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October 16, 2026

VIA ELECTRONIC FILING

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

Re: 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
Case No. PUR-2026-00112

Dear Mr. Logan:

Attached for filing in the above-referenced case, please find the Direct Testimony of Albert Lin on behalf of Clean Virginia.

Please do not hesitate to contact me if you have any questions regarding the enclosed. Thank you for your assistance.

Sincerely,

/s/ Gregory D. Habeeb

Gregory D. Habeeb
GENTRY LOCKE

**COMMONWEALTH OF VIRGINIA
BEFORE THE
STATE CORPORATION COMMISSION**

JOINT PETITION OF	)	
	)	
DOMINION ENERGY, INC.,	)	
VIRGINIA ELECTRIC AND POWER COMPANY,	)	
OSW PROJECT LLC, WG DEVELOPMENT CORP.,	)	
CS HOLDCO, LLC and NEXTERA ENERGY, INC.	)	CASE NO. PUR-2026-00112
	)	
<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>	)	

TESTIMONY OF ALBERT LIN

ON BEHALF OF CLEAN VIRGINIA

October 16, 2026

Summary of the Direct Testimony of Albert Lin

Virginia Code § 56-90 requires advance certainty that a utility acquisition “will not impair or jeopardize adequate service at just and reasonable rates.” The words “Will not” establish a firm statutory limit. They do not create a balancing test in which financial benefits can offset plausible risks to service or rates.

Combining Virginia Electric and Power Company’s regulated operations with NextEra Energy Resources (“NEER”), an unregulated merchant developer exposed to competitive markets and speculative investment risk, violates this standard. In 2025, NEER accounted for 63.4% (\$15.7 billion) of NextEra Energy’s (“NEE”) consolidated capital expenditures, but only 32.0% (\$8.8 billion) of its operating revenue. By contrast, NEE’s regulated utility, Florida Power & Light (“FPL”), generated 66.6% (\$18.3 billion) of revenue but only 36.3% (\$8.9 billion) of capital spending. Capital expenditures this large relative to revenue may be a normal level of risk for an unregulated company, but it is very high compared with the regulated business. NEE’s plans emphasize unregulated growth and investments made in anticipation of future demand, in markets open to competitors. That is the opposite of the risk model for a regulated utility, which builds assets tied to known customer load in a service territory without competitors. NEER reported GAAP equity impairment losses of more than \$1 billion after interest rate increases that began in 2022 affected its affiliate, XPLR. This illustrates how a standard business risk for a competitive company would become a new business risk for VEPCO as a result of this acquisition.

After the acquisition, VEPCO’s share of holding company revenue would fall from 71.6% of Dominion Energy, Inc. (“DOM”) revenue today to 26.9% of the combined company’s. Its predictable, ratepayer-supported cash flows would become a smaller part of a larger corporate structure that also finances nonregulated growth. This creates potential pressure on the utility’s credit quality and financing costs. In addition, Virginia’s oversight would be diminished as VEPCO becomes a smaller part of the combined company.

The refinancing burden is also disproportionate. NEER faces more than \$37 billion in debt maturities from 2026 to 2030, while VEPCO has less than \$5 billion maturing over that same period. NEER’s refinancing schedule is more than 8 times VEPCO’s. After the acquisition, NEER’s maturities must be refinanced or repaid alongside the approximately \$32.5 billion in additional debt needed to fund DOM’s five-year capital program. NEER’s debt would be 48% of total consolidated debt. NEE’s funds from operations (“FFO”)-to-debt ratio of 19.4% is only 1.4 percentage points above S&P’s stated 18% downgrade threshold. The combined structure would therefore expose VEPCO to a far larger parent-level refinancing program. It would also create the risk that higher borrowing costs or weaker credit metrics flow through to the regulated utilities.

NEER’s use of private-credit portfolio financings adds exposure to less stable and less established funding sources. These include \$1.75 billion with KKR & Co Inc., \$825 million with Apollo Global Management, and \$805 million with Ontario Teachers’ Pension Plan. The Joint Petitioners also apply a double standard. They dismiss analysis of adverse market scenarios as speculative, yet treat optimistic forecasts of continued data center growth as a sufficient basis for their analysis without examining plausible alternatives.

Ring-fencing cannot guarantee parent equity support in times of financial stress. Nor can it prevent parent-level credit deterioration from raising the utility’s cost of capital. These financial, operational, and investment risks undermine the required certainty that adequate service to the public at just and reasonable rates will not be impaired or jeopardized.

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Attachments

Exhibit AL-1:	Curriculum Vitae of Albert Lin
Exhibit AL-2:	Discovery Responses
Exhibit AL-3:	Debt Structure and Maturities Summary Workpaper
Exhibit AL-4:	Credit Rating Impacts Workpaper

1 **Q. Please state your name, business affiliation, position, and address.**

2 A. My name is Albert Lin. I am an economic and financial consultant for the OG Finance Lab,
3 located at 26732 Via La Jolla, San Juan Capistrano, CA 92675.

4 **Q. On whose behalf are you testifying?**

5 A. I am testifying on behalf of Clean Virginia.

6 **Q. Please state your educational background and experience.**

7 A. I have worked in finance and capital markets analysis related to regulated industries since
8 1989. After graduating from the University of Texas at Austin with bachelor's degrees in
9 Finance and International Business, as well as a master's degree in Business Administration
10 from the university's honors program, I worked for a regulated utility called General
11 Telephone and Electric ("GTE"), now called Verizon. GTE conducted business in over 20
12 states nationwide and derived most of its revenue from activities regulated by state public
13 utility commissions. I worked in the finance and audit departments, where I analyzed and
14 supported optimal financial outcomes for shareholders consistent with the policies and orders
15 of the public utility commissions in each state where GTE conducted business. My work
16 focused mainly on financial and accounting activities aimed at achieving the highest returns
17 possible, with the least operating risk and the most consistent financial outcomes, for GTE's
18 equity shareholders. These activities included satisfying credit rating agencies, whose
19 determinations about GTE's financial risk could impact its cost of debt—and, thereby, would
20 likely affect how shareholders perceived the company's equity value.

21 After a series of legislative changes culminating in the Telecommunications Act of
22 1996, GTE's primary activities were fully deregulated across the country. Just prior to the
23 Act's passage, the focus of my work shifted to the equity valuation of wireless
24 communications assets. In this role, I helped price the cost of capital and equity value of
25 wireless communication assets for various Wall Street capital markets firms. I also became a

1 founder and partner of a broker-dealer, registered with the Financial Industry Regulatory
2 Authority (“FINRA”), which focused on equity valuation and forecasts in high-growth
3 industries, such as the technology industry sector.

4 Since 2020, my work has focused on economic consulting and financial analysis
5 covering the energy industry, including the regulated utility sector, in the United States. A
6 copy of my professional resume is attached to this testimony as Exhibit AL-1.

7 **Q. Have you previously testified in proceedings before the Virginia State Corporation**
8 **Commission?**

9 A. Yes, I previously testified in PUR-2025-00059.

10 **Q. Have you previously testified in other regulatory jurisdictions?**

11 A. Yes. I have testified before public utility commissions in Virginia, North Carolina, South
12 Carolina, Georgia, Maryland, and Utah. My CV provides details on specific dockets, as I
13 have testified more than once in some states.

14 **I. Executive Summary: Jeopardizing The Low-Risk Regulatory Model**

15 **Q: Please state the purpose of your testimony and summarize your primary findings**
16 **regarding NextEra Energy's proposed acquisition of Dominion Energy.**

17 A: The purpose of my testimony is to provide the Commission with factual observations and a
18 financial risk assessment of NextEra Energy’s proposed \$249 billion (\$66.8 billion
19 acquisition cost) all-stock acquisition of Dominion Energy by the Applicant(s).¹ My analysis
20 indicates that this acquisition fundamentally and materially alters the risk profile of the
21 historically regulated operating model of Dominion Energy and its subsidiary, Virginia

¹ NextEra Energy, Inc. & Dominion Energy, Inc., *NextEra Energy and Dominion Energy to Combine: Forming America’s Leading Utility Business and Energy Infrastructure Company* (May 18, 2026), https://www.investor.nexteraenergy.com/~media/Files/N/NEE-IR/news-and-events/events-and-presentations/2026/2026-05-18%20NEED_Presentation_vF.pdf (“Merger Presentation”).

1 Electric and Power Company. Rather than simply creating a larger regulated utility, this
2 transaction subordinates Dominion’s conservative, ring-fenced balance sheet to a corporate
3 structure related to a high-growth, non-regulated merchant development business known as
4 NextEra Energy Resources (“NEER”). For Dominion’s ratepayers, particularly in Virginia,
5 this transaction increases the risk of financial contagion, where local customers effectively
6 subsidize NextEra’s aggressive national expansion across multiple markets and may be
7 forced to absorb the stranded-asset risks of the artificial intelligence data center buildout.
8 NEER and many other unregulated competitors and supporting businesses hope to supply the
9 electricity generation and grid interconnections viewed as the bottleneck to the AI data center
10 industry’s growth.²

11 **Q: How do the historical operating models of Dominion Energy and NextEra Energy**
12 **differ, and why is this relevant to the Commission's evaluation of the acquisition?**

13 **A:** The entities possess fundamentally incompatible corporate operating models. Dominion
14 Energy operates primarily as a traditional, vertically integrated, regulated monopoly. Its
15 capital deployments are localized and demand-driven—meaning it builds infrastructure in
16 direct response to the specific power needs of customers in its service territories, earning a
17 regulated Return on Equity (“ROE”) on those assets. NextEra Energy operates a bifurcated
18 structure. While it owns a regulated utility in Florida (Florida Power and Light, or FPL), by
19 far its primary growth engine is NextEra Energy Resources, an unregulated competitive
20 wholesale generation business. NEER acts as a risk-seeking merchant developer intent on
21 sustained growth nationwide, taking on speculative development, construction, and power
22 contract risks far outside the safety net of a captive ratepayer base. By acquiring Dominion,

² World Economic Forum, *If Electricity and Data Are the ‘New Oil,’ Is Grid Connectivity the Strategic Bottleneck in the AI Transformation?* (May 18, 2026), <https://www.weforum.org/stories/artificial-intelligence/electricity-data-grid-connectivity-strategic-bottleneck-ai-transformation/>.

1 NextEra would bring Virginia ratepayers into a corporate group targeting annual adjusted
2 earnings growth of more than 9%. That target could encourage the company to expand its
3 rate base and increase capital spending to support earnings growth, even when demand or
4 local utility needs do not justify that pace of investment. This would shift risk to regulated
5 businesses such as FPL and Dominion. These utilities typically plan investment around
6 growth or decline in their service areas. Under NextEra, however, their results would be tied
7 more closely to those of affiliated unregulated businesses, which take on greater risks to meet
8 growth and profitability targets.

9 **Q: Please quantify the non-regulated higher-risk business exposure of NEE via NEER**
10 **versus the regulated (FPL) portion of the business.**

11 A: In Table 1 on the following page, I have summarized several key business attributes showing
12 that NEER may be smaller than FPL, but still contributes a significant share of NextEra's
13 revenue. Since NEER operates and seeks growth in unregulated markets with substantially
14 different risk profiles and business volatility, the table also illustrates other characteristics
15 showing the ambitions and plans of NEER, the smaller business by revenue.

1
2

Table 1: Comparison of FPL and NEER³

Dimension / Financial Metric	Florida Power & Light (FPL) [Regulated Electric Utility]	NextEra Energy Resources (NEER) [Unregulated Merchant Energy Company]
2025 Annual Operating Revenue (% of total with \$390 Million (0.04%) in “Corporate and Other” representing 0.4%)	~\$18.3B (66.6%)	~\$8.8B (32.0%)
Capital Spending (2025 actual (% of total with \$2 Million (0.3%) in Corporate and Other)⁴	~\$8.9B (36.3%)	~\$15.7B (63.4%)
Primary Market Scope	Florida Retail Territory (~77,000 sq. mi.)	Nationwide (All U.S. ISOs/RTOs & Canada)
Primary Customer Growth Source	Florida Population Growth (~1%–2%/year)	Corporate PPAs, AI Data Centers, Wholesale Energy
Development Pipeline & Backlog (Large Load	Local Florida IRP (~9 GW large load interest in advanced	~29.8 GW Signed Backlog; ~76.6-107.6 GW Total

³ Unless otherwise noted, data in Table 1 are from NextEra Energy, Inc., *Fourth Quarter and Full Year 2025 Earnings Presentation* (Jan. 27, 2026), and NextEra Energy, Inc., *Q4 2025 Financial Statements* (Jan. 27, 2026), available at <https://www.investor.nexteraenergy.com/reports-and-filings/quarterly-financial-results/2025>.

⁴ NextEra Energy, Inc., Annual Report (Form 10-K) at 45 (fiscal year ended Dec. 31, 2025), <https://www.sec.gov/Archives/edgar/data/753308/000075330826000015/nee-20251231.htm> (“NEE 2025 Form 10-K”).

Dimension / Financial Metric	Florida Power & Light (FPL) [Regulated Electric Utility]	NextEra Energy Resources (NEER) [Unregulated Merchant Energy Company]
focused) ⁵	discussions)	Pipeline
Annual Capacity Additions Pace ⁶	~1.5 – 2.5 GW / year (Florida solar & storage)	~13.5 – 15.0+ GW / year (Nationwide buildout)
Profit & Return Model	FPSC Approved Regulated ROE (~10.95% Authorized Cap)	Uncapped Contracted Wholesale Returns & Tax Equities
Strategic Role for NEE	Cash Flow Floor & Credit Supporting (~70% CFO)	EPS Growth Accelerator & Volume/Scale Financial Engine

As shown, while the revenue from FPL is more than twice the size of NEER, the capital expenditure amount spent by FPL is only 57% of NEER. Put simply, NEER plays the role of the tail wagging the dog, spending a disproportionately larger amount in capital expenditures than the larger FPL. This signals a company making large bets on future growth rather than running a stable, predictable business. The capital spending difference illustrates the how NEER and similar competitive firms act in unregulated markets: they seek a growing share of

⁵ NextEra Energy, Inc., *Fourth Quarter and Full Year 2025 Earnings Conference Call Presentation* at 5, 13 (Jan. 27, 2026), <https://www.investor.nexteraenergy.com/~media/Files/N/NEE-IR/reports-and-fillings/quarterly-earnings/2025/Q4%202025/4Q%202025%20Slides%20vF.pdf> (“NEE Q4 2024 Earnings Presentation”).

