[LETTERHEAD]

November __, 2026

Chair Honorable Kelsey Bagot
State Corporation Commission
1300 East Main Street
Richmond, Virginia 23219

re: *Case No. PUR-2026-00112 -- Dominion Energy-NextEra Merger*

Dear Chair Bagot and Commissioners:

We are writing to you from the Energy Commission of Virginia (formerly the Commission on Electric Utility Regulation) to convey feedback arising from our August 18, 2026 meeting of Subcommittee #1 on the proposed acquisition of Dominion Energy Virginia by NextEra Energy, Inc. chaired by myself, Senator Surovell, and my Co-chair, Delegate Irene Shin.

The Subcommittee received staff analysis of the Utility Transfers Act, Chapter 5 of Title 56 of the Code of Virginia (§ 56-88 et seq.), and testimony from:

- Professor Joshua Macey (Yale Law School);
- Ben Weintraut (Duke University);
- David S. Lapp (Maryland Office of the People's Counsel);
- Kent Chandler (R Street Institute); and
- Scott Hempling

We have also received briefings from Commission staff and Division of Legislative Services staff on comparable proceedings in Hawaii and Texas. We offer the following observations from the presentations for the Commission's consideration as it reviews the pending petition.

Threshold Concern: Adequacy of the Current Process and Timeframe

We heard testimony on a threshold concern: the current statutory timeframe and process may be fundamentally inadequate to develop a complete and reliable factual record on this massive transaction, to afford meaningful public input and examination, and to allow the Commission to fulfill its duty to protect ratepayers. A transaction of this scale and complexity -- valued at nearly $67 billion, affecting 2.7 million Virginia customers, reshaping the governance and capital structure of Virginia's largest utility, and raising complex competitive, market, governance, and operational issues across multiple regulatory and market domains – was posited as warranting substantially more time than the 180-day timeline allows. We ask that you carefully consider throughout the process whether you have sufficient time to thoroughly evaluate this proposed transaction.

We are concerned whether the issues addressed in this letter -- benchmarking all claimed benefits, evaluating net benefit and service improvements, analyzing RTO competitive effects, assessing subsidiary independence and governance protections, examining efficiency measures and workforce impacts, and ensuring proper public participation across the Commonwealth – can be adequately addressed within the current statutory framework. We respectfully urge the Commission to give serious consideration to dismissing the case without prejudice if it finds it does not have sufficient time to conduct a thorough examination.

If the Commission decides to proceed, the following observations and recommendations are offered.

1. The scale of this transaction warrants the full statutory review period, and the Commission must require findings of net benefit to ratepayers and service improvements.

This proposed combination -- an all-stock transaction valued at approximately $66.8 billion, creating the nation's largest regulated electric utility and affecting 2.7 million Dominion customers in Virginia alone -- is, by any measure, one of the most consequential utility transactions this Commonwealth has considered. By comparison, the Hawaii Public Utilities Commission's review of NextEra's proposed acquisition of Hawaiian Electric Companies spanned approximately 18 months, including two rounds of evidentiary hearings and seven in-person public listening sessions across the state, before the commission ultimately rejected that transaction as not in the public interest.

We respectfully urge the Commission to make full use of the 180-day review period available to it under current law, and to ensure that the compressed timeline relative to Hawaii's does not come at the expense of the depth of factual development the record deserves. Critically, the Commission must not only determine that the transaction "will not impair or jeopardize" adequate service at just and reasonable rates, but must also affirmatively find that:

(i) The transaction will produce a net benefit to Virginia ratepayers, demonstrated by clear, verifiable evidence, and

(ii) The transaction will produce demonstrable service improvements, including enhanced reliability, reduced outage duration and frequency, improved customer service, modernized grid infrastructure, or other measurable and verifiable enhancements to the quality and delivery of electric service.

A transaction that merely avoids harm and maintains the status quo is insufficient; the Commission should require clear evidence that ratepayers and the quality of electric service will be better off as a result of the merger.

2. All claimed benefits must be specifically quantified and benchmarked for future validation and accountability.

The applicants have offered a package of voluntary commitments, including approximately $1.78 billion in shareholder-funded bill credits to Virginia customers over 24 months, a $100 million contribution to Dominion EnergyShare bill assistance program, $100

million to Virginia workforce development, a promise to create 1,000 new jobs, a commitment to spent $5 billion in procurements on Virginia-based suppliers, a pledge that merger-related costs will not be borne by customers, continuation of existing management, and employee protections. We ask that the Commission subject each of these commitments to independent scrutiny regarding durability, enforceability, and what happens to rates once the initial bill-credit period expires. That commitment was recently updated and improved.

