

COMMONWEALTH OF VIRGINIA
STATE CORPORATION COMMISSION

AT RICHMOND, AUGUST 1, 2019

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APPLICATION OF

KENTUCKY UTILITIES COMPANY
d/b/a OLD DOMINION POWER COMPANY

CASE NO. PUR-2019-00060

For an adjustment of electric base rates

ORDER FOR NOTICE AND HEARING

On July 12, 2019, Kentucky Utilities Company d/b/a Old Dominion Power Company ("KU/ODP" or "Company") filed an application ("Application") with the State Corporation Commission ("Commission") requesting authority to adjust its electric base rates pursuant to Chapter 10 of Title 56 of the Code of Virginia ("Code")¹ and the Commission's Rules Governing Utility Rate Applications and Annual Informational Filings.²

KU/ODP seeks an increase in base rates to produce an increase in revenues in the amount of approximately \$12.7 million, which is an 18.2% increase in its total operating revenues, including fuel.³ The Company indicates that this rate request is based on a 10.50% return on common equity.⁴ Additionally, KU/ODP proposes to increase its basic service charge and to have the charge calculated on a daily rather than a monthly basis for each class of customers.⁵ Specifically, for residential customers, the Company proposes a basic service charge of \$0.53 per

¹ Code § 56-232 *et seq.*

² 20 VAC 5-201-10 *et seq.*

³ Application at 1; Direct Testimony of Christopher M. Garrett at 1.

⁴ Application at 2; Direct Testimony of Adrien M. McKenzie at 3.

⁵ Direct Testimony of Robert M. Conroy at 22-23.

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day, which is equivalent to \$16.13 per month.⁶ This represents a \$4.13 increase to the Company's current \$12 basic service charge for residential service.⁷

If KU/ODP's proposed rate increase is approved, the impact on customer bills would depend on the customer's rate schedule and usage. According to the Company, the proposed increase would raise the monthly bill of a residential customer using 1,000 kilowatt hours per month by \$23.45, from \$109.54 to \$132.99, an increase of 21.41%.⁸

The Application also includes proposed revisions to the Company's tariffs, including revisions to late payment charges, private outdoor lighting service, the Cogeneration and Small Power Producer Rider, the line extension plan, and special charges related to returned payments, and disconnecting and reconnecting service.⁹ KU/ODP also proposes new tariffs including a Green Tariff governing the Company's proposed renewable energy offerings and an Economic Development Rider.¹⁰

KU/ODP proposes an effective date of August 11, 2019, for the increase with the expectation that the Commission will suspend enforcement of the proposed rates, rules, and regulations until the Commission's final order is entered in this proceeding, pursuant to Code § 56-238.¹¹

⁶ *Id.* at 23.

⁷ *Id.* at 23, 26.

⁸ *Id.* at 27; Application at Schedule 43.

⁹ Direct Testimony of Michael E. Hornung at 2-5, 7-10.

¹⁰ *Id.* at 5-9.

¹¹ Application at 7.

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds that KU/ODP should provide public notice of its Application; public hearings should be scheduled for the purpose of receiving testimony and evidence on the Application; interested persons should have an opportunity to file comments on the Application or participate as a respondent in this proceeding; and the Commission's Staff ("Staff") should be directed to investigate the Application and file testimony and exhibits containing its findings and recommendations thereon. We further find that KU/ODP's proposed changes in rates, tolls, charges, rules, and regulations should be suspended until the Commission's final order in this proceeding. Finally, we find that a Hearing Examiner should be assigned to conduct all further proceedings in this matter on behalf of the Commission, including filing a final report containing the Hearing Examiner's findings and recommendations.

Accordingly, IT IS ORDERED THAT:

(1) The Company's proposed changes in rates, tolls, charges, rules, and regulations are suspended pursuant to Code § 56-238 until the Commission's final order in this proceeding.

(2) As provided by Code § 12.1-31 and 5 VAC 5-20-120, *Procedure before Hearing Examiners*, of the Commission's Rules of Practice and Procedure ("Rules of Practice"),¹² a Hearing Examiner is appointed to conduct all further proceedings in this matter on behalf of the Commission, including filing a final report.

(3) A public hearing shall be convened on October 2, 2019, beginning at 4 p.m. and reconvening at 7 p.m. in the City of Norton Municipal Building, Council Chambers, 618 Virginia Avenue, NW, Norton, Virginia 24273, to receive testimony on the Company's Application from public witnesses participating as provided by 5 VAC 5-20-80 C, *Public witnesses*, of the Rules

¹² 5 VAC 5-20-10 *et seq.*

of Practice. Any person desiring to offer testimony as a public witness at one of these times should appear at the hearing location fifteen (15) minutes prior to the starting time of the hearing and contact the Commission's Bailiff.