⁶ *Id.* at 13.

1 a larger addressable market and serve contemporary large-load growth trends marked by a
2 deep concentration of a small number of very large customers (i.e., hyperscale data centers).
3 When a business depends on a few very large customers, losing or scaling back even one of
4 them can significantly affect the financial fortunes of its vendors. The Commission should
5 understand that these facts point to higher business volatility and a heightened risk profile,
6 reflecting NEER's ambitions as a competitive, unregulated entity—a risk may affect the
7 credit quality of VEPCO if the acquisition were to occur. A weaker credit rating would raise
8 VEPCO's borrowing costs, which could ultimately be passed on to Virginia customers.

9 **II. Financial Contagion Risk from the Dilution of Credit Quality**

10 **Q: Why is credit quality an important topic when discussing this acquisition?**

11 **A:** Credit quality affects the cost of providing service to customers. If the credit quality is
12 deemed risky, investors will only provide the funding for ongoing operations and future
13 capital expenditures at a higher interest rate. In a regulated utility, these costs are passed on to
14 customers, and the level of risk is scrutinized and approved by the Commission. Unregulated
15 businesses behave entirely differently and conduct business in a higher risk manner in
16 response to competitors instead of a regulatory agency. This acquisition proposes creating a
17 combined company that blends the significant business risk of NEER's unregulated activities
18 with the largely low business regulatory risks of VEPCO. Even basic functions such as
19 borrowing money from lenders can differ greatly between regulated and unregulated firms.

20 **Q: Please explain how the unregulated business of NextEra raises debt for capital and**
21 **operating needs in a manner that introduces risk to the acquired entity?**

22 **A:** Regulated utilities often fund capital and operating requirements at the operating-company
23 level using very low-cost, asset-backed first mortgage bonds ("FMB") which allow creditors
24 to access the cash flows of a single ownership entity operating as a legal monopoly without

1 competition. However, because NextEra’s unregulated arm operates in competitive markets
2 with entirely different legal structures for different entities, FMB financing is not an option,
3 which illustrates a regulatory financing cost and risk advantage that is not available to
4 NEER.⁷

5 To address this, NextEra issues most of its debt at the parent holding company level
6 to fund NEER's capital and operating cost obligations. Historically, NEE’s holding company
7 debt has compromised 44% to 47% of its total consolidated debt. This holding company-level
8 debt is reflected in the consolidated credit metrics analyzed regularly by credit rating
9 agencies. Credit rating agencies set thresholds for how much predictable cash flow from
10 regular business is deemed sufficient to service the company’s debt obligations. The
11 unregulated markets have greater business volatility and large elements of uncertainty (such
12 as the unpredictable actions of competitors), which generate greater financial volatility than
13 is seen in regulated markets. Currently, NEE’s Cash Flow from Operations (“CFO”)-to-Debt
14 ratio has been calculated to be in the 14% to 15% range—leaving minimal headroom above
15 downgrade thresholds set by the major rating agencies.⁸

16 NextEra’s CFO-to-Debt ratio is placed on a continuum by the various rating agencies.
17 If the financial ratios cross certain thresholds a change in rating grade may occur. The higher
18 business variability for NEER as an unregulated business could trigger changes more rapidly
19 than a relatively stable regulated utility. Given the growing amount of debt and the rising
20 interest rate environment of recent years, the odds of a credit rating downgrade would likely
21 be higher for the combined companies because of the unregulated business volatility.

⁷ S&P Global Ratings, *Collateral Coverage and Issue Notching Rules for ‘I+’ and ‘I’ Recovery Ratings on Senior Bonds Secured by Utility Real Property* (Feb. 14, 2013), <https://www.spglobal.com/ratings/en/regulatory/article/-/view/type/HTML/id/3244774>.

⁸ NEE Q4 2025 Earnings Presentation at 20.

1 This matters directly to VEPCO and its customers. If the acquisition occurs, VEPCO
2 would become part of NextEra’s consolidated structure, and rating agencies would weigh
3 NextEra’s overall financial condition, including NEER’s risk and the holding company’s
4 debt, when rating VEPCO. A downgrade at the parent level could therefore lower VEPCO’s
5 credit rating, raising the interest rates VEPCO pays on the debt it uses to build and maintain
6 Virginia’s electric system, and those higher financing costs would ultimately be recovered
7 through the rates Virginia customers pay.

8 **Q: How does NextEra currently manage the financial volatility of its unregulated arm, and**
9 **how would Dominion and VEPCO fit into that strategy post-acquisition?**

10 **A:** Presently, NextEra relies heavily on its regulated Florida utility, FPL, to act as a consolidated
11 financial shock-absorber by utilizing FPL’s multi-year base revenue rates, providing an
12 insulated floor of operating cash flow. An example of where this “shock-absorber” role may
13 be useful for a holding company occurred for NEE/NEER in the fourth quarter of 2024.
14 NEER experienced a GAAP net loss of \$(852) million due largely to impairments in the
15 value of an equity position in a closely held and related company called XPLR.⁹ The decline
16 in the market equity value of XPLR required NEER to recognize the asset as impaired and
17 take a charge against after-tax earnings when rising interest rates caused the expected cash
18 flow from multi-year contracts to decline, leading to a lower equity value for the entity.
19 FPL’s steady regulated earnings plus the use of dual accounting interpretations may make
20 this loss harder to find in some public disclosures, as NEE and NEER utilize consolidated
21 earnings and other financial information on an “Adjusted Reporting” basis without always
22 identifying the impaired assets outside of accounting footnotes. Because FPL generates
23 roughly 70% of NEE’s consolidated operating cash flow, FPL’s strong standalone CFO-to-

⁹ NEE 2025 Form 10-K at 40.

1 Debt ratio (~30%) can support NEER’s heavy debt load: FPL owes \$28.0 billion in long-term
2 debt, while NEE/NEER owe \$61.5 billion in long-term debt.¹⁰ As such, FPL’s reliable cash
3 flow supports a parent company and unregulated business carrying more than twice FPL’s
4 debt. Creditors do not have the chance to earn “upside” returns like equity investors.
5 Accordingly, investors buying bonds place a very high premium on the stability of cash flow
6 and business operations to ensure the interest on debt can be serviced. If the acquisition is
7 approved, Dominion Energy Virginia’s highly predictable cash flows will be integrated into
8 this parent-level holding company structure, acting as an additional financial backstop to
9 subsidize the NEE parent company’s national capital programs conducted by the NEER
10 unregulated business in many markets outside the Commission’s jurisdiction or control.
11 Virginia ratepayers face the risk that the revenue they pay could be used to cushion losses
12 and support debt from unregulated businesses that the Commission does not oversee and
13 from which it cannot protect Virginia customers. VEPCO would take on the same shock-
14 absorber role FPL plays today.

15 FPL’s ability to play this role is reinforced by the extremely high return its Florida
16 customers are required to pay. In FPL’s most recent rate case, the company requested an
17 11.90% ROE, and in November 2025 the Florida Public Service Commission approved a
18 settlement setting FPL’s ROE at 10.95%, with a range of 9.95% to 11.95% over four years
19 starting January 1, 2027. Consumer advocates, including the Florida Office of Public
20 Counsel, opposed that result as excessive, noting that FPL’s request exceeded any ROE
21 approved for a U.S. utility and continued a pattern of FPL seeking record-setting increases in

¹⁰ Press Release, NextEra Energy, Inc., *NextEra Energy Reports Fourth-Quarter and Full-Year 2025 Financial Results* at 9 (Jan. 27, 2026), <https://www.investor.nexteraenergy.com/~media/Files/N/NEE-IR/reports-and-fillings/quarterly-earnings/2025/Q4%202025/2026-0127%20NEEQ42025News%20Release%20vF.pdf>.

1 each successive rate case.¹¹

2 **Q: How does the acquisition impact the risks associated with the artificial intelligence data**
3 **center buildout in Virginia?**

4 **A:** The strategic justification for this acquisition relies heavily on data-center load growth from
5 Virginia data centers described by NEE as the “#1 global market for data center capacity”.¹²
6 NEE notes that modern data-centers are 25 times the size of traditional energy projects and
7 require 30 times the capital.¹³ As regulated utilities earn profits as a return on deployed
8 capital, NextEra is financially incentivized to maximize transmission and generation
9 buildouts in any data-center heavy market and Virginia has been identified as a top market
10 for large-load growth. This makes VEPCO a contributor to support NEE’s goal of a 9%+
11 annual EPS growth for the combined entity over the next 10 years (2025-2035).¹⁴

12 **Q: How significant is VEPCO as a contributor to the AI data center growth focus of NEE?**

13 **A:** Directionally, there is strong alignment, but in terms of dollars invested, VEPCO’s
14 contribution is relatively small. Approximately 70% of the combined companies’ planned
15 expenditures for the next 10 years will come from NEER.¹⁵ The VEPCO large-load profile is
16 consistent with NEER’s primary engine of growth, but clearly much smaller in absolute
17 terms. However, as a combined entity under a single holding company, this acquisition
18 creates profound concentration and stranded-asset risk potential if the funding and growth
19 rates do not materialize. Some plausible scenarios include an AI software monetization

¹¹ Fla. Pub. Serv. Comm’n, News Release on Approval of Florida Power & Light Co. Rate Case Settlement, Docket No. 20250011-EI (Nov. 20, 2025), <https://www.floridapsc.com/news-links/12299>.

¹² Merger Presentation at 14.

¹³ *Id.* at 19.

¹⁴ *Id.* at 11.

¹⁵ *Id.* at 24.

1 slowdown, semiconductor or GPU chip efficiency improvements lowering power
2 requirements, software improvements which lower processing power requirements, data-
3 center companies pivoting to self-generation, and funding issues with parties intending to
4 build data-center related infrastructure. Unregulated parties that invest in long-lived
5 infrastructure in advance of known demand run a higher risk of holding overbuild, stranded
6 assets than a regulated utility does.

7 **Q: Would data center market growth issues also affect VEPCO?**

8 **A:** The effects would be different between a regulated entity and an unregulated one. The fixed
9 capital costs of any stranded assets would likely be socialized across residential and
10 commercial ratepayers who are able to provide the cash flow to sustain any stranded assets in
11 a regulated environment. Such a mechanism does not exist for the unregulated and larger
12 business of NEER. Losses on NEER's unregulated data center investments would fall on the
13 consolidated NextEra. As discussed above, NextEra's credit metrics already leave minimal
14 headroom above downgrade thresholds should AI data center-driven trends slow or reverse.
15 Significant losses at NEER could trigger a downgrade at the parent level that would raise
16 VEPCO's borrowing costs, and those higher financing costs would ultimately be recovered
17 from Virginia customers. In other words, Virginia ratepayers could face higher costs both
18 from overbuilding within VEPCO as well as from losses at an unregulated affiliate the
19 Commission does not oversee. The Commission should recognize that the acquisition would
20 concentrate risk in the same industry trend while leaving fewer options and remedies to
21 ensure the financial stability of VEPCO, which would have high exposure to the business
22 outcomes of an unregulated NEER.

23 **Q: If data center demand weakens, one could see a problem of stranded assets, but what if**
24 **the growth trends continue?**

25 **A:** The growth in data centers is driven by raising large amounts of capital at this point in the

1 industry's life cycle, as the AI software companies do not earn profits. Investors lending to
2 and buying equity in companies across the AI industry hope that the primary participants will
3 eventually make money.

4 I believe the Commission should recall one of the last great technology innovation
5 cycles, the Internet, as instructive about the inherent volatility of growth companies in the
6 unregulated market. In the late 1990s, technology companies participating in the
7 development of the Internet attracted capital despite most companies being unprofitable.
8 Venture capital, low interest rates, and a cultural obsession with the productivity and
9 creativity offered by the internet created a new and large portion of the total economy.¹⁶
10 When the Federal Reserve began to raise interest rates in 1999 to combat rising inflation and
11 an economic slowdown in Japan, the bubble burst and stock values dropped significantly.
12 The tech-focused NASDAQ Composite index declined approximately 78% from its highs,
13 and it took 15 years to recover to that price level. In the dot-com era, the Internet's equivalent
14 of the data center buildout was fiber optic cable and networking interconnections.
15 Networking industry trade group ISE reported that 95% of the fiber optic cable installed was
16 unused in 2000.¹⁷ The fiber optic buildout cost hundreds of billions of dollars during the dot-
17 com era (roughly double that figure in 2026 dollars) and only 15% of the fiber deployed was
18 utilized 5 years after the bubble burst with full utilization taking about 15 years to achieve.¹⁸
19 Everyone knows the Internet turned out to be a great long-term technology, but the journey
20 over decades left stranded assets for many consecutive years. The history of technology

¹⁶ John Cassidy, *Dot.con: How America Lost Its Mind and Money in the Internet Era* (2002).

¹⁷ *The Perils of Irrational Exuberance*, ISE Mag. (July 24, 2025), <https://www.isemag.com/professional-development-leadership/article/55293922/the-perils-of-irrational-exuberancethe-25th-anniversary-of-the-dot-com-boom>.

¹⁸ *Dark Fiber—An Archaeology of the Dot-Com Bubble*, Techno-Statecraft (Aug. 28, 2025), <https://www.technostatecraft.com/p/dark-fiberan-archaeology-of-the-dot>.

1 disruption and adoption opens DOM and VEPCO to these normal business cycle risks of
2 stranded asset impacts if the acquisition by NEE takes place, because NEER is building in
3 anticipation of future demand, while regulated utilities largely do the opposite and respond to
4 present demand.

