Dominion Energy: Pollute to Profit

- Dominion makes money by exaggerating future energy demand, gaming the regulatory system, building unnecessary gas pipelines and power plants, then charging customers for unneeded infrastructure.
- Dominion claims to provide affordable, safe, and clean energy. Its history of predatory rate hikes, accidents, environmental disasters, and insistence on investing in dirty fossil fuels like coal and gas suggest otherwise.

Executive Summary

Dominion’s fracked gas pipelines, toxic coal ash dumps, and corrosive influence on politics are jeopardizing the health of people, communities, and landscapes.

Dominion imposes predatory rate hikes on its customers to pay for the costs of building unnecessary, dangerous pipelines. The Atlantic Coast Pipeline (ACP), a prime example of unnecessary development, was guaranteed to earn a 14% rate of return on its $6.5 billion investment — costing Virginia ratepayers alone an estimated $200 million annually.1,2

Dominion uses self-dealing to convince federal and state regulators that projects like the ACP are in the public’s interest. Dominion uses affiliate contracts as proof to federal regulators that new pipelines are needed to meet energy demand. Affiliate contracts account for 89% of the ACP’s total capacity. In other words, the entire justification for building the ACP is based on an agreement struck between separate branches of the same companies, rather than actual energy needs.3 With these affiliate contracts in hand, utilities like Dominion then ask state regulators to add a fuel surcharge to customer bills to pay for the pipeline transportation cost. Once approved, utility customers are on the hook for gas transportation costs, often for 10 to 20 years, whether or not the pipeline is used to meet demand in their community or even state. Overall, these and other surcharges on customers’ bills, known as rate adjustment clauses, accounted for 42% of Dominion’s bill increases between 2007 and 2012.4

At the same time, Dominion acquires other utilities to increase its control over the entire energy supply chain across the Southeast — as demonstrated by its pursuit of a merger with SCANA Corporation, the South Carolina...
utility embroiled in controversy for it’s failed V.C. Summer nuclear plant.5

While Dominion focuses on building fossil fuel infrastructure to meet nonexistent demand, they lag behind in implementing cost-saving energy efficiency measures for existing customers. In 2015, Dominion’s potential energy savings from energy efficiency upgrades in rental homes alone could have reduced energy bills in Virginia by over $10 million.6 Virginia, one of Dominion’s main markets, had the 8th highest average residential electricity bills by state in 2016.7 In 2017, Dominion ranked at the bottom of the pack at 50 out of 51 of the nation’s largest utilities for energy efficiency programs and policies.8

By spending heavily on fossil fuel infrastructure today, Dominion is wasting precious time that should be spent investing in the clean, renewable energy sources that are affordable and abundant now. Dominion’s current operating capacity is less than 6% wind and solar energy.8 The lack of investment in safe, renewable energy comes at a heavy price. For example, Dominion gas explosions in Ohio in 2011 destroyed 11 homes and damaged 150 others.10

Dominion’s mismanagement of coal ash dumps are as devastating as its gas operations. Dominion currently has 11 coal ash dumps and six coal ash landfills, many of which are leaking toxic chemicals like radium and arsenic into the surrounding communities’ groundwater.11,12 Some families in these areas were forced to cook, clean, and bathe with bottled or filtered water to avoid the contaminated groundwater.13

For its various misdeeds, Dominion has racked up the seventh most environmental violation penalties out of all companies in the United States (by total amount paid) since 2000.14 To avoid the cost of its own pollution and protect its profit margins, Dominion spends heavily to influence politics. Since 1996, Dominion spent almost twice as much money on political campaigns and causes as the next leading corporation in Virginia.15

Endnotes

6 Virginia Poverty Law Center, 2017.
8 “The results are in: here are the most energy-efficient utilities in the US.” American Council for Energy Efficiency. 13 June 2017, http://aceee.org/blog/2017/06/results-are-here-are-most-energy.
9 Calculations are based on data provided by Global Market S&P. Renewables includes solar and wind.