

COMMONWEALTH OF VIRGINIA
STATE CORPORATION COMMISSION

AT RICHMOND, JULY 26, 2017

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PETITION OF

APPALACHIAN POWER COMPANY

CASE NO. PUR-2017-00094

For approval to extend two
existing demand-side management programs

ORDER FOR NOTICE AND HEARING

On July 7, 2017, Appalachian Power Company ("Appalachian" or "Company") filed with the State Corporation Commission ("Commission") a petition to extend two of its existing demand-side management programs ("Petition") beyond the currently scheduled expiration of December 31, 2017. Specifically, Appalachian seeks approval to extend the Residential Low Income Weatherization Program ("Weatherization Program") and the Residential Peak Reduction Program ("Peak Reduction Program") (collectively, the "Portfolio"), for an additional three-year period, through December 31, 2020. The costs of the two programs currently are being recovered through base rates, and the Company is not requesting approval of a rate adjustment clause or any alternative means of recovering the costs associated with the programs.¹

The Petition states that the Weatherization Program provides services to the Company's lower income customers and targets electrically heated homes of customers, including both homeowners and renters, that have above average electric usage and have a total annual household income that is at or below 60% of the Commonwealth's median income level.² The Peak Reduction Program provides a monetary incentive in exchange for allowing the Company

¹ Petition at 1.

² *Id.* at 2.

to install a load control switch on a customer's air conditioner or heat pump. The Petition states that the load control switches allow the Company to cycle participating customers' central air conditioning systems and heat pump units during certain pre-defined situations, such as periods when the system is nearing peak demand or experiencing high loading on distribution circuits or emergency conditions.

According to the Company, the Portfolio has provided demonstrable and verifiable energy savings and is cost-effective from the perspective of all ratepayers and program participants. The Company states that the Peak Reduction Program is also cost-effective when evaluated from the perspective of all ratepayers and program participants. The Weatherization Program, however, is cost-effective only from the program participants' perspective, which the Company states is typical for programs that benefit low income customers.³

The Company requests, if the Commission does not issue a final order before the programs expire, that it be granted interim authority to continue to operate the Portfolio until a final order is issued in this proceeding.

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds that this matter should be docketed; Appalachian should provide public notice of its Petition; a public hearing should be scheduled for the purpose of receiving testimony and evidence on the Petition; interested persons should have an opportunity to file comments on the Petition or participate as a respondent in this proceeding; and the Commission's Staff ("Staff") should be directed to investigate the Petition and file testimony and exhibits containing its findings and recommendations thereon. In addition, we find that the Company should be granted interim authority to continue operating the Portfolio until a final order is issued in this proceeding.

³ *Id.* at 5.

Accordingly, IT IS ORDERED THAT:

(1) This matter is docketed and assigned Case No. PUR-2017-00094.

(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"),⁴ a Hearing Examiner is appointed to conduct all further proceedings in this matter on behalf of the Commission and to file a final report.

(3) A public hearing on the Company's Petition shall be convened on December 19, 2017, 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 identify himself or herself to the Commission's Bailiff.

(4) The Company shall make copies of its Petition, 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, Noelle J. Coates, Esquire, American Electric Power Service Corporation, 3 James Center, 1051 East Cary Street, Suite 1100, Richmond, Virginia 23219. If acceptable to the requesting party, the Company may provide the documents by electronic means. Copies of the public version of all 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,

⁴ 5 VAC 5-20-10 *et seq.*

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>.

(5) On or before August 25, 2017, 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 TO EXTEND TWO EXISTING
DEMAND-SIDE MANAGEMENT PROGRAMS
CASE NO. PUR-2017-00094

On July 7, 2017, Appalachian Power Company ("Appalachian" or "Company") filed with the State Corporation Commission ("Commission") a petition to extend two of its existing demand-side management programs ("Petition") beyond the currently scheduled expiration of December 31, 2017. Specifically, Appalachian seeks approval to extend the Residential Low Income Weatherization Program ("Weatherization Program") and the Residential Peak Reduction Program ("Peak Reduction Program") (collectively, the "Portfolio"), for an additional three-year period, through December 31, 2020. The costs of the two programs currently are being recovered through base rates, and the Company is not requesting approval of a rate adjustment clause or any alternative means of recovering the costs associated with the programs.

The Petition states that the Weatherization Program provides services to the Company's lower income customers and targets electrically heated homes of customers, including both homeowners and renters, that have above average electric usage and have a total annual household income that is at or below 60% of the Commonwealth's median income level. The Peak Reduction Program provides a monetary incentive in exchange for allowing the Company to install a load control switch on a customer's air conditioner or heat pump. The Petition states that the load control switches allow the Company to cycle participating customers' central air conditioning systems and heat pump units during certain pre-defined situations, such as periods when the system is nearing

On or before December 12, 2017, any interested person wishing to comment on the Company's Petition shall file written comments on the Petition 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 December 12, 2017, 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-2017-00094.

On or before September 22, 2017, 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 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 filings shall refer to Case No. PUR-2017-00094. 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 31, 2017, each respondent may file with the Clerk of the Commission, and serve on the Commission's 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 above. Respondents also 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. PUR-2017- 00094.

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.

APPALACHIAN POWER COMPANY

(6) On or before August 25, 2017, 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 equivalent official) and city or town attorney of every city and town in which the Company provides service in the Commonwealth of Virginia. Service shall be made by either personal delivery or first class mail to the customary place of business or residence of the person served.

(7) On or before September 15, 2017, 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 (5) and (6), including the name, title, and address of each official served.

(8) On or before December 12, 2017, any interested person may file written comments on the Petition with the Clerk of the Commission at the address shown in Ordering Paragraph (7). Any interested person desiring to submit comments electronically may do so on or before December 12, 2017, 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-2017-00094.

(9) On or before September 22, 2017, 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 (7). The

respondent simultaneously shall serve a copy of the notice of participation on counsel to the Company at the address in Ordering Paragraph (4). 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-2017-00094.

(10) 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 the Petition, and a copy of the public version of all materials filed by the Company with the Commission, unless these materials already have been provided to the respondent.

(11) On or before October 31, 2017, 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 (7). In all filings, 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. PUR-2017-00094.

(12) The Staff shall investigate the Petition. On or before November 14, 2017, the Staff shall file with the Clerk of the Commission an original and fifteen (15) copies of its testimony

and exhibits, and each Staff witness's testimony shall include a summary not to exceed one page. The Staff shall serve a copy thereof on counsel to Appalachian and all respondents.

(13) On or before November 28, 2017, Appalachian shall file with the Clerk of the Commission 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. The Company simultaneously shall serve a copy of the testimony and exhibits 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 set forth in Ordering Paragraph (7).

(14) 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.⁵ 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.*

(15) Appalachian is granted temporary authority to continue operating the Weatherization Program and the Peak Reduction Program pending further of the Commission.

⁵ 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-2017-00094, in the appropriate box.

(16) This matter is continued.

AN ATTESTED COPY hereof shall be sent by the Clerk of the Commission to: Noelle J. Coates, Esquire, American Electric Power Service Corporation, 3 James Center, 1051 East Cary Street, Suite 1100, Richmond, Virginia 23219; James R. Bacha, Esquire, American Electric Power Service Corporation, 1 Riverside Plaza, Columbus, Ohio 43215; Timothy E. Biller, Esquire, Hunton & Williams LLP, 951 East Byrd Street, Richmond, Virginia 23219; 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. A copy also shall be delivered to the Commission's Office of General Counsel and Divisions of Public Utility Regulation and Utility Accounting and Finance.