

COMMONWEALTH OF VIRGINIA
STATE CORPORATION COMMISSION

AT RICHMOND, JULY 29, 2019

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2019 JUL 29 P 3:59

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PETITION OF

APPALACHIAN POWER COMPANY

CASE NO. PUR-2019-00111

For approval of the FRR Open Access
Distribution Service Tariff

ORDER FOR NOTICE AND COMMENT

On July 10, 2019, Appalachian Power Company ("APCo" or "Company"), pursuant to § 56-236 of the Code of Virginia ("Code"), filed with the State Corporation Commission of Virginia ("Commission") a petition ("Petition") requesting approval of its Fixed Resource Requirement ("FRR") Open Access Distribution Service Tariff (the "FRR-OAD Rate Schedules").

House Bill 2477 ("HB 2477"), which became effective on July 1, 2019, amends § 56-577 of the Code by requiring customers that elect to shop for retail electric energy pursuant to § 56-577 A 3 and § 56-577 A 4 of the Code to continue to pay the incumbent electric utility for non-fuel generation capacity and transmission related costs that the utility incurs to meet its capacity obligations, if the utility has elected the FRR alternative as a load serving entity in the PJM Interconnection L.L.C. region.¹ The Petition states that APCo has elected the FRR alternative through May 2022.² Thus, the Company filed this Petition requesting approval of the FRR-OAD Rate Schedules, effective as of July 1, 2019.³

¹ Petition at 2; Direct Testimony of William K. Castle at 1-2.

² Direct Testimony of William K. Castle at 2.

³ Petition at 2.

The Company asserts that the non-fuel generation capacity and transmission related costs that shopping customers will pay pursuant to the FRR-OAD Rate Schedules are identical to those in its standard service tariff, which the Commission has approved.⁴ Thus, the FRR-OAD Rate Schedules mirror the Company's standard service tariff, except that, as required by HB 2477, the FRR-OAD Rate Schedules exclude the costs for fuel and purchased power and the incremental costs of complying with the voluntary Virginia Renewable Portfolio Standard.⁵

NOW THE COMMISSION, upon consideration of the matter, is of the opinion and finds that the Petition should be docketed; that the Commission's Staff ("Staff") should investigate the proposed tariff and present its findings in a report ("Staff Report"); that this Order for Notice and Comment should be served upon interested persons; and that interested persons should have an opportunity to comment or request a hearing on the Petition. We also find that a Hearing Examiner should be appointed to rule on the discovery matters that arise in this proceeding.

Accordingly, IT IS ORDERED THAT:

- (1) This case is docketed and assigned Case No. PUR-2019-00111.
- (2) As provided by § 12.1-31 of the Code and Rule 5 VAC 5-20-120, *Procedure before hearing examiners*, of the Commission's Rules of Practice and Procedure ("Rules of Practice"), a Hearing Examiner is appointed to rule on the discovery matters that may arise in this proceeding.
- (3) The Company shall make copies of its Petition, as well as a copy of this Order for Notice and Comment, available for public inspection during regular business hours at each of the Company's business offices in the Commonwealth of Virginia. Copies may also be obtained by submitting a written request to counsel for the Company, Noelle J. Coates, Esquire, 1051 East

⁴ *Id.* at 2-3.

⁵ Direct Testimony of William K. Castle at 2-3.

Cary Street, Suite 1100, Richmond, Virginia 23219. If acceptable to the requesting party, the Company may provide the documents by electronic means. Copies of these documents 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>.

(4) On or before August 20, 2019, the Company shall cause 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 in Virginia:

NOTICE TO THE PUBLIC OF A PETITION BY
APPALACHIAN POWER COMPANY FOR APPROVAL OF
THE FRR OPEN ACCESS DISTRIBUTION SERVICE TARIFF
CASE NO. PUR-2019-00111

On July 10, 2019, Appalachian Power Company ("APCo" or "Company"), pursuant to § 56-236 of the Code of Virginia ("Code"), filed with the State Corporation Commission of Virginia ("Commission") a petition ("Petition") requesting approval of its Fixed Resource Requirement ("FRR") Open Access Distribution Service Tariff (the "FRR-OAD Rate Schedules").

House Bill 2477 ("HB 2477"), which became effective on July 1, 2019, amends § 56-577 of the Code by requiring customers that elect to shop for retail electric energy pursuant to § 56-577 A 3 and § 56-577 A 4 of the Code to continue to pay the incumbent electric utility for non-fuel generation capacity and transmission related costs that the utility incurs to meet its capacity obligations, if the utility has elected the FRR alternative as a load serving entity in the PJM Interconnection L.L.C. region. The Petition states that APCo has elected the FRR alternative through May 2022. Thus, the Company filed this Petition requesting approval of the FRR-OAD Rate Schedules, effective as of July 1, 2019.

The Company asserts that the non-fuel generation capacity and transmission related costs that shopping customers will pay

pursuant to the FRR-OAD Rate Schedules are identical to those in its standard service tariff, which the Commission has approved. Thus, the FRR-OAD Rate Schedules mirror the Company's standard service tariff, except that, as required by HB 2477, the FRR-OAD Rate Schedules exclude the costs for fuel and purchased power and the incremental costs of complying with the voluntary Virginia Renewable Portfolio Standard.

