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STATE CORPORATION COMMISSION

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APPALACHIAN POWER COMPANY 2017 JUN 21 10 40 AM CASE NO. PUE-2016-00051

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For approval of a 100% renewable
energy rider

REPORT OF A. ANN BERKEBILE, HEARING EXAMINER

June 21, 2017

This case involves the request of Appalachian Power Company ("APCo" or "Company") for the approval of a voluntary renewable energy rider designated as Rider REO. The record of this case supports the denial of the Company's request for the approval of Rider REO.

HISTORY OF THE CASE

On April 28, 2016, the Company filed a petition ("Application")¹ with the State Corporation Commission ("Commission") requesting approval of its proposed Rider REO pursuant to § 56-577 A 5 of the Code of Virginia ("Code"). APCo asserts that Rider REO is a voluntary tariff designed to allow participating customers to purchase their full requirements from renewable energy generators and that as a result, participating customers will purchase "electric energy provided 100 percent from renewable energy" in accordance with § 56-577 of the Code. The Company proposes to bundle "together the energy output of multiple renewable generators in order to provide around-the-clock, carbon-free generation to meet fully the energy needs of participating customers."² In addition, APCo intends to utilize out-of-state renewable generation that is already under contract and part of the Company's current generation portfolio.

On May 17, 2016, the Commission issued an Order for Notice and Hearing ("Procedural Order") that, among other things, docketed this matter; established a schedule for the filing of notices of participation and prefiled testimony; scheduled a hearing on November 15, 2016; and assigned a Hearing Examiner to conduct all further proceedings in this matter and file a final report.³

On June 13, 2016, the Company filed a Motion for Protective Ruling. To facilitate the handling of confidential information in this case, a Protective Ruling was entered on June 14, 2016.

The Maryland DC Virginia Solar Energy Industries Association ("MDV-SEIA"); English Biomass Partners-Ferrum, LLC ("English Biomass"); Collegiate Clean Energy, LLC ("CCE"); VML/VACo APCo Steering Committee ("Steering Committee"); Appalachian Voices; the Office of the Attorney General's Division of Consumer Counsel ("Consumer Counsel"); and Virginia Electric and Power Company ("Dominion") filed notices of participation in this case.

¹ A copy of the Application was introduced as an exhibit ("Ex.") during the hearing. Ex. 1.

² Ex. 1 at 1.

³ Procedural Order at 4.

On June 23, 2016, MDV-SEIA filed a Motion to Stay Proceeding (“Motion to Stay”) requesting that the hearing on the Application be delayed until after the Commission reached a decision in another pending matter, Case No. PUE-2015-00040 (“Rider RGP Case”).⁴ MDV-SEIA asserted that the state of the law in Virginia regarding the ability of customers to enter into purchase power agreements (“PPAs”) with third-party generators for renewable energy would remain unclear until the Commission rendered a decision in the Rider RGP Case.⁵ The Motion to Stay was denied by Ruling dated August 10, 2016 (“August 10th Ruling”). Among other things, the August 10th Ruling recognized that any uncertainty relative to the Rider RGP Case did not preclude the parties from taking a position on the Application.⁶

On October 14, 2016, the Company filed a Motion to Compel (“October 14th MTC”) requesting that CCE be compelled to respond to two discovery requests seeking facts pertaining to CCE’s load and sources of renewable energy and disclosure of the information provided by CCE to its customers concerning the age and location of resources used to provide renewable energy. CCE contended that the disputed discovery requests were not relevant to the issue before the Commission in this case.⁷ In contrast, APCo maintained that the disputed discovery requests sought information reasonable calculated to lead to admissible evidence and would assist the Company in testing and responding to the legal theories that CCE had raised in prefiled testimony.⁸ The October 14th MTC was granted, in part, by Ruling dated November 1, 2016.

On November 3, 2016, MDV-SEIA filed a Motion to Compel (“November 3rd MTC”) requesting that the Company be compelled to respond to two discovery requests seeking cost information associated with a PPA between APCo and a wind energy developer (“Bluff Point PPA”). Among other things, MDV-SEIA maintained that such information is related to the reasonableness of APCo’s proposed Rider REO price.⁹ In contrast, the Company maintained that the reasonableness of the Rider REO costs is not at issue in this case.¹⁰ However, APCo also agreed to provide an estimate of Rider REO prices, on a confidential basis, should the Company begin receiving renewable energy in 2018 pursuant to the Bluff Point PPA.¹¹

⁴ *Application of Appalachian Power Company, For approval to establish Experimental Rider R.G.P. for the purchase of non-dispatchable renewable generation*, Case No. PUE-2015-00040.

⁵ The Commission subsequently dismissed the Rider RGP Case at APCo’s request. *See Application of Appalachian Power Company, For approval to establish Experimental Rider R.G.P. for the purchase of non-dispatchable renewable generation*, Case No. PUE-2015-00040, Order Dismissing Case (Oct. 6, 2016).

⁶ August 10th Ruling at 2.

⁷ *See* Response of Collegiate Clean Energy, LLC to Appalachian Power Company’s Motion to Compel filed October 21, 2016.

⁸ *See* Reply to Response to Motion to Compel filed by the Company on October 28, 2016 (“October 28th Reply”). Based upon statements included in the October 28th Reply, CCE filed a Motion for Expedited Ruling (“Expedited Ruling Motion”) on October 28, 2016, seeking confirmation that the issue of CCE’s compliance with the law and its license was beyond the scope of this case. CCE subsequently withdrew the Expedited Ruling Motion. *See* Reply of Collegiate Clean Energy, LLC to Response of Appalachian Power Company to Motion for Expedited Ruling filed by CCE on November 3, 2016.

⁹ *See* November 3rd MTC at 3. *See also* Reply of the Maryland-DC-Virginia Solar Energy Industries Association filed November 10, 2016.

¹⁰ *See* APCo’s Response to Motion to Compel filed on November 8, 2016 (“November 8th MTC Response”).

¹¹ November 8th MTC Response at 7.

Over 900 written comments were filed in this case.¹² None of the comments appear to directly support Rider REO, and, in fact, the overwhelming majority of comments strongly oppose its approval by the Commission.¹³ Most of the opposition comments focus on two issues: (1) the loss of renewable competition associated with Rider REO's approval; and (2) the belief that Rider REO does not support the development of renewable energy, but instead simply repackages out-of-state green energy that is already in existence.¹⁴

The hearing was convened, as scheduled, on November 15, 2016. Noelle J. Coates, Esquire, James R. Bacha, Esquire, and Timothy E. Biller, Esquire, appeared on behalf of the Company. Ashley B. Macko, Esquire, Alisson Pouille Klaiber, Esquire, and Garland S. Carr, Esquire, appeared on behalf of Staff. Cale Jaffe, Esquire, appeared on behalf of Appalachian Voices. Edward L. Petrini, Esquire, and Cliona M. Robb, Esquire, appeared on behalf of CCE. Eric M. Page, Esquire, appeared on behalf of English Biomass. William T. Reisinger, Esquire, appeared on behalf of MDV-SEIA. Bernard L. McNamee, Esquire, appeared on behalf of Dominion. Robert D. Perrow, Esquire, appeared on behalf of the Steering Committee. C. Mitch Burton, Jr., Esquire, and Cody T. Murphy, Esquire, appeared on behalf of Consumer Counsel.

The transcript of the hearing ("Tr.") was filed on December 9, 2016.¹⁵

At the commencement of the hearing, the November 3rd MTC was granted, in part, in accordance with APCo's agreement to provide confidential, Rider REO price information including estimated cost impacts of the Bluff Point PPA.¹⁶

Although post-hearing briefs were initially due on January 9, 2017,¹⁷ the deadline for post-hearing briefs was extended to January 19, 2017, by Ruling dated December 14, 2016. APCo, the respondents, and Staff timely filed post-hearing briefs.¹⁸

On April 24, 2017, the Company filed a Motion to Take Judicial Notice ("Judicial Notice Motion") requesting that the Commission take judicial notice of the Commission's Final Order

¹² Six comments were filed after the deadline established in the Procedural Order and, therefore, are not considered herein.

¹³ A number of the comments also appear to reflect a degree of confusion regarding the potential impacts of Rider REO. *See, e.g.*, public comments of Sarah Lawson filed November 7, 2016.

¹⁴ *See, e.g.*, public comment of Janice Bostic filed November 7, 2016.

¹⁵ By Ruling dated November 30, 2016, CCE's Virginia customer information on page 19 of the transcript was redacted as confidential at CCE's request.

¹⁶ Tr. at 16.

¹⁷ *Id.* at 253.

