

COMMONWEALTH OF VIRGINIA
STATE CORPORATION COMMISSION

AT RICHMOND, JULY 24, 2015

APPLICATION OF

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

CASE NO. PUE-2015-00063

For an adjustment of electric base rates

REGULATORY OFFICE
REGULATORY CONTROL CENTER
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ORDER FOR NOTICE AND HEARING

On June 30, 2015, 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 (§ 56-232 *et seq.*) of the Code of Virginia ("Code") and the Commission's Rules Governing Utility Rate Applications and Annual Informational Filings, 20 VAC 5-201-10 *et seq.*

KU/ODP seeks an increase in base rates to produce an increase in revenues in the amount of \$7.16 million, a 10.2% increase in its total operating revenues, including fuel.¹ The Company indicates that this rate request is based on a 10.50% return on common equity.² The Company proposes to increase the rates for electricity for its customer classes following the entry of a final order by the Commission in this proceeding.³ For residential customers, the Application also proposes a two-step increase in the monthly basic service charge.⁴ Initially, KU/ODP proposes to increase the current \$12.00 monthly basic service charge to \$15.00, with the increase to be

¹ Application at 1-2.

² Application at 5; Avera/McKenzie Prefiled Direct Testimony at 8.

³ See Application at 8; Conroy Prefiled Direct Testimony at 21-22; Application at Schedule 42.

⁴ Conroy Prefiled Direct Testimony at 23-24; Application at Schedule 43.

effective upon entry of a final order by the Commission in this proceeding, and subsequently to increase the monthly basic service charge to \$18.00, effective January 2017.⁵ According to the Company, the proposed increases would raise the monthly bill of a residential customer using 1,000 kilowatt hours per month from \$98.36 to \$111.96, an increase of 13.83%.⁶ The Company also proposes to increase the residential customer deposit from the current level of \$150 to \$160.⁷

KU/ODP proposes an effective date of August 1, 2015, 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 § 56-238 of the Code.⁸

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds 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; the Company should provide public notice of its Application; public hearings should be scheduled for the purpose of receiving testimony and evidence on the Company's Application; a procedural schedule should be established to allow interested persons to file comments on the Company's Application or to participate in this proceeding as a respondent; the Staff of the Commission ("Staff") should be directed to investigate the Application and to file testimony and exhibits containing its findings and recommendations on the Company's Application; and a Hearing Examiner should be assigned to conduct further proceedings on behalf of the Commission.

⁵ Conroy Prefiled Direct Testimony at 23-27; Application at Schedule 43.

⁶ Application at Schedule 43.

⁷ Conroy Prefiled Direct Testimony at 31.

⁸ Application at 8.

Accordingly, IT IS ORDERED THAT:

(1) This Application is docketed and assigned Case No. PUE-2015-00063.

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

(3) As provided by § 12.1-31 of the Code and 5 VAC 5-20-120, *Procedure before hearing examiners*, of the Commission's Rules of Practice and Procedure, ("Rules of Practice"), 5 VAC 5-20-10 *et seq.*, a Hearing Examiner is appointed to conduct further proceedings in this matter on behalf of the Commission and shall issue a report containing the Hearing Examiner's findings and recommendations.

(4) A public hearing shall be convened on September 24, 2015, beginning at 4 p.m. and reconvening at 7 p.m. in the Town of Norton Municipal Building, City 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 of Practice.

(5) A public hearing shall be convened on December 14, 2015, at 10 a.m., in the Commission's Courtroom, Second Floor, Tyler Building, 1300 East Main Street, Richmond, Virginia 23219, to receive the testimony of public witnesses and the evidence offered by the Company, any respondents, and the Commission's Staff on the Company's Application. Any person desiring to offer testimony as a public witness at either public hearing concerning the Application need only appear at the hearing location fifteen (15) minutes before the starting time of the hearing and contact the Commission's Bailiff.

(6) 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, 2000 PNC Plaza, 500 West Jefferson Street, 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 interested persons to 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>.

(7) On August 19, 2015, 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 IN ELECTRIC BASE RATES
CASE NO. PUE-2015-00063

On June 30, 2015, 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 (§ 56-232 *et seq.*) of the Code of Virginia and the Rules Governing Utility Rate Applications and Annual Informational Filings, 20 VAC 5-201-10 *et seq.*

KU/ODP seeks an increase in base rates to produce an increase in revenues in the amount of \$7.16 million, a 10.2% 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. The Company proposes to increase the rates for electricity for its customer classes following the entry of a final order by the Commission in this proceeding. For residential customers, the Application also proposes a two-step increase in the monthly basic service charge. Initially, KU/ODP proposes to increase the current \$12.00 monthly basic service charge to \$15.00, with the increase to be effective upon entry of a final order by the Commission in this proceeding, and subsequently to increase the monthly basic service charge to \$18.00, effective January 2017. According to the Company, the proposed increases would raise the monthly bill of a residential customer using 1,000 kilowatt hours per month from \$98.36 to \$111.96, an increase of 13.83%. The Company also proposes to increase the residential customer deposit from the current level of \$150 to \$160. 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.