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

TAKE NOTICE that the Commission may adopt rates that differ from those appearing in the Company's application and supporting documents.

The Commission entered an Order for Notice and Comment that, among other things, directed the Company to provide notice of its Petition and provided interested persons an opportunity to comment or request a hearing on the Petition.

Copies of the Petition and the Commission's Order for Notice and Comment 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 APCo, Noelle J. Coates, Esquire, 1051 East Cary Street, Richmond, Virginia 23219. If acceptable to the requesting party, the Company may provide the documents by electronic means.

Copies of the Petition, and the public versions of other 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>.

On or before September 24, 2019, any interested person may file with Joel H. Peck, Clerk, State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218-2118, written comments on the Petition. On or before September 24, 2019, any interested person desiring to submit comments electronically may do so by following the instructions found 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-2019-00111.

On or before September 24, 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 Rule 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 such filings shall refer to Case No. PUR-2019-00111. For additional information about participation as a respondent, any person or entity should obtain a copy of the Commission's Order for Notice and Comment.

Any person may request a hearing on the Petition by filing such request for hearing on or before September 24, 2019. If not filed electronically, an original and fifteen (15) copies of the request for hearing must be submitted to the Clerk of the Commission at the address set forth above. Requests for hearing shall refer to Case No. PUR-2019-00111 and shall include: (i) a precise statement of the interest of the filing party; (ii) a statement of the specific action sought to the extent then known; (iii) a statement of the legal basis for such action; (iv) a precise statement why a hearing should be conducted in this matter; and (v) a precise statement why such issues cannot adequately be addressed in comments. Persons filing a request for hearing shall send a copy of the request to the Company's counsel at the address set forth above.

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 Comment may be obtained from the Clerk of the Commission at the address above.

APPALACHIAN POWER COMPANY

(5) On or before August 20, 2019, the Company shall serve a copy of this Order for Notice and Comment on the following 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; the mayor or manager (or equivalent official); and the county, city, or town attorney. Service shall be made by either personal delivery or first-class mail to the customary place of business or residence of the person served.

(6) On or before September 13, 2019, the Company shall file proof of the notice and service required by Ordering Paragraphs (4) and (5) with Joel H. Peck, Clerk, State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218-2118, including the name, title, and address of each official served.

(7) On or before September 24, 2019, any interested person may file written comments on the Petition with the Clerk of the Commission at the address set forth in Ordering Paragraph (6). Any interested person desiring to submit comments electronically may do so on or before September 24, 2019, by following the instructions found on the Commission's website:

<http://www.scc.virginia.gov/case>. Compact disks or any other form of electronic storage medium may not be filed with the comments. All comments shall refer to Case No.

PUR-2019-00111.

(8) On or before September 24, 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 in Ordering Paragraph (6). The respondent simultaneously shall serve a copy of the notice of participation on counsel to the Company at the address in Ordering Paragraph (3). Pursuant to Rule 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-2019-00111.

(9) On or before September 24, 2019, any person wishing to request a hearing on the Petition shall file such request for hearing with the Clerk of the Commission. If not filed electronically, an original and fifteen (15) copies of the request for hearing shall be submitted to the Clerk of the Commission at the address set forth in Ordering Paragraph (6). All requests for hearing shall refer to Case No. PUR-2019-00111 and shall include: (i) a precise statement of the interest of the filing party; (ii) a statement of the specific action sought to the extent then known; (iii) a statement of the legal basis for such action; (iv) a precise statement why a hearing should be conducted in this matter; and (v) a precise statement why such issues cannot adequately be addressed in comments. A copy also shall be served on counsel for APCo at the address set forth in Ordering Paragraph (3).

(10) The Staff shall analyze the Petition and present its findings in a Staff Report to be filed on or before October 15, 2019.

(11) On or before October 29, 2019, the Company may file with the Clerk of the Commission any response to the Staff Report, comments, and requests for hearing filed with the Commission. If not filed electronically, an original and fifteen (15) copies of the response may be submitted to the Clerk of the Commission at the address set forth in Ordering Paragraph (6).

(12) The Commission's Rule of Practice and Procedure 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 the receipt of the same. In addition to the service requirements of Rule 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.⁶ Any person who requests a hearing shall provide to the Company, the Staff, and any other persons who filed requests for hearing any workpapers or documents used in preparation of the request for hearing, promptly upon request. 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.*

(13) This matter is continued.

⁶ 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-2019-00111, in the appropriate box.

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AN ATTESTED COPY hereof shall be sent by the Clerk of the Commission to:
Noelle J. Coates, Esquire, American Electric Power Service Corporation, 1051 East Cary Street,
Suite 1100, Richmond Virginia 23219; James R. Bacha, Esquire, American Electric Power
Service Corporation, 1 Riverside Plaza, Columbus, Ohio 43215; and C. Meade Browder, Jr.,
Senior Assistant Attorney General, Office of the Attorney General, Division of Consumer
Counsel, 202 N. 9th Street, 8th Floor, Richmond, Virginia 23219. A copy also shall be delivered
to the Commission's Office of General Counsel and Division of Public Utility Regulation.