¹⁸ *See* Brief of Appalachian Power Company ("APCo Brief"); Post-hearing Brief of Virginia Electric and Power Company ("Dominion Brief"); Post-hearing Brief of the Maryland-DC-Virginia Solar Energy Industries Association ("MDV-SEIA Brief"); Post-hearing Brief of English Biomass Partners – Ferrum, LLC ("English Biomass Brief"); Post-hearing Brief of the VML/VACo APCo Steering Committee ("Steering Committee Brief"); Post-hearing Brief of Collegiate Clean Energy, LLC ("CCE Brief"); Post-hearing Brief of Appalachian Voices ("Appalachian Voices Brief"); Post-hearing Brief of Office of the Attorney General, Division of Consumer Counsel ("Consumer Counsel Brief"); and Post-hearing Brief of the Staff of the State Corporation Commission ("Staff Brief"), each of which was filed on January 19, 2017.

entered in Case No. PUE-2016-00042 on February 1, 2017 (“2017 RPS Order”),¹⁹ wherein the Commission approved the inclusion of the Bluff Point PPA in the Company’s Virginia renewable energy portfolio (“RPS”) program, and an Order entered by the West Virginia Public Service Commission (“WVPSC”) on March 28, 2017 (“WVPSC Order”), wherein the WVPSC approved the Company’s entry into the Bluff Point PPA. According to APCo, the inclusion of the Bluff Point PPA in the Company’s Virginia renewable energy portfolio program “could inform the Commission’s decision” if the Commission finds it appropriate to consider the reasonableness of the Rider REO price in this case.²⁰ APCo also represents that Staff does object to the Judicial Notice Motion.²¹ Similarly, the Company indicates that Consumer Counsel, English Biomass, the Steering Committee, MDV-SEIA, and Dominion do not oppose the Judicial Notice Motion.²²

On May 12, 2017, CCE filed a Response of Collegiate Clean Energy, LLC to Motion of Appalachian Power Company to Take Judicial Notice (“JN Response”). CCE notes that APCo did not initially present cost information associated with the Bluff Point PPA in support of its Application and, in fact, contested the relevance of Bluff Point cost information throughout the course of this case.²³ CCE also asserts that the staff of the WVPSC, the WVPSC’s Consumer Advocate Division, and the West Virginia Energy Users Group have expressed concerns regarding the limitations upon a customer’s renewable options created by long-term wind PPAs and, in support of such assertion, provides an article from Megawatt Daily (“MD Article”) discussing the WVPSC’s approval of the Bluff Point PPA.²⁴ Should the Commission decide to take judicial notice of the 2017 RPS Order and the WVPSC Order, CCE requests that the Commission also consider the concerns summarized in the MD Article.²⁵

Consistent with Commission precedent, I find it appropriate to grant the Judicial Notice Motion because it relates to undisputed facts – that is, the entry of Orders by the Commission and the WVPSC approving the Bluff Point PPA.²⁶ However, I do not find it appropriate to take judicial notice of the concerns expressed in the MD Article – opinions which were not subject to examination in this case.

SUMMARY OF THE RECORD

Public Witnesses

¹⁹ *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, Final Order (Feb. 1, 2017).

²⁰ Judicial Notice Motion at 3.

²¹ *Id.* at 4.

²² *Id.*

²³ JN Response at 2-3.

²⁴ *Id.* at 3. *See also* Exhibit A to JN Response.

²⁵ JN Response at 3.

²⁶ *See, e.g., Application of Massanutten Public Service Corporation, For Waiver of 2006 AIF Filing*, Case No. PUE-2007-00045, Order Granting Waiver, 2007 S.C.C. Ann. Rep. 441, 442 (July 12, 2007) (taking judicial notice of a prior Commission order).

Anthony Smith testified that he is the CEO of Secure Futures, LLC, a solar development company headquartered in Staunton, Virginia. He represented that he was testifying on behalf of small businesses and the growing solar industry in Virginia and expressed concern that Rider REO will reduce consumer choice relative to renewable energy. He encouraged the Commission to consider the potential negative impact of Rider REO on behind-the-meter distributed generation – particularly for customers who wish to build up to five megawatts (“MW”) of solar on their property to meet some of their load – either by owning and operating generation facilities themselves or by contracting with others to own and operate generation facilities on their properties. Tr. at 61-65.

Cameron Stalker testified that he is a photovoltaic (“PV”) designer and regulatory support specialist for Sigora Solar, a solar design installation company based in Williamsburg, Virginia. He opposed the proposed Rider REO and believed it would take away the consumer’s right of choice to obtain renewable energy at a fair market price. He also indicated that approval of Rider REO will prevent his company from expanding into APCo’s service territory. Tr. at 65-66.

Aaron Sutch testified that he is the director of Virginia Solar United Neighborhoods (“SUN”), a nonprofit organization that helps communities convert to solar through projects, technical support, and advocacy. He testified that SUN represents ratepayers throughout the Commonwealth of Virginia who believe solar rooftop or distributed generation is the best way to ensure energy freedom, create jobs, and strengthen the reliability of the electric grid. He urged the Commission to reject APCo’s proposed Rider REO because it will curtail solar development in Virginia. He also noted that the proposed Rider REO will charge more for existing renewable resources. Tr. at 66-68.

The Company’s Direct Testimony and Exhibits

The Company presented the direct testimony of William K. Castle, the Company’s director of regulatory services for Virginia and Tennessee; and Alex E. Vaughan, manager – regulated pricing and analysis for American Electric Power Service Corporation (“AEPSC”).

Mr. Castle described APCo’s proposed Rider REO and discussed the Company’s proposed revenue recovery mechanism associated with Rider REO. He testified that Rider REO is voluntary and will bundle together energy output from renewable energy generators so as to provide around-the-clock renewable generation to meet customer needs. He maintained that Rider REO qualifies as a “100% renewable” tariff in accordance with § 56-577 of the Code. Ex. 2, at 1-3.

Mr. Castle identified the initial renewable energy resources that the Company intended to use to produce the energy for Rider REO as the following PPAs: (1) the Summerville hydro-electric facility; (2) the Camp Grove wind PPA; (3) the Fowler Ridge wind PPA; (4) the Beech Ridge wind PPA; and (5) the Grand Ridge wind PPA (collectively, “Renewable PPAs”). He testified that the Renewable PPAs have a combined nameplate capacity of 423 MW and the capability of serving a load of 320 MW. He also testified that APCo intended to add renewable resources to its Rider REO as such resources are added to the Company’s portfolio. Furthermore, he explained how the combination of output from the Renewable PPAs improves the availability of

renewable generation at all hours and will allow the Company to meet a 10 MW load on a daily basis at 99.95%. However, he also acknowledged that APCo will be unable to match the hourly output of the generators subject to the Renewable PPAs to the hourly load of customers (scaled to a peak demand of 10 MW). In addition, he explained that the Company initially intended to allocate the output of the Renewable PPAs by historical energy generation of the resources. He also indicated that APCo was prepared to procure additional resources to maximize availability should the Commission set availability criteria. Ex. 2, at 3-6.²⁷

Mr. Castle testified that customers receiving electricity under Rider REO will pay for the cost of energy generation and its transmission and distribution. However, the Company does not intend to charge Rider REO customers for costs associated with APCo's own generation fleet. Furthermore, Mr. Castle testified that the Company intended to segregate sales made under Rider REO from the calculations made to determine the Company's achievement of its RPS goals. APCo will achieve such segregation by replacing the RPS-approved resources sold under Rider REO with the purchase of Virginia-eligible renewable energy credits ("RECs"). Ex. 2, at 6-7.

Mr. Castle testified that APCo intends to adjust Rider REO rates annually based on the current portfolio mix and the rates of the Renewable PPAs. He explained that the Company will be unable to collect the exact costs of its renewable portfolio through Rider REO and indicated that any variability of costs will be collected through the fuel factor. In addition, he testified that rate adjustments may be warranted based upon the acquisition of additional resources necessitated by customer demand. APCo did not propose a "true-up" to address cost differences. He maintained that the approval of Rider REO will encourage renewable energy development in Virginia by providing access to renewable energy for customers. Ex. 2, at 7-8.

When questioned by Appalachian Voices at the hearing, Mr. Castle clarified that APCo did not seek to affect customers' rights under § 56-594, the net metering statute, in this case. He emphasized that this matter relates to licensed competitive service providers ("CSPs") and the provision of 100 percent renewable energy under § 56-577 of the Code. He agreed that the Renewable PPAs APCo has assigned to Rider REO are already part of the Company's portfolio, are not contingent upon the approval of Rider REO, and include wind resources with 20-year contracts commencing in 2008, 2009, and 2010. Furthermore, he testified that APCo anticipates the acquisition of additional renewable generation resources and they will be folded into the portfolio applicable to Rider REO over time. Tr. at 70-75.

During cross-examination by CCE, Mr. Castle discussed APCo's intended reliance upon the Renewable PPAs to provide renewable power at all hours. He confirmed that the Company intends to allocate the output of the Renewable PPAs based upon the historical energy generation of the applicable resources. He acknowledged that APCo currently recovers the non-incremental costs of the Renewable PPAs through the fuel factor and recovers the incremental costs of the Camp Grove and Fowler Ridge PPAs, but not the incremental costs of the Beech Ridge and Grand Ridge PPAs, through the Company's RPS-RAC. He also acknowledged that, as proposed, a Rider REO customer will pay both the incremental and non-incremental costs of the Renewable PPAs,

²⁷ Mr. Castle made two minor grammatical corrections to page 6 of his prefiled testimony when testifying at the hearing. Tr. at 69-70.

including those associated with the Beech Ridge and Grand Ridge PPAs (which are excluded from the RPS-RAC). In addition, Mr. Castle discussed wind pricing information provided with the Company's most recent integrated resource plan ("IRP"). Tr. at 78-88.

When questioned by English Biomass, Mr. Castle expressed his belief that Rider REO customers will receive service at a competitive price to standard retail customers. He also indicated that the estimated Rider REO monthly bill of \$160 will come down if an additional renewable resource, proposed by the Company for regulatory approvals, is added to the Company's portfolio. He agreed that APCo has not performed a study of the number of customers who may be willing to pay a premium monthly bill of approximately \$160 under Rider REO but maintained that data from American Electric Power ("AEP") supports the conclusion that customers will be interested in Rider REO. Among other things, he noted that a sister company to APCo, Indiana Michigan Power ("I & M"), has received substantial customer interest in a similar program to Rider REO. Furthermore, he agreed that the Renewable PPAs are capable of meeting up to 45 MW of Virginia residential load – meaning the Company would not need to acquire additional renewable resources to meet Rider REO's requirements until the aggregate load of participating Virginia customers reaches 45 MW. Tr. at 88-92.

