

COMMONWEALTH OF VIRGINIA
STATE CORPORATION COMMISSION
AT RICHMOND, SEPTEMBER 8, 2023

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PETITION OF

APPALACHIAN POWER COMPANY

CASE NO. PUR-2023-00102

For approval of a modification to its rate adjustment clause, BC-RAC, pursuant to §§ 56-585.1 A 6 and 56-585.1:9 of the Code of Virginia

ORDER FOR NOTICE AND HEARING

On August 25, 2023, Appalachian Power Company ("APCo" or "Company") filed a petition ("Petition") with the State Corporation Commission ("Commission"), pursuant to § 56-585.1 A 6 and § 56-585.1:9 of the Code of Virginia ("Code"), seeking approval to revise its existing Broadband Capacity Rate Adjustment Clause, the BC-RAC, to reflect the actual costs of providing broadband capacity under the Company's existing broadband projects in Grayson County and Bland and Montgomery Counties, respectively, as well as the projected costs associated with its broadband project in Patrick, Henry, and Franklin Counties.¹ The Petition was accompanied by a Motion for Protective Ruling ("Motion") filed in accordance with 5 VAC 5-20-170 of the Commission's Rules of Practice and Procedure ("Rules of Practice").² Pursuant to Code § 56-585.1:9, the Commission must issue a final order regarding the Petition within six months of filing.

Through its Petition, APCo requests approval of an annual revenue requirement of approximately \$6.75 million through its existing BC-RAC to be in effect during the rate year

¹ Petition at 1.

² 5 VAC 5-20-10 *et seq.*

beginning February 1, 2024, and ending January 31, 2025.³ The Company states that the annual revenue requirement is related to all three broadband projects and is composed of three elements: a combined forecast revenue component of \$5.76 million; a true-up revenue component credit of \$3.84 million; and a bridge period revenue component of \$4.83 million.⁴ The Company states that implementation of the revised BC-RAC, as proposed, will result in an increase of \$0.92, or 0.6%, on the monthly bill of a residential customer using 1,000 kilowatt hours per month.⁵

APCo requests a partial waiver of 20 VAC 5-204-60 and 20 VAC 5-204-90 ("Rule 90") of the Rules Governing Utility Rate Applications and Annual Informational Filings of Investor-Owned Electric Utilities, 20 VAC 5-204-5 *et seq.* ("Rate Case Rules").⁶ APCo states that Rule 90 requires it to provide "[k]ey documents supporting the projected and actual costs that the applicant seeks to recover through the rate adjustment clause, such as economic analyses, contracts, studies, investigations, results from requests for proposals, cost benefit analyses, or other items supporting the costs."⁷ APCo maintains that certain supporting documentation responsive to this requirement is voluminous and designated confidential by the Company.⁸ In support of its request for waiver, APCo states that the Commission recently granted a similar

³ Petition at 2.

⁴ *Id.* at 4.

⁵ *Id.*

⁶ *Id.* at 5-6.

⁷ *Id.* at 5. Rule 90, for rate adjustment clause updates, is slightly different than as quoted in the Petition. For rate adjustment clause updates, Rule 90 requires the utility to provide "[k]ey documents supporting the projected and actual costs recovered through the rate adjustment clause, such as: economic analyses, support used by senior management for major cost decisions as determined by the applicant, contracts, studies, investigations, results from requests for proposals, cost-benefit analyses, and other items supporting the costs that have not been provided in previous applications."

⁸ Petition at 5.

request in Case No. PUR-2020-00259.⁹ In lieu of physical production, the Company states that it has made available electronic copies of these documents to the Staff of the Commission ("Staff") and will make them available to respondents via an electronic data room established for this proceeding.¹⁰

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds that: this matter should be docketed; the Company should provide public notice of its Petition; a public hearing should be scheduled for the purpose of receiving testimony and evidence on the Petition as well as public witness testimony; interested persons should have an opportunity to file comments on the Petition or participate as respondents in this proceeding; and Staff should be directed to investigate the Petition and to file testimony and exhibits containing its findings and recommendations thereon. Additionally, we grant APCo's request for a partial waiver of the Commission's Rate Case Rules, as described herein, for purposes of making the Petition complete and commencing this proceeding.

We find that a Hearing Examiner should be assigned to conduct all further proceedings in this matter on behalf of the Commission, including ruling on the Company's Motion and filing a final report containing the Hearing Examiner's findings and recommendations.

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

⁹ *Id.* at 5-6 (citing *Petition of Appalachian Power Company, For approval of a rate case adjustment clause, BC-RAC, pursuant to §§ 56-585.1 A 6 and 56-585.1:9 of the Code of Virginia*, Case No. PUR-2020-00259, Doc. Con. No. 210240011, Order for Notice and Hearing (Feb. 26, 2021)).

¹⁰ Petition at 5.

