

COMMONWEALTH OF VIRGINIA  
STATE CORPORATION COMMISSION  
AT RICHMOND, JANUARY 23, 2023

REGULATORY OFFICE  
REGULATORY CENTER

2023 JAN 23 A 9:30

PETITION OF

2023 JAN 23 A 9:30

APPALACHIAN POWER COMPANY

CASE NO. PUR-2022-00150

For revision of a rate adjustment clause pursuant  
to § 56-585.1 A 6 of the Code of Virginia  
with respect to the Dresden Generating Plant

ORDER FOR NOTICE AND HEARING

On November 30, 2022, Appalachian Power Company ("APCo" or "Company") filed a petition ("Petition") with the State Corporation Commission ("Commission") pursuant to § 56-585.1 A 6 of the Code of Virginia ("Code") for approval to recover costs associated with APCo's Dresden Generating Plant ("Dresden") through its generation rate adjustment clause ("G-RAC"). In conjunction with the filing of its Petition, APCo also filed a Motion for Protective Ruling ("Motion") in accordance with 5 VAC 5-20-170 of the Commission's Rules of Practice and Procedure ("Rules of Practice").<sup>1</sup>

Through its Petition, APCo proposes an annual revenue requirement of \$34.7 million for the 24 months following implementation of the revised G-RAC.<sup>2</sup> The Company states that this proposed annual revenue requirement is composed of: (i) an actual under-recovery of approximately \$7.5 million of the Company's G-RAC costs for the period ended August 31, 2022; (ii) a projected under-recovery of \$6.3 million for the period of September 1, 2022, through October 31, 2023; and (iii) a projected base annual revenue

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<sup>1</sup> 5 VAC 5-20-10 *et seq.*

<sup>2</sup> Petition at 5.

requirement of \$27.8 million for the period of November 1, 2023, through October 31, 2025.<sup>3</sup>

APCo seeks to collect the combined under-recovery balance of approximately \$13.7 million over 24 months, resulting in an annualized under-recovery amount of approximately \$6.9 million.<sup>4</sup>

APCo requests approval to implement the proposed G-RAC on and after November 1, 2023, and to recover the requested annual revenue requirement for 24 months, consistent with its request in this Petition to file its next G-RAC Petition in 24 months.<sup>5</sup> The Company asserts that if approved, the proposed revenue requirement will result in an increase of \$0.66 to the monthly bill of a residential customer using 1,000 kilowatt hours of electricity per month when compared to rates effective November 1, 2022.<sup>6</sup>

APCo requests a partial waiver of 20 VAC 5-204-90 ("Rule 90") of the Rules Governing Utility Rate Applications and Annual Informational Filings of Investor-Owned Electric Utilities, 20 VAC 5-204-5 *et seq.*<sup>7</sup> APCo states that Rule 90 requires applicants to "[p]rovide all documents, contracts, studies, investigations or correspondence that support projected costs proposed to be recovered via a rate adjustment clause."<sup>8</sup> APCo maintains that certain supporting documentation responsive to this requirement is voluminous and designated confidential by the

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<sup>3</sup> *Id.*; Direct Testimony of John A. Stevens ("Stevens Direct") at 3.

<sup>4</sup> Stevens Direct at 3.

<sup>5</sup> Petition at 5.

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

<sup>7</sup> *Id.* at 6-7.

<sup>8</sup> *Id.* at 6. The current version of Rule 90 is slightly different than as quoted in the Petition. The current version requires the utility to provide "[k]ey documents supporting the projected and actual costs recovered through the rate adjustment clause, such as: economic analyses, support used by senior management for major cost decisions as determined by the applicant, contracts, studies, investigations, results from requests for proposals, cost-benefit analyses, and other items supporting the costs that have not been provided in previous applications."

