

COMMONWEALTH OF VIRGINIA
STATE CORPORATION COMMISSION
AT RICHMOND, OCTOBER 7, 2024

STATE RECORDS OFFICE
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PETITION OF

2024 OCT -7 P 3:53

APPALACHIAN POWER COMPANY

CASE NO. PUR-2024-00161

For approval to revise its net metering program
pursuant to § 56-594 of the Code of Virginia

ORDER FOR NOTICE AND HEARING

On August 30, 2024, Appalachian Power Company ("APCo" or "Company") filed with the State Corporation Commission ("Commission") a petition ("Petition"), pursuant to § 56-594 E of the Code of Virginia ("Code") and the Commission's order in Case No. PUR-2024-00047,¹ for approval of proposed revisions to its net energy metering ("net metering") program.² The Net Metering Order required APCo's Petition to address, analyze, and provide prefiled testimony and data to support certain items identified therein as they relate to net metering, consistent with the requirements of Code § 56-594 E.³ This included, in part, a proposed rate structure related to net metering to govern compensation related to all eligible customer-generators, eligible agricultural customer-generators, and small agricultural generators, except low-income utility customers, that interconnect after the effective date established in the Commission's final order in the net metering proceeding.⁴ The Company asserts that its Petition

¹ *Commonwealth of Virginia, ex rel. State Corporation Commission, Ex Parte: Future net energy metering proceedings of Appalachian Power Company and Virginia Electric and Power Company pursuant to Code § 56-594*, Case No. PUR-2024-00047, Doc. Con. Cen. No. 240510149, Order (May 6, 2024) ("Net Metering Order").

² Petition at 1.

³ See Net Metering Order at 3-4.

⁴ Petition at 2 (citing Net Metering Order at 3).

and supporting direct testimony address each of the required net metering considerations laid out in the statute and in the Commission's Net Metering Order.⁵ Pursuant to Code § 56-594 E, the Commission must issue a final order regarding the Petition no later than 12 months after this proceeding commences.

In its Petition, APCo proposes to close its current Rider Net Metering Service ("Rider N.M.S.") to all new customer-generators as of the rate effective date set in this case and introduce a new net metering credit compensation structure designated Rider N.M.S. II.⁶ Under proposed Rider N.M.S. II, APCo proposes to charge customer-generators for all metered energy the Company provides during each monthly billing period at standard tariff rates and to credit customer-generators for all the metered energy the Company receives at an avoided cost approved by the Commission.⁷ The Company represents that only customer-generators whose electric generating facility receives a Certificate of Completion after Rider N.M.S. II becomes effective will be subject to this proposed rate structure, while existing Rider N.M.S. customer-generators and those who submit applications and receive a Certificate of Completion before Rider N.M.S. II takes effect will be grandfathered under the current Rider N.M.S for up to 25 years.⁸ APCo states that under the proposed Rider N.M.S. II, all metered energy delivered to the Company's distribution system via the meter installed at a customer-generator's premise will

⁵ Petition at 4.

⁶ *Id.*

⁷ *Id.* at 5.

⁸ *Id.*

be credited to the customer-generator's monthly bill at the Company's avoided cost rate, summarized in the table below:⁹

Rider NMS II Avoided Cost Component Rates (\$/kWh)						
Customer	Voltage Level	Energy	Capacity	Transmission	Ancillary Service	Total Energy Credit
Residential	Secondary	\$0.0372	\$0.0037	\$0.0068	\$0.00150	\$0.0492
Commercial, Industrial	Secondary	\$0.0372	\$0.0038	\$0.0074	\$0.00150	\$0.0501
Commercial, Industrial	Primary	\$0.0357	\$0.0038	\$0.0071	\$0.00144	\$0.0480
Commercial, Industrial	Sub-Transmission	\$0.0353	\$0.0038	\$0.0071	\$0.00142	\$0.0476
Commercial, Industrial	Transmission	\$0.0348	\$0.0037	\$0.0070	\$0.00140	\$0.0469