5 **Q: The dot-com bubble was such a large part of the finance industry and economy. Is the**
6 **AI data center trend comparable?**

7 A: The AI buildout is larger when measured in overall economic terms. The economy was far
8 more diverse in the late 1990s, so the technology company failures represented a much
9 smaller portion of the economy. Today, the AI industry represents about 40% of the entire
10 US economy's growth.¹⁹ AI received 61% of all venture funding worldwide in 2025.²⁰
11 Vanguard estimates the AI industry will borrow \$300 to \$570 billion from the bond market in
12 2026.²¹ The Commission should recognize that the size and business volatility of the AI
13 industry will likely impact regulated firms very differently than unregulated firms.

14 **Q: Could an AI industry change in spending create a similar situation to XPLR?**

15 A: Yes. While the write-down of NEER's equity holding in XPLR (written down multiple times
16 over a period of several years) was driven mostly by a rising interest rate environment, XPLR
17 was also exposed to business risks from construction delays. NEER's unregulated businesses
18 and relationships, like XPLR, invest large amounts of capital upfront and depend on

¹⁹ Fed. Reserve Bank of St. Louis, *Tracking AI's Contribution to GDP Growth* (Jan. 12, 2026),
<https://www.stlouisfed.org/on-the-economy/2026/jan/tracking-ai-contribution-gdp-growth>.

²⁰ Org. for Econ. Coop. & Dev., *AI Firms Capture 61% of Global Venture Capital in 2025* (Feb. 17, 2026),
<https://www.oecd.org/en/about/news/announcements/2026/02/ai-firms-capture-61-percent-of-global-venture-capital-in-2025.html>.

²¹ Vanguard, *The AI Buildout Comes to the Bond Market* (Aug. 19, 2026),
<https://corporate.vanguard.com/content/corporatesite/us/en/corp/vemo/ai-buildout-comes-to-bond-market.html#:~:text=Finally%E2%80%94largely%20outside%20the%20index%E2%80%94a%20substantial%20share%20of,distribution%20of%20risk%20is%20harder%20to%20observe>.

1 customers paying under long-term contracts to earn that money back. If a customer delays,
2 defers or reduces those payments, the investor’s expected returns fall, and so does the value
3 of its assets. NEER is increasingly positioned in exactly this role in the AI data-center
4 buildout. As an unregulated developer, NEER builds generation and related infrastructure for
5 large technology customers and relies on contracts with those customers, rather than
6 regulated rates, to recover its investment. If the AI industry slows spending, delays projects
7 or shifts its plans, NEER bears that risk directly.

8 A recent example shows how quickly this risk can move from the customer to the
9 developer. In September 2026, Oracle Corporation’s \$165 billion flagship data center in New
10 Mexico, Project Jupiter, experienced this type of major delay. Oracle issued a force majeure
11 contractual notice to avoid paying Blue Owl’s Stack Infrastructure (the developer) fixed lease
12 payments in the event construction modifications resulted in delays beyond the original
13 contracted completion date.²²

14 Oracle’s use of debt and private credit created a high level of risk in the event of a
15 delay. By invoking the force majeure clause, Oracle may have protected its shareholders
16 from a financial issue, but the financial stress on the developer has increased significantly.
17 The Commission should recognize that NEER would occupy the same position as the
18 developer (Blue Owl/Stack Infrastructure) in this AI data center buildout scenario. Indeed,
19 NEER has initiated business actions that place it squarely in the role of the developer,
20 working directly with AI data center customers to form “Data Center Hubs” where customers
21 may access the critical large load electrical power density required by AI data centers. NEE
22 states: “Duane Arnold is one example of data center hubs we are developing across the

²² *Oracle (ORCL) Invokes Force Majeure on Project Jupiter While Reaffirming Commitment*, Yahoo! Fin. (Sept. 28, 2026), <https://finance.yahoo.com/technology/ai/articles/oracle-orcl-invokes-force-majeure-160910609.html>.

1 country. When you put it all together our opportunity set is not contained to a single utility
2 service territory. NextEra Energy has a national footprint. We serve America and have
3 relationships with all types of customers including cooperatives, municipalities and utilities
4 of all sizes looking to attract data center load to their service territories.”²³

5 **Q: Please explain how Duane Arnold is an example of a data center hub.**

6 **A:** Duane Arnold was originally a 1,900 megawatt nuclear power station in Iowa built in
7 1975 and acquired by FPL in 2006.²⁴ Duane Arnold shut down after its Purchase Power
8 Agreement (PPA) was terminated early because competing new generation technologies
9 (wind power also from NEER) offered electricity at lower prices.²⁵ The Duane Arnold
10 Energy Center is being recommissioned as a 615 megawatt power generation as part of a data
11 center hub solution offered by NEER, with a 25-year PPA with Google.²⁶ For an unregulated
12 company, creating a data center hub is a normal business initiative to seek business, even
13 though the customer may terminate the relationship earlier than contracted. It is not, however,
14 the typical structure or risk profile that a regulated utility develop. There is a risk that Google
15 could terminate the 25-year contract early and place Duane Arnold under pressure once
16 again.

²³ NextEra Energy, Inc., *Third Quarter 2025 Earnings Conference Call Transcript* 11 (Oct. 28, 2025), https://www.investor.nexteraenergy.com/~media/Files/N/NEE-IR/reports-and-fillings/quarterly-earnings/2025/Q3%202025/Final_Q3%202025%20Script%20vF.pdf.

²⁴ Press Release, NextEra Energy, Inc., *FPL Energy Completes Purchase of Majority Interest in Duane Arnold Energy Center* (Jan. 27, 2006), <https://newsroom.nexteraenergy.com/FPL-Energy-completes-purchase-of-majority-interest-in-Duane-Arnold-Energy-Center?l=12>.

²⁵ Press Release, NextEra Energy, Inc., *NextEra Energy Resources and Alliant Energy Agree to Shorten the Term of the Duane Arnold Energy Center Power Purchase Agreement; Alliant Energy Customers to Save Hundreds of Millions of Dollars* (July 27, 2018), <https://www.investor.nexteraenergy.com/news-and-events/news-releases/2018/07-27-2018-142846845#:~:text=NextEra%20Energy%20Resources%20and%20Alliant%20Energy%20agree,millions%20of%20dollars%20%E2%80%93%20NextEra%20Energy%2C%20Inc.>

²⁶ Press Release, NextEra Energy, Inc., *NextEra Energy and Google Announce New Collaboration to Accelerate Nuclear Energy Deployment in the U.S.* (Oct. 27, 2025), <https://www.investor.nexteraenergy.com/news-and-events/news-releases/2025/10-27-2025-203948689>.

1 This data center hub highlights the ongoing goal of NEE/NEER to address the AI
2 data center growth trend. If there were a slowdown or reversal of the AI data center growth
3 trend, financial risks and the cost of servicing debt and borrowing could be adversely
4 impacted. In a September 2026 presentation to shareholders and investors, NEE identified
5 this specific risk: “The risks and uncertainties relating to each of NextEra Energy’s and
6 FPL’s businesses and financial condition include, but are not limited to...planned
7 productivity increases and competitive advantages through the use of artificial intelligence
8 technologies may not be realized and the use of and reliance on artificial intelligence may
9 present certain risks.”²⁷ A regulated utility such as VEPCO would most likely not be placed
10 in a situation where such a potential delay could harm the company’s value in the same
11 manner. In contrast, under a combined NEE/DOM, an XPLR-like loss at NEER caused by a
12 pullback in AI spending could weaken NextEra’s credit, raise VEPCO’s borrowing costs and,
13 ultimately, increase the rates Virginia customers pay.

14 **Q: Would the credit rating agencies warn of such potential credit issues?**

15 **A:** Not necessarily. Credit rating agencies seem to function well in stable conditions, but have a
16 history of being late in spotting changes in new or dynamic conditions. Credit rating agencies
17 may place warnings or “credit watch” labels but tend to adjust ratings only after the fact. For
18 example, KKR & Co. has a private credit fund called FS KKR Capital Corp., which
19 experienced a surprise \$560 million loss in the first quarter of 2026. While problems with
20 “non-accruals” (borrowers’ failure to pay according to terms) were reported in the prior
21 quarter, it took the first quarter surprise for the rating agencies to finally downgrade the
22 fund’s credit ratings to “junk” status. The Financial Stability Board issued a report

²⁷ NextEra Energy, Inc., *Investor Presentation* (Sept. 8, 2026),
https://www.investor.nexteraenergy.com/~/_media/Files/N/NEE-IR/news-and-events/events-and-presentations/2026/September%20Investor%20Presentation_%20vF.pdf.

1 highlighting new global risks arising from the rise of private credit, pointing out how
2 contemporary arrangements involving credit rating agencies, commercial banks, and
3 insurance companies create greater credit market risk due to many of the unique features
4 found in private credit.²⁸

5 The history is clear: credit ratings are opinions about a company's ability to repay
6 debt obligations not a real-time alarm system of any kind. Before private credit's hyper-
7 growth and subsequent problems, the housing mortgage market followed a similar pattern. In
8 fact, a Congressional report on the "Great Financial Crisis" noted that Moody's ultimately
9 downgraded 83% of the mortgage backed security tranches it had rated "Aaa" in 2006. By
10 the end of 2008, 91% of all collateralized mortgage securities were downgraded after it was
11 too late for most investors to avoid heavy or total financial loss.²⁹ The numerous instances in
12 which credit rating agencies played the role of the watchdog that never barks are covered in
13 several bestselling books by Janet Tavakoli.³⁰ The Commission should know that the track
14 record of credit rating agencies' ability or willingness to warn about financial stress before it
15 happens is poor.

16 **Q: What would VEPCO and the Commission need to pay attention to with regard to**
17 **changes in the credit markets?**

18 **A:** The Commission and VEPCO understand that the need to access capital remains high to meet
19 growth in Virginia. Lending by private credit firms such as Blue Owl grew to \$2 trillion in

²⁸ Fin. Stability Bd., *Report on Vulnerabilities in Private Credit* (May 6, 2026),
<https://www.fsb.org/uploads/P060526.pdf>.

²⁹ Fin. Crisis Inquiry Comm'n, *The Financial Crisis Inquiry Report* (Feb. 25, 2011),
<https://www.govinfo.gov/content/pkg/GPO-FCIC/pdf/GPO-FCIC.pdf>.

³⁰ Tavakoli Structured Fin., *Credit Rating Agencies: How Moody's, S&P and Fitch Failed*,
<https://www.tavakolistructuredfinance.com/credit-rating-agencies/> (last visited Oct. 12, 2026).

1 2024 and is expected to exceed \$5 trillion in 2029.³¹ Private credit lenders compete against
2 traditional commercial banks and the corporate bond market for the business of companies
3 seeking funds. Unlike traditional lenders, private credit lenders have unique features not
4 found in the banking or debt markets in the following areas:

- 5 1. Bank regulations: Maintaining capital and balance sheet ratios is not required.
- 6 2. Transparency: Disclosures about portfolio companies, lending terms, and portfolio
7 company performance are not typically provided
- 8 3. Mark to Model instead of Mark to Market: The value of portfolio companies is
9 derived from models (often copied and shared between multiple lenders to a single
10 company) making the true market value unknown.
- 11 4. Payment in Kind (PIK): Instead of cash, debt may be repaid “in-kind” with equity or
12 other non-cash items such as an IOU where missed interest payments are added to the
13 existing loan and re-capitalized.
- 14 5. Perpetual Modifications: The “Extend and Pretend” practice for restructuring the
15 entire loan is a normal feature when borrowers are unable to repay loan principal.
- 16 6. Combination of risks: The “Unitranche Debt” structure creates a simple combined
17 risk pool designed to be “Cov-Lite”. This means lenders absorb equal risk regardless
18 of first, second, or other lien position, and the borrower gains access to funding at
19 greater speed without the typically restrictive traditional lending covenants.
- 20 7. Use of private credit rating agencies: Some corporate borrowers have characteristics
21 such as small size, limited operating history, or few identifiable peers. Asset

³¹ Bd. of Governors of the Fed. Reserve Sys., *Bank Lending to Private Credit: Size, Characteristics, and Financial Stability Implications*, FEDS Notes (May 23, 2025), <https://www.federalreserve.gov/econres/notes/feds-notes/bank-lending-to-private-credit-size-characteristics-and-financial-stability-implications-20250523.html>; see also Morgan Stanley, *Understanding Private Credit’s Rapid Growth* (Oct. 3, 2025), <https://www.morganstanley.com/ideas/private-credit-outlook-considerations>.

1 managers, fund managers, and insurers in need of a credit rating have no alternative
2 but to use a private credit rating agency to create credit reports that typically contain
3 less data and analysis than those produced by traditional credit rating agencies.

4 These differences are significant and account for many of the reasons the market has moved
5 toward private credit lending. Despite their popularity and growth, private credit funds have
6 shown stress beginning in 2026. One of the major credit rating agencies, Fitch Ratings, tracks
7 defaults in private credit and reported an all-time-high default rate in April 2026.³² The
8 Commission and VEPCO should realize that an unregulated entity would be highly attracted
9 to this new form of lending and would join a pool of borrowers that may have very different
10 risk characteristics from those in traditional lending markets.

11 **Q: Does NEER use private credit as a source of capital?**

12 **A:** Yes. Unlike FPL, NEER's unregulated business model makes private credit an attractive
13 method for obtaining financing. I have summarized some of the private credit relationships in
14 Table 2 on the following page.

³² Fitch Ratings, *Private Credit Default Rate Hits a High of 6.0% in April 2026* (May 18, 2026),
<https://www.fitchratings.com/research/corporate-finance/fitch-ratings-us-private-credit-default-rate-hits-high-of-6-0-in-april-2026-18-05-2026>.