Company.<sup>9</sup> In support of its request for waiver, APCo states that the Commission recently granted a similar request in Case No. PUR-2020-00258.<sup>10</sup> In lieu of physical production, the Company states that it has made available electronic copies of these documents to the Staff of the Commission ("Staff") and will make them available to respondents via an electronic data room established for this proceeding.<sup>11</sup>

APCo further requests a limited waiver of the obligation in Filing Schedule 46 to provide information on "any changes in projected costs."<sup>12</sup> The Company requests instead to file all new or changed contracts relating to Dresden that are worth more than \$75,000 and to provide the Staff with a list of, or copies of, any contracts under the \$75,000 cut-off.<sup>13</sup> The Company notes that the Commission granted a similar requests in Case Nos. PUR-2019-00038 and PUR-2021-00047.<sup>14</sup>

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds that this matter should be docketed; APCo should provide public notice of its Petition; a public hearing should be scheduled for the purpose of receiving testimony and evidence on the Petition;

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<sup>9</sup> Petition at 6-7.

<sup>10</sup> *Id.* at 7 (citing *Petition of Appalachian Power Company, For approval of a rate case adjustment clause pursuant, the E-RAC, for costs to comply with state and federal environment regulations pursuant to § 56-585.1 A 5 e of the Code of Virginia*, Case No. PUR-2020-00258, Doc. Con. Cen. No. 210120027, Order for Notice and Hearing (Jan. 14, 2021)).

<sup>11</sup> Petition at 7.

<sup>12</sup> *Id.* at 7.

<sup>13</sup> *Id.*

<sup>14</sup> *Id.* at 7-8 (citing *Petition of Appalachian Power Company, For revision of a rate adjustment clause pursuant to § 56-585.1 A 6 of the Code of Virginia with respect to the Dresden Generating Plant*, Case No. PUR-2019-00038, Doc. Con. Cen. No. 190620050, Order for Notice and Hearing (June 14, 2019); *Petition of Appalachian Power Company, For revision of a rate adjustment clause pursuant to § 56-585.1 A 6 of the Code of Virginia with respect to the Dresden Generating Plant*, Case No. PUR-2021-00047, Doc. Con. Cen. No. 210050009, Order for Notice and Hearing (June 28, 2021)).

interested persons should have an opportunity to file comments on the Petition or participate as a respondent in this proceeding; and the Staff should be directed to investigate the Petition and file testimony and exhibits containing its findings and recommendations thereon. We also find that a Hearing Examiner should be assigned to conduct all further proceedings in this matter on behalf of the Commission, including ruling on the Company's Motion and filing a final report containing the Hearing Examiner's findings and recommendations.

Additionally, we grant APCo's request for waivers, as described herein, for purposes of making the Petition complete and commencing this proceeding.

To promote administrative efficiency and timely service of filings upon participants, the Commission will, among other things, direct the electronic filing of testimony and pleadings unless they contain confidential information, and require electronic service on parties to this proceeding.

Accordingly, IT IS ORDERED THAT:

- (1) This matter is docketed and assigned Case No. PUR-2022-00150.
- (2) All pleadings, briefs, or other documents required to be served in this matter shall be submitted electronically to the extent authorized by 5 VAC 5-20-150, *Copies and format*, of the Rules of Practice. Confidential and Extraordinarily Sensitive Information shall not be submitted electronically and should comply with 5 VAC 5-20-170, *Confidential information*, of the Rules of Practice. Any person seeking to hand deliver and physically file or submit any pleading or other document shall contact the Clerk's Office Document Control Center at (804) 371-9838 to arrange the delivery.
- (3) Pursuant to 5 VAC 5-20-140, *Filing and service*, of the Commission's Rules of Practice, the Commission directs that service on parties and the Staff in this matter shall be

accomplished by electronic means. Concerning Confidential or Extraordinarily Sensitive Information, parties and the Staff are instructed to work together to agree upon the manner in which documents containing such information shall be served upon one another, to the extent practicable, in an electronically protected manner, even if such information is unable to be filed in the Office of the Clerk, so that no party or the Staff is impeded from preparing its case.