During questioning by MDV-SEIA, Mr. Castle agreed that Rider REO will be primarily served by wind resources, at least initially. Furthermore, he confirmed that the Renewable PPAs relate to facilities that were constructed from 2001 to 2010 and that the Renewable PPAs total 423 MW of capacity.²⁸ He agreed that 423 MW of capacity is a significant amount of renewable generation that can serve a significant number of homes. Because Rider REO has not yet been approved or marketed, Mr. Castle was unaware of the number of customers who will want to participate in Rider REO. Nevertheless, he believed Rider REO has the potential to grow very large. In addition, he believed some of the commenters who have opposed Rider REO may misunderstand how Rider REO will work. Tr. at 92-101.

When cross-examined by the Steering Committee, Mr. Castle testified that the similar renewable program initiated by I & M, which has received significant customer interest, has been implemented in a geographic area including the major city of Fort Wayne. Tr. at 102.

During redirect examination, Mr. Castle discussed a letter from several large businesses ("Advanced Energy Economy Letter") supporting the creation of utility tariffs providing easy access to cost of service renewable generation with price certainty.²⁹ He believed Rider REO fulfills the characteristics set forth in the Advanced Energy Economy Letter. He again confirmed that Rider REO will not adversely impact non-participating customers. In addition, he believed many of the people who have submitted comments opposing Rider REO do not reside in APCo's service territory. He also testified that the price of Rider REO will come down if the Bluff Point PPA is approved. Finally, he explained that Rider REO customers will be provided with information regarding the age and location of the Renewable PPAs in the tariff. Tr. at 103-106.

²⁸ Mr. Castle also identified a discovery response applying to the Renewable PPAs. *See* Ex. 3.

²⁹ A copy of the Advanced Energy Economy Letter, addressed to the Commission and dated November 8, 2016, was admitted as an exhibit in this case. *See* Ex. 8.

Mr. Vaughan explained that AEPSC is a wholly owned subsidiary of APCo's parent company. He testified that he is responsible for assisting in making regulatory filings in Virginia. He described the Company's proposed pricing for Rider REO. He also explained how Rider REO's proposed cost recovery/rate credit scheme will ensure that non-participating customers are not impacted by Rider REO. In addition, he sponsored several attachments to his prefiled testimony – the Company's proposed Rider REO tariff sheets and a Rider REO revenue allocation/rate credit example. Ex. 5, at 1-3.

Mr. Vaughan identified the Renewable PPAs included in Rider REO. He acknowledged that such resources already serve APCo's Virginia customers. In addition, he noted that the incremental costs of the Camp Grove and Fowler Ridge PPAs are recovered through the rate adjustment clause ("RAC"), designated as RPS-RAC, associated with the Company's participation in Virginia's RPS program. He testified that the Renewable PPAs represent 45 MW of PJM Interconnection, L.L.C. ("PJM"), capacity. Furthermore, he explained that the Renewable PPAs produced approximately 516,000 MW hours ("MWh") of renewable energy in 2015 on a Virginia retail jurisdictional basis. Ex. 5, at 3-4.

Mr. Vaughan testified that the Company's proposed pricing for the Rider REO is based on the anticipated weighted average \$/MWh cost of the Renewable PPAs during a given rate year.³⁰ He also indicated that the proposed REO Rider pricing includes the opportunity cost of retaining or retiring the RECs attached to the Renewable PPAs and an average net amount of PJM transmission congestion and loss charges. The proposed Rider REO has an initial cost of \$89.61/MWh and customers electing to take service under Rider REO will also be subject to the transmission and distribution portions of base rates. In addition, Rider REO customers will be subject to APCo's transmission RAC ("T-RAC"), energy efficiency RAC ("EE-RAC"), and the RPS-RAC. However, Rider REO customers will not be subject to the Company's fuel factor, generation RAC ("G-RAC"), the generation function component of base rates, or demand response RAC ("DR-RAC"). Ex. 5, at 4-6.

According to Mr. Vaughan, customers who do not elect to take service under Rider REO will begin to pay less for the Renewable PPAs because the higher rate that Rider REO customers will pay to receive all of their electricity from renewable resources will fund a credit that APCo will apply to the fuel factor and the G-RAC. He also explained that the Company intends to retain Rider REO revenues equal to its base generation rate, base distribution rate, and basic service charge. Furthermore, APCo proposes to retain the REC opportunity cost components associated with the Grand Ridge and Beech Ridge PPAs and not include them in the RPS-RAC rate credit. He maintained that no special treatment is needed regarding T-RAC and EE-RAC revenues because Rider REO customers will benefit from transmission service and energy efficiency programs. In addition, he explained the operation of the fuel factor rate credit that will be given to non-participating customers as a result of Rider REO. Furthermore, he denied that APCo will receive additional earnings when customers choose to receive service under Rider REO and maintained that non-participating customers will not be financially harmed by the implementation of Rider REO. Ex. 5, at 7-11.

³⁰ The Company initially presumed the rate year for the first REO Rider would be calendar year 2017. Ex. 5, at 4 n.3.

At the hearing, Mr. Vaughan clarified that the Commission approved the Company's proposed DR-RAC after the filing of the Application. Under the circumstances, he modified Schedule 1 to his prefiled testimony, the proposed Rider REO tariff sheet, to add a line for the DR-RAC with an "X" showing that the DR-RAC does not apply to Rider REO customers. Tr. at 107-109.

During cross-examination by Appalachian Voices, Mr. Vaughan discussed the Company's current collection of costs associated with the Renewable PPAs.³¹ Among other things, he agreed that the current cost per MWh of the Renewable PPAs is \$71.96 but maintained that customers pay less than this amount because of the sale of renewable attributes. He also explained that APCo sometimes collects the total costs of the Grand Ridge and Beech Ridge PPAs through the fuel factor depending upon market conditions – that is, when their costs are totally non-incremental. In addition, he explained that the initial proposed MWh price for Rider REO, \$89.61, is higher than the current cost because it does not contemplate the sale of renewable attributes. Furthermore, he acknowledged that the older wind PPAs included in Rider REO are more expensive than some resources that may be currently available for acquisition. Mr. Vaughan was unwilling to speculate on the number of Rider REO customers who could be served by the Renewable PPAs on a 100 percent basis and agreed that the Company has not performed an analysis to determine such amount. Tr. at 109-125.

When questioned by CCE, Mr. Vaughan clarified that the Company's shareholders currently receive the benefit of REC sales associated with the Beech Ridge and Grand Ridge PPAs. Furthermore, he clarified that the current estimated MWh price of the Renewable PPAs, \$71.96, includes energy, capacity and all renewable attributes of the Renewable PPAs. He explained that the additional \$15 MWh opportunity cost component of the Rider REO proposed in this case is intended to hold non-participating customers harmless from the lack of REC sales. Tr. at 126-129.

When cross-examined by MDV-SEIA, Mr. Vaughan again acknowledged that the Beech Ridge and Grand Ridge PPAs are not included in APCo's RPS-RAC. He denied that the Commission has specifically found that the costs associated with the Beech Ridge and Grand Ridge PPAs are inappropriate. He also denied that the Company will be in a better position financially if Rider REO is approved and customers begin to pay, voluntarily, for the incremental costs of the Beech Ridge and Grand Ridge PPAs. Tr. at 130-135.

During redirect examination, Mr. Vaughan clarified that a single renewable asset would be unable to provide 100 percent renewable power to the Company's customers. He also denied that the approval of Rider REO would allow APCo to double recover any cost of the Renewable PPAs. He maintained that the retention or retirement of RECs with the operation of Rider REO should spur renewable development by decreasing the number of RECs on the market. Tr. at 136-138.

Respondents' Testimony and Exhibits

CCE

³¹ Mr. Vaughan also identified a discovery response discussing APCo's current recovery of incremental and non-incremental costs associated with the Renewable PPAs. See Ex. 6.

CCE presented the testimony of Dr. Bradley Romine, Senior Vice President of CCE.

Dr. Romine testified that he is employed by Castleton Commodities International, LLC (“Castleton”), CCE’s parent, in addition to being CCE’s Senior Vice President. He testified that CCE is a licensed CSP in Virginia and has completed the CSP registration process with APCo and Dominion. He opined that the Company’s Application for the approval of Rider REO raises concerns for renewable energy development in Virginia. He noted that customers receiving electricity under Rider REO will pay tariff rates that are 18% higher than standard rates for residential customers. He believed the Company’s proposed price for renewable energy under Rider REO to be high as compared to market prices for renewable power. He also opined that Rider REO is deficient because customers will not be informed that they will be receiving energy from previously procured resources located outside of Virginia. Furthermore, he testified that customers wishing to support renewable energy development within Virginia could be deprived of that opportunity if Rider REO is approved and if customers are precluded from purchasing renewable energy from CSPs. He did not believe approval of Rider REO to be in the public interest. Finally, if the Commission approves Rider REO, Mr. Romine recommended that APCo be required to inform potential Rider REO customers that they will not be receiving renewable energy produced within Virginia. He also asked the Commission to clarify that customers can continue to purchase renewable energy from CSPs after the approval of Rider REO. Ex. 7, at 1-7.