Accordingly, IT IS ORDERED THAT:

(1) This matter is docketed and assigned Case No. PUR-2023-00102.

(2) All pleadings, briefs, or other documents required to be served in this matter shall be submitted electronically to the extent authorized by 5 VAC 5-20-150, *Copies and format*, of the Rules of Practice. Confidential and Extraordinarily Sensitive Information shall not be submitted electronically and should comply with 5 VAC 5-20-170, *Confidential information*, of the Rules of Practice. Any person seeking to hand deliver and physically file or submit any pleading or other document shall contact the Clerk's Office Document Control Center at (804) 371-9838 to arrange the delivery.

(3) Pursuant to 5 VAC 5-20-140, *Filing and service*, of the Commission's Rules of Practice, the Commission directs that service on parties and Staff in this matter shall be accomplished by electronic means. Concerning Confidential or Extraordinarily Sensitive Information, parties and Staff are instructed to work together to agree upon the manner in which documents containing such information shall be served upon one another, to the extent practicable, in an electronically protected manner, even if such information is unable to be filed in the Office of the Clerk, so that no party or Staff is impeded from preparing its case.

(4) As provided by Code § 12.1-31 and 5 VAC 5-20-120, *Procedure before hearing examiners*, of the Commission's Rules of Practice, a Hearing Examiner is appointed to conduct all further proceedings in this matter on behalf of the Commission, including ruling on the Company's Motion and filing a final report containing the Hearing Examiner's findings and recommendations. A copy of each filing made with the Commission's Clerk's office in this matter shall also be sent electronically to the Office of the Hearing Examiners.¹¹

¹¹ Such electronic copies shall be sent to: OHEParalegals@scc.virginia.gov.

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

- (a) The portion of the hearing for the receipt of testimony from public witnesses on the Petition shall be convened telephonically at 10 a.m., on December 13, 2023.
- (b) To promote fairness for all public witnesses, each witness will be allotted five minutes to provide testimony.
- (c) On or before December 6, 2023, any person desiring to offer testimony as a public witness shall provide to the Commission (a) your name, and (b) the telephone number that you wish the Hearing Examiner to call during the hearing to receive your testimony. This information may be provided to the Commission in three ways: (i) by filling out a form on the Commission's website at scc.virginia.gov/pages/Webcasting; (ii) by completing and emailing the PDF version of this form to SCCInfo@scc.virginia.gov; or (iii) by calling (804) 371-9141.
- (d) Beginning at 10 a.m., on December 13, 2023, the Hearing Examiner appointed to this case will telephone sequentially each person who has signed up to testify, if any, as provided above.
- (e) This public witness portion of the hearing will be webcast at scc.virginia.gov/pages/Webcasting.

(6) The evidentiary portion of the hearing on the Petition shall be convened at 10 a.m. on December 13, 2023, or at the conclusion of the public witness portion of the hearing, whichever is later, in the Commission's second floor courtroom located in the Tyler Building, 1300 East Main Street, Richmond, Virginia 23219, to receive the testimony and evidence of the Company, any respondents, and Staff.

(7) An electronic copy of the public version of the Company's Petition may be obtained by submitting a written request to counsel for the Company: James G. Ritter, Esquire, American Electric Power Service Corporation, 3 James Center, 1051 East Cary Street, Suite 1100, Richmond, Virginia 23219, or jritter@aep.com. Interested persons also may download unofficial copies from the Commission's website: scc.virginia.gov/pages/Case-Information.

(8) On or before October 13, 2023, the Company shall cause the following notice to be published as display advertising (not classified) on one (1) occasion in newspapers of general circulation throughout the Company's service territory in Virginia:

NOTICE TO THE PUBLIC OF A PETITION BY
APPALACHIAN POWER COMPANY
FOR APPROVAL OF A MODIFICATION TO ITS
RATE ADJUSTMENT CLAUSE, BC-RAC, PURSUANT
TO §§ 56-585.1 A 6 AND 56-585.1:9 OF THE
CODE OF VIRGINIA
CASE NO. PUR-2023-00102

- Appalachian Power Company ("APCo") has applied for approval to revise its rate adjustment clause, BC-RAC.
- In this case, APCo has asked the State Corporation Commission ("Commission") to approve the BC-RAC for the rate year beginning February 1, 2024, and ending January 31, 2025 ("2024 Rate Year").
- For the 2024 Rate Year, APCo requests a revenue requirement of \$6.75 million, which would increase the bill of a residential customer using 1,000 kilowatt hours of electricity per month by \$0.92.
- A Hearing Examiner appointed by the Commission will hold a telephonic hearing in this case on December 13, 2023, at 10 a.m., for the receipt of public witness testimony.
- An evidentiary hearing will also be held on December 13, 2023, at 10 a.m., or at the conclusion of the public witness portion of the hearing, whichever is later, in the Commission's second floor courtroom located in the Tyler Building, 1300 East Main Street, Richmond, Virginia 23219, to receive the testimony and evidence of the Company, any respondents, and Staff.
- Further information about this case is available on the SCC website at: scc.virginia.gov/pages/Case-Information.