(4) 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, a Hearing Examiner is appointed to conduct all further proceedings in this matter on behalf of the Commission. A copy of each filing made with the Commission's Clerk's office in this matter shall also be sent electronically to the Office of the Hearing Examiners.<sup>15</sup>

(5) The Commission hereby schedules a telephonic hearing for the receipt of testimony from public witnesses on the Petition, as follows:

- (a) A hearing for the receipt of testimony from public witnesses on the Petition shall be convened telephonically at 10 a.m., on May 2, 2023, with no witness present in the Commission's courtroom.<sup>16</sup>
- (b) To promote fairness for all public witnesses, each witness will be allotted five minutes to provide testimony.
- (c) On or before April 28, 2023, any person desiring to offer testimony as a public witness shall provide to the Commission (a) your name, and (b) the telephone number that you wish the Commission to call during the hearing to receive your testimony. This information may be provided to the Commission in three ways: (i) by filling out a form on the Commission's website at [scc.virginia.gov/pages/Webcasting](http://scc.virginia.gov/pages/Webcasting); (ii) by completing and emailing the PDF version of this form to [SCCInfo@scc.virginia.gov](mailto:SCCInfo@scc.virginia.gov); or (iii) by calling (804) 371-9141.

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<sup>15</sup> Such electronic copies shall be sent to: [Wendy.Starkey@scc.virginia.gov](mailto:Wendy.Starkey@scc.virginia.gov), [LeaAnn.Robertson@scc.virginia.gov](mailto:LeaAnn.Robertson@scc.virginia.gov), and [Kaitlyn.Mcclure@scc.virginia.gov](mailto:Kaitlyn.Mcclure@scc.virginia.gov).

<sup>16</sup> The Hearing Examiner will convene counsel of record in this proceeding to attend the public witness hearing virtually.

(d) Beginning at 10 a.m., on May 2, 2023, the Hearing Examiner will telephone sequentially each person who has signed up to testify as provided above.

(e) This public witness hearing will be webcast at [scc.virginia.gov/pages/Webcasting](http://scc.virginia.gov/pages/Webcasting).

(6) A hearing on the Petition shall be convened at 10 a.m. on May 3, 2023, in the Commission's second floor courtroom located in the Tyler Building, 1300 East Main Street, Richmond, Virginia 23219, to receive testimony and evidence offered by the Company, any respondents, and the Staff on the Petition.

(7) An electronic copy of the Company's Petition 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, or [njcoates@aep.com](mailto:njcoates@aep.com). Interested persons also may download unofficial copies from the Commission's website: [scc.virginia.gov/pages/Case-Information](http://scc.virginia.gov/pages/Case-Information).

(8) On or before February 24, 2023, 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 REVISION OF A RATE ADJUSTMENT CLAUSE  
PURSUANT TO § 56-585.1 A 6 OF THE CODE OF VIRGINIA  
WITH RESPECT TO THE DRESDEN GENERATING PLANT  
CASE NO. PUR-2022-00150

- Appalachian Power Company ("APCo") requests an annual revenue requirement of \$34.7 million for its G-RAC for 24 months. According to APCo, this amount would increase the monthly bill of a residential customer using 1,000 kilowatt hours of electricity per month by approximately \$0.66.
- A Hearing Examiner appointed by the State Corporation Commission will hear public witness testimony on the case on May 2, 2023, at 10 a.m., and testimony and evidence of the Company, the Staff, and any respondents on May 3, 2023.
- Further information about this case is available on the Commission's website at:  
[scc.virginia.gov/pages/Case-Information](http://scc.virginia.gov/pages/Case-Information).

On November 30, 2022, Appalachian Power Company ("APCo" or "Company") filed a petition ("Petition") with the State Corporation Commission ("Commission") pursuant to § 56-585.1 A 6 of the Code of Virginia for approval to recover costs associated with APCo's Dresden Generating Plant through its generation rate adjustment clause ("G-RAC").

Through its Petition, APCo proposes an annual revenue requirement of \$34.7 million for the 24 months following implementation of the revised G-RAC. The Company states that this proposed annual revenue requirement is composed of: (i) an actual under-recovery of approximately \$7.5 million of the Company's G-RAC costs for the period ended August 31, 2022; (ii) a projected under-recovery of \$6.3 million for the period of September 1, 2022, through October 31, 2023; and (iii) a projected base annual revenue requirement of \$27.8 million for the period of November 1, 2023, through October 31, 2025. APCo seeks to

collect the combined under-recovery balance of approximately \$13.7 million over 24 months, resulting in an annualized under-recovery amount of approximately \$6.9 million.