When testifying at the hearing, Dr. Romine explained that CCE sells renewable power generated by landfill gas. He opined that 100 percent renewable energy should be provided on an hourly basis to qualify under § 56-577 of the Code and he represented that CCE only had two hours during 2015 when it did not meet its customers’ load (occurring because of a PJM request). He testified that CCE met the 100 percent requirement for every hour in 2016. He also opined that the potential for the capping of participation in Rider REO, based upon APCo’s available renewable resources, appears to run counter to a statutory intent to promote more renewable energy. He was very concerned regarding the limitations that Rider REO’s approval would impose upon customer choice – particularly with regard to the type of renewable energy a customer may wish to purchase. Tr. at 140-144.

According to Dr. Romine, Rider REO does not support the development of Virginia-based renewable energy but, instead, merely shifts the costs associated with existing renewable resources from one group of customers to another. Furthermore, he questioned APCo’s assertion that the reduction of REC sales resulting from Rider REO will promote the development of renewable generation. He does not believe such a reduction in REC sales is likely to occur given the Company’s high Rider REO rate which, in his assessment, will serve as a deterrent to customer participation. He agreed with Mr. Castle’s conclusion that a wind power price of \$23.50 per MWh (the 2014 average wind price throughout the United States) is low for the PJM region. Instead, based upon data from APCo’s IRP, he believed that a fair average cost for new build wind power in the PJM region is in the range of \$35 to \$40 MWh. Tr. at 144-147.

With regard to the location of renewable resources, Dr. Romine asserted that the majority of CCE’s renewable generation is located in Virginia. In addition, although CCE’s generation is

relatively old, he explained that CCE has improved its resources over time so that they are able to generate more energy. He also questioned Mr. Castle's recommendation for a REC retirement requirement associated with a CSP's provision of 100 percent renewable energy.³² Moreover, Dr. Romine noted that the signatories to the Advanced Energy Economy Letter have expressed a desire for consumer choice in the procurement of renewable energy. Tr. at 147-153.

When questioned by Appalachian Voices, Dr. Romine agreed with an analysis prepared by Appalachian Voices concluding that the approval of Rider REO could lead to a loss of renewable power being provided in APCo's service territory.³³ Tr. at 153-157.

During cross-examination by the Company, Dr. Romine explained that Castleton, his employer, is the parent of both CCE and INGENCO. He identified a brochure from INGENCO showing some of the landfill gas facilities that are used to serve CCE and acknowledged that such facilities are not all located in Virginia.³⁴ He also indicated many of the facilities in the brochure, although built some time ago, have essentially been rebuilt. He acknowledged that CCE could return to selling energy directly into the PJM grid and selling the associated RECs on the market if Rider REO is approved. However, he testified that Rider REO's approval would prevent CCE from entering into long-term contractual relationships and achieving revenue stability. Tr. at 158-164.

Dr. Romine explained that CCE's landfill generators are co-fired with diesel but CCE differentiates between green and non-green power. He testified that the non-green power goes onto the grid for use by other customers. He also explained CCE's use of interval meters to determine that customer demand has been met with renewable power. In addition, Dr. Romine confirmed that CCE is not currently licensed to serve residential customers with 100 percent renewable energy. Furthermore, he identified an affidavit wherein he attested that CCE complies with the 100 percent renewable standard established in 2013.³⁵ Tr. at 165-171.

When questioned on redirect, Dr. Romine further explained some of the improvements made to the facilities used to serve CCE. He testified that CCE has relied upon retail sales to fund renewable upgrades to the facilities. He also indicated that CCE seeks to provide renewable generation to industries similar to those that signed the Advanced Energy Economy Letter. He testified that CCE is not investigating the provision of residential service at this time. Tr. at 171-174.

English Biomass

English Biomass presented the testimony of Richard E. English, president of English Biomass.³⁶

³² Dr. Romine subsequently agreed that a REC is associated with 1 MWh of renewable energy and should only be used once if the MWh is green. Tr. at 158-159.

³³ See Ex. 9.

³⁴ See Ex. 10.

³⁵ See Ex. 13.

³⁶ English Biomass' Motion to File Summary of Testimony Out of Time filed on September 22, 2016, was granted by Ruling dated September 26, 2016.

Mr. English testified that the Commission licensed English Biomass as a CSP in 2014 to provide electric service to Ferrum College by way of a biomass-fired boiler (using wood waste) and steam heat and power facility (“EB Facility”) that is located behind the meter and is not connected to APCo’s power grid. He testified that English Biomass entered into a contract with Ferrum College in 2010 (“Ferrum Agreement”) relative to the EB Facility and explained that the EB Facility provides Ferrum College with 100% of its thermal requirements and is capable of providing 25% of its electricity needs. Furthermore, he described the energy efficiency, environmental, and educational benefits provided by the EB Facility to Ferrum College. Ex. 14, at 1-4.

Mr. English urged the Commission to reject the Company’s proposed Rider REO. He believed the approval of Rider REO may adversely affect the ability of English Biomass to sell electricity to Ferrum College at the conclusion of the Ferrum Agreement and may prohibit its modification or extension. He also believed the approval of Rider REO may prohibit English Biomass from selling electricity to customers other than Ferrum College. Ex. 14, at 5.

When cross-examined by APCo at the hearing, Mr. English identified the CSP license of English Biomass which relates solely to the provision of service at Ferrum College. He also confirmed that English Biomass does not provide residential service.³⁷ He testified that the EB Facility is fueled by biomass and has no back-up fuel source. In addition, he identified the letter agreement between English Biomass and Ferrum College applicable to the EB Facility.³⁸ Mr. English testified that the EB Facility’s infrastructure (including turbine) was only recently completed and English Biomass has not yet provided any electricity to Ferrum College (although it has transmitted British Thermal Units (“BTUs”)). He confirmed his earlier concern that English Biomass will be prohibited from selling renewable electricity to Ferrum College if Rider REO is approved. Tr. at 178-186.

During redirect examination, Mr. English testified that he believed he would need to go through a process similar to the process that he followed when he obtained English Biomass’ current CSP to obtain another license to serve customers other than Ferrum College. He also explained that the price Ferrum College agreed to pay for electricity, as shown in the letter agreement, contemplates that Ferrum College would assume ownership of the EB Facility after English Biomass recoups its costs. Tr. at 188-189.

MDV-SEIA

MDV-SEIA presented the testimony of Dana Sleeper, executive director of MDV-SEIA.

Ms. Sleeper provided an overview of the MDV-SEIA organization. She opposed APCo’s Rider REO because, in her assessment, it would not advance the goals of Virginia’s Energy Policy. Instead, she testified that Rider REO could result in the development of less renewable energy within the Commonwealth because it may preclude customers from purchasing 100 percent renewable energy from third-party sellers. She also noted that Rider REO may leave customers

³⁷ See Ex. 15.

³⁸ See Ex. 16.

who do not net meter with no option to purchase solar energy in Virginia. She recommended that the Commission deny the Application. Ex. 19, at 1-9.

Staff's Testimony and Exhibits

Staff submitted the testimony of Michele G. Grant, a principal utilities analyst in the Commission's Division of Public Utility Regulation;³⁹ and Patrick W. Carr, deputy director with the Commission's Division of Utility Accounting and Finance.

Ms. Grant considered whether APCo's proposed Rider REO would allow customers to purchase electricity "provided 100 percent from renewable energy" as contemplated by § 56-577 A of the Code. She also discussed the Company's proposed pricing for Rider REO. Among other things, she noted that the Code does not define the phrase "100 percent renewable energy." However, she represented that "renewable energy" is defined in § 56-576 of the Code. According to Ms. Grant, Staff believes the energy provided by the Renewable PPAs constitutes "renewable energy" under the Code. She also discussed two prior Commission decisions, reached in Case No. PUE-2008-00057 ("APCo RP Order")⁴⁰ and Case No. PUE-2008-00044 ("Dominion RET Order"),⁴¹ wherein the Commission concluded that RECs do not constitute "electric energy" for qualification purposes under § 56-577 A of the Code. Ex. 17 and 17C, at 1-5.

Ms. Grant summarized data provided by APCo on the historical performance of its renewable energy portfolio – showing renewable energy has been historically available at levels up to 15 MWs ranging from 94.6 to 99.6 percent of the time. According to Ms. Grant, analysis of the Company's data shows renewable energy may not be available 100 percent of the time on an hourly basis. However, on a monthly basis (the measurement proposed by the Company), the data appears to show APCo's renewable portfolio would satisfy the 100 percent requirement. She explained that the Commission will need to determine how the provision of electric energy must be measured to comply with § 56-577 A of the Code – that is, on an hourly, monthly, or annual basis. Ms. Grant also explained that additional metering would be required to measure customer electric energy on an hourly basis and she believed Rider REO customers should be required to pay for such metering if the Commission requires it. Furthermore, she indicated that there are customers within the Company's service territory who are receiving renewable energy from a CSP. Should the Commission approve Rider REO, Ms. Grant understood that such customers could continue to receive renewable energy from the CSP for the duration of the agreement with the CSP. Ex. 17 and 17C, at 5-9.

Ms. Grant identified APCo's proposed Rider REO charge as \$89.61 per MWh and described the Company's methodology for determining this charge. She also discussed APCo's inclusion of opportunity costs associated with RECs in the Rider REO price. She explained that such

³⁹ The Commission's Division of Energy Regulation was changed to the Division of Public Utility Regulation subsequent to Ms. Grant's submission of prefiled testimony in this case.

