

COMMONWEALTH OF VIRGINIA
STATE CORPORATION COMMISSION
AT RICHMOND, DECEMBER 19, 2023

SCC - CLIENTS OFFICE
DOCUMENT CONTROL CENTER

2023 DEC 19 A 10:59

231280187

PETITION OF

APPALACHIAN POWER COMPANY

CASE NO. PUR-2023-00169

For approval to continue rate adjustment clause, the EE-RAC, and for approval of new energy efficiency programs pursuant to §§ 56-585.1 A 5 c and 56-596.2 of the Code of Virginia

ORDER FOR NOTICE AND HEARING

On November 30, 2023, Appalachian Power Company ("APCo" or "Company"), pursuant to §§ 56-585.1 A 5 c and 56-596.2 of the Code of Virginia ("Code") and the Final Order of the State Corporation Commission ("Commission") in Case No. PUR-2021-00236,¹ filed with the Commission a petition ("Petition") for approval: (i) of the continued implementation of its rate adjustment clause ("EE-RAC") to recover the costs of its portfolio ("EE-Portfolio") of energy efficiency ("EE") programs; (ii) of two new EE programs; and, (iii) to continue and enhance several existing programs.² Pursuant to Code § 56-585.1, the Commission must issue a final order regarding the Petition within eight months of filing.

Specifically, the Company proposes to recover a total annual revenue requirement for the EE-RAC of approximately \$32.9 million, for the rate year of September 1, 2024 to August 31, 2025 ("Rate Year").³ The proposed revenue requirement consists of two components: (i) a projected factor of approximately \$27.8 million in costs related to the EE

¹ *Petition of Appalachian Power Company, For approval to continue rate adjustment clause, the EE-RAC, and for approval of a new energy efficiency program pursuant to §§ 56-585.1 A 5 c and 56-596.2 of the Code of Virginia, Case No. PUR-2021-00236, 2022 S.C.C. Ann. Rept. 371, Final Order (July 15, 2022).*

² Petition at 1, 9.

³ *See id.* at 6; Direct Testimony of Paula D. Catron ("Catron Direct") at 3 and Schedule 46C.

Portfolio during the Rate Year, and (ii) a true-up factor of approximately \$5.1 million designed to return (or recover) any over- or under recovery of costs associated with the EE Portfolio from prior periods.⁴ APCo represents that it calculated the margin on EE program expenses based on a return on common equity of 9.2%, and that the Company anticipates the margin to change to 9.5% to be applied prospectively in accordance with the Commission's Final Order in Case No. PUR-2023-00002.⁵

APCo states that the implementation of the proposed EE-RAC effective September 1, 2024, would increase the monthly bill of a residential customer using 1,000 kilowatt hours per month by approximately \$1.29.⁶ APCo states that the Company intends to submit its next EE-RAC petition two years from now, and asks the Commission to order the Company make this filing on or before November 30, 2025.⁷ Therefore, the Company proposes that the rates set in this proceeding would be in effect for approximately two years.

The two new EE programs APCo proposes to implement are the Residential School Kits Program and the Residential Multifamily In-Unit Program.⁸ The Company states that its Residential School Kits Program will provide energy education and take-home kits to students throughout APCo's service territory.⁹ The Company states that its Residential Multifamily In-Unit Program will provide a range of products and services that result in lower energy usage,

⁴ See Petition at 6, 7.

⁵ See Catron Direct at 5-6; Direct Testimony of Jason A. Cash at 6; Direct Testimony of Karen M. Johnson ("Johnson Direct") at Schedule 1.

⁶ Petition at 7; Johnson Direct at 4.

⁷ Petition at 9.

⁸ *Id.* at 6.

⁹ *Id.*

including the direct installation of energy-saving measures and materials in individual units of multifamily buildings with five or more units, and will identify and assist residents in completing additional energy savings opportunities.¹⁰

There are three existing programs previously approved by the Commission, comprising the Residential Low Income Single Family Program, the Residential Low Income Multifamily Program, and the Home Performance Program, that the Company seeks to extend by establishing a new five-year cycle to start in 2025.¹¹ Further, APCo proposes to make changes to enhance programs previously approved by the Commission, including the Energy Efficiency Kits Program, the Efficient Products Program, the Business Energy Solutions Program, and the Small Business Direct Install Program.¹²

APCo also requests a limited waiver of 20 VAC 5-204-90 ("Rule 90") of the Rules Governing Utility Rate Applications and Annual Informational Filings of Investor-Owned Electric Utilities ("Rate Case Rules"),¹³ which requires applicants to "[p]rovide all documents, contracts, studies, investigations or correspondence that support projected costs proposed to be recovered via a rate adjustment clause."¹⁴ In support of this waiver request, the Company states that it is producing schedules of the projected costs of the EE programs as required by Rule 90, but estimates that a physical production of the contracts and correspondence supporting the projected costs would require the submission of several additional bound volumes, once the requisite

¹⁰ *Id.*

¹¹ See Direct Testimony of Tammy C. Stafford ("Stafford Direct") at 2, 11; Catron Direct at 4-5.