(4) A public hearing on the Application shall be convened on January 22, 2020, at 10 a.m., in the Commission's second floor courtroom located in the Tyler Building, 1300 East Main Street, Richmond, Virginia 23219, to receive the testimony of public witnesses and the evidence of the Company, any respondents, and the Staff. Any person desiring to offer testimony as a public witness at this hearing should appear in the Commission's courtroom fifteen (15) minutes prior to the starting time of the hearing and contact the Commission's Bailiff.

(5) The Company shall make copies of its Application, as well as a copy of this Order for Notice and Hearing, available for public inspection during regular business hours at each of the Company's business offices in the Commonwealth of Virginia. Copies also may be obtained by submitting a written request to counsel for the Company, Kendrick R. Riggs, Esquire, Stoll Keenon Ogden PLLC, 500 West Jefferson Street, Suite 2000, Louisville, Kentucky 40202-2828. If acceptable to the requesting party, the Company may provide the copies by electronic means. Copies of the public version of all documents filed in this case also shall be available for review in the Commission's Document Control Center, located on the first floor of the Tyler Building, 1300 East Main Street, Richmond, Virginia 23219, between the hours of 8:15 a.m. and 5 p.m., Monday through Friday, excluding holidays. Interested persons also may download unofficial copies from the Commission's website: <http://www.scc.virginia.gov/case>.

(6) On or before August 29, 2019, the Company shall cause a copy of the following notice to be published as display advertising (not classified) on one occasion in newspapers of general circulation throughout the Company's service territory within Virginia:

NOTICE TO THE PUBLIC OF AN
APPLICATION BY KENTUCKY UTILITIES COMPANY
D/B/A OLD DOMINION POWER COMPANY
FOR AN ADJUSTMENT OF ELECTRIC BASE RATES
CASE NO. PUR-2019-00060

- **Kentucky Utilities Company d/b/a Old Dominion Power Company filed an application for an adjustment to its electric base rates, requesting to increase its total revenue by approximately \$12.7 million.**
- **A Hearing Examiner appointed by the Commission will convene a public hearing on October 2, 2019, beginning at 4 p.m. and reconvening at 7 p.m. in Norton, Virginia, to receive the testimony of any public witnesses.**
- **The Hearing Examiner will convene a public hearing on January 22, 2020, in Richmond, Virginia, to receive the testimony of any public witnesses and evidence related to the application.**
- **Further information about this case is available on the State Corporation Commission website at: <http://www.scc.virginia.gov/case>.**

On July 12, 2019, Kentucky Utilities Company d/b/a Old Dominion Power Company ("KU/ODP" or "Company") filed an application ("Application") with the State Corporation Commission ("Commission") requesting authority to adjust its electric base rates pursuant to Chapter 10 of Title 56 of the Code of Virginia and the Commission's Rules Governing Utility Rate Applications and Annual Informational Filings.

KU/ODP seeks an increase in base rates to produce an increase in revenues in the amount of approximately \$12.7 million, which is an 18.2% increase in its total operating revenues,

including fuel. The Company indicates that this rate request is based on a 10.50% return on common equity. Additionally, KU/ODP proposes to increase its basic service charge and to have the charge calculated on a daily rather than a monthly basis for each class of customers. Specifically, for residential customers, the Company proposes a basic service charge of \$0.53 per day, which is equivalent to \$16.13 per month. This represents a \$4.13 increase to the Company's current \$12 basic service charge for residential service.

If KU/ODP's proposed rate increase is approved, the impact on customer bills would depend on the customer's rate schedule and usage. According to the Company, the proposed increase would raise the monthly bill of a residential customer using 1,000 kilowatt hours per month by \$23.45, from \$109.54 to \$132.99, an increase of 21.41%.

The Application also includes proposed revisions to the Company's tariffs, including revisions to late payment charges, private outdoor lighting service, the Cogeneration and Small Power Producer Rider, the line extension plan, and special charges related to returned payments, and disconnecting and reconnecting service. KU/ODP also proposes new tariffs including a Green Tariff governing the Company's proposed renewable energy offerings and an Economic Development Rider.

The Commission has suspended implementation of the proposed revisions to the Company's rates, tolls, and charges until a final order is issued in this proceeding.

Interested persons are encouraged to review the Application and supporting documents for the details of these and other proposals.

TAKE NOTICE that the Commission may approve revenues and adopt rates, fees, charges, tariff revisions, and terms and conditions of service that differ from those appearing in the Company's Application and supporting documents and may apportion revenues among customer classes and/or design rates in a manner differing from that shown in the Company's Application and supporting documents.