On August 25, 2023, Appalachian Power Company ("APCo" or "Company") filed a petition ("Petition") with the State Corporation Commission ("Commission"), pursuant to § 56-585.1 A 6 and § 56-585.1:9 of the Code of Virginia, seeking to approval to revise its existing Broadband Capacity Rate Adjustment Clause, the BC-RAC, to reflect the actual costs of providing broadband capacity under the Company's existing broadband projects in Grayson County and Bland and Montgomery Counties, respectively, as well as the projected costs associated with its broadband project in Patrick, Henry, and Franklin Counties.

Through its Petition, APCo requests approval of an annual revenue requirement of approximately \$6.75 million through its existing BC-RAC to be in effect during the rate year beginning February 1, 2024, and ending January 31, 2025. The Company states that the annual revenue requirement is related to all three broadband projects and is composed of three elements: a combined forecast revenue component of \$5.76 million; a true-up revenue component credit of \$3.84 million; and a bridge period revenue component of \$4.83 million. The Company states that implementation of the revised BC-RAC, as proposed, will result in an increase of \$0.92, or 0.6%, on the monthly bill of a residential customer using 1,000 kilowatt hours per month.

Interested persons are encouraged to review APCo's Petition and supporting documents in full for details about these and other proposals.

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

The Commission entered an Order for Notice and Hearing in this proceeding that, among other things, scheduled a public hearing on APCo's Petition. On December 13, 2023, at 10 a.m., the Hearing Examiner assigned will hold the telephonic portion of the hearing for the purpose of receiving the testimony of public witnesses. On or before December 6, 2023, any person desiring to offer testimony as a public witness shall provide to the Commission (a) your name, and (b) the telephone number that you wish the Hearing Examiner to call during the hearing to receive your testimony. This information may be provided to the Commission in three ways: (i) by filling out a form on the

Commission's website at scc.Virginia.gov/pages/Webcasting;
(ii) by completing and emailing the PDF version of this form to SCCInfo@scc.virginia.gov; or (iii) by calling (804) 371-9141.
This public witness hearing will be webcast at scc.virginia.gov/pages/Webcasting.

Beginning at 10 a.m. on December 13, 2023, the Hearing Examiner will telephone sequentially each person who has signed up to testify as provided above.

On December 13, 2023, at 10 a.m., or at the conclusion of the public witness portion of the hearing, whichever is later, in the Commission's second floor courtroom located in the Tyler Building, 1300 East Main Street, Richmond, Virginia 23219, the Hearing Examiner will convene a hearing to receive testimony and evidence related to the Petition from the Company, any respondents, and the Commission Staff.

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

An electronic copy of the public version of the Company's Petition may be obtained by submitting a written request to counsel for the Company: James G. Ritter, Esquire, American Electric Power Service Corporation, 3 James Center, 1051 East Cary Street, Suite 1100, Richmond, Virginia 23219, or jritter@aep.com. Interested persons also may download unofficial copies from the Commission's website: scc.virginia.gov/pages/Case-Information.

On or before December 6, 2023, any interested person may submit comments on the Petition electronically by following the instructions on the Commission's website: scc.virginia.gov/casecomments/Submit-Public-Comments. Those unable, as a practical matter, to submit comments electronically may file such comments by U.S. mail to the Clerk of the State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218-2118. All comments shall refer to Case No. PUR-2023-00102.

On or before November 1, 2023, any person or entity wishing to participate as a respondent in this proceeding may do so by filing a notice of participation with the Clerk of the Commission at: scc.virginia.gov/clk/efiling. Those unable, as a

practical matter, to file a notice of participation electronically may file such notice by U.S. mail to the Clerk of the Commission at the address listed above. Such notice of participation shall include the email addresses of such parties or their counsel, if available. A copy of the notice of participation as a respondent also must be sent to counsel for the Company. Pursuant to 5 VAC 5-20-80 B, *Participation as a respondent*, of the Commission's Rules of Practice and Procedure ("Rules of Practice"), any notice of participation shall set forth: (i) a precise statement of the interest of the respondent; (ii) a statement of the specific action sought to the extent then known; and (iii) the factual and legal basis for the action. Any organization, corporation or government body participating as a respondent must be represented by counsel as required by 5 VAC 5-20-30, *Counsel*, of the Rules of Practice. All filings shall refer to Case No. PUR-2023-00102.

