

DELIVERED BY HAND

November 1, 2013

Mr. William F. Stephens, Director
Division of Energy Regulation
Virginia State Corporation Commission
1300 E. Main Street, 4th Floor
Richmond, VA 23218

In re: Renewable Portfolio Standard (RPS) Goals

Dear Mr. Stephens:

Pursuant to Va. Code § 56-585.2 H, Appalachian Power Company (“APCo” or the “Company”) is providing the information regarding its efforts to meet RPS goals and related activities.

The Company received Commission approval of its proposed RPS Plan in Case No. PUE-2008-00003, demonstrating that it has a reasonable expectation to meet the voluntary RPS goals set forth in Va. Code § 56-585.2 D. As indicated in prior filings to the Commission, the Company met the RPS Goal I and II requirements (4% renewable output as a percentage of 2007 base year sales) in both 2010 and 2011. Attachment 1 to this letter provides documentation of the Company’s compliance with the RPS goal in 2012. As in prior years, the Company met the goal through a combination of purchased power wind sources and company-owned hydro generation. For 2012, the total renewable energy level also included a bank of prior years (2010-2011) renewable energy.

In addition, Attachment 2 to this letter sets forth information that complies with § 56-585.2 H and identifies:

- a) A list of all states where the purchased or owned renewable energy was generated specifying the number of megawatt hours or renewable energy certificates originating from each state;

- b) A list of decades in which the purchased or owned renewable energy generating units were placed in service, specifying the number of megawatt hours or renewable energy certificates originating from those units; and
- c) A list of fuel types used to generate the purchase or owned renewable energy, specifying the number of megawatt hours or renewable energy certificates originating from each fuel type.

This information is provided on an APCo total company basis and a Virginia retail jurisdictional basis as applicable.

Following your review of this information, please do not hesitate to call me at (804) 698-5511 if you have any questions.

Sincerely,



William A. Bosta
Director, Regulatory Services VA/TN

Cc: Cody D. Walker

Enclosure

Attachement 1: Appalachian Power Company Compliance with RPS Goal - 2012

Reflective of Current Hydro Generation and Known, Approved APCo Wind Contracts...

- o Camp Grove (75 MW Nameplate; 2008 in-svc)
- o Fowler Ridge I (100 MW nameplate; 2009)

To Achieve Renewable Resource Requirements under House Bill No. 1994

--which amends Sections 56-585 of the Code of Virginia which had established 'voluntary' renewable goals--

RPS 2007 Base Year Data

VA GWh Sales to Jurisdictional Retail Customers	15,586	Notes 1 & 2
VA Primary Energy Sales Attributed to Nuclear	1,133	Note 3
VA GWh Jurisdictional Retail Sales excluding VA Share of Nuclear	14,453	

Portfolio Standard Goals as Described In 56-585.2	Year	Cumulative Wind Energy GWh (Note 4)	(Double) Credit for Wind	Credits for Run of River Hydro (Note 4 & 5)	APCo VA Retail Jurisdiction Energy Allocation Factor (2012)	VA Share of Credits Created	Renewable Energy Credits Required to Meet Goal (Note 6)	VA Share of Credits Added To/ (Depleted From) Bank	VA Share of Banked Credits Balance
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4% Requirement (GWh)		A	B= 2 x A	C	D	E = D x (B+C)	I	J = H - I	K
	2012	474	947	891	44.82%	824	578	246	362 608

(Note 7)

Note 1 - APCo Virginia Jurisdictional Energy Sales to Residential, Commercial and Industrial customers. Excludes Wholesale sales, losses and Other Ultimate Customers .

Note 2 - No reduction in VA retail sales for nuclear energy received from APCo affiliate I&M, as allowed by the statute.

Note 3 - Average of 2004, 2005 and 2006 Primary Energy delivered to APCo VA retail jurisdiction from AEP Affiliate I&M attributed to DC Cook Nuclear Plant multiplied by 2007 Virginia Jurisdictional Retail allocation percentage.

Note 4 - APCo wind and Hydro GWh represent the amount purchased or generated by APCo during 2012. Some or all of the associated Renewable Energy Credits (RECs) may have been sold and replaced with purchases of VA compliant RECs from the market.

