

COMMONWEALTH OF VIRGINIA  
STATE CORPORATION COMMISSION

AT RICHMOND, JANUARY 17, 2018

STATE OFFICE  
REGISTRATION CONTROL CENTER

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APPLICATION OF

APPALACHIAN POWER COMPANY

CASE NO. PUR-2017-00179

For approval of a 100% renewable  
energy rider pursuant to § 56-577 A 5  
of the Code of Virginia

ORDER FOR NOTICE AND HEARING

On December 27, 2017, Appalachian Power Company ("APCo" or "Company") filed an application with the State Corporation Commission ("Commission") for approval of a voluntary renewable energy rider, designated Rider WWS ("Application"), pursuant to which participating customers would be able to purchase "electric energy provided 100% from renewable energy" pursuant to § 56-577 A 5 of the Code of Virginia ("Code"). If Rider WWS meets this definition and is approved by the Commission, Rider WWS will impact the Company's obligation to allow retail choice to certain customers seeking to purchase renewable energy.<sup>1</sup>

In its Application, the Company states that Rider WWS participants would receive 100% of their energy and capacity from resources owned or contracted by the Company that meet the definition of renewable energy in Code § 56-576.<sup>2</sup> APCo states that these resources currently include the Beech Ridge, Grand Ridge, Fowler Ridge, and Camp Grove wind facilities, and the Summersville, Buck, Byllesby, Claytor, Leesville, London, Marmet, Niagara, and Winfield hydro facilities (collectively, "WWS Portfolio" or "Renewable Generators").<sup>3</sup> The Company

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<sup>1</sup> See Code § 56-577 A 5.

<sup>2</sup> Application at 4-5; Direct Testimony of William K. Castle at 1.

<sup>3</sup> Application at 5; Direct Testimony of William K. Castle at 1.

states that the output associated with the Bluff Point wind facility will be added to the WWS Portfolio once delivery from that facility begins in January 2018.<sup>4</sup> Additional resources may be added in the future.<sup>5</sup>

APCo asserts that a portfolio of diverse resources is necessary to provide renewable energy around the clock as well as the capacity to serve customers at the time of system peaks.<sup>6</sup> According to the Application, with the addition of the Bluff Point wind facility, Rider WWS will be able to meet the capacity and energy requirements of approximately 30,000 Virginia residential customers or their commercial equivalent.<sup>7</sup>

According to the Application, Rider WWS will be priced at a premium over standard service based on the prevailing market value of retail renewable energy, using the market cost of renewable energy certificates as a proxy for this premium.<sup>8</sup> The Company is proposing a premium of \$0.00425 per kilowatt hour ("kWh") for all standard rate schedules.<sup>9</sup> The Company states that for a residential customer using 1,000 kWh per month who chooses to participate in

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<sup>4</sup> Direct Testimony of William K. Castle at 2. The Company states that the output of the Bluff Point wind facility was approved by the Commission in Case No. PUE-2016-00042 to be included in the Company's Renewable Portfolio Standard portfolio. As also approved by the Commission in Case No. PUE-2016-00042, the incremental costs related to APCo's participation in the Renewable Portfolio Standard Program are recovered through a rate adjustment clause designated as the RPS-RAC. *Petition of Appalachian Power Company, For approval of a rate adjustment clause, RPS-RAC, to recover the incremental costs of participation in the Virginia renewable energy portfolio standard program pursuant to Va. Code §§ 56-585.1 A 5 d and 56-585.2 E*, Case No. PUE-2016-00042, Doc. Con. Cen. No. 170210015, Final Order (Feb. 1, 2017).

<sup>5</sup> Direct Testimony of William K. Castle at 2.

<sup>6</sup> *Id.*

<sup>7</sup> Application at 6; Direct Testimony of William K. Castle at 4.

<sup>8</sup> Application at 8; Direct Testimony of Alex E. Vaughan at 4.

<sup>9</sup> Application at 8; Direct Testimony of Alex E. Vaughan at 4.

Rider WWS, the monthly bill increase would be \$4.25.<sup>10</sup> In addition to the premium, the Company proposes that Rider WWS participants pay for standard service plus all riders except the fuel factor rider, non-renewable generation rate adjustment clauses, and generation costs in base rates.<sup>11</sup> The Company states that instead, participating customers will pay a "balancing" charge that credits the Company's base rates and these riders in amounts that keep non-participants unaffected by participation.<sup>12</sup>

The Company states in its Application that it would not require customers to enter into contracts in order to participate in Rider WWS. Rather, if customers wish to terminate service under Rider WWS, they only need to provide 30 days' advance notice.