Critically, we heard that the Commission should require that **all claimed benefits -- whether financial savings, service improvements, reliability enhancements, grid modernization, or any other purported benefit -- be specifically quantified and benchmarked against baseline performance metrics that are clearly defined in advance**. For example, claimed reliability improvements must specify the current outage frequency, duration, and severity metrics, and the Commission should establish binding targets for improvement. Claimed rate benefits could be quantified in specific dollar amounts and percentages. All metrics could be sufficiently detailed and specific that third parties, consumer advocates, and the Commission itself can independently validate whether claimed benefits are being achieved, and so that policymakers can take additional regulatory action in future proceedings if the claimed benefits fail to materialize.

Particularly important, the Commission should require full disclosure of all efficiency measures, cost-cutting initiatives, and operational changes the company plans to implement to achieve claimed savings, including any planned workforce reductions or organizational restructuring, recognizing that the companies have announced certain job and headcount commitments. Commission also considering asking the applicant to specify:

(a) What specific efficiencies will be achieved;
(b) How those efficiencies will be realized (identifying cost-cutting measures, consolidations, technology investments, or other mechanisms);
(c) Whether workforce reductions are necessary to achieve claimed savings and, if so, in what positions or geographic areas; and
(d) How these efficiency measures will preserve or enhance service quality and reliability.

Transparency about the mechanisms and methods of cost-cutting is essential so that the Commission and public can assess whether claimed benefits are realistic and whether they come at the cost of service quality or employment.

Additionally, the Commission should consider requiring the company to provide clear, specific disclosure to customers about what benefits they should expect and when, including:

(i) Specific rate reductions or credits, with dollar amounts and timelines;
(ii) Reliability improvements, such as targeted outage frequency or duration reductions by geographic area;
(iii) Enhancements to customer service response times and quality;
(iv) Grid modernization investments with customer-facing benefits; and
(v) Any other customer benefits.

All customer-facing benefits must be stated in plain language that a typical ratepayer can understand, with specific numbers and metrics, so that customers can verify performance against

promises. Annual public reporting on achievement of all customer-facing benefits should be provided in accessible formats so ratepayers can see whether claimed benefits are being realized.

The Commission should condition any approval on the applicant's commitment to annual or biennial reporting on achievement of all specified metrics, to allow the Commission to take appropriate action. Please note that both the Hawaii and Texas commissions that rejected prior NextEra acquisitions identified insufficient "ring-fencing" -- that is, inadequate insulation of the regulated Virginia utility from the financial risks of its unregulated affiliates and the parent company's approximately $110 billion in consolidated debt -- as a central concern. The Commission should consider making an explicit finding on the adequacy of ring-fencing protections, including restrictions on affiliate dividends and cross-affiliate financial arrangements under Chapter 4 of Title 56 (§ 56-76 et seq.). We recognize that on November 2, 2026, Dominion Energy and NextEra Energy filed rebuttal testimony in the Case addressing certain ring-fencing provisions. To the extent not yet addressed, we encourage the Commission to consider rigorous ring-fencing measures to insulate the regulated Virginia utility from these aforementioned risks.

3. Firewalls must ensure Dominion Energy Virginia's priorities remain Virginia's priorities, prevent affiliate favoritism, insulate the regulated company from parent company risks, and preserve subsidiary independence and governance.

We recognize that the financial strength of a parent company can have a financial benefit to the operating utility. We also ask the Commission to consider the potential benefits from a merger of the parent companies in terms of credit rating, access to capital, and bulk purchasing and how to best document and track these benefits. We also recognize that the reverse can be true. However, we have also heard concerns that absent firm structural protections, Dominion Energy Virginia could end up functioning as a source of cash for the broader combined enterprise rather than as a utility whose capital, operational, and policy priorities are set according to the needs of Virginia ratepayers. We acknowledge that the Commission has addressed these types of risks in the past, as Dominion Energy has owned out-of-state subsidiaries as diverse as oil exploration and production, liquified natural gas export, merchant fossil fuel plants in the Midwest and New England, a nuclear unit in Wisconsin, and gas utilities in North Carolina, Ohio, and the Mountain West. Total Dominion Energy operates a relatively small electric utility in North Carolina, a large integrated electric and gas utility in South Carolina, a large two-unit nuclear plant in Connecticut, and a renewable natural gas business. We ask that the Commission carefully examine its past protections of the Virginia utility from the financial risks to Virginia customers of these other business to determine if additional protections are warranted given the size and scope of this transaction as well as NextEra’s unregulated business.