¹² See Direct Testimony of David S. Diebel at 2 and Schedule 8, p. 5; Stafford Direct at 2.

¹³ 20 VAC 5-204-5 *et seq.*

¹⁴ Petition at 8.

copies have been made.¹⁵ APCo states that due to the voluminous nature of these documents, it would be unduly burdensome and impractical to produce them in hard copy, as much of the supporting documentation is confidential, and as such would not be posted to the Commission's online docket for public review.¹⁶ In lieu of a physical production, the Company requests a limited waiver of Rule 90 to permit it to file one hard copy of these confidential documents, noting that the Company has made electronic copies of these documents available to the Division of Utility Accounting & Finance and the Division of Public Utility Regulation and will make them available for review by Staff and respondents in an iManage folder established for this proceeding.¹⁷

Lastly, in conjunction with the filing of its Petition on November 30, 2023, the Company also filed a Motion for Protective Ruling ("Motion") and a proposed protective ruling that establishes procedures governing the use of confidential information in this proceeding.

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds that this matter should be docketed; APCo should provide public notice of its Petition; a public hearing should be scheduled for the purpose of receiving testimony and evidence on the Petition; interested persons should have an opportunity to file comments on the Petition or participate as a respondent in this proceeding; and Staff should be directed to investigate the Petition and file testimony and exhibits containing its findings and recommendations thereon. We also find that a Hearing Examiner should be assigned to conduct all further proceedings in this matter on behalf

¹⁵ *Id.* at 8-9.

¹⁶ *Id.* at 9.

¹⁷ *Id.*

of the Commission, including ruling on the Company's Motion and filing a final report containing the Hearing Examiner's findings and recommendations.

For purposes of making the Petition complete and commencing this proceeding, we find that APCo's request for a limited waiver of Rule 90 of the Rate Case Rules should be granted, and that we will accept the filing, with the Clerk of the Commission, of one (1) hard copy of the documents described in the Petition.

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

Accordingly, IT IS ORDERED THAT:

(1) This matter is docketed and assigned Case No. PUR-2023-00169.

(2) All pleadings in this matter should be submitted electronically to the extent authorized by 5 VAC 5-20-150, *Copies and format*, of the Commission's Rules of Practice and Procedure ("Rules of Practice").¹⁸ 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 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

¹⁸ 5 VAC 5-10-20 *et seq.*

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.¹⁹

(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 May 21, 2024.
- (b) To promote fairness for all public witnesses, each witness will be allotted five minutes to provide testimony.
- (c) On or before May 14, 2024, 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 May 21, 2024, the Hearing Examiner appointed to this case will telephone sequentially each person who has signed up to testify, if any, as provided above.

¹⁹ Such electronic copies shall be sent to: OHEParalegals@scc.virginia.gov.

(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 May 21, 2024, 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 January 19, 2024, 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 TO CONTINUE RATE
ADJUSTMENT CLAUSE, THE EE-RAC, AND FOR APPROVAL
OF NEW ENERGY EFFICIENCY PROGRAMS PURSUANT TO
§§ 56-585.1 A 5 c AND 56-596.2 OF THE CODE OF VIRGINIA
CASE NO. PUR-2023-00169

- **Appalachian Power Company ("APCo") requests a total annual revenue requirement of \$32.9 million for its EE-RAC. According to APCo, this amount would increase the bill of a residential customer using 1,000 kilowatt hours per month by approximately \$1.29 effective September 1, 2024.**
- **A Hearing Examiner appointed by the Commission will hold a telephonic hearing in this case on May 21, 2024, at 10 a.m., for the receipt of public witness testimony.**
- **An evidentiary hearing will also be held on May 21, 2024, 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 Commission website at:
scc.virginia.gov/pages/Case-Information.**

On November 30, 2023, Appalachian Power Company ("APCo" or "Company"), pursuant to §§ 56-585.1 A 5 c and 56-596.2 of the Code of Virginia ("Code") and the Final Order of the State Corporation Commission ("Commission") in Case No. PUR-2021-00236, filed with the Commission a petition ("Petition") for approval: (i) of the continued implementation of its rate adjustment clause ("EE-RAC") to recover the costs of its portfolio of energy efficiency ("EE") programs; (ii) of two new EE programs; and, (iii) to continue and enhance existing programs. Pursuant to Code § 56-585.1, the Commission must issue a final order regarding the Petition within eight months of filing.

