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October 19, 2026

VIA ELECTRONIC FILING

Bernard Logan, Clerk
Virginia State Corporation Commission
c/o Document Control Center
Tyler Building-First Floor
1300 East Main Street
Richmond, VA 23219

Re: Case No. PUR-2026-00112

Joint Petition of Dominion Energy, Inc., Virginia Electric and Power Company, OSW Project LLC, WG Development Corp., CS Holdco, LLC, and Nextera Energy, Inc. for approval of a disposition and acquisition of control of a public utility pursuant to Chapter 5 of Title 56 of the Code of Virginia

Dear Mr. Logan:

Attached for filing in the above-referenced case, please find the Public Direct Testimony of Tyson Slocum on behalf of Virginia Poverty Law Center (VPLC), New Virginia Majority (NVM), NAACP and NAACP Virginia State Conference.

Please reach out if you have any questions about these documents.

Thank you.

By: /s/ Karen L. Lusson
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Senior Attorney
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COMMONWEALTH OF VIRGINIA
STATE CORPORATION COMMISSION

JOINT PETITION OF	)	
	)	
DOMINION ENERGY, INC.,	)	
VIRGINIA ELECTRIC AND POWER	)	
COMPANY, OSW PROJECT LLC, WG	)	
DEVELOPMENT CORP., CS HOLDCO,	)	Case No. PUR-2026-00112
LLC, and NEXTERA ENERGY, INC.	)	
	)	
<i>For approval of a disposition and acquisition</i>	)	
<i>of control of a public utility pursuant to</i>	)	
<i>Chapter 5 of Title 56 of the Code of Virginia</i>	)	
	)	

DIRECT TESTIMONY
OF
TYSON H. SLOCUM
ON BEHALF OF
VIRGINIA POVERTY LAW CENTER (“VPLC”),
NEW VIRGINIA MAJORITY (“NVM”), THE NAACP, AND
THE NAACP VIRGINIA STATE CONFERENCE (“NAACP VA”)
BEFORE THE
STATE CORPORATION COMMISSION OF VIRGINIA
CASE NO. PUR-2026-00112
(HIGHLY CONFIDENTIAL VERSION)

Dated: October 19, 2026

Summary of Direct Testimony of Tyson Slocum

Witness: Tyson H. Slocum

Title: Director, Energy Program – Public Citizen

In witness Tyson Slocum's testimony, he provides multiple reasons why the Virginia State Corporation Commission ("SCC" or "the Commission") should reject the petition.

Mr. Slocum's testimony is on behalf of four respondent interveners to the Petition, Virginia Poverty Law Center ("VPLC"), New Virginia Majority ("NVM"), the NAACP, and the NAACP Virginia State Conference ("NAACP VA"), (collectively VPLC/NVM/NAACP/NAACP VA"). The purpose of his testimony is to respond to the Petition filed pursuant to Chapter 5 of Title 56 of the Code of Virginia, Va. Code §§ 56- 88, et seq. by the "Joint Petitioners" Dominion Energy, Inc. et al.

Mr. Slocum's testimony raises two broad and interrelated concerns. He testifies that the transaction involves Dominion being acquired by NextEra, in order to facilitate increased profits for NextEra's unregulated NextEra Energy Resources division (NEER) to serve the record amount of data center load in DEV's service territory. The transaction currently offers no mechanism to capture or share those profits for the benefit of DEV's ratepayers. He also testified that, at the same time, acquiring Dominion and its regulated assets serves as a hedge to mitigate against NextEra's risk exposure for its unregulated operations, forcing DEV ratepayers to subsidize this risk. Mr. Slocum concludes that the only beneficiary of the transaction is NextEra's investors and shareholders, and DEV's ratepayers serve to bear the risk for the transaction.

Based on multiple factors, Mr. Slocum recommends that the SCC reject the proposed acquisition. Mr. Slocum finds that the Petitioners have failed to demonstrate that the proposed acquisition, even with the accompanying commitments described in the direct and supplemental Petitioner testimony, will not impair or jeopardize the Company's provision of adequate service to the public at just and reasonable rates, as required under Va. Code § 56-90.

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CASE NO. PUR-2026-00112**

I. INTRODUCTION

Q. Please state your name, position of employment and business address for the record.

A. My name is Tyson Slocum. I am employed by Public Citizen as the Director of its Energy Program. Public Citizen is a nonprofit consumer advocacy organization that works to defend democracy, resist corporate power, and fight to ensure that government works for the people – not big corporations. Subject areas addressed by Public Citizen include protecting democracy, making government work, consumer and worker safeguards, safe and affordable drugs and devices, health care, globalization and trade, climate and energy, and justice and the courts. Public Citizen has 1 million members and supporters throughout the country and takes no government or corporate money. My business address is 1600 20th Street, NW, Washington, DC 20009.