Note 5 - APCo Hydro Generation includes owned run of river facilities, Summersville PPA and Smith Mountain "free water".

Note 6 - Equals Goal % for respective year multiplied by 2007 VA GWh sales to jurisdictional retail customers. Example: for 2012 = 0.04 X 14,453 = 578

Note 7 - This is the cumulative amount of banked VA credits from years 2010 and 2011

Determination of Meeting Voluntary Renewable Goals - 2012

1. VA Share of Credits Created	824	GWh
2. VA GWH Jurisdictional Retail Sales excluding VA Share of Nuclear	14,453	GWh
3. Renewable Output as a percentage of 2007 Base Year Sales	5.70%	

**Attachment 2: Appalachian Power Company Report to the Commission Pursuant to
Code of Virginia 56-585.2 H for the Year 2012**

H. Each investor-owned incumbent electric utility shall report to the Commission annually by November 1 identifying:

1. The utility's efforts, if any, to meet the RPS Goals, specifically identifying:

A. A list of all states where the purchased or owned renewable energy was generated, specifying the number of megawatt hours (MWh) or renewable energy certificates (RECs) originating from each state;

Shown below is the GATS inventory balance as of November 1, 2013 for vintage 2012 RECs:

<u>Originating State of Generation</u>	<u>MWh (1MWh = 1 REC)</u> <u>VA Retail Jurisdiction</u> ¹	<u>Owned / Purchased</u>
Indiana	4,416	Retained Wind RECs not sold at this time
Illinois	4,904	Retained Wind RECs not sold at this time
Maryland	300,000	Purchased RECs
Pennsylvania	310,000	Purchased RECs
Virginia	197,357	Owned Generation
West Virginia	296	Owned Generation and Purchased
Total	816,973	

B. A list of the decades in which the purchased or owned renewable energy generating units were placed in service, specifying the number of MWh or RECs originating from those units; and

C. A list of fuel types used to generate the purchased or owned renewable energy, specifying the number of MWh or RECs originating from each fuel type;

<u>Renewable Generator</u>	<u>Beginning Decade Placed into Service</u>	<u>Fuel Type</u>	<u>2012 MWh Generated</u>	
			<u>APCo Total</u>	<u>Company Generated APCo VA Jurisdiction</u>
Camp Grove Purchase	2000	Wind	220,103	98,642
Fowler Ridge Purchase	2000	Wind	253,455	113,589
Buck	1910	Water	37,570	16,837
Byllesby	1910	Water	46,882	21,011
Claytor	1930	Water	201,510	90,309
Leesville	1960	Water	42,015	18,830
London	1930	Water	78,671	35,257
Marmet	1930	Water	78,995	35,403
Niagara	1900	Water	6,693	3,000
Ruesens	1900	Water	-	-
Summersville Purchase	2000	Water	177,863	79,711
Smith Mountain	1960	Water	119,005	53,334 ³
Winfield	1930	Water	102,158	45,783
Market REC Purchases	Various	Water	610,000	610,000
Total			1,974,920	1,221,706

2. The utility's overall generation of renewable energy; and

APCo Owned Renewable Generation MWh:	713,499 ^{2,5}
APCo Purchased Renewable Generation MWh:	1,133,899 ⁴
Total APCo Renewable Generation MWh:	1,847,398 ⁴

3. Advances in renewable generation technology that affect activities described in subdivisions 1 and 2

None at this time.

Notes:

¹ Amount of MWh or RECs may not match amount of Virginia RPS credits because wind RECS count double for RPS compliance

² This is a total Company APCo amount, other volumes in this report are on an APCo VA retail basis

³ Total "run of river" Smith Mountain generation

⁴ This is a total Company APCo amount, includes renewable wind energy purchases from Grand Ridge and Beech Ridge wind farms (482,478 MWh) that are not included in the Company's Virginia RPS plan

⁵ This is the amount of MWh generated by the renewable energy facilities, some or all of the RECs associated with this generation may have been sold and replaced by market REC Purchases