The Company represents that the changes proposed in Rider N.M.S. II will appropriately credit net metering customer-generators for the energy they deliver to the grid at the avoided cost to non-participating customers, while ensuring they are paying for the distribution, transmission, and capacity facilities and other services that they rely on when they are not self-generating in full or using the Company's infrastructure to export excess energy.¹⁰

The Company states that using its economic modeling and analytics software, it has concluded that the economic impacts of net metering within APCo's service territory vary.¹¹ The Company represents that the current net metering rate structure, in place under Rider N.M.S, credits customer-generators with "full retail rate" netting, which compensates customer-generators for energy delivered to the grid at a rate that exceeds the value provided to the grid by

⁹ *Id* at 6.

¹⁰ Direct Testimony of Nicole M. Coon ("Coon Direct") at 10-11.

¹¹ Petition at 7.

their renewable energy systems.¹² APCo states that it is proposing a cost-based compensation structure which the Company asserts would render the need for a net metering cap unnecessary.¹³ The Company states that if the full retail rate compensation is maintained as it currently is, there will be inequitable cross-subsidization.¹⁴ APCo asserts that if the full retail rate compensation is maintained, then the Commission should consider reducing the current six percent cap on net metering.¹⁵

The Company requests that the Commission approve its proposed revisions to its net metering program and Rider N.M.S. and the Company's proposed Rider N.M.S. II.¹⁶

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 hearing should be scheduled for the purpose of receiving testimony from public witnesses and evidence on the Petition; interested persons should have an opportunity to file comments on the Petition or participate as a respondent in this proceeding; and the Staff of the Commission ("Staff") should be directed to investigate the Petition and file testimony and exhibits containing its findings and recommendations thereon. Further, we find that a Hearing Examiner should be appointed to rule on all discovery matters or motions *pro hac vice* that arise during the course of this proceeding.

¹² Coon Direct at 4.

¹³ Petition at 8.

¹⁴ *Id.*

¹⁵ *Id.*

¹⁶ *Id.* at 11.

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-2024-00161.

(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 Commission's Rules of Practice and Procedure ("Rules of Practice").¹⁷ 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, all 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 Rules of Practice, a Hearing Examiner is appointed to rule on any discovery

¹⁷ 5 VAC 5-20-10 *et seq.*

matters or motions *pro hac vice* that may arise during the course of this proceeding. A copy of each such filing made with the Office of the Clerk in this matter shall also be sent electronically to the Office of the Hearing Examiners.¹⁸

(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 20, 2025.
- (b) To promote fairness for all public witnesses, each witness will be allotted five minutes to provide testimony.
- (c) On or before May 13, 2025, any person desiring to offer testimony as a public witness shall provide to the Commission (a) your name, and (b) the telephone number that you wish the Commission to call during the hearing to receive your testimony. This information may be provided to the Commission in three ways: (i) by filling out a form on the Commission's website at scc.virginia.gov/pages/Webcasting; (ii) by completing and emailing the PDF version of this form to SCCInfo@scc.virginia.gov; or (iii) by calling (804) 371-9141.
- (d) Beginning at 10 a.m., on May 20, 2025, the Commission will telephone sequentially each person who has signed up to testify, if any, as provided above.
- (e) This public witness hearing will be webcast at scc.virginia.gov/pages/Webcasting.

(6) The evidentiary portion of the hearing shall be convened at 10 a.m., on May 20, 2025, 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.

¹⁸ Such electronic copies shall be sent to: OHEParalegals@scc.virginia.gov.