Q. In your role as Director of Public Citizen’s Energy Program, what are your responsibilities?

A. I direct and manage all of my organization’s work on energy market issues, including electric power, natural gas and petroleum markets. I serve as a voting member of the Energy and

Environmental Markets Advisory Committee for the U.S. Commodity Futures Trading Commission. I frequently intervene and participate in Federal Power Act and Natural Gas Act proceedings on behalf of utility consumers before the Federal Energy Regulatory Commission (“FERC”). I routinely intervene, comment and protest in nearly every major FERC proceeding involving mergers and acquisitions—known as Section 203 proceedings, concerning relevant aspects of the Federal Power Act. For example, I recently partnered with several other organizations for a Joint Protest at FERC concerning NextEra’s acquisition of Dominion that is the subject of this proceeding, although I acknowledge that FERC applies a different, federal statutory standard to assessment of the proposed acquisition.¹ My curriculum vitae is attached as VPLC/NVM/NAACP/NAACP VA Ex. 2.1.

Q. On whose behalf are you testifying in this proceeding?

A. I am testifying on behalf of the Virginia Poverty Law Center (“VPLC”), New Virginia Majority (“NVM”), the NAACP, and the NAACP Virginia State Conference (“NAACP VA”), (collectively “VPLC/NVM/NAACP/NAACP VA”). In particular, my review of the filing, testimony, exhibits and discovery responses seeks to analyze how, if at all, residential ratepayers, and financially struggling ratepayers in particular, would fare under the proposed acquisition in terms of rates and Dominion Energy Virginia’s provision of monopoly utility service.

Q. What is the purpose of your testimony in this proceeding?

The purpose of my testimony is to respond to the Petition filed pursuant to Chapter 5 of Title 56 of the Code of Virginia (“Va. Code”), Va. Code §§ 56- 88, et seq. (“Transfers Act”) by,

¹ The referenced group Protest document is available at: www.citizen.org/wp-content/uploads/DominionNextEraEC26-131Protest.pdf

Dominion Energy, Inc. (“Dominion”), Virginia Electric and Power Company (“Dominion Energy Virginia,” “DEV” or the “Company”), OSW Project LLC (“ProjectCo”), WG Development Corp. (“WG Development”), CS Holdco, LLC (“CS Holdco”), and NextEra Energy, Inc. (“NextEra”) (collectively, the “Joint Petitioners”), seeking approval by the Virginia State Corporation Commission (“SCC” or “the Commission”) of the disposition and acquisition of control of Dominion Energy Virginia and its affiliate, ProjectCo, to be effectuated by the merger of Dominion Energy Virginia’s corporate parent, Dominion, with NextEra, pursuant to an Agreement and Plan of Merger entered into on May 15, 2026 (the “Merger Agreement”). Under the terms of the merger agreement, DEV “will continue to operate with the same legal status and will remain a Virginia public service corporation and public utility with no material operational changes.” Petition at 1. While I am not an attorney, it is my understanding that because the contemplated Merger will transfer “control” of the Company, as defined by Va. Code § 56-88.1 C, Commission approval of this transfer is required.

Q. As part of your review of the proposed acquisition, what documents did you review?

A. In addition to the Petition itself and accompanying exhibits, I reviewed the Direct and Supplemental testimony of Robert M. Blue, Chair, President, and Chief Executive Officer of Dominion Energy, Inc.; Edward Baine, President of DEV and Executive Vice President of Utility Operations of Dominion Energy, Inc., the current parent company of DEV; Michael H. Dunne, Executive Vice President, Finance and Chief Financial Officer - NextEra Energy, Inc.; and John W. Ketchum, Chairman, President, and Chief Executive Officer -NextEra Energy, Inc. I also reviewed various discovery responses served by the Petitioners to the parties and SCC Staff, investment analyst research reports, and the companies’ earnings and investor meetings transcripts.

Q. Are you sponsoring any exhibits in this proceeding, in addition to your testimony?

A. Yes. Attached to this testimony as Exhibit 2.1 is my curriculum vitae.

Q. Do you have any opening comments?

A. Yes. I've been covering utility mergers and acquisitions at the national level for 26 years, and this proposed acquisition is unprecedented in both its size and scope, as the resulting \$420 billion of combined enterprise value of the two utility holding companies would create the largest regulated electric utility in the world. And to be clear, the transaction involves NextEra acquiring Dominion, thereby subsuming Dominion within NextEra. NextEra is the dominant entity making the acquisition, and therefore Dominion's assets and operations should be considered as subsidiaries to NextEra's investment strategies. In my view, NextEra's primary financial justifications for the transaction are to use Dominion's assets and service territory to maximize monetization opportunities on behalf of its unregulated NextEra Energy Resources ("NEER") division, while at the same time using Dominion's regulated, franchise utility as a hedge against data center and unregulated NEER market risk. This dynamic exposes Dominion's regulated utility operations and residential ratepayers to unacceptable risk. Some may ask why Dominion agreed to the acquisition, and the simple explanation is that investors and top executives will earn a windfall from NextEra's price premium, but Dominion's ratepayers will not. For these and other reasons I describe below, the SCC should reject the Petition.