On or before November 8, 2023, each respondent may file with the Clerk of the Commission, at scc.virginia.gov/clk/efiling, any testimony and exhibits by which the respondent expects to establish its case. Any respondent unable, as a practical matter, to file testimony and exhibits electronically may file such by U.S. mail to the Clerk of the Commission at the address listed above. Each witness's testimony shall include a summary not to exceed one page. All testimony and exhibits shall be served on Staff, the Company, and all other respondents. In all filings, the respondent shall comply with the Rules of Practice, including 5 VAC 5-20-140, *Filing and service*, and 5 VAC 5-20-240, *Prepared testimony and exhibits*. All filings shall refer to Case No. PUR-2023-00102.

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

The Commission's Rules of Practice, the public version of the Company's Petition, the Commission's Order for Notice and Hearing, and other documents filed in this case may be viewed on the Commission's website at: scc.virginia.gov/pages/Case-Information.

APPALACHIAN POWER COMPANY

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

(10) On or before October 27, 2023, the Company shall file proof of the notice and service required by Ordering Paragraphs (8) and (9), including the name, title, address, and electronic mail address (if applicable) of each official served, with the Clerk of the State Corporation Commission, by filing electronically at scc.virginia.gov/clk/efiling.

(11) On or before December 6, 2023, any interested person may submit comments on the Petition by following the instructions found on the Commission's website:

scc.virginia.gov/casecomments/Submit-Public-Comments. Those unable, as a practical matter, to submit comments electronically may file such comments by U.S. mail to the Clerk of the State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218-2118. All comments shall refer to Case No. PUR-2023-00102.

(12) On or before November 1, 2023, any interested person or entity wishing to participate as a respondent in this proceeding may do so by filing a notice of participation with the Clerk of the Commission at scc.virginia.gov/clk/efiling. Those unable, as a practical matter, to file a notice of participation electronically may submit such notice by U.S. mail to the Clerk of the Commission at the address listed in Ordering Paragraph (11). Such notice of participation shall include the email addresses of such parties or their counsel, if available. A copy of the notice of participation as a respondent also must be sent to counsel for the Company. Pursuant to 5 VAC 5-20-80 B, *Participation as a respondent*, of the Rules of Practice, any notice of participation shall set forth: (i) a precise statement of the interest of the respondent; (ii) a statement of the specific action sought to the extent then known; and (iii) the factual and legal basis for the action. Any organization, corporation or government body participating as a

respondent must be represented by counsel as required by 5 VAC 5-20-30, *Counsel*, of the Rules of Practice. All filings shall refer to Case No. PUR-2023-00102.

(13) Within three (3) business days of receipt of a notice of participation as a respondent, the Company shall serve a copy of the public version of its Petition and supporting materials on the respondent, unless these have already been provided to the respondent.

(14) On or before November 8, 2023, each respondent may file with the Clerk of the Commission, at scc.virginia.gov/clk/efiling, any testimony and exhibits by which the respondent expects to establish its case. Any respondent unable, as a practical matter, to file testimony and exhibits electronically may file such by U.S. mail to the Clerk of the Commission at the address in Ordering Paragraph (11). Each witness's testimony shall include a summary not to exceed one page. A copy of all testimony and exhibits shall be served on Staff, the Company, and all other respondents. In all filings, the respondent shall comply with the Commission's Rules of Practice, including 5 VAC 5-20-140, *Filing and service*, and 5 VAC 5-20-240, *Prepared testimony and exhibits*. All filings shall refer to Case No. PUR-2023-00102.

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

(16) On or before November 29, 2023, the Company shall file with the Clerk of the Commission any rebuttal testimony and exhibits that it expects to offer, and each rebuttal witness's testimony shall include a summary not to exceed one page. The Company shall serve a copy of its rebuttal testimony and exhibits on Staff and all respondents.

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

(18) The Commission's Rule of Practice 5 VAC 5-20---260, *Interrogatories or requests for production of documents and things*, shall be modified for this proceeding as follows: responses and objections to written interrogatories and requests for production of documents shall be served within seven (7) calendar days after receipt of the same. In addition to the service requirements of 5 VAC 5-20-260 of the Rules of Practice, on the day that copies are filed with the Clerk of the Commission, a copy of the interrogatory or request for production shall be served electronically on the party to whom the interrogatory or request for production is directed or the assigned Staff attorney, if the interrogatory or request for production is directed to Staff.¹² Except as modified herein, discovery shall be in accordance with Part IV of the Commission's Rules of Practice, 5 VAC 5-20-240 *et seq.*

(19) The Company's request for a partial waiver of the requirements of 20 VAC 5-204-60 and 20 VAC 5-204-90 of the Commission's Rate Case Rules is granted.

(20) This matter is continued.

Commissioner Patricia L. West participated in this matter.

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

¹² The assigned Staff attorney is identified on the Commission's website, scc.virginia.gov/pages/Case-Information, by clicking "Docket Search," then clicking "Search by Case Information," and entering the case number, PUR-2023-00102 in the appropriate box.