

COMMONWEALTH OF VIRGINIA
STATE CORPORATION COMMISSION

AT RICHMOND, JUNE 28, 2021

SEC. CLERK'S OFFICE
REGULATORY CONTROL CENTER
2021 JUN 28 A 11: 19

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PETITION OF

APPALACHIAN POWER COMPANY

CASE NO. PUR-2021-00047

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 June 1, 2021, 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").¹

Specifically, APCo proposes an annual revenue requirement of \$28.5 million to be collected over the 18 months following implementation of the revised G-RAC.²

In support of its request, the Company states that this total revenue requirement is composed of: (i) an actual under-recovery of \$1 million of the Company's G-RAC costs for the period ended March 31, 2021; (ii) the projected under-recovery of \$0.3 million for the period of April 1, 2021, through April 30, 2022; and (iii) the projected base annual revenue requirement of \$27.66 million for the period of May 1, 2022, through April 30, 2023.³ The Company proposes to recover the revenue requirement in two separate factors: one to reflect the base annual

¹ Petition at 1.

² *Id.* at 5.

³ *Id.*

revenue requirement of \$27.66 million and one to reflect the annualized under-recovery amount of \$0.87 million,⁴ resulting in a total annual revenue requirement of \$28.5 million.⁵ APCo requests approval to implement the proposed G-RAC on and after May 1, 2022, and to recover the requested revenue requirement over 18 months, consistent with its request in this Petition to file its next G-RAC Petition in 18 months.⁶ The Company asserts that if approved, the proposed revenue requirement will result in a minimal increase of \$0.08 to the monthly bill of a residential customer using 1,000 kilowatt hours of electricity per month when compared to rates effective May 1, 2021.⁷

APCo requests a 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.⁸ 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."⁹ According to APCo, the supporting documentation responsive to this requirement is voluminous and designated confidential by the Company.¹⁰ In support of its

⁴ This is the annualized amount of the actual under-recovery of \$1 million and the projected under-recovery of \$0.3 million.

⁵ *Id.*

⁶ *Id.*

⁷ *Id.*

⁸ 20 VAC 5-204-5 *et seq.* See Petition at 6.

⁹ Petition 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."

¹⁰ *Id.* at 6-7.

request for waiver, APCo states that the Commission recently granted similar requests in Case No. PUR-2020-00258.¹¹ 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.¹²

Further, APCo requests a limited waiver of the obligation in Schedule 46 to the extent it relates to any new or changed contracts relating to Dresden and permit the Company to file all new or changed contracts that are worth more than \$75,000, and provide the Staff a list of, or copies of, any contracts under the \$75,000 cut-off.¹³

Finally, in conjunction with the filing of its Petition on June 1, 2021, 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").¹⁴

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; 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

¹¹ *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)).

¹² Petition at 7.

¹³ *Id.* at 7. The Company notes that the Commission granted a similar request in Case No. PUR-2019-00038. *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). *Id.*

¹⁴ 5 VAC 5-20-10 *et seq.*

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.

The Commission further takes judicial notice of the ongoing public health emergency related to the spread of the coronavirus, or COVID-19, and the declarations of emergency issued at both the state and federal levels.¹⁵ The Commission has taken certain actions, and may take additional actions going forward, that could impact the procedures in this proceeding.¹⁶ Consistent with these actions, in regard to the terms of the procedural framework established below, 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.

¹⁵ See, e.g., Executive Order No. 51, Declaration of a State of Emergency Due to Novel Coronavirus, COVID-19, issued March 12, 2020, by Governor Ralph S. Northam. This and subsequent Executive Orders related to COVID-19 may be found at: <https://www.governor.virginia.gov/executive-actions/>.