Q. Please summarize your conclusions regarding the issues you address in your testimony.

A. My testimony raises two broad and interrelated concerns. The transaction involves Dominion being acquired by NextEra, in order to facilitate increased profits for NextEra's unregulated NEER division to serve the record amount of data center load in DEV's service territory.² The transaction currently offers no mechanism to capture or share those profits for the benefit of DEV's ratepayers. At the same time, acquiring Dominion and its regulated assets serves as a hedge to mitigate against NextEra's risk exposure for its unregulated operations, forcing DEV ratepayers to subsidize this risk. The only beneficiary of the transaction is NextEra's investors and shareholders, and DEV's ratepayers serve to bear the risk for the transaction.

II. THE PROPOSED ACQUISITION AND LEGAL STANDARD

Q. Please describe your understanding of the acquisition, as proposed by the Petitioners.

² Here is how NEER describes its business, and in particular, references serving the AI-related boom:

NextEra Energy Resources delivers more power to utilities, public power providers, companies and communities across America, fueling economic growth and innovation. As one of North America's largest energy infrastructure companies, we power today and build for tomorrow—advancing America's energy future with the systems that keep the nation moving forward.

With more than 40,000 megawatts of total generating capacity*, we harness a diverse portfolio of renewables, nuclear, natural gas, and battery storage systems to deliver reliable, low-cost electricity that strengthens local economies *and supports the AI-driven industrial resurgence*. From keeping the lights on today to modernizing transmission networks and developing next-generation energy projects, NextEra Energy Resources is helping America achieve true energy dominance and independence. (Emphasis added.)

See <https://www.nexteraenergyresources.com/>

A. Petitioners state in Exhibit A to their Petition, which summarizes the proposed acquisition, that the “[t]he proposed Merger will combine two demonstrated industry leaders, each with outstanding operational track records and over two centuries of combined experience, to create the largest regulated electric utility company in the United States, serving approximately 10 million customer accounts across Virginia, North Carolina, South Carolina, and Florida and through its regulated utilities and subsidiaries, will own or control over 110 gigawatts of electric generating resources across a diverse mix of energy sources, including nuclear, natural gas, wind, solar, and battery storage.” Petition, Exhibit A at 2. The Petitioners note that the merger would join “two companies that, in the last five years, have built more power generation than the next 25 largest utilities combined, and will be able to leverage extensive engineering, technology, development experience, procurement, and construction vendor relationships to obtain competitive pricing and timelines for infrastructure projects.” *Id.* The Petitioners claim that they “are not seeking any change to Dominion Energy Virginia’s currently approved rates, tariffs, or terms and conditions of service as a result of the Merger.” *Id.* at 5.

Q. HOW DO THE PETITIONERS CLAIM RESIDENTIAL DEV CUSTOMERS WOULD BENEFIT FROM THE PROPOSED ACQUISITION IN TERMS OF NEW EFFICIENCIES, ACCESS TO CAPITAL, AND POST-ACQUISITION COMMITMENTS?

A. Petition DEV witness Edward Baine, President of DEV and Executive Vice President of Utility Operations for the current DEV parent company, Dominion Energy, Inc., states that the proposed acquisition will not impact the SCC’s regulatory authority over DEV. He states that he

will remain as President of DEV, and will report to Mr. Blue, current President and CEO of Dominion Energy, Inc. whose new title will be President and Chief Executive Officer of Regulated Utilities of the combined company and serve as a member of its Board of Directors. Baine Direct at 5-6. He states that the merger “will provide meaningful new benefits to customers over both the near and longer term to further support our ongoing commitment to providing adequate and reliable electric service at just and reasonable rates.” *Id* at 2. Mr. Baine implies that Petitioners offered bill credits as the only *ratemaking* impact of the acquisition. Petition, Ex. A at 5. The credits will be calculated based on 2026 and 2027 calendar year electric consumption, assuming the Merger closes in 2027, and the credit allocation is designed for a typical residential customer utilizing 1,000 kWh of electricity per month to receive a \$10 per month credit over a four-year period. Higher energy users will receive proportionately larger credits, and lower energy users will receive proportionately smaller credits, and will appear as a separate line item on customer bills. *Id.* at 5; Supplemental Merger Commitments of Joint Petitioners, p. 1.