APCo requests approval to implement the proposed G-RAC on and after November 1, 2023, and to recover the requested annual revenue requirement for 24 months, consistent with its request in this Petition to file its next G-RAC Petition in 24 months. The Company asserts that if approved, the proposed revenue requirement will result in an increase of \$0.66 to the monthly bill of a residential customer using 1,000 kilowatt hours of electricity per month when compared to rates effective November 1, 2022.

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 apportion revenues among customer classes and/or design rates in a manner differing from that shown in the Petition and supporting documents and thus may adopt rates that differ from those appearing in the Company's Petition and supporting documents.

The Commission entered an Order for Notice and Hearing that, among other things, scheduled public hearings on APCo's Petition. On May 2, 2023, at 10 a.m., a Hearing Examiner appointed by the Commission will hold a telephonic hearing for the purpose of receiving the testimony of public witnesses, with no public witness present in the Commission's courtroom. On or before April 28, 2023, any person desiring to offer testimony as a public witness shall provide to the Commission (a) your name, and (b) the telephone number that you wish the Commission to call during the hearing to receive your testimony. This information may be provided to the Commission in three ways: (i) by filling out a form on the Commission's website at [scc.virginia.gov/pages/Webcasting](http://scc.virginia.gov/pages/Webcasting); (ii) by completing and emailing the PDF version of this form to [SCCInfo@scc.virginia.gov](mailto:SCCInfo@scc.virginia.gov); or (iii) by calling (804) 371-9141. This public witness hearing will be webcast at [scc.virginia.gov/pages/Webcasting](http://scc.virginia.gov/pages/Webcasting).

Beginning at 10 a.m. on May 2, 2023, the Hearing Examiner will telephone sequentially each person who has signed up to testify as provided above.

On May 3, 2023, at 10 a.m., in the Commission's second floor courtroom located in the Tyler Building, 1300 East Main Street, Richmond, Virginia 23219, a Hearing Examiner appointed by the Commission will convene a hearing to receive testimony and evidence offered by the Company, respondents, and the Staff on the Petition.

To promote administrative efficiency and timely service of filings upon participants, the Commission has directed the electronic filing of testimony and pleadings unless they contain confidential information, and require electronic service on parties to this proceeding.

An electronic copy of the public version of the Company's Petition may be obtained by submitting a written request to counsel for the Company, Noelle J. Coates, Esquire, 3 James Center, American Electric Power Service Corporation, 1051 East Cary Street, Suite 1100, Richmond, Virginia 23219, or [njcoates@aep.com](mailto:njcoates@aep.com).

On or before April 26, 2023, any interested person may file comments on the Petition by following the instructions on the Commission's website: [scc.virginia.gov/casecomments/Submit-Public-Comments](https://scc.virginia.gov/casecomments/Submit-Public-Comments). Those unable, as a practical matter, to submit comments electronically may file such comments with the Clerk of the State Corporation Commission c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218-2118. All comments shall refer to Case No. PUR-2022-00150.

On or before March 24, 2023, any person or entity wishing to participate as a respondent in this proceeding may do so by filing a notice of participation with the Clerk of the Commission at [scc.virginia.gov/clk/efiling](https://scc.virginia.gov/clk/efiling). Those unable, as a practical matter, to file a notice of participation electronically may file such notice by U.S. mail to the Clerk of the Commission at the address above. Such notice of participation shall include the email addresses of such parties or their counsel. The respondent simultaneously shall serve a copy of the notice of participation on counsel to the Company. 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 Rule 5 VAC 5-20-30, *Counsel*, of the Rules of Practice. All filings shall refer to Case No. PUR-2022-00150.

On or before March 24, 2023, each respondent may file with the Clerk of the Commission, at [scc.virginia.gov/clk/efiling](http://scc.virginia.gov/clk/efiling), any testimony and exhibits by which the respondent expects to establish its case. Any respondent unable, as a practical matter, to file testimony and exhibits electronically may file such by U.S. mail to the Clerk of the Commission at the address listed above. Each witness's testimony shall include a summary not to exceed one page. All testimony and exhibits shall be served on the Staff, the Company, and all other respondents simultaneously with its filing. In all filings, respondents shall comply with the Commission's Rules of Practice, as modified by the Commission's Order for Notice and Hearing, 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-2022-00120.