⁴⁰ *Application of Appalachian Power Company, For approval of its Renewable Power Rider*, Case No. PUE-2008-00057, Order Approving Tariff, 2008 S.C.C. Ann. Rep. 557-560 (Dec. 3, 2008).

⁴¹ *Application of Virginia Electric and Power Company d/b/a Dominion Virginia Power, For approval of its Renewable Energy Tariff*, Case No. PUE-2008-00044, Order Approving Tariff, 2008 S.C.C. Ann. Rep. 539-543 (Dec. 3, 2008).

opportunity costs are associated with RECs coming from Renewable PPAs that are also used for the Company's RPS-RAC. According to Ms. Grant, customers subject to the RPS-RAC could be harmed by the loss of REC optimization. The Company's proposed mechanism is intended to protect RPS-RAC customers by providing a credit in the RPS-RAC of the opportunity cost included in the Rider REO price. Staff supports the inclusion of opportunity costs in the Rider REO price if the Commission approves Rider REO. Ex. 17 and 17C, at 9-11.⁴²

Ms. Grant next discussed the impact of Rider REO on APCo's ability to meet its RPS goals – that is, the Company has represented that renewable energy sold through the Rider REO will be segregated from the achievement of APCo's voluntary RPS goals. Furthermore, she discussed the applicability of various APCo rates to Rider REO customers. Should the Commission approve Rider REO, Ms. Grant recommended that Rider REO be revised to clarify that Rider REO customers will not be subject to the Company's DR-RAC. In addition, Ms. Grant provided the following comparison of a residential customer's monthly bill (using 1200 kilowatts hours) under APCo's standard residential rate tariff and a customer's monthly bill under Rider REO:

Rates	Standard	Rider REO
Service Charge	\$8.35	\$8.35
Base Rates		
Distribution	\$21.77	\$21.77
Transmission	\$8.90	\$8.90
Generation	\$52.19	
G-RAC	\$2.96	
Fuel Factor	\$27.61	
ERCRS	\$0.00	
T-RAC	\$13.55	\$13.55
E-RAC	\$0.00	
EE-RAC	\$0.52	\$0.52
DR-RAC	\$0.44	
RPS-RAC	<u>\$(1.01)</u>	<u>\$(1.01)</u>
	\$135.29	\$52.08
Rider REO		<u>\$107.53</u>
		\$159.61

Ex. 17 and 17C, at 11-13.

At the conclusion of her prefiled testimony, Ms. Grant suggested that the Commission may want to conduct formal proceedings of annual revisions to the REO Rider if it is approved. In addition, she recommended that the Commission require APCo to include in future annual Rider REO filings support for the updated Rider REO rate including the number of customers participating and their associated load. Ex. 17 and 17C, at 14-16.

⁴² Staff limited the information initially identified as confidential on page 10 of Ms. Grant's prefiled testimony. Tr. at 193-194.

When cross-examined by Appalachian Voices, Ms. Grant testified that she has not seen an analysis from the Company showing how many customers could be served by the proposal set forth in the Application. Tr. at 196-197.

In response to questioning from CCE, Ms. Grant agreed that the Commission has previously concluded that ratepayers are to be protected from costs of renewable energy that are too high and has disallowed costs associated with the Beech Ridge and Grand Ridge PPAs. It was her understanding that costs from the Beech Ridge and Grand Ridge PPAs are included in the calculation of the rate for the proposed Rider REO. Tr. at 198-204.

During cross-examination by English Biomass, Ms. Grant expressed her understanding that the approval of Rider REO may eliminate customer choice. Tr. at 205.

When questioned by the Company, Ms. Grant indicated that she understood the RPS-RAC was not voluntary. Tr. at 206.

Mr. Carr addressed APCo's proposed accounting for Rider REO activities. He recommended that non-participating customers be held harmless from the impacts of Rider REO if the Commission approves the Company's proposal. In addition, he recommended that the Commission require APCo to demonstrate in future rate proceedings (fuel factor, base rate, and RAC applications) that customers who are not participating in Rider REO are not being impacted negatively. He testified that Staff agrees with the Company's proposal not to true-up its Rider REO revenue recovery. He also recommended that the Commission require APCo to report annually on its Rider REO retained revenues and costs. Lastly, to insure that the net impact on income from Rider REO's retained revenues and costs is excluded from base rate reviews, Mr. Carr recommended that the Commission require the Company to record such amounts in a below-the-line account. Ex. 18, at 1-5.

The Company's Rebuttal

On rebuttal, APCo again submitted the testimony of Messrs. Castle and Vaughan.

Mr. Castle responded to the concerns raised by witnesses for the respondents and addressed Staff's recommendations. He also sponsored several rebuttal schedules. He suggested that the Commission need not consider some of the criticisms of Rider REO raised in this case because they are not referenced in the Code. Among other things, he noted that the Code does not require the generation used to fulfill a 100 percent renewable tariff to be located within Virginia or include solar power. He also maintained that the approval of Rider REO will result in additional renewable development. He explained Rider REO will prompt increases in REC prices thereby incentivizing the construction of additional renewable resources. Furthermore, he testified that the Company's proposed Rider REO tariff identifies the resources being used to fulfill the energy needs of customers electing to take service under Rider REO. Moreover, he challenged the renewable energy price information provided by MDV-SEIA witness Sleeper as being lower than the cost of renewable power in the PJM region. Ex. 21 and 21C, at 1-3.

Mr. Castle next opined that the Commission should clarify the definition of “100 percent renewable energy” to require the retirement of RECs by the supplier. He also noted that CSPs are not currently required in their contractual relationships with customers to retire the RECs associated with energy sales. He testified that a REC should not be used more than once to maintain the renewable character of the associated MWh of renewable energy that has been generated. Ex. 21 and 21C, at 4-5.

With regard to Staff’s testimony, Mr. Castle disputed Ms. Grant’s suggestion that the Commission should conduct an annual formal proceeding when adjusting Rider REO. He opined that an administrative filing should be sufficient to ensure compliance with the Commission’s decision in this case. However, he supported Ms. Grant’s reporting recommendations. He also testified that the operation of Rider REO will have no impact on APCo’s income. Furthermore, Mr. Castle explained why the below-the-line treatment of the Company’s Rider REO revenues would not be proper under the Federal Energy Regulatory Commission (“FERC”) Uniform System of Accounts. Ex. 21 and 21C, at 6-7.

At the hearing, Mr. Castle confirmed that the Company continues to pursue numerous additional renewable power resources. He also identified APCo’s Tariff No. 25, Schedule VWS (“Wind Tariff”), a voluntary tariff on file with the Commission allowing customers to purchase the output of four wind PPAs directly and to pay the full cost of the applicable PPAs (including the Beech Ridge and Grand Ridge PPAs).⁴³ Tr. at 213-215.

During cross-examination by Appalachian Voices, Mr. Castle acknowledge that the Wind Tariff does not preclude CSPs from operating under § 56-577 of the Code. Tr. at 216.

When cross-examined by CCE, Mr. Castle agreed that the Wind Tariff is not a 100 percent renewable energy tariff. He indicated that he has not evaluated whether the resources included in the Wind Tariff provide participating customers with renewable power 24 hours a day, seven days a week. Furthermore, he explained that the Wind Tariff is evaluated on an annual basis for energy. In addition, he testified that Wind Tariff customers are not required to receive all of their service through the Wind Tariff. Mr. Castle also indicated that no customers have decided to receive service through the Wind Tariff. Tr. at 217-221.

When questioned by MDV-SEIA, Mr. Castle clarified that APCo would be willing to make information regarding the resources subject to Rider REO available to potential customers before their enrollment. He did not believe that the Commission was required to consider costs when deciding whether to approve Rider REO. With regard to market costs, Mr. Castle maintained that the Renewable PPAs were purchased at market prices when the Company entered into them. He also asserted that APCo’s renewable portfolio will continue to reflect market prices as new resources are acquired. However, he acknowledged that the proposed price of Rider REO is higher than the market price of wind power in the PJM region. Tr. at 221-228.

⁴³ See Ex. 22.

During cross-examination by the Steering Committee, Mr. Castle acknowledged that the Company was not required to include all of its renewable resources in Rider REO. However, he maintained that a larger portfolio facilitates APCo's ability to provide 100 percent renewable energy using a monthly standard. He also agreed that the Company could conceivably remove a higher cost renewable resource from Rider REO to lower its overall cost. Tr. at 228-230.

When cross-examined by Consumer Counsel, Mr. Castle confirmed that APCo would continue its goal of holding non-participating customers harmless when making decisions regarding the addition of renewable resources to Rider REO. Tr. at 230-231.

During cross-examination by Staff, Mr. Castle confirmed that the current Wind Tariff is not available for residential customers and does not include a specified rate. He agreed with Staff witness Grant that costs associated with additional metering, if deemed appropriate for Rider REO, should not be borne by non-participating customers. He also acknowledged that further rate changes associated with Rider REO may be subject to statutory notice requirements. Tr. at 231-233.

On redirect examination, Mr. Castle explained that the 2014 wind market price of \$23.50 identified by MDV-SEIA witness Sleeper pertained to PPAs located primarily in Iowa or Kansas. Tr. at 233.⁴⁴

Mr. Vaughan opposed Staff witness Carr's recommendation that any net impact on income from Rider REO's retained revenues and costs be recorded below-the-line. He explained that Rider REO will not impact APCo's earnings because the Company is not requesting a change to the recovery mechanisms associated with the Renewable PPAs. Ex. 24, at 1-3.