Table 2: Private Credit Relationships

Private Credit Entity (Lender to NEER)	Transaction Size	Linkage Type / Structure	Nature of Exposure / Transaction Details
KKR & Co. Inc.	~\$1.75 Billion ³³	Convertible Equity Portfolio Financings (CEPFs) (2019 & 2020)	Two structured equity/credit tranches co-invested directly alongside NEER and XPLR into large portfolios of operational wind and solar assets. KKR provided upfront, low-coupon structured capital in exchange for asset-level cash flows, with buyout options allowing XPLR/NEER to re-acquire full equity ownership in future years.
Apollo Global Management	~\$825 Million ³⁴	CEPF Agreement (2021)	Apollo's credit and infrastructure funds underwrote a major non-recourse structured portfolio financing. This funded XPLR's

³³ NextEra Energy Partners, LP, Current Report (XPLR Form 8-K) at 2 (Mar. 4, 2019), https://otp.tools.investis.com/clients/us/xplr_infrastructure_lp/SEC/sec-show.aspx?FilingId=13284937&Cik=0001603145&Type=PDF&hasPdf=1; NextEra Energy Partners, LP, Current Report (XPLR Form 8-K) at 2 (Nov. 2, 2020), https://otp.tools.investis.com/clients/us/xplr_infrastructure_lp/SEC/sec-show.aspx?Type=html&FilingId=14485705&CIK=0001603145&Index=10000

³⁴ Press Release, NextEra Energy, Inc., *NextEra Energy Partners, LP Announces Agreement to Acquire a 50% Interest in an Approximately 2,520-Megawatt Portfolio of Long-Term Contracted Renewables Projects and Enters into New Convertible Equity Portfolio Financing* (Oct. 22, 2021), <https://www.investor.nexteraenergy.com/news-and-events/news-releases/2021/10-22-2021-130209598>.

Private Credit Entity (Lender to NEER)	Transaction Size	Linkage Type / Structure	Nature of Exposure / Transaction Details
			acquisition of a 50% interest in a 2,520-MW renewables and storage portfolio originated by NEER.
Ontario Teachers' Pension Plan (OTPP)	~\$805 Million ³⁵	CEPF Agreement (2022)	OTPP provided structured private credit/equity capital to back portfolio dropdowns from NEER. This extended low-cash-cost financing to the enterprise while insulating parent balance-sheet debt.
BlackRock & Institutional Tax Equity	Multi-Billion (Multiple Annual Syndications) ³⁶	Tax Equity & Project Debt	Partnership-flip structures and tax-credit transferability arrangements underwriting NEER's 30+ GW renewable and storage fleet.

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3 **Q: Have there been any events which would illustrate private credit risk?**

4 **A:** Yes. The stability of private credit does not appear to be as predictable as that of the

³⁵ Press Release, NextEra Energy Partners, LP, *NextEra Energy Partners, LP Announces Agreement to Acquire an Approximately 1,080-Megawatt Net Interest in a Portfolio of Long-Term Contracted Renewables Projects and Enters into New Convertible Equity Portfolio Financing* (Nov. 18, 2022), <https://www.investor.xplrinfrastructure.com/news-and-events/news-releases/2022/11-18-2022-133103607>.

³⁶ Press Release, NextEra Energy Partners, LP, *NextEra Energy Partners, LP Exercises Its Option to Buy Out the Remaining Equity Interest in Its 2018 Convertible Equity Portfolio Financing* (Nov. 18, 2021), <https://www.prnewswire.com/news-releases/nextera-energy-partners-lp-exercises-its-option-to-buy-out-the-remaining-equity-interest-in-its-2018-convertible-equity-portfolio-financing-301428651.html>.

1 traditional commercial banks used by DOM and VEPCO. The five largest private credit
2 lenders are Blackstone, KKR, Blue Owl, Ares, and BlackRock.³⁷ These top five firms
3 manage approximately 40% of all private credit funds.³⁸ As shown in the table above, KKR
4 was a party to the XPLR investment with NEER. In the first quarter of 2026, investors in
5 Blackstone’s flagship private credit fund began to request redemptions at a rate higher than
6 Blackstone allows.³⁹ The private credit market had suffered two large, surprising
7 bankruptcies of companies which were deemed solvent with modified loans but were
8 suddenly written down to zero causing a complete loss for creditors. These bankruptcies led
9 the CEO of the largest bank in America (JPMorgan Chase) to describe such events in private
10 credit as “cockroaches,” stating: “If you see one, there are probably more.”⁴⁰

11 The “cockroaches” continued to appear and by early 2026, redemption requests had
12 to be capped (a contractual limit investors agree to when they invest) by many leading private
13 credit funds, including some of the top five.⁴¹ Indeed, Blue Owl halted all redemptions for
14 two smaller retail funds in February 2026.⁴² If these redemption trends that started in 2026 do

³⁷ *Best Private Credit Funds in 2026: 20 Top Managers Ranked by AUM and Returns*, CT Acquisitions (June 2026), <https://ctacquisitions.com/private-credit-funds-list/>.

³⁸ *Id.*

³⁹ *Blackstone Restricts Flagship Fund Withdrawals as Private Asset Fears Reemerge*, CNBC (June 4, 2026), <https://www.cnbc.com/2026/06/04/blackstone-caps-withdrawals-private-credit.html>.

⁴⁰ *Jamie Dimon Warned of ‘Cockroaches’ in the Financial System. Fed Chair Powell Doesn’t See a ‘Broader’ Problem*, Yahoo! Fin. (Nov. 2, 2025), <https://finance.yahoo.com/news/jamie-dimon-warned-of-cockroaches-in-the-financial-system-fed-chair-powell-doesnt-see-a-broader-problem-140936956.html>; *see also Ares, Apollo, and KKR Add to the List of Private Credit Headlines Making Investors Nervous. Here’s a Timeline of Events That Have Spooked Markets*, Bus. Insider (Apr. 15, 2026), <https://www.businessinsider.com/blackstone-private-credit-warning-signs-financial-crisis-risks-2026-3>.

⁴¹ *Private Credit Funds Faced a \$20 Billion Redemption Rush. Here Are 3 Charts Showing How Much Investors Got*, Bus. Insider (Apr. 15, 2026), <https://www.businessinsider.com/private-credit-20-billion-redemption-data-blue-owl-blackstone-apollo-2026-4>.

⁴² *Blue Owl Halts Redemptions on Private Credit Retail Fund*, Bloomberg (Feb. 18, 2026), <https://www.bloomberg.com/news/articles/2026-02-18/blue-owl-loan-sale-raises-1-4-billion-for-investor-payouts>

1 not abate, private credit funds may no longer have the capital available to continue lending
2 programs. Alternatively, they may have to raise the cost of capital for borrowers to attract
3 investors, resulting in higher borrowing costs for entities such as NEER. A regulated utility
4 with traditional banking relationships and the ability to secure mortgages with collateral
5 through commercial banks and the bond market would not have to deal with business and
6 fund-flow issues, such as the operational challenges private credit funds face, that may affect
7 private credit borrowers. If the acquisition were to be completed, the Commission and
8 VEPCO should be aware that the NEER capital plans for the next several years will likely
9 include the private credit market.

10 The Commission should note that NEER/XPLR have relationships with many private
11 credit institutions such as BlackRock, KKR & Co., and Apollo Global, while FPL does not
12 have, and does not require, such relationships to obtain necessary financing for its capital
13 needs. The use of private credit introduces a risk to VEPCO that would not exist unless a
14 transaction joined VEPCO with an entity that utilizes this form of credit. Virginia Code § 56-
15 90 does not allow for such a combination, as such a transaction would make the risk of rate
16 increases from the use of private credit a new risk factor to which VEPCO customers would
17 be exposed.

18 **III. The Looming Debt Financing Challenge From Existing and New Issuances**

19 **Q: Have you quantified the debt servicing and capital expansion burden this acquisition**
20 **places on the consolidated entity?**

21 **A:** Yes. The combined company will need to raise a substantial amount of money over the next
22 several years—both to repay debt coming due and to fund planned construction. Any new
23 debt will likely carry today’s higher interest rates. I recommend that the Commission
24 consider not only the debt needed for planned capital spending, but also the existing debt that

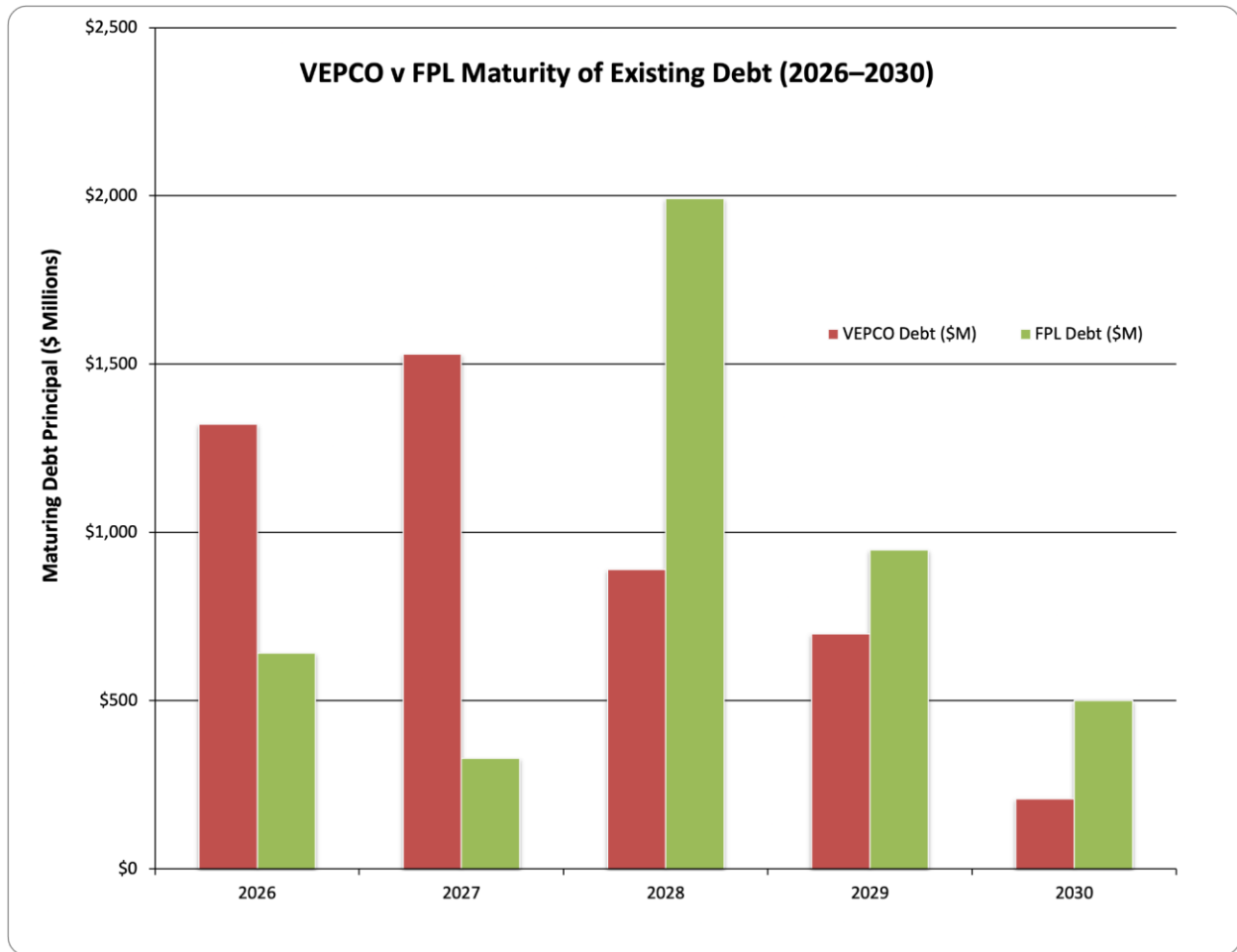
1 must be refinanced over the next five years and when it comes due. The timing of debt
2 maturities matters as much as the total amount. A company with debt coming due steadily
3 over time can refinance smaller amounts each year, spreading out the impact of changing
4 interest rates. By contrast, a company facing a “debt wall”—a large amount of debt due
5 within a short period—may have to refinance substantial sums all at once, at whatever rates
6 the market offers at that time.

7 There is a stark difference in the amount of existing debt maturing between VEPCO
8 and the NEE/NEER/FPL entities. VEPCO paid a weighted average yield of 4.53% on debt,
9 with securities maturing from 2025 to 2055 and totaling \$21.4 billion.⁴³ The NEE entities
10 have very different debt maturity characteristics with large “debt walls” coming due which
11 would need to be refinanced at current higher rates. Debt walls are simply periods in which
12 multiple debt instruments mature at around the same time, causing a very large amount of
13 debt to come due in a short period of time. As shown in Figure 1, comparing FPL alone with
14 VEPCO shows a 2028 debt wall for FPL that is much larger than any amount VEPCO would
15 face over the same time period.

⁴³ Dominion Energy, Inc., Combined Annual Report (Form 10-K) at 130 (Note 18) (Feb. 27, 2026),
https://s2.q4cdn.com/510812146/files/doc_downloads/2026/2025-Combined-Form-10-K-FINAL-FILED.pdf.