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

(8) On or before October 31, 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 within Virginia:

NOTICE TO THE PUBLIC OF A PETITION OF
APPALACHIAN POWER COMPANY
FOR APPROVAL TO REVISE IT NET METERING PROGRAM
PURSUANT TO § 56-594 OF THE CODE OF VIRGINIA
CASE NO. PUR-2024-00161

On August 30, 2024, Appalachian Power Company ("APCo" or "Company") filed with the State Corporation Commission ("Commission") a petition ("Petition"), pursuant to § 56-594 E of the Code of Virginia ("Code") and the Commission's order in Case No. PUR-2024-00047 ("Net Metering Order"), for approval of proposed revisions to its net energy metering ("net metering") program. The Net Metering Order required APCo's Petition to address, analyze, and provide prefiled testimony and data to support certain items identified therein as they relate to net metering, consistent with the requirements of Code § 56-594 E. This included, in part, a proposed rate structure related to net metering to govern compensation related to all eligible customer-generators, eligible agricultural customer-generators, and small agricultural generators, except low-income utility customers, that interconnect after the effective date established in the Commission's final order in the net metering proceeding. The Company asserts that its Petition and supporting direct testimony address each of the required net metering considerations laid out in the statute and in the Commission's Net Metering Order. Pursuant to Code § 56-594 E, the Commission must issue a final order regarding the Petition no later than 12 months after this proceeding commences.

In its Petition, APCo proposes to close its current Rider Net Metering Service ("Rider N.M.S.") to all new customer-generators as of the rate effective date set in this case and introduce a new net metering credit compensation structure, designated Rider N.M.S. II. Under proposed Rider N.M.S. II, APCo proposes to charge customer-generators for all metered energy the Company provides during each monthly billing period at standard tariff rates and to credit customer-generators for all the metered energy the Company receives at an avoided cost approved by the Commission. The Company represents that only customer-generators whose electric generating facility receives a Certificate of Completion after Rider N.M.S. II would become effective will be subject to this proposed rate structure, while existing Rider N.M.S. customer-generators and those who submit applications and receive a Certificate of Completion before Rider N.M.S. II takes effect will be grandfathered under the current Rider N.M.S. for up to 25 years. APCo states that under the proposed Rider N.M.S. II, all metered energy delivered to the Company's distribution system via the meter installed at a customer-generator's premise will be credited to the customer-generator's monthly bill at the Company's avoided cost rate, summarized in the table below:

Rider NMS II Avoided Cost Component Rates (\$/kWh)						
Customer	Voltage Level	Energy	Capacity	Transmission	Ancillary Service	Total Energy Credit
Residential	Secondary	\$0.0372	\$0.0037	\$0.0068	\$0.00150	\$0.0492
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Commercial, Industrial	Sub-Transmission	\$0.0353	\$0.0038	\$0.0071	\$0.00142	\$0.0476
Commercial, Industrial	Transmission	\$0.0348	\$0.0037	\$0.0070	\$0.00140	\$0.0469

The Company represents that the changes proposed in Rider N.M.S. II will appropriately credit net metering customer-generators for the energy they deliver to the grid at the avoided cost to non-participating customers, while ensuring they are paying for the distribution, transmission, and capacity facilities and other services that they rely on when they are not self-generating in full or using the Company's infrastructure to export excess energy.

The Company states that using its economic modeling and analytics software, it has concluded that the economic impacts of net metering within APCo's service territory vary. The Company represents that the current net metering rate structure, in place under Rider N.M.S, credits customer-generators with "full retail rate" netting, which compensates customer-generators for energy

delivered to the grid at a rate that exceeds the value provided to the grid by their renewable energy systems. APCo states that it is proposing a cost-based compensation structure which the Company asserts would render the need for a net metering cap unnecessary. The Company states that if the full retail rate compensation is maintained as it currently is, there will be inequitable cross-subsidization. APCo asserts that if the full retail rate compensation is maintained, then the Commission should consider reducing the current six percent cap on net metering.

The Company requests that the Commission approve its proposed revisions to its net metering program and Rider N.M.S. and the Company's proposed Rider N.M.S. II.

TAKE NOTICE that the Commission may 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 that, among other things, scheduled a public hearing on APCo's Petition. On May 20, 2025, at 10 a.m., the Commission will hold the telephonic portion of the hearing for the purpose of receiving the testimony of public witnesses. On or before May 13, 2025, any person desiring to offer testimony as a public witness shall provide to the Commission (a) your name, and (b) the telephone number that you wish the Commission to call during the hearing to receive your testimony. This information may be provided to the Commission in three ways: (i) by filling out a form on the Commission's website at scc.virginia.gov/pages/Webcasting; (ii) by completing and emailing the PDF version of this form to SCCInfo@scc.virginia.gov; or (iii) by calling (804) 371-9141. This public witness hearing will be webcast at scc.virginia.gov/pages/Webcasting.