Other commitments are described in Petitioners’ Supplemental Merger Commitments – Exhibit C. These include \$100 million in shareholder funding toward energy assistance and weatherization from the closing of the merger to July 1, 2038—approximately a 10- to 11-year period, or on average about \$10 million a year in shareholder assistance funding; a shareholder-funded construction of a NextEra office tower in Richmond beside the existing Dominion Energy headquarters building; other commitments relating to employee retention; creating an additional 600 “NextEra enterprise jobs in Virginia “over time following successful closing of the merger”; up to a \$1 billion annual five-year Virginia Supplier Program establishing spending

commitments with contractors and suppliers doing business in Virginia; and a new \$100 million shareholder-funded workforce development fund. Supplemental Exhibit C – Merger Commitments at 2.

In terms of benefits of the merger, Petitioners claim that over the longer term, DEV would be “better positioned as part of a larger combined company with greater scale, stronger financial capacity, broader supply-chain reach, deeper construction and operating experience, technology, storm resilience expertise, and a culture of cost discipline and execution.” Petition, Exhibit A (Transaction Summary) at 5. At a high level, Petitioners appear to be claiming that, as a result of the acquisition, the size of the new combined company will allow DEV to have a “stronger ability to buy, build, finance, and operate the infrastructure customers will need; access to a broader operating platform and deeper bench of best practices; and better positioning to manage growth, maintain reliability, execute major capital projects, and keep customer costs reasonable over time.” *Id.*

Q. WHAT IS YOUR UNDERSTANDING OF THE LEGAL STANDARD THE COMMISSION MUST APPLY TO ITS REVIEW OF THE PROPOSED ACQUISITION?

A. While I am not a lawyer, my understanding is informed by Va. Code § 56-90, which establishes the standard for approval of the transaction. That provision states:

If and when the Commission, with or without hearing, shall be satisfied that adequate service to the public at just and reasonable rates will not be impaired or jeopardized by granting the prayer of the petition, the Commission shall make such order in the premises as it may deem proper and the circumstances require, and thereupon it shall be lawful to do the things provided for in such order (emphasis added).

In other words, Petitioners have the burden of demonstrating that granting the proposed acquisition of DEV “will not impair or jeopardize the Company’s provision of adequate service to the public at just and reasonable rates.” Va. Code § 56-90.

III. ANALYSIS AND APPLICATION OF THE LEGAL STANDARD

Q. GIVEN THAT STATUTORY GUIDANCE, WHAT SHOULD THE COMMISSION ANALYZE IN TERMS OF ASSESSING THE POTENTIAL IMPACT THAT THE ACQUISITION WOULD HAVE ON DEV’S RATES AND THE PROVISION OF “ADEQUATE SERVICE?”

A. There are many factors that should be examined by the Commission as it assesses whether to grant or deny the proposed acquisition. For example, I conducted a thorough analysis to determine exactly what is motivating NextEra and DEV in promoting the proposed acquisition, and what the impact of the acquisition will be on ratepayers in terms of adequate service and just and reasonable rates, as required by Va. Code § 56-90. In addition to documents filed as part of this proceeding, I also reviewed NextEra’s and Dominion’s investor meeting transcripts and recordings; and various investment analyst research reports.³ Based on my decades of experience with utilities and holding company structures, and review of the above referenced materials and documents, I believe that the Petitioners failed in their burden of demonstrating that the proposed acquisition will not jeopardize “adequate service” and “just and reasonable rates.” In fact, I believe the proposed acquisition will harm DEV ratepayers by forcing the revenues collected through their monthly bills to effectively serve as a hedge to

³ Attached as exhibit 2.2 are the following documents and sources utilized in this analysis.

mitigate risk associated with NextEra's unregulated NEER operations. Using DEV revenues to mitigate risk from NextEra's unregulated operations will help ensure more financial benefits for the company's investors and shareholders, while featuring no structural reform to ensure that DEV ratepayers enjoy "adequate service" at "just and reasonable rates" as a result of any profits accrued as a result of the acquisition.

In short, the transaction is designed to use DEV rates to subsidize greater upside profit opportunities for unregulated operations, primarily to serve data center load, as I suggest in testimony in greater detail below. These dynamics will further exacerbate existing affordability risks in Virginia and create new risks to the provision of adequate service to the public at just and reasonable rates. The SCC therefore has an obligation to reject the Petition.