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Figure 1: VEPCO v. FPL Maturity of Existing Debt



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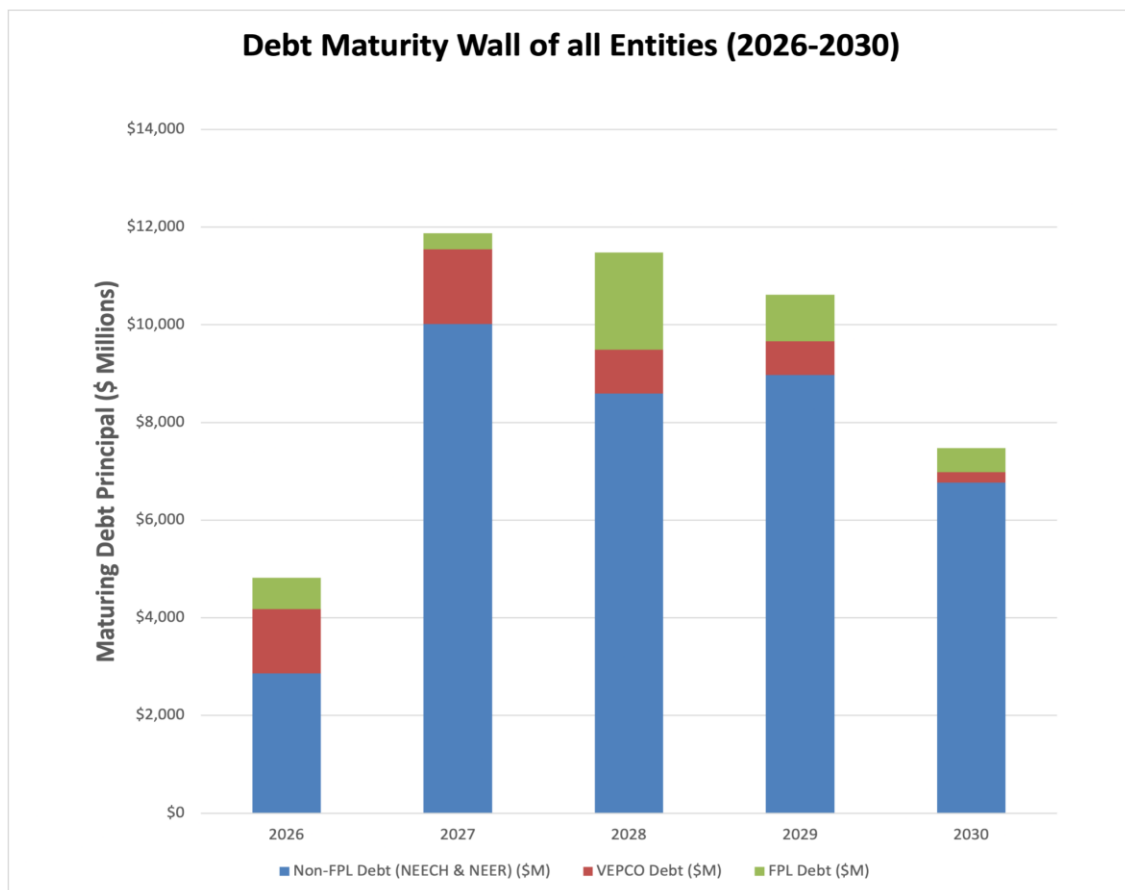
12

The consolidated entity must service more than \$26 billion in existing VEPCO debt while raising an estimated \$32.5 billion in incremental debt to support DOM’s planned \$65 billion, five-year capital expenditure program. The double whammy of financing a large capital plan with newly issued debt while simultaneously refinancing existing debt with additional newly issued debt in a rising interest rate environment represents a particularly risky outlook for VEPCO customers if made part of a holding company with NEER. The acquisition would permanently change the regulatory environment, process, and Commission influence. It would subject VEPCO customers to the dynamics of the unregulated business world, because NEER is unregulated and brings greater business volatility. NEER/NEE’s credit metrics

1 already leave minimal headroom above downgrade thresholds. Refinancing the NextEra
2 entities' debt walls at higher rates will increase interest costs across the consolidated
3 company and put further pressure on those metrics. If that pressure leads to a downgrade at
4 the parent level, VEPCO's own credit rating would likely be affected as well, raising the cost
5 of refinancing VEPCO's debt and funding its capital program. Those higher financing costs
6 would ultimately be recovered from Virginia customers.

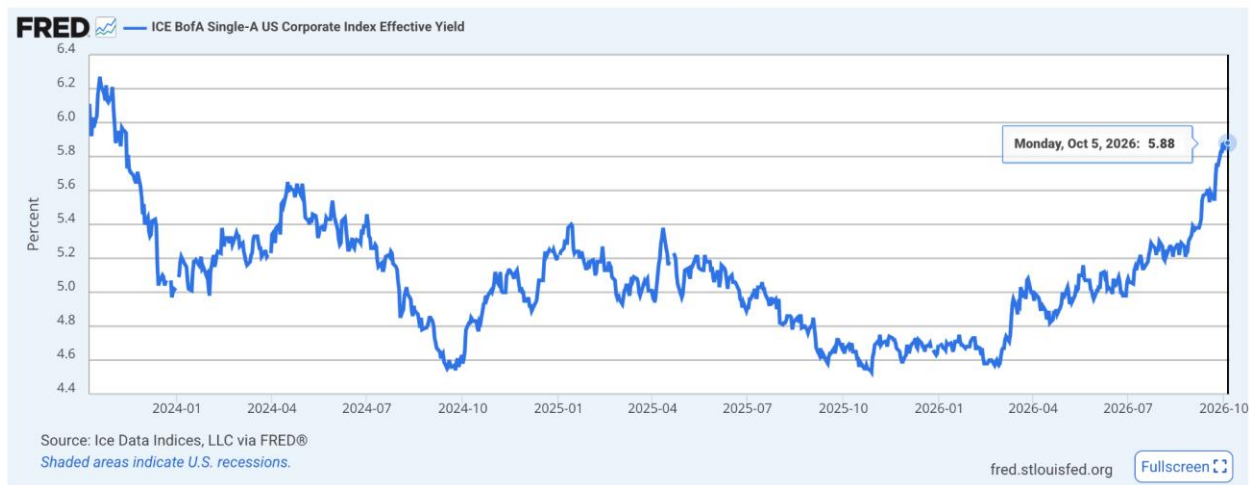
7 This dramatic contrast is even larger when the maturing debt of NEER and holding
8 company NEE is added to the equation. Figure 2 below shows how much existing debt is
9 attributable to the unregulated activities (with corporate holdings representing a small
10 percentage).

11 **Figure 2: Debt Maturity Wall of All Entities**



The blue bars represent the maturities for NEER/NEECH (NEE without FPL) compared to FPL and VEPCO. The fact that NEER is a smaller business (by revenue) with much higher debt maturities in the next 5 years shows how much influence the unregulated business will have on VEPCO's access to debt and its likely future credit ratings.⁴⁴ As of the end of 2025, the debt maturities for NEER/NEECH were eight times larger than VEPCO's, which would force VEPCO customers to be exposed to the outcomes of a far higher financing requirement from an unregulated business if the acquisition were to close.

This debt wall must be addressed during a time of rising interest rates. The current interest rates for single-A-rated corporate bonds is tracked by Bank of America and republished by the Federal Reserve Bank of St. Louis. The rate has grown from 4.69% on December 31, 2025 to 5.88% by October 5, 2026—an increase of 1.19 percentage points year to date.⁴⁵



⁴⁴ Exhibit AL-3, Debt Structure and Maturities Summary Worpaper.

⁴⁵ICE Data Indices, LLC, ICE BofA Single-A US Corporate Index Effective Yield, *retrieved from* FRED, Fed. Reserve Bank of St. Louis, <https://fred.stlouisfed.org/series/BAMLC0A3CAEY> (last visited Oct. 5, 2026).

1 Refinancing VEPCO’s debt alone in a rising-interest-rate environment would put
2 pressure on customers, whose payments help support the company’s current debt rating. The
3 Commission should also consider the risks of refinancing the combined entity’s debt over the
4 next five years. FPL would need to refinance more than four times as much debt as VEPCO,
5 while NEE/NEER would need to refinance 35 times as much. Overlaying a large capital
6 expenditure plan requiring additional debt financing at the same time for the combined
7 company creates a record level of debt funding for the electric utility industry.

8 The Joint Petitioners are willing to describe future scenarios of growth and access to
9 liquidity when industry trends are positive, but they are unwilling to discuss potential risks,
10 dismissing negative scenarios as “speculative” or “hypothetical” in discovery responses:

11 “Petitioners have not made, and will not make, commitments regarding hypothetical future
12 circumstances in which NextEra has insufficient capital to satisfy both the equity needs of
13 DEV and those of its non-utility businesses.”⁴⁶ NEE and DOM address the cost of debt with
14 this statement: “Joint Petitioners are not aware of any financial models, interest rate spread
15 analyses, or investment banking pitch books or scenarios prepared by financial advisors
16 evaluating post-merger debt pricing for Dominion Energy Virginia (“DEV”) as compared to
17 standalone DEV.”⁴⁷

18 I recommend that the Commission seek answers regarding how VEPCO’s equity and
19 debt challenges may be addressed in difficult or negative market conditions, in the same
20 manner the Joint Petitioners are willing to analyze the equity and debt outcomes in a
21 supportive or positive market. The financial questions identified are ones of “plausible risk.”
22 As Clean Virginia Witness Hempling states, “A projection is not ‘speculative’ if it is

⁴⁶ Joint Petitioners response to Clean Virginia 5-5, 1-116, 1-117 (all discovery responses are attached as Exhibit AL-2).

⁴⁷ Joint Petitioners response to Clean Virginia 5-9.

1 plausible.”⁴⁸ Understanding the changes in the risk of financing this debt in a combined entity
2 is especially important for VEPCO customers, who have benefited from a more stable and
3 predictable debt maturity schedule.

4 NEE’s acquisition of DOM would also permanently change the Commission’s ability
5 to monitor and influence the combined company’s financing conditions, refinancing risks,
6 and capital formation. Witness Hempling identifies the jurisdictional limits on what the
7 Commission is able oversee or control with regard to the actions of NEE.⁴⁹ The Commission
8 would continue to set VEPCO’s rates, but it would not control its parent company’s decisions
9 about how much to borrow, when to refinance, how to allocate capital among businesses, or
10 the amount of dividends received from subsidiaries.

11 Today, these decisions are made by a parent company composed predominantly of a
12 regulated utility, with operations largely centered on VEPCO. As a result, the parent’s
13 financing needs largely reflect VEPCO’s own. Under NextEra, those decisions would be
14 made by a parent whose capital plans are driven primarily by NEER’s unregulated business.
15 NEER faces substantial refinancing needs, relies on private credit, and operates in
16 competitive markets that this Commission does not oversee.

17 VEPCO customers would become subject to the existing NEE/NEER/FPL debt
18 structure if the acquisition were to close, fusing VEPCO with the size, dynamics, and risk
19 characteristics of the unregulated business plans of NEE/NEER. This matters because rating
20 agencies assess a utility subsidiary’s credit in part based on the strength of its parent. If
21 NEE’s financing needs weaken its credit, VEPCO’s credit rating, and therefore its borrowing
22 costs, would likely follow, regardless of how well VEPCO itself is managed. The
23 Commission would see the effect of those decisions only after the fact, when higher

⁴⁸ Direct Testimony of Scott Hempling on behalf of Clean Virginia at 96:16-17 (“Hempling Direct”).

⁴⁹ See Hempling Direct at 62, 148, 185-186, 224.

1 financing costs appear in VEPCO's rate requests, and by then its options to protect customers
2 would be limited to deciding how those costs are recovered rather than preventing them in
3 the first place.

4 **Q: What level of revenue growth is required for NextEra to maintain its credit rating**
5 **under this new debt load?**

6 **A:** Credit rating agencies look for certain financial results to confirm that a company is likely to
7 maintain a particular credit. According to S&P, NextEra must maintain a Funds From
8 Operations (FFO)-to-Debt ratio of at least 18% to avoid a potential credit rating downgrade.⁵⁰
9 This means for every \$1 billion in new debt issued, the enterprise must generate an additional
10 \$180 million in operating cash flow. To fund \$32.5 billion in new debt, NextEra must
11 generate an additional \$5.85 billion in incremental annual FFO to avoid the risk of a credit
12 rating downgrade. Given that NextEra currently operates with a 19.4% ratio, leaving a thin
13 1.4 percentage-point cushion, a cash flow miss of roughly \$1.5 billion to \$2.1 billion could
14 trigger a potential downgrade.

15 As a basic sensitivity analysis, I used the interest rate increases seen in 2026 as a
16 starting point to estimate how much incremental earnings and revenue would be required to
17 service debt relative to the 2025 rate.⁵¹ I found that at rates 3 percentage points higher
18 (market rates have already increased 1.19 percentage points since December 31, 2025), the
19 ratio falls to approximately 18.15%, essentially reaching the 18% threshold. If higher rates or
20 any other financial changes create a credit watch or downgrade based on a key ratio's
21 threshold approaching or being breached, the cost of debt would likely rise, hurting

⁵⁰ *NextEra Energy Has A- Credit Rating—The 18% Line Is What Keeps It There*, Benzinga (Apr. 15, 2026), <https://www.benzinga.com/Opinion/26/04/51835919/nextera-energy-has-a-credit-rating-the-18-line-is-what-keeps-it-there>.

⁵¹ The analysis is attachment to my testimony as Exhibit AL-4 .

1 VEPCO's customers.

2 **Q: When the acquisition was announced, most credit rating agencies reacted positively**
3 **with regard to DOM's credit rating. How do you respond?**

4 A: The rating agencies' initial reaction reflects one view of the transaction, but it does not
5 answer the question before the Commission. Credit ratings measure the risk that bondholders
6 will not be repaid, and the agencies' initial assessments necessarily rely on current forecasts,
7 including expectations for continued data-center load growth. A rating is not a judgment
8 about whether customers will bear higher costs, and ratings can and do change as market
9 conditions change. The Commission's responsibility is broader: to determine whether the
10 transaction impairs or jeopardizes adequate service to the public at just and reasonable rates
11 across the full range of possible outcomes, not only the outcome current forecasts expect.

12 The growth in AI data centers has represented an unprecedented level of investment
13 in a single business sector, much like the dot-com investment trend in the late 1990s. When
14 the dot-com bubble burst in 2000, the technology-heavy Nasdaq index took roughly fifteen
15 years to recover to its prior peak.⁵² I do not offer that comparison as a prediction. It may be
16 that today's growth expectations prove correct. But, it illustrates that forecasts built on rapid
17 growth in a single sector can be wrong, and that the consequences can last for years. The
18 regulatory question becomes: regardless of which forecast is right, who bears the downside
19 risk, and can that risk reach VEPCO?

20 The Commission should not be required to predict whether today's expectations for
21 continued hyperscale load growth will ultimately prove correct. Rather, it should assess the
22 materially different exposure to those outcomes created by the transaction. A regulated utility

⁵² *Downturns Recover in Years. Popped Bubbles Take Decades*, Crunchbase News (June 1, 2023),
<https://news.crunchbase.com/venture/startup-valuations-bubble-downturn-stocks/>.

operates under a regulatory framework that can provide mechanisms for cost recovery and risk allocation, while a merchant, unregulated business bears substantially more direct exposure to changes in market conditions, customer demand, and project economics. The relevant question is whether the risks inherent in NextEra's competitive businesses could affect the financial strength, credit quality, or cost of capital of Dominion Energy Virginia following the acquisition. The burden of proving that customers will be protected rests with the Joint Petitioners, and they have failed to carry that burden in the Application. My analysis shows that there are many paths by which Virginia customers could be affected by likely downside results of the AI-driven data center industry trend.

