginia for the Bellflower Solar Project, and the 673-acre property in Mecklenburg County, Virginia for Chicory Solar Project.

The Company indicated the purchase prices for the Solar Projects are the net book value of the projects as of the effective date of the Agreements. The Company provided via a confidential filing the net book values (as of July 31, 2023) of the Bellflower Solar Project and the Chicory Solar Project. DENC stated that by the time the Commission approves the transfer, the incremental increase in net book value is conservatively estimated to be approximately \$1.3 million for the Bellflower Solar Project and \$265,000 for the Chicory Solar Project. With the estimated incremental increase, the final purchase price will be less than the market price.

The Public Staff reviewed the application, the Company's responses to data requests, the Agreements, and held discussions with the Company. The Public Staff agrees the net book value is estimated to be less than the market value for similar projects that DENC has acquired. Therefore, the net book value as of the effective date of the Agreements should still be lower than the market price for similar projects.

The Virginia State Corporation Commission (VSCC) approved the Agreements on November 9, 2023, subject to certain conditions. The Public Staff reviewed the order of the VSCC and largely agreed with the opinion of the VSCC pertaining to the conditions for approval of the Agreements.

The Public Staff presented this item at the Commission's February 12, 2024 Regular Staff Conference. Based on its review, the Public Staff recommends that the Commission approve the Agreements between DENC and Bellflower Holdings and Chicory Holdings, subject to the following conditions.

(1) The Company shall file the final purchase price for each solar project within 30 days of closing;

(2) The Commission's approval of the Agreements shall have no accounting or ratemaking implications;

(3) The Commission's approval shall be limited to the specific activities and transactions described in the Agreements. If DENC wishes to take part in activities or transactions not specifically identified and described in the Agreements, separate approval shall be required;

(4) Separate Commission approval shall be required for DENC to take part in activities and transactions under the Agreements that involve the engagement of any affiliated third parties;

(5) Separate Commission approval shall be required for any changes in the terms and conditions of the Agreements;

(6) The Commission reserves the right to examine the books and records of any affiliate in connection with the Agreements, whether or not such affiliate is regulated by this Commission;

(7) DENC shall file with the Commission a signed and executed copy of the Agreements approved in this case within 30 days of the effective date of the Agreements;

(8) DENC shall include all transactions associated with the approved Agreements in its Annual Report of Affiliate Transactions (ARAT);

(9) The Commission's approval of the Agreements shall not be deemed, in connection with any future proceeding before the Commission, to determine and establish DENC's retail rates or for any other purpose, or to constitute Commission approval of any level of charges directly charged, assigned, or allocated to DENC under the Agreements;

(10) For ratemaking purposes, the Commission's approval of the Agreements does not constitute approval of any amount paid by DENC under the Agreements; and

(11) The authority granted by the Commission in its Order shall be without prejudice to the right of any party to take issue with any provision of the agreement in question in a future proceeding.

Based on the foregoing and the record, the Commission concludes that pursuant to N.C. Gen. Stat. § 62-153(b), the Agreements should be approved, subject to the conditions recommended by the Public Staff, as set forth above.

IT IS, THEREFORE, ORDERED as follows:

That the Agreements are approved, subject to the conditions recommended by the Public Staff, as enumerated in the body of this Order.

ISSUED BY ORDER OF THE COMMISSION.

This the 12th day of February, 2024.

NORTH CAROLINA UTILITIES COMMISSION

A handwritten signature in black ink, reading "Tamika D. Conyers". The signature is fluid and cursive, with the first name "Tamika" being the most prominent.

Tamika D. Conyers, Deputy Clerk

Commissioner William M. Brawley did not participate in this decision.