The Commission's Order for Notice and Hearing, among other things, scheduled public hearings to be held in Norton and Richmond, Virginia. A public hearing will be convened on October 2, 2019, beginning at 4 p.m. and reconvening at 7 p.m. in

the City of Norton Municipal Building, Council Chambers, 618 Virginia Avenue, NW, Norton, Virginia 24273, for the sole purpose of receiving the testimony of public witnesses. The public hearing will resume on January 22, 2020, beginning at 10 a.m. in the Commission's second floor courtroom, Tyler Building, 1300 East Main Street, Richmond, Virginia 23219, for the purpose of receiving testimony from members of the public and evidence related to the Application from the Company, any respondents, and the Commission's Staff. Any person desiring to testify as a public witness should appear at the hearing location fifteen (15) minutes before the starting time of the hearing and contact the Commission's Bailiff.

The Company's Application and the Commission's Order for Notice and Hearing are available for public inspection during regular business hours at each of the Company's business offices in the Commonwealth of Virginia. Copies also may be obtained by submitting a written request to counsel for the Company, Kendrick R. Riggs, Esquire, Stoll Keenon Ogden PLLC, 500 West Jefferson Street, Suite 2000, Louisville, Kentucky 40202-2828. If acceptable to the requesting party, the Company may provide the Application by electronic means.

Copies of the public version of all documents filed in Case No. PUR-2019-00060 also are available for review in the Commission's Document Control Center, located on the first floor of the Tyler Building, 1300 East Main Street, Richmond, Virginia 23219, between the hours of 8:15 a.m. and 5 p.m., Monday through Friday, excluding holidays. Interested persons may also download unofficial copies from the Commission's website: <http://www.scc.virginia.gov/case>.

On or before January 15, 2020, any interested person wishing to comment on the Company's Application may file written comments on the Application with Joel H. Peck, Clerk, State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218-2118. Any interested person desiring to file comments electronically may do so on or before January 15, 2020, by following the instructions on the Commission's website: <http://www.scc.virginia.gov/case>. Compact discs or any other form of electronic storage medium may not be filed with the comments. All such comments shall refer to Case No. PUR-2019-00060.

On or before September 26, 2019, any person or entity wishing to participate as a respondent in this proceeding may do so by filing a notice of participation. If not filed electronically, an original and fifteen (15) copies of the notice of participation shall be submitted to the Clerk of the Commission at the address set forth above. A copy of the notice of participation as a respondent also must be sent to counsel for the Company at the address set forth above. Pursuant to 5 VAC 5-20-80 B, *Participation as a respondent*, of the Commission's Rules of Practice and Procedure ("Rules of Practice"), any notice of participation shall set forth: (i) a precise statement of the interest of the respondent; (ii) a statement of the specific action sought to the extent then known; and (iii) the factual and legal basis for the action. All filings shall refer to Case No. PUR-2019-00060. For additional information about participation as a respondent, any person or entity should obtain a copy of the Commission's Order for Notice and Hearing.

All documents filed with the Office of the Clerk of the Commission in this docket may use both sides of the paper. In all other respects, all filings shall comply fully with the requirements of 5 VAC 5-20-150, *Copies and format*, of the Commission's Rules of Practice.

The Commission's Rules of Practice may be viewed at <http://www.scc.virginia.gov/case>. A printed copy of the Commission's Rules of Practice and an official copy of the Commission's Order for Notice and Hearing in this proceeding may be obtained from the Clerk of the Commission at the address above.

KENTUCKY UTILITIES COMPANY
D/B/A OLD DOMINION POWER COMPANY

(7) On or before August 29, 2019, the Company shall serve a copy of this Order for Notice and Hearing on the following local officials, to the extent the position exists, in each county, city, and town in which the Company provides service in the Commonwealth of Virginia: the chairman of the board of supervisors of each county; the mayor or manager (or equivalent official) of every city and town; and the county, city, or town attorney. Service shall be made by first class mail to the customary place of business or residence of the person served.

(8) On or before September 26, 2019, the Company shall file with Joel H. Peck, Clerk, State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218-2118, proof of the notice and service required by Ordering Paragraphs (6) and (7) herein.

(9) On or before January 15, 2020, any interested person may file written comments on the Company's Application with the Clerk of the Commission at the address in Ordering Paragraph (8). Any interested person desiring to submit comments electronically may do so on or before January 15, 2020, by following the instructions on the Commission's website: <http://www.scc.virginia.gov/case>. Compact discs or any other form of electronic storage medium may not be filed with the comments. All comments shall refer to Case No. PUR-2019-00060.