NOW THE COMMISSION, having considered this matter, is of the opinion and finds that APCo should provide public notice of its Application; a public hearing 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 an opportunity to file comments on the Company's Application or to participate in this proceeding as a respondent; 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 also find that a Hearing Examiner should be appointed to conduct all further proceedings in this matter and to file a final report.

Accordingly, IT IS ORDERED THAT:

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<sup>10</sup> Application at 9; Direct Testimony of William K. Castle at 5.

<sup>11</sup> Direct Testimony of Alex E. Vaughan at 4.

<sup>12</sup> *Id.* The Company asserts that the allowed incremental and non-incremental costs of the Renewable Generators would continue to be recovered from all customers through the fuel factor, base generation rates and the RPS-RAC. *Id.* at 5.

(1) This matter is docketed and assigned Case No. PUR-2017-00179.

(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"),<sup>13</sup> 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 Application shall be convened at 10 a.m. on June 26, 2018, in the Commission's second floor courtroom located in the Tyler Building, 1300 East Main Street, Richmond, Virginia 23219, to receive into the record the testimony of public witnesses and evidence of the Company, any respondents, and the Staff. Any person desiring to offer testimony as a public witness need only appear at the hearing location fifteen (15) minutes before the starting time of the hearing and identify himself or herself to the Commission's Bailiff.

(4) 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. A copy also may be obtained by submitting a written request to counsel for APCo, Noelle J. Coates, Esquire, American Electric Power Service Corporation, 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 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.

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<sup>13</sup> 5 VAC 5-20-10 *et seq.*

Interested persons also may download unofficial copies from the Commission's website:

<http://www.scc.virginia.gov/case>.

(5) On or before February 28, 2018, the Company shall cause the following notice to be published as display advertising (not classified) on one (1) occasion in newspapers of general circulation throughout the Company's Virginia service territory:

NOTICE TO THE PUBLIC OF AN APPLICATION BY  
APPALACHIAN POWER COMPANY  
FOR APPROVAL OF A 100% RENEWABLE ENERGY RIDER  
PURSUANT TO § 56-577 A 5 OF THE CODE OF VIRGINIA  
CASE NO. PUR-2017-00179

- **Appalachian Power Company ("APCo") has applied for approval of a voluntary renewable energy rider to be available to any APCo customers taking firm service under a standard service schedule.**
- **A Hearing Examiner appointed by the Commission will hear the case on June 26, 2018, at 10 a.m.**
- **Further information about this case is available on the SCC's website at:  
<http://www.scc.virginia.gov/case>.**

On December 27, 2017, Appalachian Power Company ("APCo" or "Company") filed an application with the State Corporation Commission ("Commission") for approval of a voluntary renewable energy rider, designated Rider WWS ("Application"), pursuant to which participating customers would be able to purchase "electric energy provided 100 percent from renewable energy" pursuant to § 56-577 A 5 of the Code of Virginia ("Code"). If Rider WWS meets this definition and is approved by the Commission, Rider WWS will impact the Company's obligation to allow retail choice to certain customers seeking to purchase renewable energy.

In its Application, the Company states that Rider WWS participants would receive 100% of their energy and capacity from

resources owned or contracted by the Company that meet the definition of renewable energy in Code § 56-576. APCo states that these resources currently include the Beech Ridge, Grand Ridge, Fowler Ridge, and Camp Grove wind facilities, and the Summersville, Buck, Byllesby, Claytor, Leesville, London, Marmet, Niagara, and Winfield hydro facilities (collectively, "WWS Portfolio"). The Company states that the output associated with the Bluff Point wind facility will be added to the WWS Portfolio once delivery from that facility begins in January 2018. Additional resources may be added in the future.

APCo asserts that a portfolio of diverse resources is necessary to provide renewable energy around the clock as well as the capacity to serve customers at the time of system peaks. According to the Application, with the addition of the Bluff Point wind facility, Rider WWS will be able to meet the capacity and energy requirements of approximately 30,000 Virginia residential customers or their commercial equivalent.

According to the Application, Rider WWS will be priced at a premium over standard service based on the prevailing market value of retail renewable energy, using the market cost of renewable energy certificates as a proxy for this premium. The Company is proposing a premium of \$0.00425 per kilowatt hour ("kWh") for all standard rate schedules. The Company states that for a residential customer using 1,000 kWh per month who chooses to participate in Rider WWS, the monthly bill increase would be \$4.25. In addition to the premium, the Company proposes that Rider WWS participants pay for standard service plus all riders except the fuel factor rider, non-renewable generation rate adjustment clauses, and generation costs in base rates. The Company states that instead, participating customers will pay a "balancing" charge that credits the Company's base rates and these riders in amounts that keep non-participants unaffected by participation.

