

COMMONWEALTH OF VIRGINIA
STATE CORPORATION COMMISSION

AT RICHMOND, OCTOBER 7, 2009

APPLICATION OF

APPALACHIAN POWER COMPANY

CASE NO. PUE-2009-00102

For approval pursuant to Va. Code § 56-585.2
of purchase power agreements as part of its
participation in the Virginia energy portfolio
standard program

CLERK'S OFFICE
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DOCUMENT CONTROL

ORDER FOR NOTICE AND COMMENT

On September 18, 2009, Appalachian Power Company ("APCo" or "Company") filed with the State Corporation Commission ("Commission") an application for approval pursuant to Va. Code § 56-585.2 of purchase power agreements as part of its participation in the Virginia renewable energy portfolio standard ("RPS") program ("Application"). The Application was accompanied by a Motion for a Protective Order.

The Application states that following the Commission's approval of APCo's participation in the RPS program in Case No. PUE-2008-00003, APCo has executed three (3) purchase power agreements ("PPAs") with Invenergy, LLC for wind energy. These three PPAs consist of two PPAs for the Grand Ridge wind project and one for the Beech Ridge wind project. The Application states that while APCo first presented specific information concerning the cost of the Grand Ridge and Beech Ridge PPAs in the Company's most recent fuel factor proceeding in Case No. PUE-2009-00038, the Commission found that the Company had not yet requested a finding pursuant to Va. Code § 56-585.2 that the Grand Ridge and Beech Ridge wind projects meet the "reasonable" and "prudent" standards therein. Accordingly, APCo requests that the Commission determine that these PPAs are reasonable and prudent pursuant to Va. Code § 56-585.2.

While the Company seeks to have these PPAs included as a part of the Company's previously approved participation in the RPS program, APCo states that it will seek cost recovery in a separate proceeding. APCo also requests that the Commission find that the Company has a reasonable expectation of achieving 12 percent of its base year electric energy sales from renewable energy sources during calendar year 2022, and 15 percent of its base year electric energy sales from renewable sources during calendar year 2025. Finally, the Company requests that the Commission give the Application expedited consideration, stating that APCo expects to receive output under the Grand Ridge and Beech Ridge PPAs shortly.

NOW THE COMMISSION, upon consideration of the Application, is of the opinion and finds that APCo's Application should be docketed; that the Company should serve a copy of the Application on all respondents in Case No. PUE-2009-00038; that the Company should serve a copy of this Order on the local governments located within APCo's Virginia service territory; that interested persons should have an opportunity to comment and request a hearing on APCo's Application; and that the Commission Staff should conduct an investigation into the Application and present its findings in a Staff Report.

Accordingly, IT IS ORDERED THAT:

- (1) This case is docketed and assigned Case No. PUE-2009-00102.
- (2) Pursuant to Va. Code § 12.1-31 and 5 VAC 5-20-120 of the Commission's Rules of Practice and Procedure, the Commission assigns a Hearing Examiner to rule on any discovery matter that may arise in this proceeding and to rule on the Company's Motion for a Protective Order.
- (3) On or before October 23, 2009, APCo shall serve a copy of this Order for Notice and Comment on the chairman of the board of supervisors and county attorney for each county and

on the mayor or manager of every city and town (or on equivalent officials in counties, towns, and cities having alternate forms of government) in the Commonwealth in which APCo provides service. Service shall be made by personal delivery or by first class mail, postage prepaid, to the customary place of business or residence of the person served.

(4) On or before October 23, 2009, APCo shall serve a copy of the Application on all parties that filed a notice of participation as a respondent in Case No. PUE-2009-00038.

(5) The Company shall make a copy of the public version of the Application available to the public, who may obtain a copy at no charge by requesting a copy from APCo's counsel, Richard D. Gary, Esquire, Hunton & Williams LLP, 951 East Byrd Street, Richmond, Virginia 23219-4074. Copies of the Application and related documents are also available for public inspection between the hours of 8:15 a.m. and 5:00 p.m., Monday through Friday, in the Commission's Document Control Center located on the first floor of the Tyler Building, 1300 East Main Street, Richmond, Virginia, excluding holidays. Unofficial copies may also be downloaded from the Commission's website: <http://www.scc.virginia.gov/case>.

(6) Any person desiring to comment on APCo's Application may do so by directing such comments in writing on or before November 20, 2009, to Joel H. Peck, Clerk, State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218. Interested persons desiring to submit comments electronically may do so by following the instructions found on the Commission's website: <http://www.scc.virginia.gov/case>. Comments shall refer to Case No. PUE-2009-00102.

(7) On or before November 20, 2009, any person wishing to request a hearing on APCo's Application may do so by filing a request for hearing with the Clerk of the Commission at the address set forth above. Any request for hearing shall state with specificity why the issues raised

in the request for hearing cannot be adequately addressed in written comments. If a sufficient request for hearing is not received, the Commission may consider the matter and enter an order based upon the papers filed herein. Any request for hearing shall refer to Case No. PUE-2009-00102.

(8) Any interested person desiring to participate as a respondent in this proceeding shall file with the Clerk of the Commission at the address set forth above, on or before November 20, 2009, an original and fifteen (15) copies of a notice of participation as a respondent and shall simultaneously serve a copy of the notice of participation on counsel for APCo at the address set forth above. Pursuant to 5 VAC 5-20-80 B of the Commission's Rules of Practice and Procedure, the 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. Interested parties shall refer in all of their filed papers to Case No. PUE-2009-00102.

(9) On or before November 20, 2009, the Company shall file with the Clerk of the Commission the proof of service as ordered herein.

(10) On or before December 4, 2009, the Company shall file with the Clerk of the Commission any responses it has to any requests for hearing or comments filed with the Commission.

(11) The Commission Staff shall analyze APCo's Application and present its findings in a Staff Report to be filed on or before December 18, 2009.

(12) On or before January 8, 2010, the Company shall file with the Clerk of the Commission any responses to the Staff Report.

(13) This matter is continued pending further order of the Commission.

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

Richard D. Gary, Esquire, Hunton & Williams LLP, Riverfront Plaza, East Tower, 951 East Byrd Street, Richmond, Virginia 23219-4074; C. Meade Browder, Jr., Senior Assistant Attorney General, Division of Consumer Counsel, Office of Attorney General, 900 East Main Street, 2nd Floor, Richmond, Virginia 23219; R. L. Terpenney, Town Manager, Town of Christiansburg, 100 East Main Street, Christiansburg, Virginia 24073; Louis R. Monacell, Esquire and Edward L. Petrini, Esquire, Christian & Barton, L.L.P., 909 East Main Street, Suite 1200, Richmond, Virginia 23219; Damon E. Xenopoulos, Esquire, and Shaun C. Mohler, Esquire, Brickfield, Burchette, Ritts & Stone, West Tower, 8th Floor, 1025 Thomas Jefferson Street, N.W., Washington, DC 20007; Robert D. Perrow, Esquire, and Howard W. Dobbins, Esquire, Williams Mullen, 1021 East Cary Street, Richmond, Virginia 23219; and the Commission's Office of General Counsel and Divisions of Energy Regulation, Public Utility Accounting, and Economics and Finance.