When testifying at the hearing, Mr. Vaughan confirmed that the Company previously received a portion of the costs associated with the Beech Ridge and Grand Ridge PPAs through the fuel factor. He also indicated that all of the cost of the Beech Ridge and Grand Ridge PPAs will be recoverable through the fuel factor, subsequent to the Commission's modification of the RPS-RAC incremental cost methodology, when there are no incremental costs associated with such PPAs. Tr. at 245-247.

During cross-examination by Appalachian Voices, Mr. Vaughan confirmed that APCo will be taking the RECs associated with the Renewable PPAs out of circulation as part of the operation of Rider REO. Tr. at 248-249.

When questioned by CCE, Mr. Vaughan explained that incremental costs of the Renewable PPAs (including the Beech Ridge and Grand Ridge PPAs) fell below avoided costs in 2014 during the polar vortex. Tr. at 249-250.

DISCUSSION

⁴⁴ During confidential session, Mr. Castle discussed potential Rider REO cost differences based upon the addition of the Bluff Point PPA. Tr. at 236-243. *See also* Ex. 23C.

Applicable Statutory Provisions

Section 56-577 A 5 of the Code provides in pertinent part:

After the expiration or termination of capped rates, individual retail customers of electric energy within the Commonwealth, regardless of customer class, shall be permitted:

- a. To purchase electric energy provided 100 percent from renewable energy from any supplier of electric energy licensed to sell retail electric energy within the Commonwealth, other than any incumbent electric utility that is not the incumbent electric utility serving the exclusive service territory in which such a customer is located, if the incumbent electric utility serving the exclusive service territory does not offer an approved tariff for electric energy provided 100 percent from renewable energy; and
- b. To continue purchasing renewable energy pursuant to the terms of a power purchase agreement in effect on the date there is filed with the Commission a tariff for the incumbent electric utility that serves the exclusive service territory in which the customer is located to offer electric energy provided 100 percent from renewable energy, for the duration of such agreement.

In addition, § 56-576 of the Code provides the following definition of “renewable energy”:

[E]nergy derived from sunlight, wind, falling water, biomass, sustainable or otherwise, (the definitions of which shall be liberally construed), energy from waste, landfill gas, municipal solid waste, wave motion, tides, and geothermal power, and does not include energy derived from coal, oil, natural gas, or nuclear power. Renewable energy shall also include the proportion of the thermal or electric energy from a facility that results from the co-firing of biomass.

Moreover, § 56-581 A of the Code empowers the Commission to regulate the rates of investor-owned incumbent utilities for electric generation pursuant to § 56-585.1 of the Code.⁴⁵ Section 56-585.1 C of the Code, in turn, provides:

Except as otherwise provided in this section, the Commission shall exercise authority over the rates . . . of investor-owned incumbent electric utilities for the provision of generation . . . services to retail customers in the Commonwealth pursuant to the provisions of Chapter 10 (§ 56-232 *et seq.*), including specifically § 56-235.2.

Furthermore, § 56-585.1 D of the Code provides:

⁴⁵ Although not directly applicable to the rates of incumbent electric utilities within the Commonwealth, § 56-35 of the Code also sets forth the Commission’s general duty and power to supervise and regulate public service companies doing business in the Commonwealth. *See English Biomass Brief* at 2.

The Commission may determine, during any proceeding authorized or required by this section, the reasonableness or prudence of any cost incurred or projected to be incurred, by a utility in connection with the subject of the proceeding. A determination of the Commission regarding the reasonableness or prudence of any such cost shall be consistent with the Commission’s authority to determine the reasonableness or prudence of costs in proceedings pursuant to the provisions of Chapter 10 (§ 56-232 *et seq.*). In determining the reasonableness or prudence of a utility providing energy and capacity to its customers from renewable energy resources, the Commission shall consider the extent to which such renewable energy resources, whether utility-owned or by contract, further the objectives of the Commonwealth Energy Policy set forth in §§ 67-101 and 67-102, and shall also consider whether the costs of such resources is likely to result in unreasonable increases in rates paid by consumers.

With regard to Chapter 10 of Title 56 of the Code, § 56-234 A provides that “[i]t shall be the duty of every public utility to furnish reasonably adequate service and facilities at reasonable and just rates....” In addition, § 56-235.2 of the Code provides a mechanism for the Commission’s approval of “special rates,” stating in pertinent part:

- A.[T]he Commission may approve, either in the context of or apart from a rate proceeding after notice to all affected parties and hearing, special rates, contracts, or incentives to individual customers or classes of customers where it finds such measures are in the public interest.
- B. The Commission shall, before approving special rates, contracts, incentives or other alternative regulatory plans under subsection A, ensure that such action (i) protects the public interest, (ii) will not unreasonably prejudice or disadvantage any customer or class of customers, and (iii) will not jeopardize the continuation of reliable electric service.
- C. After notice and public hearing, the Commission shall issue guidelines for special rates adopted pursuant to subsection A that will ensure that other customers are not caused to bear increased rates as a result of such special rates.⁴⁶

Finally, pursuant to § 56-235 of the Code, the Commission is empowered to substitute a public utility’s rates when they are found to be “unjust, unreasonable, insufficient or unjustly discriminatory or ... preferential or otherwise in violation of any of the provisions of law. . .”

Arguments of the Participants

APCo and Dominion

APCo asserts that Rider REO meets the criteria of a “100 percent” renewable energy tariff as contemplated by § 56-577 A 5 of the Code because it will supply 100 percent of customer

⁴⁶ Similarly, § 56-234 B of the Code requires “voluntary rate or rate design tests or experiments, or other experiments involving the use of special rates” to be in the public interest.

capacity and energy from renewable resources.⁴⁷ The Company also maintains that its proposed monthly incremental measure of customer energy requirements is practical and appropriate because (1) it will not require the installation of additional metering; (2) customer energy consumption is generally measured and billed on a monthly basis; and (3) from a practical standpoint, and based upon the experiences of CCE, achieving the “100 percent renewable” standard on an hourly basis is impossible 100 percent of the time.⁴⁸

Furthermore, the Company contends that Rider REO should be approved as a voluntary tariff, without consideration of the public interest or cost, because customers are not required to take service under Rider REO and because non-participating customers are held harmless.⁴⁹ In support of this conclusion, APCo notes that the Commission has traditionally approved voluntary tariffs wherein customers can determine if the value of the tariff is worth its cost.⁵⁰ In addition, while acknowledging that the Commission has the discretion to determine whether Rider REO constitutes a 100 percent renewable tariff, the Company maintains that the plain language of § 56-577 A 5 of the Code does not contemplate the Commission’s consideration of the public interest or cost when deciding whether to approve Rider REO.⁵¹

However, should the Commission determine that a public interest standard is appropriate in this case, APCo maintains that Rider REO is in the public interest is because (1) it will afford customers the opportunity to purchase 100 percent renewable energy without entering into lengthy contracts or switching to a CSP; (2) unlike net metering, it will not shift costs to non-participating customers; (3) it will be more transparent than the offerings of CSPs because the Company will make regular administrative filings with the Commission; and (4) unlike certain CSPs, the Company will commit to retiring RECs associated with energy sales made under Rider REO to ensure that such energy retains its renewable characteristics.⁵² Similarly, should the Commission determine that the consideration of price is appropriate, APCo contends that the costs of Rider REO are reasonable because they are based upon the actual costs that the Company will incur to serve participating customers.⁵³ The Company also asserts that the costs of Rider REO are likely to come down with the addition of resources to APCo’s renewable portfolio.⁵⁴ In addition, the Company maintains that no other participant in this case has presented credible evidence supporting the conclusion that Rider REO’s costs are unreasonable.⁵⁵

Dominion agrees with APCo’s interpretation of § 56-577 A 5 of the Code as requiring the provision of around-the-clock renewable energy and the retirement of RECs associated with such

⁴⁷ APCo Brief at 7. The Company also notes that no participant in this case contends the power provided by the Renewable PPAs does not constitute “renewable energy” as contemplated by the Code. *Id.* at 6.

⁴⁸ *Id.* at 7-9.

⁴⁹ *Id.* at 5-6, 10-15, 19.

⁵⁰ *Id.* (citing APCo RP Order).

⁵¹ *Id.* at 10-15, 19.

⁵² *Id.* at 16-18.

⁵³ *Id.* at 20.

⁵⁴ *Id.* APCo also contends that the inclusion of costs from the Grand Ridge and Beech Ridge PPAs is appropriate, even though these two PPAs are not included in the RPS-RAC, because Rider REO is voluntary. *Id.* at 21.