Q. WILL THE FERC ALSO BE REVIEWING THE TRANSACTION FOR APPROVAL OR REJECTION?

A. Yes, it is doing so now,⁴ but it is important to note that the FERC takes an unreasonably narrow view of its public interest mandate in reviewing this acquisition, a review that does not adequately consider the potential negative impacts on residential ratepayers, as the applicable Virginia statute does, so I do not think that federal officials will ensure DEV's ratepayers are protected. That means the Virginia State Corporation Commission is the lone entity that is poised to enforce applicable law to ensure the protection of Virginia's ratepayers from NextEra's attempted holding company intentions, and the extremely negative impact this acquisition would have on Virginia ratepayers. This places an important responsibility on the SCC to assess the

⁴ FERC Docket No. EC26-131.

ultimate purpose for NextEra's acquisition of DEV, and whether that purpose places DEV's ratepayers at risk. Stated another way, it requires the Commission to analyze the purpose behind the proposed acquisition as it assesses the proposal and promised commitments to ensure that "adequate service to the public at just and reasonable rates will not be impaired or jeopardized." Va. Code § 56-90.

Q. WHAT DO YOU SEE THE ULTIMATE PURPOSE FOR NEXTERA'S ACQUISITION OF DEV TO BE?

A. The NextEra and Dominion transaction was negotiated by executives with significant financial self-interest to pursue the deal. They have stock options that provide them with direct and significant financial incentives to pursue the transaction. These same executives have retained Wall Street advisors that also have significant financial self-interest in pushing the transaction, as they hired Lazard, BofA Securities, Wells Fargo, Goldman Sachs, and J.P. Morgan as financial advisors.⁵ But I'm not aware of any evidence that advocates for captive ratepayers were involved in these meetings, and don't believe that ratepayer advocates were consulted in advance. That's because the duty of the monopoly utility to ensure adequate service and just and reasonable rates at a minimum, and ratepayer benefits and protections as a bonus, are afterthoughts for those who negotiated the transaction. Shareholders of both companies, of course, approved the transaction, because shareholders stand to financially benefit. But ratepayers have no vote. The only protection ratepayers have is from regulators.

⁵ <https://newsroom.nexteraenergy.com/2026-05-18-NextEra-Energy-and-Dominion-Energy-to-Combine,-Creating-the-Worlds-Largest-Regulated-Electric-Utility-Business-and-North-Americas-Premier-Energy-Infrastructure-Platform-Benefiting-Customers?l=12>

Q. WHY DO YOU BELIEVE DEV RATEPAYERS ARE AT RISK RATE-WISE IF THE PROPOSED ACQUISITION IS APPROVED?

A. I am not confident that DEV customers will ever see the operational efficiencies claimed by NextEra and DEV witnesses, given the size of the stock premium NextEra investors will pay to Dominion Energy and other factors I describe in my testimony.

Q. WHAT IS THE STOCK PREMIUM NEXTERA COMMITTED TO PAY DOMINION ENERGY?

A. NextEra has agreed to pay a 23% premium to acquire Dominion, which is quite a steep price to pay, relative to other similar transactions. Dominion Energy's share price was \$61.73⁶ at the time of the May 15 acquisition, and NextEra's share price was \$93.36.⁷ NextEra offered 0.8138 of its share for every Dominion share, giving an implied Dominion Energy per share value of \$76, for a 23% premium over the pre-petition share price. At the time of this testimony, NextEra's stock has dropped to \$79.80,⁸ and Dominion's has risen slightly to \$63.56.⁹

Q. CAN YOU ELABORATE ON THIS RISK CONCERN RELATED TO THE STOCK PREMIUM?

A. Yes. I believe NextEra management and shareholders are expecting financing and capital-pooling benefits of acquiring DEV to boost returns at the holding company level, in order to

⁶ <https://finance.yahoo.com/quote/D/>

⁷ <https://finance.yahoo.com/quote/NEE/>

⁸ <https://finance.yahoo.com/quote/NEE/>

⁹ <https://finance.yahoo.com/quote/D/>

deliver bigger future profits for investors and shareholders. And NextEra paying a 23% premium over Dominion's market value (as reflected in its stock price) puts pressure on the company (and its investors) to recoup that overpayment. Utilizing DEV's assets—rate recovery and guaranteed, predictable cash flows from its cost of service regulatory treatment—for that holding company profit growth puts DEV ratepayers at risk, particularly if and when there is stranded asset risk involved with the data center buildout. Absent strict significant credit ring-fencing of DEV from the holding company, DEV ratepayers will not be protected. And the fact that NextEra's stock price has dropped 14.5% since the May 15 acquisition announcement (falling from \$93.36 to \$79.80) confirms that the market agrees that NextEra is an overvalued company.