The Company states in its Application that it would not require customers to enter into contracts in order to participate in Rider WWS. Rather, if customers wish to terminate service under Rider WWS, they only need to provide 30 days' advance notice.

The Commission entered an Order for Notice and Hearing that, among other things, scheduled a public hearing to be held at 10 a.m. on June 26, 2018, in the Commission's second floor courtroom located in the Tyler Building, 1300 East Main Street, Richmond, Virginia 23219, to receive testimony of public

witnesses and the evidence of 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.

Copies of the public version of all documents filed in this case are 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>.

Copies of the Company's Application and the Commission's Order for Notice and Hearing also may be inspected during regular business hours at each of the Company's business offices in the Commonwealth of Virginia. Copies of these documents also may be obtained, at no charge, by submitting a written request to counsel for the Company: Noelle J. Coates, Esquire, American Electric Power Service Corporation, 1051 East Cary Street, Suite 1100, Richmond, Virginia 23219. If acceptable to the requesting party, the Company may provide the documents by electronic means.

On or before June 19, 2018, any interested person may file written comments on the Company's Application with Joel H. Peck, Clerk, State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218-2118. Interested persons desiring to file comments electronically may do so on or before June 19, 2018, 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 such comments shall refer to Case No. PUR-2017-00179.

Any person or entity may participate as a respondent in this proceeding by filing a notice of participation on or before April 3, 2018. If not filed electronically, an original and fifteen (15) copies of the notice of participation shall be filed with the Clerk of the Commission at the address set forth above. 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 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. Any organization, corporation, or government body participating as a respondent shall be represented by counsel as required by Rule 5 VAC 5-20-30, *Counsel*, of the Rules of Practice. All filings shall refer to Case No. PUR-2017-00179. 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 in 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 the Commission's website: <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 set forth above.

APPALACHIAN POWER COMPANY

(6) On or before February 28, 2018, the Company shall serve a copy of this Order for Notice and Hearing 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 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 either by personal delivery or first class mail to the customary place of business or residence of the person served.

(7) On or before March 28, 2018, the Company shall file proof of the notice and service required by Ordering Paragraphs (5) and (6), including the name, title, and address of each

official served, with Joel H. Peck, Clerk, State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218-2118.

(8) On or before June 19, 2018, any interested person may file written comments on the Application with the Clerk of the Commission at the address set forth in Ordering Paragraph (7). Any interested person desiring to file comments electronically may do so on or before June 19, 2018, 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-2017-00179.

(9) On or before April 3, 2018, any person or entity may participate as a respondent in this proceeding by filing a notice of participation. If not filed electronically, an original and fifteen (15) copies of the notice of participation shall be filed with the Clerk of the Commission at the address set forth in Ordering Paragraph (7), and the respondent shall serve a copy of the notice of participation on counsel to the Company at the address set forth 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 shall 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-2017-00179.

(10) Within five (5) business days of receipt of a notice of participation as a respondent, the Company shall serve upon the respondent a copy of this Order for Notice and Hearing, a

copy of the Application, and all materials filed by the Company with the Commission, unless these materials already have been provided to the respondent.

(11) On or before May 1, 2018, each respondent may file with the Clerk of the Commission at the address set forth in Ordering Paragraph (7) 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 filed with the Clerk of the Commission at the address set forth in Ordering Paragraph (7). In all filings, respondents 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-2017-00179.

(12) The Staff shall investigate the Application. On or before May 23, 2018, the Staff shall file with the Clerk of the Commission an original and fifteen (15) copies of testimony and exhibits concerning the Application, 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 the Company and all respondents.

(13) On or before June 6, 2018, the Company 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 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 filed with the Clerk of the Commission at the address set forth in Ordering Paragraph (7).

(14) 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.

(15) 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 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 the Staff.<sup>14</sup> 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.*

(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, 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, Riverfront Plaza, East Tower, 951 East Byrd Street, Richmond, Virginia 23219-4074; and C. Meade Browder, Jr., Senior Assistant Attorney General, Division

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<sup>14</sup> The assigned Staff attorney is identified on the Commission's website, <http://www.scc.virginia.gov/case>, by clicking "Docket Search," then "Search Cases," and entering the case number, PUR-2017-00179, in the appropriate box.

of Consumer Counsel, Office of the Attorney General, 202 North 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.

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