⁵⁵ *Id.* at 19-22.

energy.⁵⁶ In addition, Dominion agrees with the Company that consideration of the public interest is not required under § 56-577 A 5 of the Code.⁵⁷ However, should the Commission find it appropriate to consider the public interest, Dominion urges the Commission to take into account the extraordinary exception to an incumbent utility's exclusive franchise that has been created by § 56-577 A 5 of the Code and to interpret the franchise exception strictly.⁵⁸ Moreover, Dominion suggests that the public interest considerations advocated by several respondents in this case as reasons for the denial of Rider REO (including the loss of customer renewable energy alternatives) constitute public policy arguments already rejected by the General Assembly when enacting § 56-577 A 5 of the Code.⁵⁹ Dominion also asserts that CCE, MDV-SEIA, and Appalachian Voices failed to provide persuasive evidence that Rider REO will prevent the development of additional renewable energy.⁶⁰

Potential Competitors/Environmental Participants

Contrary to APCo and Dominion, MDV-SEIA maintains that the Commission should only approve Rider REO if it is in the public interest.⁶¹ Although § 56-577 A 5 of the Code does not specifically include language establishing a public interest requirement, MDV-SEIA argues that consideration of the public interest is warranted given the customer focus of the statute and given the Commission's broad regulatory authority applicable to public service companies such as APCo.⁶² MDV-SEIA also asserts that Rider REO is contrary to the public interest, and should not be approved, because: (1) it is being offered at a price that is unreasonably high in today's market; (2) its approval will halt lawful business operations in Virginia; and (3) it is contrary to the Commonwealth's Energy Policy.⁶³

Like MDV-SEIA, English Biomass asserts that the Commission should reject Rider REO because it is adverse to the public interest and will not result in just and reasonable rates.⁶⁴ Among other things, English Biomass notes that the Company failed to produce evidence of customer interest in Rider REO.⁶⁵ English Biomass also suggests Rider REO is not in the public interest because it merely shifts the burden of who will pay for existing renewable resources and because its approval will thwart the development of additional renewable energy options by precluding competition.⁶⁶ Furthermore, English Biomass maintains that Rider REO's proposed rate, which is 18% higher than rates for standard service, is unreasonably high and is likely to discourage customers from receiving service pursuant to Rider REO.⁶⁷ Lastly, English Biomass asserts that

⁵⁶ Dominion Brief at 4-8. Dominion also maintains that § 56-577 A 5 of the Code cannot be interpreted as providing 100 percent renewable energy to serve only a portion of a customer's total load. *Id.* at 6.

⁵⁷ *Id.* at 10-12.

⁵⁸ *Id.* at 12-15.

⁵⁹ *Id.* at 15-20.

⁶⁰ *Id.* at 19-20.

⁶¹ MDV-SEIA Brief at 2-3 (the confidential version of the MDV-SEIA includes confidential PPA pricing information).

⁶² *Id.* at 3 (citing *Board of Supervisors of Campbell County v. Appalachian Power Co.*, 216 Va. 93, 105 (1975)).

⁶³ *Id.* at 4-8.

⁶⁴ English Biomass Brief at 3-4.

⁶⁵ *Id.*

⁶⁶ *Id.*

⁶⁷ *Id.* at 5.

Rider REO is incompatible with the Commonwealth’s Energy Policy supporting Virginia’s increased reliance upon renewable energy.⁶⁸

According to the Steering Committee, § 56-577 A 5 of the Code requires that Rider REO be “approved” as a condition of precluding third-party competitors from offering 100 percent renewable energy.⁶⁹ The Steering Committee maintains that approval of APCo’s proposal rests within the Commission’s “sound discretion” in the absence of an express limitation upon the Commission’s regulatory authority.⁷⁰ The Steering Committee contends that the Commission should not exercise its discretion to approve Rider REO because (1) the Company failed to produce evidence showing customers will elect to take service under Rider REO; (2) Rider REO’s approval will preclude customers from obtaining renewable power from alternative suppliers; and (3) Rider REO will take unreasonable advantage of participating customers by requiring them to pay significantly higher rates for renewable resources that are already part of APCo’s portfolio and by misleading such customers into believing that higher rates are necessary for the acquisition of renewable energy.⁷¹

CCE contends that § 56-577 of the Code does not set forth the applicable standard for determining whether Rider REO should be approved.⁷² Instead, CCE argues that the Commission is empowered to regulate the Company’s “special rates,” such as Rider REO, pursuant to the provisions of Chapter 10 of Title 56 of the Code, including § 56-235.2.⁷³ Because APCo limited its request for the approval of Rider REO to § 56-577 of the Code, CCE maintains that the Company failed to provide a sufficient basis for its approval under the appropriate statutory scheme.⁷⁴ CCE also asserts that Rider REO fails to meet the criteria of § 56-235.2 of the Code because its approval would be contrary to the public interest and because it would unreasonably disadvantage a class of customers – that is, customers seeking to purchase 100 percent renewable energy.⁷⁵ Moreover, CCE contends that the Company’s proposed Rider REO rates are inconsistent with § 56-235 of the Code and suggests that Rider REO violates alternative provisions of law (including the Commonwealth Energy Policy) and imposes unreasonable customer costs.⁷⁶ Finally, CCE asserts that APCo failed to successfully discredit the ability of third-party CSPs to provide renewable energy to the Company’s customers and failed to cure potential deficiencies in Rider REO throughout the course of this case.⁷⁷

⁶⁸ *Id.* at 5-6.

⁶⁹ Steering Committee Brief at 4.

⁷⁰ *Id.* at 3-5 (citing *Virginia Electric & Power Co. v. State Corp. Commission*, 284 Va. 726, 741 (2012)). The Steering Committee also asserts that the Commission did not consider the appropriate terms of an incumbent electric utility’s 100 percent renewable energy tariff in the Dominion RET Order but, instead, merely considered whether RECs constitute renewable energy. *Id.* at 5-6.

⁷¹ *Id.* at 7-10.

⁷² CCE Brief at 5-11.

⁷³ *Id.* at 11-13.

⁷⁴ *Id.* at 13-17.

⁷⁵ *Id.* at 20-22.

⁷⁶ *Id.* at 22-31.

⁷⁷ *Id.* at 31-38.

Like CCE, Appalachian Voices asserts that because § 56-577 A 5 of the Code does not provide a process for the Commission's approval of Rider REO, the Commission must look to other statutory criteria when determining whether to approve Rider REO.⁷⁸ Appalachian Voices also agrees with the conclusion of several other respondents that the Commission's decision in the APCo RP Order did not address the standard of review for a 100 percent renewable energy tariff.⁷⁹ In the assessment of Appalachian Voices, the Commission should reject Rider REO because (1) it violates § 56-534 A of the Code by charging unreasonably high rates (that is, significantly above the current market rate for renewable energy) for resources that are already included as part of APCo's standard tariff;⁸⁰ and (2) it will not add renewable power to the grid and, in fact, may lead to a loss of renewable power, thereby failing to meet the "public interest" requirement for special rates under § 56-235.2 of the Code.⁸¹

Consumer Counsel and Staff

Although Consumer Counsel takes no position regarding whether Rider REO should be approved, Consumer Counsel believes the Commission has broad discretion to approve or deny the Company's proposal, consistent with Supreme Court precedent, because § 56-577 A 5 of the Code does not specifically limit the Commission's regulatory authority.⁸² Consumer Counsel also maintains that the Commission may apply a public interest standard and consider the price of Rider REO when deciding whether to approve APCo's Application.⁸³ Moreover, should the Commission approve Rider REO, Consumer Counsel urges the Commission to clarify that such approval does not impact customer rights under § 56-594 of the Code, the net metering statute currently allowing certain retail customers to contract with third parties to install and operate renewable generating equipment on customer property to serve customer load.⁸⁴

Similar to Consumer Counsel, Staff does not take a position as to whether Rider REO constitutes a "tariff for electric energy provided 100 percent from renewable energy" as contemplated by § 56-577 A 5 of the Code.⁸⁵ Staff notes that § 56-577 A 5 of the Code is silent as to what constitutes "electric energy provided 100 percent from renewable energy" and maintains that the Commission is vested with discretion in determining whether Rider REO qualifies as such a tariff.⁸⁶ Staff acknowledges that the Renewable PPAs appear to provide renewable energy as defined in § 56-576 of the Code and consistent with Commission precedent.⁸⁷ In addition, Staff agrees with the Company that Renewable PPAs generate sufficient energy to meet the load of participating customers with 100 percent renewable energy if examined on a monthly basis.⁸⁸ Staff

⁷⁸ Appalachian Voices Brief at 3-4.

⁷⁹ *Id.* at 5-7.

⁸⁰ *Id.* at 9-11.

⁸¹ *Id.* at 11-15.

⁸² Consumer Counsel Brief at 4-5.

⁸³ *Id.* at 6-8.

⁸⁴ *Id.* at 10-22.

⁸⁵ Staff Brief at 10. Nor does Staff take a position as to whether the proposed rate for Rider REO is just and reasonable or in the public interest. *Id.* at 17.

⁸⁶ *Id.* at 6-7.

⁸⁷ *Id.* at 7-8 (citing APCo RP Order and Dominion RET Order).

⁸⁸ *Id.* at 9-10.

also agrees with APCo's assertion that, as designed, Rider REO appears to properly insulate non-participating customers.⁸⁹

Nevertheless, Staff disagrees with the Company's suggestion that the voluntary nature of Rider REO and the language of § 56-577 A 5 of the Code prohibit the Commission from rejecting Rider REO based upon the proposed rate.⁹⁰ To the contrary, Staff maintains that the Commission retains the statutory authority to review APCo's rates, including the rate for Rider REO.⁹¹ Among other things, Staff asserts that the "reasonable and just" requirement of § 56-234 A of the Code applies to the Rider REO rate.⁹² In Staff's assessment, the Commission could also "reasonably determine" that the public interest standard of § 56-234 B of the Code applies when reviewing Rider REO.⁹³

Analysis

Qualification of Rider REO as a Tariff for Electric Energy Provided 100 Percent from Renewable Energy

As recognized by all participants in this case, the phrase "tariff for electric energy provided 100 percent from renewable energy" is not defined in § 56-577 A 5 of the Code and thus must be interpreted by the Commission. In my assessment, the Commission should construe § 56-577 A 5 so as to conclude that Rider REO qualifies as a "tariff for electric energy provided 100 percent from renewable energy." In reaching this conclusion, I recognize that the output of the Renewable PPAs, which the Company intends to allocate to customers taking service under Rider REO, comes from wind and falling water. Both of these sources of electricity are designated as forms of renewable energy under § 56-576 of the Code.