Q. CAN YOU EXPLAIN WHAT YOU MEAN BY “UTILIZING DEV ASSETS” TO DELIVER PROFITS FOR NEXTERA SHAREHOLDERS.

A. Investors understand that unregulated power markets feature significant risk, as prices are volatile and returns uncertain. But the upside to that risk is capturing opportunities for unregulated profit margins (unlike the strictly regulated profit margins of franchised utilities). Data centers and their prolific energy consumption feature an opportunity for NEER's unregulated business operations to be positioned to capture that upside potential.

This is where Dominion's valuable, regulated DEV assets come in. NextEra needs a hedge to mitigate its risk exposure, and tapping into Dominion's credit and financial attributes of its regulated assets provide that hedge. So when I look at the value of DEV's assets to serve to mitigate NextEra's risk, then the 23% premium looks like a very good deal. Especially since there's nothing in the transaction that is designed to guarantee that DEV's ratepayers will directly

benefit from any upside profit. This is a classic case where the transaction seeks to socialize risks, and privatize the profit.

Q. WHAT ABOUT THE FOUR YEARS OF AVERAGE \$10 MONTHLY BILL CREDITS OFFERED BY THE PETITIONERS TO DEV CUSTOMERS? IS THAT COMMITMENT ENOUGH TO OVERRIDE YOUR FEAR THAT NEXTERA WILL UTILIZE DEV ASSETS TO MAKE PROFITS AT THE HOLDING COMPANY LEVEL THEREBY JEOPARDIZING JUST AND REASONABLE RATES?

A. No, not in my view. I don't view the revised average residential rate credits or other existing commitments or even state rules or laws adequate to protect ratepayers from risk. The risks we've identified are long-term in nature, and the profits NextEra's NEER expects to make are long-term in nature. Once the rate credits are gone, is the risk to DEV gone? No. Once the rate credits are gone, will DEV continue to be utilized as an effective hedge against NEER risk? Of course. So these rate credits are akin to political window dressing, and cannot be considered a serious effort to ensure the protection of DEV ratepayers.

Q. WHAT FACTORS LEAD TO YOUR CONCLUSION THAT ADEQUATE SERVICE AND JUST AND REASONABLE RATES WILL BE JEOPARDIZED BY APPROVAL OF THE PROPOSED ACQUISITION?

A. There are several reasons why I believe approval of the acquisition will impair or jeopardize DEV's provision of adequate service to the public at just and reasonable rates¹⁰, and

¹⁰ See Va. Code § 56-90.

that maintaining Dominion's current corporate structure is a better outcome for DEV ratepayers than allowing the acquisition to proceed.

First, I believe NextEra's stock price to be overvalued. In addition to significant regulatory risk involving the review of this transaction, I think there is a risk that interest expenses will rise faster than total leverage as low-market interest rate hedges expire, and significant political risks exist in Florida with regards to future, potential reductions in FPL's rate of return (which is the highest of any major utility in the nation). And NextEra is betting the bank on NEER serving data center demand, despite emerging signs that Artificial Intelligence is in the midst of a speculative financial bubble that would negatively impact data center operations and energy demand growth projections. Also, a significant amount of NEER earnings is generated from tax credits that are set to expire, too.¹¹

Second, I have concerns about NextEra's aggressive balance sheet management. Balance sheet management is very important in this context because it indicates the amount of risk tolerance at the holding company level. NextEra recently canceled planned \$2 billion in equity issuances and is relying on short-term debt and Florida Power & Light customer deposits to fund its growth.¹² Those shortcomings are part of the reason for NextEra's effort to acquire Dominion Energy Resources, Inc. and DEV. This matters because it shows potential weakness in its ability to generate future earnings growth. That's why I describe its acquisition of Dominion as a Hail Mary pass – an effort to overcome some structural challenges, and utilize Dominion Energy's large regulated base in DEV to shield that risk.

¹¹ Seaport Research Partners, Angie Storozynski, NextEra Energy, Inc., "15+ ways to grow," but few ways to manage NEE's debt; sticking with Sell, raising PT to \$56 (from \$55), October 2, 2026.

¹² Id.

Put another way, NextEra does not currently have a steady and reliable income stream to offset its significant debt obligations, especially if projections of future data center demand fail to materialize because of the popping of the AI speculative bubble, or significant changes in AI computing requirements. DEV is an attractive acquisition target in part because it has more consistent income via monopoly service revenues to pay its bills and hedge against its potentially risky investments such as data centers. Again, this doesn't mean that NEER will fail, or will lose money, but the risk exists. And while NextEra is aggressively preparing to use DEV as a hedge against that risk, what protections are there for DEV's ratepayers? They do not exist in this transaction, in part because the transaction features no ring-fencing to protect DEV from NextEra risk. In other words, the cost allocation commitments (that no merger related costs will be assigned to DEV ratepayers) are inadequate to protect DEV ratepayers from holding-company level risk.