On May 20, 2025, 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 Commission will convene a hearing to receive testimony and evidence related to the Petition from the Company, any respondents, and the Commission's 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.

Electronic copies of the Petition may be obtained by submitting a written request to counsel for the Company: Noelle J. Coates, Esquire, American Electric Power Service Corporation, 3 James Center, 1051 East Cary Street, Suite 1100, Richmond, Virginia 23219, or njcoates@aep.com. Interested persons also may download unofficial copies of the Petition and other documents filed in this case from the Commission's website: scc.virginia.gov/pages/Case-Information.

On or before May 13, 2025, 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 with the Clerk of the State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218-2118. All comments shall refer to Case No. PUR-2024-00161.

On or before February 11, 2025, 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 above. Such notice of participation shall include the email addresses of such parties or their counsel. The respondent shall send a copy of the notice of participation on counsel to 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-2024-00161.

On or before March 11, 2025, 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 the Company, Staff, and all other respondents. In all filings, respondents shall comply with the Commission's 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-2024-00161.

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 Company's Petition, the Commission's Rules of Practice, 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) On or before October 31, 2024, the Company shall serve a copy of its Petition and this Order for Notice and Hearing on the following local officials, to the extent the position exists, in each county, city, and town in which the Company provides service in the Commonwealth of Virginia: the chairman of the board of supervisors of each county; the mayor or manager (or equivalent official) of every city or town; and the county, city, or town attorney. Service shall be made electronically where possible; if electronic service is not possible, service shall be made by either personal delivery or first-class mail to the customary place of business or residence of the person served.

(10) On or before November 26, 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 Commission at scc.virginia.gov/clk/efiling.

(11) On or before May 13, 2025, any interested person may file 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 file 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-2024-00161.

(12) On or before February 11, 2025, 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 in Ordering Paragraph (11). Such notice of participation shall include the email addresses of such parties or their counsel. The respondent shall send a copy of the notice of participation on counsel to the Company. Pursuant to 5 VAC 5-20-80 B, *Participation as a respondent*, of the Commission's Rules of Practice, any notice of participation shall set forth: (i) a precise statement of the interest of the respondent; (ii) a statement of the specific action sought to the extent then known; and (iii) the factual and legal basis for the action. 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-2024-00161.

(13) Within five (5) business days of receipt of a notice of participation as a respondent, the Company shall send each respondent a copy of the Petition, unless these materials already have been provided to the respondent.

(14) On or before March 11, 2025, 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. A copy of all testimony and exhibits shall be sent to the Company, Staff, and all other respondents. In all filings, respondents shall comply with the Commission's 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-2024-00161.

(15) On or before April 8, 2025, Staff shall investigate the Petition and file with the Clerk of the Commission its testimony and exhibits. Each Staff witness's testimony shall include a summary not to exceed one page. A copy thereof shall be sent to counsel for APCo and all respondents.

(16) On or before April 29, 2025, 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 the 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 Commission's Rules of Practice.

(18) The Commission's Rule of Practice 5 VAC 5-20-260, *Interrogatories to parties or requests for production of documents and things*, shall be modified for this proceeding as follows: responses and objections to written interrogatories and requests for production of documents shall be served within seven (7) calendar days after receipt of the same. In addition to the service requirements of 5 VAC 5-20-260 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.¹⁹ 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) This matter is continued.

A COPY hereof shall be sent 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.

¹⁹ The assigned Staff attorney is identified on the Commission's website, scc.virginia.gov/pages/Case-Information, by clicking "Docket Search," then clicking "Search by Case Information," and entering the case number, PUR-2024-00161, in the appropriate box.