Any documents filed in paper form with the Office of the Clerk of the Commission in this docket may use both sides of the paper. In all other respects, except as modified by the Commission's Order for Notice and Hearing, 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 public version of the Company's Petition and other documents filed in this case, the Commission's Rules of Practice, and the Commission's Order for Notice and Hearing may be viewed on the Commission's website at: [scc.virginia.gov/pages/Case-Information](http://scc.virginia.gov/pages/Case-Information).

APPALACHIAN POWER COMPANY

(9) The Company shall serve each official listed in 20 VAC 5-204-10 J 1 as provided by 20 VAC 5-204-10 J 2.

(10) On or before March 17, 2023, the Company shall file proof of the notice and service required by Ordering Paragraphs (8) and (9), including the name, title, address, and electronic mail address (if applicable) of each official served, with the Clerk of the State Corporation Commission, by filing electronically at [scc.virginia.gov/clk/efiling/](http://scc.virginia.gov/clk/efiling/).

(11) On or before April 26, 2023, any interested person may submit comments on the Petition by following the instructions found on the Commission's website: [scc.virginia.gov/casecomments/Submit-Public-Comments](http://scc.virginia.gov/casecomments/Submit-Public-Comments). Those unable, as a practical matter, to submit comments electronically may file such comments by U.S. mail to the Clerk of the State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218-2118. All comments shall refer to Case No. PUR-2022-00150.

(12) On or before March 24, 2023, any person or entity wishing to participate as a respondent in this proceeding may do so by filing a notice of participation at [scc.virginia.gov/clk/efiling](http://scc.virginia.gov/clk/efiling). Those unable, as a practical matter, to file a notice of participation electronically may file such notice by U.S. mail to the Clerk of the Commission at the address listed above. Such notice of participation shall include the email addresses of such parties or their counsel. The respondent simultaneously shall serve a copy of the notice of participation on counsel to the Company. 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. PUR-2022-00150.

(13) Within five (5) business days of receipt of a notice of participation as a respondent, the Company shall serve a copy of the public version of its Petition and supporting materials on the respondent, unless these already have been provided to the respondent.

(14) On or before March 24, 2023, each respondent may file with the Clerk of the Commission at [scc.virginia.gov/clk/efiling](http://scc.virginia.gov/clk/efiling), and serve on the Staff, the Company, and all other respondents, any testimony and exhibits by which the respondent expects to establish its case. Any respondent unable, as a practical matter, to file testimony and exhibits electronically may file such by U.S. mail to the Clerk of the Commission at the address listed above. Each witness's testimony shall include a summary not to exceed one page. In all filings, respondents shall comply with the Commission's Rules of Practice, as modified herein, including, but not limited to: 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-2022-00150.

(15) On or before April 7, 2023, the Staff shall investigate the Petition and file with the Clerk of the Commission its testimony and exhibits concerning the Petition, and each Staff witness's testimony shall include a summary not to exceed one page. A copy thereof shall be served on counsel to the Company and all respondents.

(16) On or before April 21, 2023, APCo 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 of its rebuttal testimony and exhibits on the Staff and all respondents.

(17) Any documents filed in paper form with the Office of the Clerk of the Commission in this docket may use both sides of the paper. In all other respects, except as modified herein, all filings shall comply fully with the requirements of 5 VAC 5-20-150, *Copies and format*, of the Commission's Rules of Practice.

(18) 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 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>17</sup> Except as modified herein, discovery shall be in accordance with Part IV of the Commission's Rules of Practice, 5 VAC 5-20-240 *et seq.*

(19) The Company's request for waivers is granted as set forth in this Order for Notice and Hearing.

(20) This matter is continued.

Commissioner Patricia L. West participated in this matter.

A COPY hereof shall be sent electronically by the Clerk of the Commission to all persons on the official Service List in this matter. The Service List is available from the Clerk of the Commission.

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<sup>17</sup> The assigned Staff attorney is identified on the Commission's website, [scc.virginia.gov/pages/Case-Information](http://scc.virginia.gov/pages/Case-Information), by clicking "Docket Search," then clicking "Search by Case Information," and entering the case number, PUR-2022-00150 in the appropriate box.