Specifically, the Company proposes to recover a total annual revenue requirement for the EE-RAC of approximately \$32.9 million for the rate year of September 1, 2024 to August 31, 2025 ("Rate Year"). The proposed annual revenue requirement consists of two components: (i) a projected factor of approximately \$27.8 million in costs related to the EE Portfolio during the Rate Year, and (ii) a true-up factor of approximately \$5.1 million designed to return (or recover) any over- or under recovery of costs associated with the EE Portfolio from prior periods. APCo represents that it calculated the margin on EE program expenses based on a return on common equity of 9.2%, and that the Company anticipates the margin to change to 9.5% to be applied prospectively in accordance with the Commission's Final Order in Case No. PUR-2023-00002.

APCo states that the implementation of the proposed EE-RAC effective September 1, 2024, would increase the monthly bill of a residential customer using 1,000 kilowatt hours per month by approximately \$1.29. APCo states that the Company intends to submit its next EE-RAC petition two years from now, and asks the Commission to order the Company make this filing on or before November 30, 2025. Therefore, the Company proposes that the rates set in this proceeding would be in effect for approximately two years.

The two new EE programs APCo proposes to implement are the Residential School Kits Program and the Residential Multifamily In-Unit Program. The Company states that its Residential School Kits Program will provide energy education and take-home kits to students throughout APCo's service territory. The Company states that its Residential Multifamily In-Unit Program will provide a range of products and services that result in lower energy usage; including the direct installation of energy-saving measures and materials in individual units of multifamily buildings with five or more units, and will identify and assist residents in completing additional energy savings opportunities.

There are three existing programs previously approved by the Commission, comprising the Residential Low Income Single Family Program, the Residential Low Income Multifamily Program, and the Home Performance Program, that the Company seeks to extend by establishing a new five-year cycle to start in 2025. Further, APCo proposes to make changes to enhance programs previously approved by the Commission, including the Energy Efficiency Kits Program, the Efficient Products Program,

the Business Energy Solutions Program, and the Small Business Direct Install Program.

Interested persons are encouraged to review the Petition and supporting documents for the details of these and other proposals.

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

The Commission entered an Order for Notice and Hearing in this proceeding that, among other things, scheduled a public hearing on APCo's Petition. On May 21, 2024, 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 May 14, 2024, 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 May 21, 2024, the Hearing Examiner will telephone sequentially each person who has signed up to testify as provided above.

On May 21, 2024, 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 May 14, 2024, 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-2023-00169.

On or before February 27, 2024, 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-2023-00169.

On or before March 26, 2024, 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 sent to Staff, the Company, and all other. 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-2023-00169.

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 February 9, 2024, 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 May 14, 2024, any interested person may submit written 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-2023-00169.

(12) On or before February 27, 2024, any person or entity wishing to participate as a respondent in this proceeding may do so by filing a notice of participation at scc.virginia.gov/clk/efiling. 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 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 shall be sent to counsel to 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-2023-00169.

(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 on the respondent.

(14) On or before March 26, 2024, 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 in Ordering Paragraph (11). Each witness's testimony shall include a summary not to exceed one page. All testimony and exhibits shall be sent to Staff, the Company, and all other

respondents. In all filings, the respondent shall comply with the Rules of Practice, as modified herein, including, but not limited to: 5 VAC 5-20-140, *Filing and service*, and 5 VAC 5-20-240, *Prepared testimony and exhibits*. All filings shall refer to Case No. PUR-2023-00169.

(15) On or before April 9, 2024, Staff shall investigate the Petition and file with the Clerk of the Commission its testimony and exhibits concerning the Petition, and each Staff witness's testimony shall include a summary not to exceed one page. A copy thereof shall be sent to counsel to the Company and all respondents.

(16) On or before April 30, 2024, APCo shall file with the Clerk of the Commission any rebuttal testimony and exhibits that it expects to offer, and each rebuttal witness's testimony shall include a summary not to exceed one page. The Company shall send a copy of its rebuttal testimony and exhibits to 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 Rules of Practice.

(18) Rule of Practice 5 VAC 5-20-260, *Interrogatories to parties or requests for production of documents and things*, shall be modified for this proceeding as follows: responses and objections to written interrogatories and requests for production of documents shall be served within seven (7) calendar days after receipt of the same. In addition to the service requirements of 5 VAC 5-20-260 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.²⁰ Except as modified herein, discovery shall be in accordance with Part IV of the Rules of Practice, 5 VAC 5-20-240 *et seq.*

(19) For purposes of making the Petition complete and commencing this proceeding, the Company's request for a limited waiver of certain filing requirements of the Rate Case Rules is granted as set forth herein. Unless it has already done so, APCo shall file one (1) hard copy of the required information within ten (10) business days hereof.

(20) This matter is continued.

Commissioner James C. Dimitri 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.

²⁰ 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-2023-00169, in the appropriate box.