In November 2020, the Virginia SCC issued an order concluding that APCo earned above its authorized ROE but within its ROE band for the 2017-2019 period, resulting in no refund to customers and no change to APCo base rates on a prospective basis. The Virginia SCC approved a prospective 9.2% ROE for APCo's 2020-2022 triennial review period with the continuation of a 140 basis point band (8.5% bottom, 9.2% midpoint, 9.9% top). This 9.2% authorized ROE will also be applied to certain APCo rate adjustment clauses. APCo's earnings for the 2020-2022 triennial review will continue to be subject to an earnings test, which provides that 70% of any earnings in excess of 70 basis points above APCo's Virginia SCC authorized ROE would be refunded to customers. Conversely, as defined by Virginia law, APCo is also eligible to defer for future recovery certain environmental and major storm operation and maintenance expenses up to the bottom of APCo's authorized Virginia 2020-2022 earnings ROE band. The Virginia SCC also disagreed with APCo's treatment of the retired coal-fired generation assets for regulatory purposes, and instead adopted the Virginia SCC Staff's recommendation to treat the remaining unrecovered costs of the retired coal-fired generation assets as a regulatory asset to be amortized over 10 years as of the June 2015 retirement date. The Virginia SCC's adoption of the Staff's recommended regulatory treatment of the coal-fired generation assets resulted in a net $40 million increase to APCo's 2020 pretax income. In addition, the Virginia SCC's order also included: (a) implementation of the Staff-modified APCo 2017 depreciation study effective January 1, 2018 and (b) implementation of the Staff-modified APCo 2019 depreciation study effective January 1, 2020. The adoption of these depreciation studies resulted in an approximate $47 million reduction to APCo's 2020 pretax income comprised of a $44 million reduction to revenues for amounts recognized in advance of the recording of depreciation expense for the periods January 2018 through October 2020 and a $3 million increase in depreciation expense for the periods November and December 2020. A corresponding regulatory liability was recorded for the $44 million reduction to revenues. The Virginia SCC's approval of APCo's 2019 depreciation study included the ongoing depreciation and recovery of APCo's Virginia AMI/AMR meter balances. In November 2020, APCo filed a notice of appeal with the Virginia Supreme Court.

In December 2020, an intervenor filed a petition at the Virginia SCC requesting reconsideration of: (a) the failure of the Virginia SCC to apply a threshold earnings test to the approved regulatory asset for APCo's closed coal-fired generation assets, (b) the Virginia SCC's use of a 2011 benchmark study to measure the replacement value of capacity for purposes of APCo's 2017 – 2019 earnings test and (c) the reasonableness and prudency of APCo's investments in AMI meters.

In December 2020, APCo filed a petition at the Virginia SCC requesting reconsideration of: (a) certain issues related to APCo's going-forward rates and (b) the Virginia SCC's decision to deny APCo tariff changes that align rates with underlying costs. For APCo's going-forward rates, APCo requested that the Virginia SCC clarify its final order and whether APCo's current rates will allow it to earn a fair return. If the Virginia SCC's order did conclude on APCo's ability to earn a fair return through existing base rates, APCo further requested that the Virginia SCC clarify whether it has the authority to also permit an increase in base rates. If the Virginia SCC did not conclude on APCo's ability to earn a fair return, APCo requested the Virginia SCC provide such a conclusion. In January 2021, as requested by the Virginia SCC, APCo filed briefs related to the petition for reconsideration.

If the Virginia SCC issues an unfavorable ruling related to the intervenor petition, it could reduce future net income and cash flows and impact financial condition.

West Virginia ENEC and Vegetation Management Riders

In June 2020, the WVPSC issued an order directing APCo and WPCo to increase rider rates relating to ENEC and vegetation management by a combined $101 million ($81 million related to APCo) over twelve months beginning September 2020. This increase will be partially offset by a refund of $38 million ($31 million related to APCo) of Excess ADIT that is not subject to normalization requirements over ten months beginning September 2020. These transactions will result in no overall impact to net income.