This leads to the third factor to consider. NextEra acquiring Dominion would increase NextEra's ratio of regulated to unregulated assets from its current 70% to 80%¹³ to satisfy credit rating agencies concerns about NextEra's current significant exposure to unregulated operational risk. A 10% increase in regulated assets is significant because it involves an important enough increase in the combined companies' regulated-to-unregulated ratio to incentivize more risk-taking with NEER. I view NextEra's interest in Dominion Energy and DEV as an explicit hedge against risk exposure of its unregulated NEER operations, as NEER is a wholesale electricity supplier and clean energy subsidiary of NextEra that operates outside its rate-regulated divisions. As such, NEER's market performance is subject to significant risk, depending on dynamic

¹³ Id.

changes in wholesale power markets and the data center boom. This risk has both significant upside (unregulated profit making) and downside (financial losses), and NextEra is keen to mitigate that risk by adding new regulated assets as a hedge. And using Dominion as a risk hedging tool explicitly exposes DEV's residential customers to risk.

As nearly everyone in Virginia knows, the state—and specifically DEV's service territory—encompasses the fourth factor, the primary hub of existing and projected data center load growth. In fact, no other regulated utility in the United States features more combined existing and under-construction data center energy demand capacity than DEV. Indeed, no other utility even comes close to DEV's data center energy demand capacity.¹⁴

This expansive data center market in DEV's service territory provides NEER with direct exposure to rapid data center load growth, and opportunities for significant profit maximization that, under the current merger agreement, will only be enjoyed by the companied companies' investors and shareholders, and not DEV's ratepayers. That is the case because NEER develops and operates rate-unregulated power generation assets, particularly natural gas, renewables and battery storage, that it touts as being well positioned to serve data center load. NEER plans to develop up to 30 GW of new power generation, with half of that just to meet data center load by 2035.¹⁵ These projects are in varying stages of development, but this significant capital commitment to generation buildout is predicated on power demand increasing substantially with a data center buildout. Should that projected data center buildout materially change, NEER would be left with potentially significant stranded assets and a wholesale power division faced

¹⁴ https://x.com/curious_founder/status/2110435637904179540

¹⁵ www.utilitydive.com/news/nextera-energy-earnings-gas-data-centers/810808/

with plummeting power prices that would materially strain its finances. Those risks are not certain, but they are possible, and the possibility of that risk could crash onto DEV because of the lack of any meaningful ring fencing provisions in the Petitioners' acquisition proposal. That risk is the very antithesis of not jeopardizing or impairing adequate service and just and reasonable rates.

Which brings me to the fifth factor regarding the huge windfall NextEra is willing to pay for Dominion: the exceedingly high premium paid by NextEra to Dominion Energy for the proposed acquisition. As noted above, NextEra has agreed to purchase Dominion for an all-stock transaction valued at \$66.8 billion. This \$66.8 billion represents a 23% premium to acquire Dominion, which is a steep price to pay. Dominion Energy's share price was \$61.73 at the time of the May 15 acquisition, and NextEra's share price was \$93.36. NextEra offered 0.8138 of its share for every Dominion share, giving an implied Dominion Energy per share value of \$76—for a 23% premium over its share price.¹⁶

The SCC should be concerned as to why NextEra is willing to pay such a premium compared to Dominion's stock price, and what investors are expecting to receive in return. NextEra is expecting financing and capital-pooling benefits of acquiring DEV to boost returns at the holding company level, in order to deliver bigger future profits for investors and shareholders. But utilizing DEV assets for that holding company profit growth puts DEV ratepayers at risk, particularly if and when there is stranded asset risk involved with the data center buildout. Because the transaction lacks any meaningful ring fencing provisions to

¹⁶ Seaport Research Partners, Angie Storzynski, NextEra Energy, Inc., "15+ ways to grow," but few ways to manage NEE's debt; sticking with Sell, raising PT to \$56 (from \$55), October 2, 2026.

completely shield DEV assets from the combined holding company, any material financial problem at the holding company level can result in impaired financial standing for the company, which would then negatively impact financing and credit for DEV.

The sixth factor is that if the acquisition goes forward there are no provisions that can adequately protect ratepayers. Absent strict credit ring-fencing of DEV from the holding company, DEV ratepayers cannot be protected. The current transaction features no real ring-fencing provisions. NextEra has only pledged to guarantee Dominion's outstanding debt to support rating upgrades. But this does nothing to shield DEV from any emerging risk stemming from NextEra's unregulated NEER portfolio.