¹⁶ See, e.g., *Commonwealth of Virginia, ex rel. State Corporation Commission, Ex Parte: Electronic Service of Commission Orders*, Case No. CLK-2020-00004, Doc. Con. Cen. No. 200330035, Order Concerning Electronic Service of Commission Orders (Mar. 19, 2020), *extended by* Doc. Con. Cen. No. 200520105, Order Regarding the State Corporation Commission's Revised Operating Procedures During COVID-19 Emergency (May 11, 2020); *Commonwealth of Virginia, ex rel., State Corporation Commission, Ex Parte: Revised Operating Procedures During COVID-19 Emergency*, Case No. CLK-2020-00005, Doc. Con. Cen. No. 200330042, Order Regarding the State Corporation Commission's Revised Operating Procedures During COVID-19 Emergency (Mar. 19, 2020) ("Revised Operating Procedures Order"), *extended by* Doc. Con. Cen. No. 200520105, Order Regarding the State Corporation Commission's Revised Operating Procedures During COVID-19 Emergency (May 11, 2020); *Commonwealth of Virginia, ex rel. State Corporation Commission, Ex Parte: Electronic service among parties during COVID-19 emergency*, Case No. CLK-2020-00007, Doc. Con. Cen. No. 200410009, Order Requiring Electronic Service (Apr. 1, 2020).

We note that the proposed G-RAC, if approved, would result in an increase to customer bills. We realize that the current COVID-19 public health crisis has caused devastating economic effects that impact all utility customers. We responded to this economic emergency by, among other actions, directing Virginia utilities to offer extended payment plans, without late fees for those who are current on such plans, to protect customers from service disconnections. We are sensitive to the effects of rate increases, especially in times such as these. The Commission, however, must and will follow the laws applicable to this case, as well as the findings of fact supported by evidence in the record.

Accordingly, IT IS ORDERED THAT:

- (1) This matter is docketed and assigned Case No. PUR-2021-00047.
- (2) All pleadings in this matter shall be submitted electronically to the extent authorized by 5 VAC 5-20-150, *Copies and format*, of the Commission's 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.¹⁷
- (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

¹⁷ As noted in the Revised Operating Procedures Order, submissions to the Commission's Clerk's Office via U.S. mail or commercial mail equivalents may not be processed for an indefinite period of time due to the COVID-19 emergency.

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 Code § 12.1-31 and 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, including ruling on the Company's Motion and filing a final report containing the Hearing Examiner's findings and recommendations.

(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 November 16, 2021, with no witness present in the Commission's courtroom.¹⁸
- (b) To promote fairness for all public witnesses, each witness will be allotted five minutes to provide testimony.
- (c) On or before November 10, 2021, 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; (ii) by completing and emailing the PDF version of this form to SCCInfo@scc.virginia.gov; or (iii) by calling (804) 371-9141.
- (d) Beginning at 10 a.m., on November 16, 2021, the Commission will telephone sequentially each person who has signed up to testify as provided above. This hearing will not be convened, and the parties will be notified of such, if no person signs up to testify as a public witness.
- (e) This public witness hearing will be webcast at scc.virginia.gov/pages/Webcasting.

¹⁸ The Commission will convene counsel of record in this proceeding to attend the public witness hearing virtually.

(6) A hearing shall be convened on November 17, 2021, at 10 a.m., in the Commission's second floor courtroom located in the Tyler Building, 1300 East Main Street, Richmond, Virginia 23219, or by electronic means to receive the testimony and evidence of the Company, any respondents, and the Staff. Further details on this hearing will be provided by subsequent Commission Order or Hearing Examiner's Ruling.

(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. Interested persons also may download unofficial copies from the Commission's website: scc.virginia.gov/pages/Case-Information.

(8) On or before July 21, 2021, 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-2021-00047

- **Appalachian Power Company ("APCo") requests a total of \$28.5 million for its G-RAC. According to APCo, this amount would increase the bill of a residential customer using 1,000 kilowatt hours of electricity per month by approximately \$0.08.**
- **A Hearing Examiner appointed by the State Corporation Commission will hear public witness testimony on the case on November 16, 2021, at 10 a.m., and testimony and evidence of the Company, the Staff, and any respondents on November 17, 2021.**
- **Further information about this case is available on the Commission's website at:
scc.virginia.gov/pages/Case-Information.**

On June 1, 2021, 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"). Specifically, APCo proposes an annual revenue requirement of \$28.5 million to be collected over the 18 months following implementation of the revised G-RAC.