We also ask the Commission to consider the potential benefits from a merger of the parent companies in terms of credit rating, access to capital, and bulk purchasing and how to best document and track these benefits.

Several commenters noted that a Florida-headquartered parent with its own shareholders, capital demands, and strategic priorities might not necessarily share Virginia's priorities from one year to the next, and today's commitments to local decision-making and separate books and

records provide no guarantee against tomorrow's changed corporate objectives. Additionally, we also heard that absent strict protections, the NextEra parent company's unregulated affiliates and other subsidiaries could receive preferential treatment, cost-shifting advantages, or favorable contracting terms at the expense of Virginia ratepayers without sufficient protections. In addition, Dominion Energy Virginia could be used to guarantee the parent company's or siblings' debt obligations or financial commitments, placing Virginia ratepayers at risk for the parent company's financial distress. Finally, we heard concerns that the parent company could compel the Virginia utility to purchase power, energy, capacity, or other resources from NextEra affiliates or unregulated subsidiaries at inflated rates above competitive market rates, effectively transferring wealth from Virginia ratepayers to the parent company. We ask that the Commission consider requiring that this does not occur by putting in place appropriate protections, including but not limited to relevant firewalls. We are mindful that the applicant proposed limits on the role NextEra's unregulated affiliate would play in Virginia and ask that the Commission determine the adequacy of this proposal. Other specific ideas that were raised during the hearing included:

(a) Restrictions on upstream dividends and cash sweeps to the parent;
(b) Explicit prohibitions on the regulated utility guaranteeing, pledging assets to secure, or assuming debt obligations of the parent company or any of its unregulated affiliates or subsidiaries;
(c) Ring-fencing of Dominion Energy Virginia's assets and credit from the parent's other lines of business;
(d) A requirement that all affiliate transactions, including all power purchases from NextEra affiliates or subsidiaries, be conducted on an arm's-length basis at competitive market rates or below, with regular competitive benchmarking and Commission oversight to ensure ratepayers are not overpaying;
(e) Prohibitions on preferential treatment of NextEra affiliates in competitive procurement or wholesale market transactions;
(f) Requirements that all strategic capital investments and transmission or generation projects be evaluated and selected based on benefits to Virginia ratepayers broadly, and that such decisions not be driven by parent company strategic objectives or designed to serve only specific customer classes or districts at the expense of others;
(g) Enforceable operational independence for Dominion Energy Virginia, including protections ensuring the regulated utility maintains its own independent management structure and decision-making authority over Virginia operations, with no integration into parent company operational structures without Commission approval; and
(h) Requirements that the Board of Directors of Dominion Energy Virginia include independent directors with no material conflicts with the parent company, that the Board maintain genuine operational authority over Virginia-specific decisions, that no more than a minority of Board seats be held by NextEra designees or employees, and that Board decision-making regarding rates, capital planning, and service delivery be insulated from parent company direction on matters not involving general policy; and

(i) Enforceable guarantees of local decision-making authority over Virginia capital planning and resource decisions -- as binding, durable conditions of any approval, not merely as representations of current intent.

The Commission should establish clear metrics and audit rights to ensure ongoing compliance with these protections.

4. Subsidiary status cannot be used to shield records or operations from regulatory oversight.

As a critical condition of any approval, the Commission should require clear contractual and statutory language prohibiting the parent company from using the regulated subsidiary's separate corporate status as a basis to withhold or delay production of records, documents, or information requested by the Commission or in regulatory proceedings, investigations, or litigation. The applicant must agree that:

(a) Dominion Energy Virginia's records and operations are subject to full Commission jurisdiction and inspection authority regardless of any parent-subsidiary relationship;

(b) The parent company will not claim privilege, confidentiality, or separate corporate status as a basis to refuse producing documents related to Dominion Energy Virginia's operations, finances, decision-making, or affiliate transactions;

(c) The parent company will promptly cooperate with all Commission information requests and regulatory proceedings; and

(d) The subsidiary cannot deny access to parent company records that are material to understanding affiliate transactions, cost allocations, or decisions affecting the Virginia regulated utility.