Furthermore, the record supports the conclusion that the Renewable PPAs, based upon their historic availability, generate sufficient energy to meet the load of participating customers (up to a maximum load of 320 MW)⁹⁴ with 100 percent renewable energy, around-the-clock, if measured on a monthly basis.⁹⁵ In this respect, I agree with APCo that the use of a monthly measurement standard is reasonable and practical.⁹⁶ Among other things, a customer's energy consumption is generally measured and billed on a monthly basis.⁹⁷ In addition, the use of a monthly, as opposed to

⁸⁹ *Id.* at 10-12.

⁹⁰ *Id.* at 12-17.

⁹¹ *Id.* at 13.

⁹² *Id.*

⁹³ *Id.* at 13-14. In contrast to Staff, I do not interpret § 56-234 B of the Code as potentially applying to Rider REO. In my assessment, §56-234 B applies to experimental rates or rate designs not contemplated herein. Nevertheless, for the reasons explained in the Analysis portion of the Report, I conclude that the public interest standard set forth in another provision, § 56-235.2 of the Code, is applicable to the Commission's evaluation of Rider REO.

⁹⁴ See Ex. 2 at 5.

⁹⁵ See Ex. 17 and 17C at 5-9.

⁹⁶ See APCo Brief at 7-9.

⁹⁷ See Ex. 17 and 17C at 7.

hourly, measuring standard does not require the installation of additional metering to match the hourly output of renewable generators to the hourly load of participating customers.⁹⁸

In sum, therefore, I conclude that Rider REO should qualify as a “tariff for electric energy provided 100 percent from renewable energy,” based upon a reasonable interpretation of § 56-577 A 5 of the Code. However, this does not end my consideration of whether the Commission should approve Rider REO.⁹⁹

Consideration of Cost and Public Interest

Contrary to APCo’s contention, I conclude the Company was also required to prove that Rider REO is in the public interest and its rate is just, reasonable and unlikely to prejudice customers before obtaining the requested approval.¹⁰⁰ In reaching this conclusion, I recognize that § 56-234 A of the Code requires the Company to provide services at “reasonable and just rates” and § 56-235.2 of the Code empowers the Commission to approve “special rates . . . [offered] to individual customers or classes of customers,” such as Rider REO, when the Commission finds such rates to be in the “public interest” and non-prejudicial.¹⁰¹ The plain language of § 56-577 A 5 of the Code does not indicate that the Commission’s general statutory authority for the approval of an incumbent electric utility’s tariffs and special rates has been abrogated.¹⁰²

Other than asserting that the Rider REO rate is voluntary and cost-based (and likely to come down with the addition of new resources), the Company made no effort to establish the reasonableness of its proposed Rider REO rate (equating to \$0.08961 per kilowatt hour (“kWh”)).¹⁰³ As a preliminary matter, although the Commission’s consideration of costs and associated rate amounts may be unwarranted or unnecessary for the approval of certain voluntary tariffs in which customers have the ability to decline participation if they perceive a rate to be too high, Rider REO is, in my assessment, distinguishable given the potential for renewable competition established by § 56-577 A 5 of the Code.¹⁰⁴ Stated somewhat differently, Rider REO has the potential to suppress or even curtail customer access to 100 percent renewable energy by precluding sales by CSPs while at the same time offering an incumbent utility alternative that is simply too costly for customers to

⁹⁸ *Id.*

⁹⁹ In concluding that Rider REO should qualify as “tariff for electric energy provided 100 percent from renewable energy” under § 56-577 A 5 of the Code, I make no finding herein as to whether CSPs qualifying to provide renewable power pursuant to § 56-577 A 5 must satisfy 100 percent of a customer’s load. *See* Dominion Brief at 6.

¹⁰⁰ *See also* Dominion Brief at 10-12.

¹⁰¹ As reflected in the statutory language quoted above, § 56-235.2 A of the Code requires special rates to be in the public interest; § 56-235.2 B of the Code requires the Commission to ensure that a special rate does not unreasonably prejudice customers or jeopardize the reliability of electric service; and § 56-235.2 C of the Code requires the Commission to ensure that non-participating customers are not caused to pay higher rates because of a special rate.

¹⁰² *See also Virginia Electric & Power Co. v. State Corp. Commission*, 284 Va. at 741 (recognizing that any limitation to the Commission’s discretionary authority must be clearly expressed in statutory language).

¹⁰³ Staff Brief at 3.

¹⁰⁴ Although I agree with Dominion that the General Assembly appeared to contemplate the elimination of customer alternatives when enacting § 56-577 A 5 of the Code, *see* Dominion Brief at 15-20, the potential for competition envisioned in § 56-577 A 5 does, in my assessment, differentiate tariffs approved under this provision from other voluntary tariffs.

bear. The overall price of Rider REO (and associated rate) should, therefore, be considered when deciding whether to grant approval.

The Commission previously found at least a portion of the costs supporting the Rider REO rate – that is, the costs of the Grand Ridge and Beech Ridge PPAs – to be unreasonable and imprudent. In addition, the per MWh cost of Rider REO (\$71.96 at the time of the Application’s filing) is significantly higher than the average cost for new wind power in the PJM region (from \$35 to \$40).¹⁰⁵ Under the circumstances, I am unable to conclude that the costs of Rider REO and the resulting rate – which is 18% higher than APCo’s standard rate for service¹⁰⁶ – are reasonable, just, and not likely to unreasonably prejudice or disadvantage renewable energy customers.¹⁰⁷

Comparable factors weigh against the conclusion that Rider REO is in the public interest. The favorable characteristics of Rider REO identified by the Company as support for its contention that Rider REO is in the public interest (customer convenience, shielding non-participating customers, transparency, and the preservation of green characteristics through REC retirements)¹⁰⁸ will not be realized if customers are deterred from taking service under Rider REO by an unreasonable rate. Moreover, should the Rider REO rate deter customer participation and preclude CSP alternatives, the approval of Rider REO will not, as suggested by the Company,¹⁰⁹ promote the development of renewable energy in accordance with the objectives of the Commonwealth Energy Policy set forth in §§ 67-101 and 67-102 of the Code.

In sum, therefore, because APCo failed to prove Rider REO is in the public interest and that its costs and associated rate are reasonable, just, and not likely to unreasonably prejudice or disadvantage renewable energy customers, I conclude that the Commission should deny the Company’s request for the approval of Rider REO in accordance with §§ 56-234 A and 56-235.2 of the Code.

FINDINGS AND RECOMMENDATIONS

Based upon the evidence presented in this case, and for the reasons explained above, I find that:

1. Rider REO qualifies as a “tariff for electric energy provided 100 percent from renewable energy” as contemplated § 56-577 A 5 of the Code;

¹⁰⁵ See Tr. at 112. See also Tr. at 146 (wherein CCE witness Romine testified, based upon information included in the Company’s IRP, that the average new build wind price in the PJM region is between \$35 to \$40 per MWh). The per MWh cost of Rider REO remains significantly higher than the average cost of new wind power in the PJM region even when the impact of the Bluff Point PPA is taken into consideration. See Tr. (confidential) at 236.

¹⁰⁶ Ex. 17 and 17C, at 13.

¹⁰⁷ See §§ 56-234 A and 56-235.2 B of the Code. The reasonableness of the Rider REO rate is further called into question by APCo’s intention to charge Rider REO customers a significantly higher amount than the standard rate for resources that are already included in the Company’s generation portfolio.

¹⁰⁸ APCo Brief at 16-18.

¹⁰⁹ As explained above, Company witness Castle maintained that the approval of Rider REO will prompt increases in REC prices, thereby incentivizing the construction of new renewable resources. Ex. 21 and 21C, at 1-3. However, there is no possibility of this occurring if customers do not elect to receive service under Rider REO.

2. The Commission has the discretion, authority and duty in accordance with §§ 56-234 A and 56-235.2 of the Code to determine whether Rider REO is in the public interest and whether its costs and associated rate are reasonable, just, and not likely to unreasonably prejudice or disadvantage renewable energy customers as conditions of granting approval; and
3. APCo's request for the approval of Rider REO should be denied because the Company failed to prove that Rider REO is in the public interest and that its costs and associated rate are reasonable, just, and not likely to unreasonably prejudice or disadvantage renewable energy customers.


Accordingly, **I RECOMMEND** the Commission enter an order:

1. **ADOPTING** the findings of this Report;
2. **DENYING** the Company's Application for Rider REO as proposed; and
3. **PASSING** the papers herein to the file for ended causes.

COMMENTS

The parties are advised that pursuant to Commission Rule 5 VAC 5-20-120 C of the Commission's Rules of Practice and Procedure, any comments to this Report must be filed with the Clerk of the Commission in writing, in an original and fifteen (15) copies, within twenty-one (21) calendar days from the date hereof. The mailing address to which any such filing must be sent is Document Control Center, P.O. Box 2118, Richmond, Virginia 23218. Any party filing such comments shall attach a certificate to the foot of such document certifying that copies have been mailed or delivered to all counsel of record and any such party not represented by counsel.

Respectfully submitted,



A. Ann Berkebile
Hearing Examiner

The Clerk of the Commission is requested to mail a copy of this Report to all persons on the official Service List in this matter. The Service List is available from the Clerk of the State Corporation Commission, c/o Document Control Center, 1300 East Main Street, Tyler Building, First Floor, Richmond, VA 23219.