In support of its request, the Company states that this total revenue requirement is composed of: (i) an actual under recovery of \$1 million of the Company's G-RAC costs for the period ended March 31, 2021; (ii) the projected under recovery of \$0.3 million for the period of April 1, 2021, through April 30, 2022; and (iii) the projected base annual revenue requirement of \$27.66 million for the period of May 1, 2022, through April 30, 2023. The Company proposes to recover the revenue requirement in two separate factors: one to reflect the base annual revenue requirement of \$27.66 million and one to reflect the annualized under-recovery amount of \$0.87 million, resulting in a total annual revenue requirement of \$28.5 million. APCo requests approval to implement the proposed G-RAC on and after May 1, 2022, and to recover the requested revenue requirement over 18 months, consistent with its request in this Petition to file its next G-RAC Petition in 18 months. The Company asserts that if approved, the proposed revenue requirement will result in a minimal increase of \$0.08 to the monthly bill of a residential customer using 1,000 kilowatt hours of electricity per month when compared to rates effective May 1, 2021.

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 has taken judicial notice of the ongoing public health emergency related to the spread of the coronavirus, or COVID-19, and the declarations of emergency issued at both the state and federal levels. In accordance therewith, 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 Commission's Rules of Practice and Procedure ("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.

Pursuant to 5 VAC 5-20-140, *Filing and service*, of the Commission's Rules of Practice, the Commission has directed that service on parties and the Commission's Staff in this matter shall be accomplished by electronic means. Please refer to the Commission's Order for Notice and Hearing for further instructions concerning Confidential or Extraordinarily Sensitive Information.

The Commission entered an Order for Notice and Hearing that, among other things, scheduled public hearings on APCo's Petition. On November 16, 2021, at 10 a.m., a Hearing Examiner appointed by the Commission will hold a telephonic hearing, with no witness present in the Commission's courtroom, for the purpose of receiving the testimony of public witnesses. On or before November 10, 2021, 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; (ii) by completing and emailing the PDF version of this form to SCCInfo@scc.virginia.gov; or (iii) by calling (804) 371-9141. This public witness hearing will be webcast at scc.virginia.gov/pages/Webcasting.

On November 17, 2021, at 10 a.m., either in the Commission's second floor courtroom located in the Tyler Building, 1300 East Main Street, Richmond, Virginia 23219, or by electronic means, a hearing will be convened to receive testimony and evidence from the Company, any respondents, and the Commission's Staff. Further details on this hearing will be provided by subsequent Commission Order or Hearing Examiner's Ruling.

Electronic copies of the Petition and other supporting documents, as well as the Commission's Order for Notice and

Hearing, 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.

On or before November 10, 2021, any interested person may file comments on the Petition either electronically by following the instructions on the Commission's website: scc.virginia.gov/casecomments/Submit-Public-Comments, or by filing 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 refer to Case No. PUR-2021-00047.

On or before September 7, 2021, 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 or at the physical address listed above. Such notice of participation shall include the email addresses of such parties or their counsel. A copy of the notice of participation as a respondent also must be sent to counsel for 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. All filings shall refer to Case No. PUR-2021-00047. 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 September 7, 2021, each respondent may file with the Clerk of the Commission, either electronically or at the physical address set forth above, 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. 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, 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-2021-00047.

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 Commission's Rules of Practice, APCo's Petition, the Commission's Order for Notice and Hearing, and other documents filed in this case may be viewed on the Commission's website at: 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 August 18, 2021, the Company shall file with the Clerk of the Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218-2118, or electronically at scc.virginia.gov/clk/efiling/, 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.

(11) On or before November 10, 2021, any interested person may file written comments on the Petition by following the instructions on the Commission's website: scc.virginia.gov/casecomments/Submit-Public-Comments or by filing 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-2021-00047.

(12) On or before September 7, 2021, 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 or at the physical address listed above. Such notice of participation shall include the email addresses of such parties or their counsel. The respondent

(16) On or before October 26, 2021, APCo shall 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 simultaneously serve a copy of the testimony and exhibits on the Staff and all respondents.

(17) All 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, 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 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 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.¹⁹ 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.*

(19) The Company's request for waiver of the requirements of 20 VAC 5-204-60 and 20 VAC 5-204-90 is granted as set forth in this Order for Notice and Hearing.

¹⁹ The assigned Staff attorney is identified on the Commission's website, scc.virginia.gov/pages/Case-Information, by clicking "Docket Search," then clicking "Search Cases," and entering the case number, PUR-2021-00047, in the appropriate box.

(20) This matter is continued.

A COPY hereof shall be sent electronically 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, njcoates@aep.com; James R. Bacha, Esquire, American Electric Power Service Corporation, 1 Riverside Plaza, Columbus, Ohio 43215, jrbacha@aep.com; 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, MBrowder@oag.state.va.us.