IV. Non-Regulated Merchant Volatility: The Q4 2024 Losses

Q: Outside of AI data center business volatility, can you provide evidence of the NEER unregulated merchant company risk manifesting recently?

A: Yes. In the fourth quarter of 2024, NEER reported a GAAP net loss of \$(442) million, a severe swing from the \$885 million net income reported in Q4 2023. This loss was driven by non-regulated business risks considered normal for a competitive industry, but not representative of business activities conducted by regulated entities such as VEPCO. The largest contributor to the sudden loss for NEER was an equity holding in a company called XPLR, which lost value when rising interest rates diminished the earnings prospects of a company designed to earn revenue over multi-year contracts. When interest rates rose unexpectedly, XPLR's fixed stream of revenue created lower-than-expected earnings as interest costs rose. This interest rate squeeze on non-recourse debt combined with other unforeseen delays in asset construction caused the value of NEER's equity holdings to decline.

Q: What was the XPLR business arrangement with NEE and NEER?

1 **A:** Originally founded in 2014 as NextEra Energy Partners, LP, this entity has always been a
2 closely held company under the control of NEE/NEER.⁵³

3 The business goal of XPLR was to have NextEra’s competitive development arm,
4 NEER, develop and construct energy projects. Once NEER completed construction, the
5 operational asset would then be sold to XPLR, a closely held operational company under the
6 control of NEE. This allowed NEER to monetize its completed assets, and recycle the cash
7 from the asset sales to fund new developments. All of this is done with the approval of NEE,
8 which retains operating control through its general partner stake in XPLR. New investors
9 provided the cash; they were attracted to buy shares from NEE/NEER’s XPLR vehicle in the
10 hope that the completed plants would become a steady, income-yielding investment while
11 avoiding much of the high development and construction risks associated with the early
12 stages of a large energy plant’s life. Such companies designed for yield work well when the
13 cost of capital is low. YieldCos, as they are often called, function like fixed-income proxies
14 where the expected steady earnings are paid to investors like interest on a bond. \

15 In 2022, XPLR forecasted even higher returns (an average of 12% to 15% per year
16 average for the following five years) than what NEE is currently promising its shareholders,
17 but by the end of 2023 it had cut its forecast to an average of 6% per year for the next five
18 years.⁵⁴ When benchmark interest rates surged from 2022 through 2024, borrowing costs for
19 XPLR’s project-level and corporate debt increased significantly. At the same time, income-
20 seeking investors demanded higher yields, causing XPLR’s unit price (equity value) to

⁵³ NEE 2025 Form 10-K at 43.

⁵⁴ Compare NextEra Energy Partners, LP, *Fourth Quarter 2023 Earnings Presentation* 16 (Jan. 25, 2024), <https://www.investor.xplrinfrastructure.com/~media/Files/X/xplr-infrastructure-ir/reports-and-fillings/quarterly-earnings/2024/01-25-2024/4Q%202023%20Slides%20vF.pdf> with NextEra Energy Partners, LP, *Fourth Quarter 2022 Earnings Presentation* 17 (Jan. 25, 2023), https://www.investor.xplrinfrastructure.com/~media/Files/X/xplr-infrastructure-ir/news-and-events/events-and-presentations/2023/01_25_23/4Q%202022%20Slides%20vF.pdf.

1 decline sharply. According to the 2025 SEC Form 10-K, NEER guaranteed or provided
2 indemnifications, letters of credit or surety bonds totaling approximately \$1.8 billion as of
3 December 31, 2025—primarily related to obligations on behalf of XPLR’s subsidiaries with
4 maturity dates ranging from 2026 to 2063.⁵⁵ XPLR also entered into complex contracts called
5 Convertible Equity Portfolio Financings (“CEPFs”), which obligate XPLR to buy out a
6 private investor’s equity stake in a renewable asset portfolio during pre-defined future time
7 windows. To satisfy this obligation, XPLR must either pay cash, issue common equity units,
8 or use a combination of both to deliver a pre-specified rate of return to the investor. At the
9 end of 2025, XPLR still owed approximately \$3.4 billion in CEPFs from 2026 to 2034.⁵⁶

10 These commitments remain with NEER regardless of XPLR’s performance, and
11 because NEER’s obligations are ultimately supported by NextEra’s consolidated balance
12 sheet, any risks to XPLR’s ability to meet its obligations represent precisely the kind of
13 unregulated risk that would flow through to VEPCO following the acquisition.

14 **Q: Could VEPCO, as currently structured, find itself in an XPLR-type situation?**

15 **A:** No. The complex related-party transactions, shifting development, and cost of capital risks
16 found in the NEE/NEER/XPLR relationship would not take place because the cost-of-service
17 utility regulation model followed by the Commission allows a level of transparency and cost
18 recovery that makes owning an unregulated development entity impossible. The Commission
19 must consider how it would be able to monitor such business arrangements, much less
20 intervene in or prevent such an action by a member of the same holding company if the NEE
21 acquisition of DOM were to be completed.

⁵⁵ NEE 2025 Form 10-K at 99.

⁵⁶ XPLR Infrastructure, LP, *Q4 2025 Earnings Presentation* 11, 17 (Feb. 10, 2026),
https://www.investor.xplrinfrastructure.com/~media/Files/X/xplr-infrastructure-ir/news-and-events/events-and-presentations/2026/02-10-2026/Q4%202025%20XPLR%20Earnings%20Presentation_vF.pdf.

1 **Q: Please explain how the interest rate squeeze impacts NEER’s non-recourse project debt.**

2 **A:** NEER finances its competitive renewable projects using project-level, non-recourse debt,
3 which typically carries variable interest rates and terms that affect the project’s ability to
4 distribute dividends to shareholders or the parent company in times of distress. When
5 benchmark interest rates rise, projects experience a corresponding increase in the cost of
6 debt. NEER’s project revenue, on the other hand, is typically fixed and predictable under
7 contractual power purchase agreements (“PPA”). When benchmark interest rates rise, the
8 subsequent increase in project debt costs creates an asymmetric margin squeeze. Simply
9 stated, NEER’s revenue is contracted to be predictable and steady over time, but if the cost of
10 debt (rising interest rates) moves upward, the forecasted profit margins will not occur.

11 I have modeled this mechanic using a hypothetical \$100 million renewable project. If
12 interest rates rise by 300 basis points, the annual interest expense jumps by 85.7%. Because
13 the PPA revenue is fixed, this causes the Debt Service Coverage Ratio (“DSCR”) to collapse
14 below the standard 1.20x lender covenant.⁵⁷ This breach triggers automated cash sweeps,
15 legally locking all cash inside the project and completely cutting off equity distributions to
16 the parent company in most cases.

⁵⁷ Crestmont Capital, *Debt Covenants: The Complete Guide for Business Owners Seeking Financing* (Apr. 26, 2026), <https://www.crestmontcapital.com/blog/how-debt-covenants-work>.

1

Table 3: Interest Rate Impact

Financial Metric (\$100M Project)	Low-Rate Environment (3.5%)	High-Rate Environment (6.5%)	Financial Variance
Annual Interest Expense	\$2,450,000	\$4,550,000	+\$2,100,000 (+85.7%)
Debt Service Coverage Ratio	1.38x	0.99x	Breaches 1.20x Covenant
Net Cash Upstreamed to Parent	+\$2,050,000	\$0 (Cash Sweep Triggered)	-\$2,100,000 (100% Cash Lockup)

2

3

Although this debt is non-recourse, its effects do not stay confined to individual projects.

4

First, NEER and NextEra rely on cash distributions from these projects. If rising rates restrict

5

distributions across many projects at once, NextEra's consolidated cash flow from operations

6

declines, which directly weakens the CFO-to-debt ratio that rating agencies use and that, as

7

discussed above, already leaves minimal headroom above downgrade thresholds. Second,

8

NextEra Energy Capital Holdings ("NEECH") and NEER have provided approximately \$1.8

9

billion in parent guarantees, letters of credit, and indemnifications to backstop XPLR

10

subsidiary obligations, demonstrating that project-level financial and performance risks are

11

not fully contained at the project level.

12

For consideration of this proposed acquisition, the significance is that VEPCO's debt

13

costs, as those of a regulated utility, are reviewed by this Commission and recovered through

14

rates; in contrast NEER's project margins are exposed directly to interest rate movements

15

entirely outside the control of NEE, this Commission, or any regulatory authority. Following

1 the acquisition, pressure on NEER's project cash flows would become pressure on the
2 consolidated company's credit, and as with the other risks I have described, a weakening of
3 NextEra's credit could raise VEPCO's cost of capital and, ultimately, the rates Virginia
4 customers pay.

5 The financial relationships described in my testimony are well understood; all major
6 rating agencies are aware of them and include them in their analysis of utility holding
7 companies. Indeed, the potential for a subsidiary's financial condition to affect other entities
8 in the overall organization is the reason why the finance industry uses the term "financial
9 contagion."

10 **Q: Did supply chain and project execution issues also play a role in NEER's 4th quarter**
11 **2024 write-downs?**

12 **A:** Yes. NEER's development portfolio is sensitive to global supply chain disruptions. For
13 instance, the Mountain Valley Pipeline ("MVP"), in which NextEra holds a 31% stake, was
14 subjected to severe delays, expanding the project budget from \$3.5 billion to \$7.85 billion—a
15 124% overrun—and resulting in accounting losses of \$2.1 billion in 2025 and \$2.2 billion in
16 2024.⁵⁸

17 Furthermore, transmission interconnection backlogs exceeding 50 months caused an
18 industry-wide wave of cancellations exceeding \$22 billion. This forced NextEra to cancel
19 projects like the 600 MW Jackalope Wind Farm and write off development costs after Idaho
20 Power cancelled the long-term PPA, causing NEER to restart the project using another
21 generation technology.⁵⁹

⁵⁸ NEE 2025 Form 10-K at 99 n.(b).

⁵⁹ *In re Idaho Power Co.'s Petition to Withdraw Certificate No. 559, Inclusive of the Build Transfer Agreement and Power Purchase Agreement for the Jackalope Wind Project Approved by Order No. 36659*, Case No. IPC-E-25-28, Order No. 36805 (Idaho Pub. Utils. Comm'n Oct. 16, 2025) (notice of petition), https://puc.idaho.gov/Fileroom/PublicFiles/ELEC/IPC/IPCE2528/OrdNotc/20251016Notice_of_Petition_Order_

1 Unlike NEER, regulated businesses such as VEPCO are not speculating and
2 competing against other entities to attract business. VEPCO operates under a cost of service
3 model where development costs, delays, or cancellations in projects are handled in a manner
4 that protects the customers from the common business risks that an unregulated business
5 undertakes.

6 **V. Reported Non-GAAP Accounting vs. Official GAAP Financial Reporting**

7 **Q: You mention transparency of accounting and financial information for these complex**
8 **investments. If NEER experienced these significant losses, how does NextEra report**
9 **these financial results to shareholders versus its official regulatory filings?**

10 A: Like many other companies with a similar obligation and motivation to address a large
11 existing and potential shareholder base, NextEra, a publicly-owned business, employs a dual-
12 reporting strategy. The pressure to compete for capital on Wall Street leads to an emphasis on
13 Non-GAAP “Adjusted Earnings.” This is a category that systematically allows the exclusion
14 of unfavorable non-cash GAAP (“Generally Accepted Accounting Principles”) items on the
15 basis that they do not occur regularly or do not properly characterize what may be deemed
16 business as usual—such as the ~\$800 million Q4 2024 and ~\$600 million FY 2025 after-tax
17 impairments on XPLR Infrastructure, LP.⁶⁰ According to FASB (“Financial Accounting
18 Standards Board”) ASC 280 (“Accounting Standards Codification”), companies must
19 disclose financial results based on how their Chief Operating Decision Maker evaluates
20 performance.

21 **Q: Are the GAAP equity write-downs, such as the one for XPLR Infrastructure,**

No_36805.pdf.

⁶⁰ NEE 2025 Form 10-K at 43.

1 **permanent?**

2 **A:** Yes. Under ASC 323, equity-method impairments represent a permanent reduction in
3 carrying value that cannot be written back up under GAAP. The cumulative ~\$1.4 billion
4 after-tax GAAP write-down permanently reduced consolidated book equity, and an impaired
5 asset harms the health of the balance sheet even if it has no immediate or direct cash flow
6 consequences.

7 In late January 2025, NextEra Energy Partners rebranded to XPLR Infrastructure, LP
8 (NYSE: XIFR). Concurrently, management suspended its dividend distribution to conserve
9 cash and address looming buyout obligations, causing the unit price to plunge roughly 40%-
10 50% in a single month.⁶¹ For investors, the permanence and evolution of this situation over
11 multiple years call into question whether such activities truly qualify for non-GAAP
12 “adjusted accounting” treatment. However, all parties must acknowledge what happened and
13 can search for the footnotes and decide for themselves whether the GAAP accounting or
14 adjusted accounting interpretations are accurate.

15 **Q:** **How does the accounting for unregulated merchant risks differ from regulated utility**
16 **accounting?**

17 **A:** Regulated utilities, such as FPL or DOM/VEPCO, do not bear the same risks or subsequent
18 impacts of rising interest rates, because those costs are passed on to ratepayers through
19 periodic rate case updates. In stark contrast, an unregulated merchant like NEER must
20 recognize losses immediately, driving extreme earnings volatility.

21 The Commission should look at the XPLR journey as a recent and significant

⁶¹ Press Release, XPLR Infrastructure, LP (Jan. 28, 2025),
<https://www.investor.xplrinfrastructure.com/~media/Files/X/xplr-infrastructure-ir/news-and-events/events-and-presentations/2025/1-28-25/Copy%20of%202025-0128%20XPLR%20Infrastructure%20News%20Release%20vFinal.pdf>.