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 September 24, 2015, beginning at 4 p.m. and reconvening at 7 p.m. in the Town of Norton Municipal Building, City 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 December 14, 2015, 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.

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 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, 2000 PNC Plaza, 500 West Jefferson Street, 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. PUE-2015-00063 and the Commission's Rules of Practice and Procedure are also available for interested persons to 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>.

Any person or entity may participate as a respondent in this proceeding by filing, on or before October 6, 2015, a notice of participation. If not filed electronically, an original and fifteen (15) copies of the notice of participation shall be submitted to Joel H. Peck, Clerk, State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218-2118. A copy of the notice of participation as a respondent also shall 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, 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. PUE-2015-00063. 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.

On or before October 6, 2015, each respondent may file with the Clerk of the Commission and serve on the Commission's Staff, the Company, and all 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 set forth above. Respondents shall comply with the Commission's Rules of Practice and Procedure, including: 5 VAC 5-20-140, *Filing and service*; 5 VAC 5-20-150, *Copies and format*; and 5 VAC 5-20-240, *Prepared testimony and exhibits*.

On or before December 7, 2015, any interested person wishing to comment on the Company's Application shall submit written comments with the Clerk of the Commission at the address set forth above. Any interested person desiring to submit comments electronically may do so on or before December 7, 2015, by following the instructions on the Commission's website: <http://www.scc.virginia.gov/case>. All such comments shall refer to Case No. PUE-2015-00063.

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

(8) On or before August 19, 2015, the Company shall serve a copy of this Order for Notice and Hearing on the chairman of the board of supervisors and county attorney of each county and upon the mayor or manager (or upon equivalent official) of every city and town in which the Company provides service in the Commonwealth of Virginia. Service shall be made by first class mail to the customary place of business or residence of the person served.

(9) On or before September 16, 2015, the Company shall file with the Clerk of the Commission proof of the notice and service required by Ordering Paragraphs (7) and (8) herein.

(10) On or before December 7, 2015, any interested person wishing to comment on the Company's Application may submit written comments 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 submit comments electronically may do so on or before December 7, 2015, by following the instructions on the Commission's website: <http://www.scc.virginia.gov/case>. All comments shall refer to Case No. PUE-2015-00063.

(11) Any person or entity may participate as a respondent in this proceeding by filing, on or before October 6, 2015, 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 (10). A copy of the notice of participation shall be served on counsel to KU/ODP at the address in Ordering Paragraph (6). 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. PUE-2015-00063.

(12) 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 have already been provided to the respondent.

(13) On or before October 6, 2015, 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 (10). The respondent shall comply with the Commission's Rules of Practice, including: 5 VAC 5-20-140, *Filing and service*; 5 VAC 5-20-150, *Copies and*

format; and 5 VAC 5-20-240, *Prepared testimony and exhibits*. All filings shall refer to Case No. PUE-2015-00063.

(14) The Staff shall investigate the Application. On or before November 16, 2015, 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.

(15) On or before December 3, 2015, 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 (10).

(16) The Commission's Rule of Practice 5 VAC 5-20-260, *Interrogatories 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 of the Rules of Practice, 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 Staff.⁹ Except as so modified, 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 generally.

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

Kendrick R. Riggs, Esquire, and W. Duncan Crosby III, Esquire, Stoll Keenon Ogden, PLLC, 2000 PNC Plaza, 500 West Jefferson Street, Louisville, Kentucky 40202-2828; Robert M. Conroy, Director-Rates, Old Dominion Power Company, P.O. Box 32010, Louisville, Kentucky 40232; Allyson K. Sturgeon, 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, 900 East Main Street, Second Floor, Richmond, Virginia 23219. A copy also shall be provided to the Commission's Office of General Counsel and Divisions of Energy Regulation and Utility Accounting and Finance.

⁹ The assigned Staff attorney is identified on the Commission's website, <http://www.scc.virginia.gov/case>, by clicking "Docket Search" and entering the case number, PUE-2015-00063, in the appropriate box.