5. The record should address competitive effects in the PJM RTO market and protection against anticompetitive burden on Virginia ratepayers.

As the nation's largest regulated utility with 110 GW of generation capacity and control of critical transmission infrastructure spanning multiple states including Virginia, the post-merger NextEra-Dominion entity will have substantial market power within the PJM Regional Transmission Organization (RTO). The Commission should develop a detailed record examining whether and how this vertical integration and market concentration could harm Virginia ratepayers through wholesale market effects especially given that many non-Dominion ratepayers are more exposed to PJM power provision and price increases.

Specifically, the Commission should require analysis of:

(a) Whether the merged entity would have the ability and incentive to exercise market power in PJM through control of generation and transmission, raising wholesale prices paid by Dominion Energy Virginia's retail customers;

(b) Whether the merged entity's control of Virginia transmission could be used to advantage affiliated generation or disadvantage competing suppliers, distorting market outcomes and raising costs for Virginia customers;

(c) Whether transmission planning decisions could favor parent company generation assets or strategic priorities over competitive procurement that would benefit Virginia ratepayers;
(d) Whether the merged entity would have incentives to withhold or underutilize transmission capacity to raise prices or favor affiliated resources;
(e) The effect of vertical integration on competitive generation suppliers' access to the Virginia market at competitive rates; and
(f) Whether the merger would create barriers to entry for competitive renewable and alternative energy suppliers that could otherwise compete in Virginia.

The Commission should condition any approval on binding conditions designed to mitigate anticompetitive effects, including: (i) Firewalls preventing shared information between generation and transmission operations; (ii) non-discriminatory transmission access and pricing; (iii) independent transmission planning insulated from generation affiliate interests; and (iv) a requirement that Dominion Energy Virginia's procurement decisions prioritize the lowest-cost suppliers regardless of affiliation, with transparent competitive bidding for all resources.

6. The record should address clean energy commitments, including solar, energy storage, offshore wind, and nuclear power.

7. Public participation must be geographically accessible across Dominion's entire service territory.

Given that Dominion serves customers across the Commonwealth -- spanning from the Eastern Shore to Southwest Virginia, from Northern Virginia to the Southside -- and given the extensive public listening sessions the Hawaii commission conducted before ruling on a materially smaller transaction, we strongly encourage the Commission to require a comprehensive geographic distribution of public hearings and listening sessions. While we appreciate the Commission's order for three in-person hearings, including the two that have already occurred and the third scheduled for November 2026, three hearings cannot meaningfully serve Dominion's millions of customers across Virginia's 42,000 square miles.

We recommend that the Commission order multiple additional in-person public hearings and listening sessions scheduled at locations throughout Dominion's service territory such that no Dominion customer is more than approximately one hour's drive from an opportunity to participate in public testimony or listening sessions. We also recommend that the Commissioners themselves attend the meetings. In-person hearing locations should also be accessible via public transportation, or remote testimony options must be made readily available so that individuals without personal vehicles can fully participate. Remote testimony should be offered through multiple accessible formats (telephone, videoconference, or written submission) with sufficient advance notice and clear, simple instructions so that anyone -- regardless of technical sophistication or access to vehicles -- can be heard.

8. Adequate resources for review.

We would welcome the Commission's assessment of whether additional resources -- including, where appropriate, the retention of independent consultants funded by the applicants rather than ratepayers -- are needed to test the assumptions underlying the applicants' filings.

We recognize that the Commission's review is an adjudicative proceeding and that these observations are offered as legislative input, not as a request that the Commission depart from its statutory role or the record before it. We and our colleagues on the Energy Commission of Virginia intend to continue examining whether the Utility Transfers Act itself should be updated in light of this proceeding, and we would welcome the opportunity to brief the Commission or its staff further on the Subcommittee's work. Thank you for your consideration.

Very Truly Yours,

Senator Scott A. Surovell
34th District
Chair, Energy Commission of Virginia and
Co-Chair, Subcommittee 1, Energy Commission of Virginia

Delegate Irene Shin
8th District
Co-Chair, Subcommittee 1, Energy Commission of Virginia

cc: Carrie Hearne, Executive Director, Energy Commission of Virginia