(10) On or before September 26, 2019, any person or entity wishing to participate as a respondent in this proceeding may do so by filing a notice of participation. If not filed electronically, an original and fifteen (15) copies of the notice of participation shall be submitted to the Clerk of the Commission at the address in Ordering Paragraph (8). The respondent shall serve a copy of the notice of participation on counsel to the Company at the address in Ordering Paragraph (5). Pursuant to 5 VAC 5-20-80 B, *Participation as a respondent*, of the Commission's Rules of Practice, any notice of participation shall set forth: (i) a precise statement of the interest of the respondent; (ii) a statement of the specific action sought to the extent then known; and (iii) the factual and legal basis for the action. Any organization, corporation, or government body participating as a respondent must be represented by counsel as required by 5 VAC 5-20-30, *Counsel*, of the Rules of Practice. All filings shall refer to Case No. PUR-2019-00060.

(11) Within five (5) business days of receipt of a notice of participation as a respondent, the Company shall serve upon each respondent a copy of this Order for Notice and Hearing, a copy of its Application, and all materials filed by the Company with the Commission in this proceeding, unless these materials already have been provided to the respondent.

(12) On or before October 10, 2019, each respondent may file with the Clerk of the Commission and serve on the Staff, the Company, and all other respondents, any testimony and exhibits by which the respondent expects to establish its case, and each witness's testimony shall include a summary not to exceed one page. If not filed electronically, an original and fifteen (15) copies of such testimony and exhibits shall be submitted to the Clerk of the Commission at the address in Ordering Paragraph (8). In all filings, the respondent shall comply with the Commission's Rules of Practice, including: 5 VAC 5-20-140, *Filing and service*; and 5 VAC 5-20-240, *Prepared testimony and exhibits*. All filings shall refer to Case No. PUR-2019-00060.

(13) The Staff shall investigate the Application. On or before December 6, 2019, the Staff shall file with the Clerk of the Commission an original and fifteen (15) copies of the Staff's testimony and exhibits regarding the Application, and each Staff witness's testimony shall include a summary not to exceed one page.

(14) On or before January 3, 2020, KU/ODP may file with the Clerk of the Commission (a) any rebuttal testimony and exhibits that it expects to offer, and each rebuttal witness's testimony shall include a summary not to exceed one page; and (b) a summary not to exceed one page of each direct witness's testimony if not previously included therewith. The Company shall serve a copy thereof on the Staff and all respondents. If not filed electronically, an original and

fifteen (15) copies of such rebuttal testimony and exhibits shall be submitted to the Clerk of the Commission at the address in Ordering Paragraph (8).

(15) All documents filed with the Office of the Clerk of the Commission in this docket may use both sides of the paper. In all other respects, all filings shall comply fully with the requirements of 5 VAC 5-20-150, *Copies and format*, of the Commission's Rules of Practice.

(16) The Commission's Rule of Practice 5 VAC 5-20-260, *Interrogatories to parties or requests for production of documents and things*, shall be modified for this proceeding as follows: responses and objections to written interrogatories and requests for production of documents shall be served within seven (7) calendar days after receipt of the same. In addition to the service requirements of 5 VAC 5-20-260, on the day that copies are filed with the Clerk of the Commission, a copy of the interrogatory or request for production shall be served electronically, or by facsimile, on the party to whom the interrogatory or request for production is directed or the assigned Staff attorney if the interrogatory or request for production is directed to the Staff.¹³ Except as modified above, discovery shall be in accordance with Part IV of the Commission's Rules of Practice, 5 VAC 5-20-240 *et seq.*

(17) This matter is continued.

AN ATTESTED COPY hereof shall be sent by the Clerk of the Commission to:

Kendrick R. Riggs, Esquire, Stoll Keenon Ogden PLLC, 500 West Jefferson Street, Suite 2000, Louisville, Kentucky 40202-2828; Robert M. Conroy, Vice President, State Regulation and Rates, LG&E and KU Services Company, 220 West Main Street, Louisville, Kentucky 40202; Allyson K. Sturgeon, Managing Senior Counsel, Regulatory and Transactions, and Sara V. Judd,

¹³ The assigned Staff attorney is identified on the Commission's website: <http://www.scc.virginia.gov/case>, by clicking "Docket Search," and clicking "Search Cases," and entering the case number, PUR-2019-00060, in the appropriate box.

Senior Corporate Attorney, LG&E and KU Services Company, 220 West Main Street,
Louisville, Kentucky 40202; and C. Meade Browder, Jr., Senior Assistant Attorney General,
Division of Consumer Counsel, Office of the Attorney General, 202 N. 9th Street, 8th Floor,
Richmond, Virginia 23219-3424. A copy shall be provided to the Commission's Office of
General Counsel and Divisions of Public Utility Regulation and Utility Accounting and Finance.

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