1 example of how different the accounting, reporting, and financial impacts are between a
2 regulated utility and an unregulated merchant business. Investors understand that NEE is the
3 holding company for NEER and FPL, and credit rating agencies evaluate the overall risk of
4 default based on the consolidated financial results of all the holding company entities. Any
5 financial stress experienced by NEER would impact the NEE parent company and represents
6 a contagion risk to FPL, because any increase in overall credit costs would become a cost
7 item for FPL customers—even if the problems originated at NEER. The Commission’s
8 ability to ensure that customers have the same protections for system reliability and just and
9 reasonable rates could no longer be secured in the same manner once the acquisition of DOM
10 by NEE opens VEPCO to these unregulated merchant business practices and risks.

11 **VI. Conclusion and Recommendations**

12 **Q: What are the broader regulatory and governance implications if this acquisition is**
13 **approved?**

14 A: First, managing a 110-gigawatt national footprint across wholesale markets diverts corporate
15 focus away from regional grid reliability for Virginia. Second, if the Commission determines
16 that the parent company is using Dominion’s rate base to support holding company debt or
17 non-utility unregulated ventures, it will have to implement defensive regulatory actions—
18 actions which have no guarantee of working. Third, the staffing and expertise the
19 Commission would need to monitor and analyze the risks of VEPCO being part of a holding
20 company with a large and unregulated business could place great strain on the organization
21 unless new resources appear.

22 **Q: Based on your analysis, what are your recommendations to the Commission?**

23 A: Based on the evidence of structural dis-synergies, holding company leverage, and the
24 introduction of unregulated merchant volatility, my primary recommendation is that the

1 Commission reject the transaction. The acquisition fails Virginia Code § 56-90's "will not
2 impair or jeopardize" standard for Virginia electric service.

3 However, if the Commission chooses to approve the transaction, it must mandate
4 legally binding structural prohibitions against parent-level debt being factored into
5 Dominion's cost of capital to the extent that such protections are possible. The problem is
6 that there is no expert consensus about what methodologies guarantee that there will be no
7 impairment or jeopardy. As explained by Clean Virginia witness Scott Hempling, the Joint
8 Petitioners failed to include basic protections in their Application, including:

- 9 1. Prohibitions against the utility paying dividends to the holding company if the
10 payment reduces the utility's equity level below some specified level;
- 11 2. Corporate separation measures that (a) prevent the utility from being pulled into the
12 bankruptcy filing of its parent or affiliate, and (b) protect the utility's credit ratings
13 from business risks elsewhere in the corporate family;
- 14 3. Prohibitions against the utility loaning money to, or guaranteeing loans to or
15 otherwise supporting the debt of, or otherwise investing in, any holding company
16 affiliate; and
- 17 4. Limits on internal reorganizations that would weaken the above-mentioned measures.

18 However, even with these protections, this transaction presents unavoidable risks that
19 cannot be corrected given the size of NEER's inherent unregulated business exposure, such
20 that the Commission cannot be satisfied that adequate service to the public at just and
21 reasonable rates will not be impaired or jeopardized.

22 **Q: Does this conclude your testimony?**

23 **A:** Yes.

Exhibit AL-1

Albert Lin CV

ALBERT LIN

SKILLS

- **Financial Consulting on ROE and Regulatory Policy**
- **Equity Investment and Valuation (Broker-Dealer Operations)**
- **Energy Generation Development (IGCC/CCGT)**
- **Board of Directors (Governance) of publicly traded and private companies**

EXPERIENCE HIGHLIGHTS

Consultant | Gizmo Global | 2015-Present

Financial Consulting focused on the energy industry with emphasis on the electricity system of the USA. Acted in capacity of executive, manager, and consultant to The Finance Lab as well as other electricity dense users such as data centers

Energy Policy Analysis | OG Finance Lab | 2020-Present

Directing the OG Finance Lab to assist energy policy stakeholders on financial incentives and implications.

Providing key features of legislation governing fuel clause adjustment (CO Bill 2022/2023) and analyzing the impact of ROE rate setting for regulated utilities in the United States

CEO and Chairperson of the Board | EmberClear | 2008-2015

Electricity Generation Asset Developer. Permitted, developed, sold IGCC and CCGT power plants to PE Funds and Large International Power Plant Operators ranging in sizes from 330 – 450 Megawatts

SUMMARY

Finance executive and entrepreneur in capital markets focused on consulting to the energy industry in recent years. Providing perspective and analysis of impacts of energy policy when new technology and practices are present constitute most consulting engagements.



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Managing Director | AmTech | 2002-2007

Co-Founder for a Technology Focused broker dealer.
Acted as Director of Research for 24 equity analysts. Sold
to a publicly traded competitor after annual revenue
per employee exceeded \$1MM in 2007

Equities Analyst | Various | 1992-2002

Sell-side equities analyst in wireless communications for
SG Cowen & Co, Soundview Financial, and Rauscher
Pierce.

Buy-side technology portfolio manager for

The Abernathy Group, Meerkat Capital, and Ivory
Capital. Managed portfolio of high growth technology
equities in a long-short strategy.

Finance Manager | Verizon | 1989-1992

Various finance and audit positions at regulated
telecommunications company General Telephone &
Electric which became Verizon Communications.
Prepared financial analysis used for regulatory and
shareholder meetings

**EDUCATION
& OTHER**

University of Texas @ Austin (1989)

BS: Finance

BA: International Business

Honors Masters Business Degree

**Guest Lecturer at Boston College
Graduate School of Business 2020-
2023 "Blockchain & Crypto
Currencies"**

**FINRA Series 7,24,63,65 (licenses
granted, but no longer sponsored)**

Regulated Industry Details

Regulatory Engagements:

Public Service Commission of South Carolina Duke Energy Carolinas, LLC
General Rate Case Docket 2025-172-E (December 2025)

Public Service Commission of South Carolina Duke Energy Progress, LLC General
Rate Case Docket 2025-154-E (November 2025)

North Carolina Utilities Commission Duke Energy Progress, LLC Fuel and Fuel-
Related Charge Adjustments Docket E-7 Sub 1358 (November 2025)

Virginia State Corporation Commission Virginia Electric & Power Company Fuel
Factor Hearing PUR 2025-00059 (July 2025)

North Carolina Utilities Commission Duke Energy Carolinas, LLC Fuel and Fuel-
Related Charge Adjustments Docket E-7 Sub 1313 (June 2025)

Montana Public Services Commission educational ROE discussions and analysis
of Northwestern Energy General Rate Case (2024.05.053) and Montana-Dakota
Utilities General Rate Case (2024.04.061) with Northern Plains Resource Council
(Jan 2025)

PacifiCorp Rocky Mountain Power General Rate Case ROE expert witness in
Utah for Western Resource Advocates (Dec 2024)

ROE workshop for RE-AMP serving Midwest USA (Aug 2024)

Dominion Energy South Carolina General Rate Case (24-035-04) ROE expert
witness in South Carolina (June 2024)

Electricity Industry Details

Regulatory Engagements (Continued):

Georgia Power Yates Certification Hearing (No. 55378) expert witness in Georgia for Sierra Club and Southern Alliance for Clean Energy (May 2024)

Testified and attended drafting sessions for Colorado SB291 to legislate fuel cost sharing for Colorado Public Utilities Commission (April 2023)

Natural gas price risk discussion with South Carolina Legislators (12 total) for Southern Alliance for Clean Energy (Feb 2023)

Ex-Parte discussion of natural gas price risk to Public Services Commission and Office of Regulatory Staff in South Carolina (Jan 2023)

Exhibit AL-2

Discovery Responses

JOINT PETITIONERS
Case No. PUR-2026-00112
Clean Virginia
First Set

The following response to Question No. 116 of the First Set of Interrogatories and Requests for Production of Documents propounded by Clean Virginia received on July 22, 2026, was prepared by or under the supervision of:

Sahib Hasan
Controller - NextEra
NextEra Energy Resources, LLC

Question No. 116

For each NextEra affiliate, including but not limited to FP&L:

- a. Describe its business activities;
- b. Provide the income statements and balance sheets starting with 2021; and
- c. Describe all material risks to customers, including but not limited to all material risks you have disclosed to shareholders.

Response:

- a. Please see Attachment Clean Virginia Set 01-116 (SH), which provides links to NextEra Energy, Inc.'s SEC Form 10-K filings and FPL's and NEET's FERC Form 1 filings for the years 2021 through 2025.
- b. Refer to the response to (a) above.
- c. The Form S-4 discusses these matters as potential risks that are common to significant business combinations and are required and included in the securities disclosures. The inclusion of these risk factors should not be interpreted as an expectation that any particular risk will occur or that the companies believe successful integration is unlikely. Rather, the companies have established planning and governance processes designed to mitigate these potential risks.

JOINT PETITIONERS
Case No. PUR-2026-00112
Clean Virginia
First Set

The following response to Question No. 117 of the First Set of Interrogatories and Requests for Production of Documents propounded by Clean Virginia received on July 22, 2026, was prepared by or under the supervision of:

Jennifer Johnson
Senior Attorney
NextEra Energy Resources, LLC

Question No. 117

For risk identified in response to Question 116(c):

- a. Please describe the specific events that would convert the risk into harm to the Dominion or its customers.
- b. Please state the probability that each event would occur (from 0 to 100%—and explain the chosen percentage), and the types of harms it could cause.
- c. For each risk, describe the actions you are committing to take to eliminate the risk and thus to eliminate the possibility of harm.

Response:

Joint Petitioners object to the premise of this request, which is hypothetical in nature and calls for a speculative response. Joint Petitioners object to this request as overly broad, unduly burdensome, and potentially voluminous and cumulative to the extent it seeks “specific events.” Further, Joint Petitioners object to the extent the request requires original work to respond.

Subject to and without waiving the foregoing objections, Joint Petitioners provide the following response:

- a. Unknown as to any specific facts that could or could not take place in the future.
- b. Unknown.
- c. Any unified risk mitigation measures to post-merger Dominion individually or the combined company collectively will have to be evaluated once the transaction is completed.

Joint Petitioners
Case No. PUR-2026-00112
Clean Virginia
Fifth Set

The following response to Question No. 5 of the Fifth Set of Interrogatories and Requests for Production of Documents propounded by Clean Virginia received on September 23, 2026, was prepared by or under the supervision of:

Alex Packer
Manager of Finance
NextEra Energy Resources, LLC

Question No. 5

Please reconcile Joint Petitioners' response to Clean Virginia Set 1-114 and 1-115—stating they will make “no commitments with respect to future hypothetical circumstances” regarding prioritizing Dominion Energy Virginia’s capital needs—with Witness Dunne’s Direct Testimony at pages 6, 7, 12, and 14 stating that NextEra will provide equity as needed to maintain Dominion Energy Virginia’s capital structure.

Response:

There is nothing to reconcile. Clean Virginia improperly and incorrectly attempts to manufacture an inconsistency by conflating two distinct issues: (i) NextEra’s commitment to provide equity to DEV as needed to maintain its capital structure and credit metrics, and (ii) Clean Virginia’s own hypothetical commitment to prioritize DEV over every other NextEra business if NextEra were unable to satisfy all capital needs simultaneously.

As explained in Joint Petitioners’ supplemental response to Clean Virginia Set 01-114, the Joint Petitioners have not made, and will not make, commitments regarding hypothetical future circumstances in which NextEra has insufficient capital to satisfy both the equity needs of DEV and those of its non-utility businesses.

Separately, NextEra has committed to provide equity financing to DEV, as needed, with the intent of maintaining DEV’s capital structure and credit metrics supportive of strong investment-grade credit ratings. See Joint Petitioners’ response to Staff Set 07-239.

A commitment to support DEV’s capital structure is not a commitment to the capital-prioritization rule Clean Virginia seeks to impose through its hypothetical.

Joint Petitioners
Case No. PUR-2026-00112
Clean Virginia
Fifth Set

The following response to Question No. 9 of the Fifth Set of Interrogatories and Requests for Production of Documents propounded by Clean Virginia received on September 23, 2026, was prepared by or under the supervision of:

Prabir Purohit
Senior Vice President – Strategy and Segment Planning
Dominion Energy Services, Inc.

Alex Packer
Manager of Finance
NextEra Energy Resources, LLC

As it pertains to legal matters, the following response to Question No. 9 of the Fifth Set of Interrogatories and Requests for Production of Documents propounded by Clean Virginia received on September 23, 2026, was prepared by or under the supervision of:

Jennifer Johnson
Senior Attorney
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Question No. 9

Produce all financial models, interest rate spread analysis, and investment banking pitch books/scenarios prepared by financial advisors (e.g., B of A Securities, Lazard Frères & Co. LLC, Wells Fargo Securities, JP Morgan, etc.) evaluating post-merger debt pricing for DEV versus standalone DEV.

Response:

Joint Petitioners object to this request as overly broad, unduly burdensome, and potentially voluminous and cumulative to the extent it seeks “all financial models, interest rate spread analysis, and investment banking bitch books/scenarios.”

Subject to and without waiving their objection, Joint Petitioners are not aware of any financial models, interest rate spread analyses, or investment banking pitch books or scenarios prepared by financial advisors evaluating post-merger debt pricing for Dominion Energy Virginia (“DEV”) as compared to standalone DEV.