For example, In 2017 the SCC conditioned AltaGas' acquisition of Washington Gas Light on robust ring-fencing protections designed to insulate WGL from parent-level risk and ensure no cost leakage to Virginia ratepayers.¹⁷ Central to this framework was the establishment of a bankruptcy-remote special-purpose entity, coupled with restrictions on dividend payments, and strict cost allocation safeguards and tracking of merger-related expenses, alongside a prohibition on recovery of transaction costs or goodwill, reinforcing the utility's stand-alone financial integrity. I'm not seeing anything like that here.

I don't view the revised residential rate credits or other existing commitments or state rules or laws adequate to protect ratepayers from the risks of this acquisition. I don't view the initial customer rate credit commitments to be at all sufficient to alleviate these data center stranded asset risk concerns or other risks. The companies' reallocation of \$490 million in credits

¹⁷ Mizuho, U.S. Equity Research, *You Said It: Takeaways from the NEE/D Proposal*, May 26, 2026

originally designated for large-load data center customers now shifted to residential ratepayers simply isn't sufficient given the much larger, looming risk at the holding company level. That's because the merger proposal fails to include any strict credit ring-fencing structure that would isolate all DEV assets and revenues from the combined holding company structure.

Q. NEXTERA, INC. EXECUTIVE VICE PRESIDENT, FINANCE AND CHIEF FINANCIAL OFFICER OF THE HOLDING COMPANY MICHAEL DUNNE¹⁸ PROMISES MERGER-RELATED COSTS WILL BE EXCLUDED FROM FUTURE RATE PROCEEDINGS, AS WELL AS SCC REVIEW OF AFFILIATED TRANSACTION AND COST ASSIGNMENTS. IS THAT NOT ENOUGH TO PROTECT DEV RATEPAYERS?

A. No. It is insufficient when compared with the provisions the SCC included in the AtlasGas acquisition, as noted above.

Q. ARE THERE STATE ACTIONS THAT YOU'VE OBSERVED THAT WOULD REDUCE THE RISKS POSED BY THE ACQUISITION?

A. No there are not. The September Executive Order by Virginia's Governor Abigail Spanberger Data Center Accountability Framework¹⁹ is focused on producing studies and future evaluations rather than establishing clear, enforceable ratepayer protections. So until there are actionable, state-level protections that would shield DEV ratepayers from the kind of parent-

¹⁸ See Direct Testimony of Michael Dunne at 11.

¹⁹ See www.governor.virginia.gov/newsroom/news-releases/2026/september-releases/name-1123696-en.html

company level risk I see here, I'm not aware of state actions outside this proceeding that are poised to protect ratepayers.

Q. ARE THERE ANY ADDITIONAL FACTORS THE COMMISSION SHOULD CONSIDER?

A. Yes. The seventh, and final, factor for consideration is that that the acquisition agreement contains one very large benefit for DEV and its rate payers if the acquisition fails: NextEra is obligated to pay Dominion a \$4.83 billion "regulatory termination fee" in the event the deal fails to secure necessary approvals.²⁰ I view this termination fee as an additional reason for Virginia regulators to reject the acquisition, as the nearly \$5 billion can be used in a variety of ways to provide direct benefits to DEV's captive ratepayers with zero risk.

Finally, there are significant environmental and climate justice concerns with the proposed transaction, particularly with NextEra seeking to exploit serving data center load in Dominion's service territory. Forty percent of NextEra's 15 GW of new generation capacity just to serve data center load will come from building new natural gas power infrastructure.²¹ This gas buildout poses significant climate justice and environmental risks to impacted communities that Virginia regulators should include as part of its regulatory review.

IV. CONCLUSION

²⁰ At page 83, www.sec.gov/Archives/edgar/data/715957/000119312526227930/d158175dex21.htm

²¹ <https://www.utilitydive.com/news/nextera-energy-earnings-gas-data-centers/810808/>

"Executives said on a quarterly earnings call on Tuesday that they are still planning to deliver about 15 GW of new generation to data center power supply "hubs" by 2035, 6 GW of which will come from new gas-fired resources." Noting that 6 GW is 40% of 15 GW.

Based on the multiple factors I describe above, I recommend that the SCC reject the proposed acquisition. The Petitioners have failed to demonstrate that the proposed acquisition, even with the accompanying commitments described in the direct and supplemental Petitioner testimony, will not impair or jeopardize the Company's provision of adequate service to the public at just and reasonable rates, as required under Va. Code § 56-90.

Q. DOES THIS CONCLUDE YOUR TESTIMONY?

A. Yes, it does.

VPLC/NVM/NAACP/NAACP VA Ex. 2.1.

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