Exhibit AL-3

Debt Structure and Maturities Summary Workpaper



OG Finance Lab Workpaper by Albert Lin for Clean Virginia Case No. PUR-2026-00112

NEXTERA ENERGY & DOMINION ENERGY: DEBT STRUCTURE AND MATURITIES SUMMARY: PUBLIC VERSION

Generated Using 2025 SEC Form 10-K Filings (NEE & DOM) and Joint Investor Presentations

TABLE 1: DEBT SCALE & EXISTING INTEREST RATES (AS OF DEC 31, 2025)						
Entity / Segment	Current Debt Portion (\$M)	Noncurrent Long-Term Debt (\$M)	Total Long-Term Debt (\$M)	% Share of Consolidated Debt	Weighted-Average Interest Rate / Coupon Description	Post Acquisition %
NextEra Energy Consolidated (NEE)	\$3,499	\$89,557	\$93,056	100.0%	2.68% – 7.27% across parent and subsidiary tranches	
└ Florida Power & Light (FPL)	\$641	\$28,041	\$28,682	30.8%	4.69% (First Mortgage Bonds); 3.88% (Senior Notes)	21.5%
└ NextEra Energy Resources (NEECH Corporate & NEER)	\$2,858	\$61,516	\$64,374	69.2%	5.61% – 5.79% (Limited-Recourse); 5.29% (NEET) & 4.20% (Debentures); 5.31% (Junior Sub Debt) for NEECH	48.3%
Dominion Energy Consolidated (DOM)	\$2,291	\$38,005	\$40,296	100.0%	4.36% (Senior Notes); 6.48% (Junior Sub Notes)	
└ VEPCO (Virginia Electric and Power Co.)	\$1,321	\$25,351	\$26,672	66.2%	4.53% (Unsecured Notes); 3.52% (Tax-Exempt)	20.0%

TABLE 2: SCHEDULED MULTI-YEAR DEBT MATURITY PROFILE (2026–2030 IN \$ MILLIONS)								
Entity / Segment	2026 (\$M)	2027 (\$M)	2028 (\$M)	2029 (\$M)	2030 (\$M)	Thereafter (\$M)	Total Scheduled (\$M)	Next 5 year total
NextEra Energy Consolidated (NEE)	\$3,499	\$10,343	\$10,588	\$9,916	\$7,270	\$51,440	\$93,056	\$41,616
└ FPL (Florida Power & Light)	\$641	\$328	\$1,992	\$948	\$500	\$24,273	\$28,682	\$4,409
└ Non-FPL (NEECH Corporate & NEER)	\$2,858	\$10,015	\$8,596	\$8,968	\$6,770	\$27,167	\$64,374	\$37,207
Dominion Energy Consolidated (DOM)	\$2,291	\$1,963	\$2,477	\$698	\$2,508	\$30,359	\$40,296	\$9,937
└ VEPCO (Virginia Electric and Power Co.)	\$1,321	\$1,530	\$890	\$698	\$208	\$22,025	\$26,672	\$4,647

TABLE 3: DETAILED DEBT INSTRUMENT BREAKDOWN BY ENTITY				
Entity / Subsidiary	Debt Instrument Type	Outstanding Balance (\$M)	Weighted-Average Rate / Coupon	Maturity Window
FPL	First Mortgage Bonds (Fixed)	\$24,090	4.69%	2028–2066
FPL	Pollution Control / Revenue Bonds (Variable)	\$1,566	2.68%	2027–2054
FPL	Senior Unsecured Notes	\$3,190	3.88%	2026–2074
NEER	Senior Secured Limited-Recourse Debt (Variable)	\$13,963	5.79%	2026–2050
NEER	Senior Secured Limited-Recourse Debt (Fixed)	\$2,162	5.61%	2026–2060
NEER	NextEra Energy Transmission (NEET)	\$2,394	5.29%	2027–2055

NEECH	Fixed Rate Debentures	\$27,807	4.20%	2026–2062
NEECH	Equity Units Debentures	\$3,500	7.27%	2029-2029
NEECH	Junior Subordinated Debt (Hybrids)	\$12,752	5.31% – 6.64%	2054–2085
DOM Parent	Unsecured Senior Notes	\$12,526	4.36%	2026–2052
DOM Parent	Junior Subordinated Notes (Hybrids)	\$6,025	6.48%	2054–2056
VEPCO	Unsecured Senior Notes	\$21,385	4.53%	2026–2055
VEPCO	Tax-Exempt Financings	\$625	3.52%	2032–2041
VEPCO	Senior Secured Deferred Fuel Cost Bonds (VPFS)	\$1,054	4.92%	2029–2033

SOURCES & FOOTNOTES (100% Publicly Available Data):

- [1] NextEra Energy, Inc. SEC Form 10-K Annual Report (For Year Ended Dec 31, 2025; Filed Jan 27, 2026):

Item 8, Note 13 (Debt). Outlines long-term debt balances, current maturities, interest rate ranges, and principal maturity schedules across FPL, NEER, and NEECH. Page 105
- [2] Dominion Energy, Inc. SEC Form 10-K Annual Report (For Year Ended Dec 31, 2025; Filed Feb 23, 2026):

Item 8, Note 18 (Long-Term Debt). Details long-term debt instruments, weighted-average coupons, tax-exempt obligations, and maturity schedules for DOM and VEPCO. Page 131
- [3] Joint Investor Presentation (NextEra Energy & Dominion Energy, May 18, 2026):

Financial Appendix & Credit Profiles. Pro forma capital program (\$335B–\$375B), credit cushions (S&P FFO/debt 18%, Fitch 4.3x), and non-recourse debt structure details.
- [4] Analytical Notes on Public Data (e.g. No CONFIDENTIAL DR Response data was used):

Non-FPL debt includes NEECH holding company debentures (\$45.9B) and NEER project debt (\$18.4B), reflecting parent leverage and competitive project risk. VEPCO debt (\$23.1B) is standalone regulated utility debt backed by Virginia jurisdiction rate base.

Exhibit AL-4

Credit Rating Impacts Workpaper



OG Finance Lab Workpaper by Albert Lin for Clean Virginia Case No. PUR-2026-00112

NextEra Energy (NEE) - S&P Credit Rating Sensitivity & Interest Rate Scenario Impacts to Ratios

100% Non-Confidential Model Grounded Exclusively in Public SEC Form 10-K Filings, Joint Investor Presentations, and Public Financial Reports

SECTION 1: BASELINE INPUTS & PUBLIC-SOURCE MODEL ASSUMPTIONS			
S&P Adjusted Consolidated Debt Base (\$M)	\$73,000	Baseline adjusted debt used by S&P for NEE credit rating (Public Joint Investor Presentation)	NEE 2025 10-K Item 8, Note 13 & May 18, 2026 Deck
S&P Downgrade Threshold FFO/Debt (%)	18.0%	S&P minimum required FFO/Debt ratio for 'A-' rating category	May 18, 2026 Investor Presentation (Slide 30/Appendix)
2025 Actual S&P FFO / Debt Ratio (%)	19.4%	NextEra Energy reported consolidated S&P FFO/Debt ratio	May 18, 2026 Joint Investor Presentation & 4Q25 Earnings Release
Implied Baseline FFO (\$M)	\$14,162.0	Calculated as Debt Base × Baseline FFO/Debt Ratio	Calculated Output
Required FFO to Maintain 18.0% Rating (\$M)	\$13,140.0	Minimum FFO required to avoid falling below S&P threshold	Calculated Output
Baseline FFO Cushion (\$M)	\$1,022.0	Absolute dollar FFO buffer above 18.0% rating threshold	Calculated Output
Baseline FFO Cushion (basis points)	140 bps	Percentage buffer in basis points (140 bps)	Calculated Output
Maturing Parent Debt Wall (2026–2029) (\$M)	\$30,440.0	NEECH debentures + NEER project debt maturing 2026-2029	NEE 2025 SEC Form 10-K (Item 8, Note 13)
2025 Base Adjusted Net Income (\$M)	\$7,309.0	NEE 2025 Adj Net Income (\$3.71 Adj EPS × 1.970M shares)	NEE 2025 SEC Form 10-K & 4Q25 Earnings Release
Effective Corporate Tax Rate (%)	21.00%	Estimated statutory/effective marginal tax rate for interest shield	U.S. Federal Statutory Tax Rate

SECTION 2: REFINANCING SENSITIVITY MATRIX & REQUIRED EARNINGS GROWTH RATES										
Scenario / Interest Rate Spread	Refinancing Yield Spread (%)	Pre-Tax Annual Interest Drag (\$M)	After-Tax Interest Drag (\$M)	Post-Refinance S&P FFO (\$M)	Post-Refinance S&P FFO / Debt (%)	Remaining FFO Rating Cushion (\$M)	Remaining Cushion (bps)	Cushion Consumed (%)	Req. FFO Growth to Offset Drag (%)	Req. Net Income Growth to Offset Drag (%)
Baseline (2025 Actual)	0.00%	\$0.0	\$0.0	\$14,162.0	19.40%	\$1,022.0	140 bps	0.0%	0.00%	0.00%
Scenario 1: +150 bps Spread	1.50%	\$456.6	\$360.7	\$13,705.4	18.77%	\$565.4	77 bps	44.7%	3.22%	4.94%
Scenario 2: +200 bps Spread	2.00%	\$608.8	\$481.0	\$13,553.2	18.57%	\$413.2	57 bps	59.6%	4.30%	6.58%
Scenario 3: +250 bps Spread	2.50%	\$761.0	\$601.2	\$13,401.0	18.36%	\$261.0	36 bps	74.5%	5.37%	8.23%
Scenario 4: +300 bps Spread	3.00%	\$913.2	\$721.4	\$13,248.8	18.15%	\$108.8	15 bps	89.4%	6.45%	9.87%

SECTION 3: MATHEMATICAL METHODOLOGY & MODELING ASSUMPTIONS (ONLY SEC AND NEE/DOM PRESENTATIONS USED FOR INPUTS)	
1. Implied Baseline FFO Calculation:	Baseline S&P Funds From Operations (FFO) = S&P Adjusted Debt Base (\$73,000M) × S&P FFO/Debt Ratio (19.40%) = \$14,162.0 million. S&P adjusted debt base and FFO/debt ratio are reported in the Joint Investor Presentation (May 18, 2026, Appendix / Slide 30) and NEE 2025 Form 10-K.
2. Required FFO Threshold:	S&P requires an 18.0% FFO/Debt ratio to maintain NEE's 'A-' rating category. Required FFO = \$73,000M × 18.00% = \$13,140.0 million. Baseline cushion = \$14,162M - \$13,140M = \$1,022.0 million (140 basis points). Source: May 18, 2026 Joint Investor Presentation.
3. Pre-Tax vs. After-Tax Interest Drag:	Pre-Tax Interest Drag = Maturing Debt Wall (\$30,440M) × Refinancing Spread. Maturing parent debt wall is taken directly from NEE 2025 SEC Form 10-K (Item 8, Note 13). S&P FFO is measured after cash interest payments, so pre-tax interest expense reduces FFO directly dollar-for-dollar. For Net Income impact, an effective 21% corporate tax rate shield is applied: After-Tax Drag = Pre-Tax Drag × (1 - 0.21).
4. S&P Metric Degradation Math:	Post-Refinancing FFO = Baseline FFO - Pre-Tax Interest Drag. Post-Refinancing FFO/Debt % = Post-Refinancing FFO / \$73,000M. Remaining Cushion = Post-Refinancing FFO - \$13,140M.
5. Required Earnings Growth Rates:	Required FFO Growth = Pre-Tax Drag / Baseline FFO (\$14,162M). Required Net Income Growth = After-Tax Drag / 2025 Base Adjusted Net Income (\$7,309M from 2025 10-K / Earnings Release). This calculates the exact percentage growth in underlying business earnings required just to offset debt refinancing cost increases and keep net earnings flat.

SECTION 4: OG FINANCE LAB RISKS & CREDIT NOTES	
1. Refinancing Alone Consumes 45%–89% of Rating Cushion:	Refinancing NextEra's \$30.44B parent debt wall (disclosed in Note 13 of NEE's 2025 Form 10-K) at realistic market spreads (+150 bps to +300 bps) adds \$456.6M to \$913.2M in annual interest drag. This single factor consumes 44.7% to 89.4% of NextEra's entire \$1,022M credit cushion above S&P's 18.0% downgrade threshold.
2. Pro Forma CapEx Acceleration Multiplies Leverage Risk:	In public investor presentations (May 18, 2026, Slide 24/26), NextEra outlines a combined pro forma capital program of \$335B to \$375B (2027–2032), requiring \$155B–\$180B in new debt. Absorbing this massive new debt load while simultaneously refinancing \$30.44B in maturing parent debt creates significant market absorption friction and interest rate exposure.
3. Extreme Vulnerability to NEER Operating & Tax Credit Shocks:	Because refinancing consumes the vast majority of NextEra's rating buffer, the enterprise is left with almost zero margin for error. A minor 10% to 15% earnings shock at NextEra Energy Resources (NEER)—caused by renewable project delays, PPA revisions, or clean energy tax credit transferability changes—would push consolidated FFO/Debt below 18.0%, triggering an S&P downgrade warning.
4. Fragility of Management's '17% Threshold Discount' Claim:	NextEra management claims S&P will relax its downgrade threshold from 18.0% to 17.0% post-closing due to an increased regulated utility mix (Slide 30, May 18, 2026 Presentation). However, if S&P rejects this discount while NextEra absorbs \$155B–\$180B in new debt, NEE faces immediate downgrade pressure to BBB+.
5. Credit Contagion to Dominion Energy Virginia (VEPCO):	Degradation of parent credit metrics directly impacts VEPCO's ratepayers. If NEE faces credit downgrades, borrowing costs across all corporate subsidiaries escalate. Dominion Energy's 2025 Form 10-K documents VEPCO's planned 5-year capital program (\$41B+ to \$55.8B). A modest 50 bps to 100 bps increase in VEPCO's debt cost across this program translates to \$133.6M to \$267.3M per year in higher ratepayer interest burden.

SECTION 5: FOOTNOTES & PUBLIC SOURCE REFERENCES	
[1] NextEra Energy, Inc. SEC Form 10-K Annual Report (For Year Ended Dec 31, 2025; Filed Jan 27, 2026):	Item 8, Note 13 (Debt). Discloses long-term debt balances, current maturities, interest rate ranges, and principal maturity schedules across FPL, NEER, and NEECH (\$30.44B parent debt wall maturing 2026–2029).

[2] Dominion Energy, Inc. SEC Form 10-K Annual Report (For Year Ended Dec 31, 2025; Filed Feb 23, 2026):

Item 8, Note 18 (Long-Term Debt) & Item 7 MD&A. Details long-term debt instruments, weighted-average coupons, tax-exempt obligations, maturity schedules, and VEPCO's 5-year capital expenditure program (\$41B–\$55.8B).

[3] Joint Investor Presentation (NextEra Energy & Dominion Energy, May 18, 2026):

Slides 22, 24, 26, 30 & Appendix. Discloses pro forma capital program (\$335B–\$375B), S&P 18.0% downgrade threshold, 19.4% reported FFO/debt, Fitch 4.3x threshold, 17.0% proposed threshold discount, and 130+ GW large-load pipeline.

CERTIFICATE OF SERVICE

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DATED: October 16, 2026

/s/ Gregory D. Habeeb