



June 27, 2014

Ms. Ingrid Ferrell
Executive Secretary
West Virginia Public Service Commission
201 Brooks Street
Charleston, WV 25301

03:02 PM JUN 27 2014 PSC EXEC SEC DIV

Re: *Appalachian Power Company and
Wheeling Power Company Case
No. 14-0546-E-PC*

Dear Ms. Ferrell:

Enclosed for filing in the above-styled and numbered consolidated case, please find the original and twelve (12) copies of **West Virginia Citizen Action Group's Reply to AEP's Response to Citizen Action Group's Motion Stay and Response to Staff's Motion to Require the Companies to File Additional Testimony**. Copies have been served on all parties of record.

Very Truly Yours,

Emmett Pepper
(W.Va. State Bar #12051)

:: Service List

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**PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON**

CASE NO. 14-0546-E-PC

**APPALACHIAN POWER COMPANY and
WHEELING POWER COMPANY both dba
AMERICAN ELECTRIC POWER,**

Petition for acquisition of Mitchell plant
by Wheeling Power Company.

**REPLY TO AEP'S RESPONSE TO CITIZEN ACTION GROUP'S MOTION TO STAY
AND RESPONSE TO STAFF'S MOTION TO REQUIRE THE COMPANIES TO FILE
ADDITIONAL TESTIMONY**

COMES NOW West Virginia Citizen Action Group, Inc. ("CAG") and respectfully submits this reply in support of CAG's own Motion to Stay and in support of Staff's Motion to Require The Companies to File Additional Testimony in the above captioned proceeding. CAG reiterates its support for requiring AEP to make inquiries into other generation facilities for sale, and supports Staff's suggestion that the procedural schedule should be adjusted to do so. Additionally, CAG supports Staff's motion to adjust the procedural schedule to require Companies to submit additional testimony regarding the impact of the recent EPA guidelines for greenhouse gas emissions.

REPLY TO AEP'S RESPONSE TO CAG'S MOTION TO STAY

AEP's response evokes the image of a couple seeking to move their family into a larger home; they ask their long-time real estate agent to find the best home that will fit their family size in a certain part of town. The agent returns with a suggested home, but it turns out that the home is owned by a family member of the agent who wants to sell several properties. The couple tells the agent that they saw some homes in the newspaper that appear to be of a similar size and location, but have no price listed in the ad. Nonetheless, the agent tells the couple that his

relative's home is absolutely the best property and that, if the couple just gives him a chance, he will show them that it is the best option without looking at any other property. The couple firmly asks again: "Find out the price and details of other homes. We want to make sure we shop around to get the best deal."

Like the couple, CAG is asking for AEP to shop around – to look into other options – so parties can be assured that ratepayers are getting a good deal. Similar to a real estate agent, AEP must show that the sale of the Mitchell Power Plant from its Ohio Power subsidiary to its Wheeling Power subsidiary is just, reasonable, and in the public interest. CAG has clearly asked for AEP to make these inquiries and to communicate with known sellers, but it apparently believes that "shopping around" will not bolster its argument that its proposed sale of Mitchell is just, reasonable, and in the public interest. Instead, AEP characterizes CAG's Motion to Stay as an evidentiary request, completely ignoring the inherent thrust of the motion. The purpose of CAG's motion was to require AEP to do the due diligence they should have already done: to have examples of comparable generation facilities' prices, show if the facilities would be appropriate, and explain why or why not. Such comparison will give the context of the current market for generation facilities that is needed to determine whether transferring the Mitchell plant at the proposed price is just, reasonable, and in the public interest.

In its response, AEP professorially expounds on what CAG does and does not "have the right" to do in this proceeding. While this is doubtless well-intended, the internal logic of the response is contradictory. First, AEP makes several mentions of "hearsay," referring to direct quotations in industry publications from company representatives for companies wishing to sell power plants. AEP readily admits, however, that it has never had any communication with a Duke or Dayton representative, and has made no evaluation of any individual asset. AEP relies solely on communications from a "financial advisor" and a "teaser" document to make the decision to seek to transfer the Mitchell plant from within AEP's own portfolio at a price set by

AEP. AEP does not explain why this Commission should give weight to AEP's communication with individuals outside Duke and Dayton about Duke and Dayton's plants, but not give weight to public statements by those same companies. Additionally, AEP describes in its response the sort of buyers it believes Duke or Dayton was looking for and the due diligence process for purchasing a generation facility. CAG is pleased that AEP is familiar with the process, but AEP has apparently never attempted to participate in that process with Duke or Dayton, despite the well-publicized sale of those companies' generation assets.

AEP stakes out the indefensible position that it can assert that a purchase is in the public interest without seeking comparable generation facilities. AEP has apparently made no contact with any outside company selling a power plant and is adopting the timid posture of someone who is afraid to ask for fear of the possibility of getting an answer it does not want. CAG respectfully requests that this Commission order AEP to do the "shopping around" that ratepayers deserve. CAG supports Staff's suggestion that the Commission modify the procedural schedule instead of instating a stay, because it effectuates a nearly identical result.

RESPONSE TO STAFF'S MOTION TO REQUIRE THE COMPANIES TO FILE

ADDITIONAL TESTIMONY

The recently issued regulations to reduce greenhouse gas emissions are of critical importance to considering whether the Mitchell sale is in the public interest for the reasons outlined in Staff's motion. In its response, AEP articulated great uncertainty regarding the impacts of the regulations to the sale. CAG is hopeful that AEP's testimony regarding the impact will explain why it is in the public interest to move forward with the sale of the coal-fired Mitchell power station now, in the face of AEP's perceived regulatory uncertainty, and to not

include Mitchell in competitive sales of power plants AEP is considering initiating later this year.¹

Respectfully,



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¹CAD's Response to Citizen Action's Motion to Stay, Exhibit 1, Darren Sweeney, "AEP decision on 8,700 MW of merchant capacity could come by year-end, early 2015" *SNL Energy* (May 30, 2014).

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing discovery request was mailed, postage pre-paid, this 22nd day of April, 2014, to the following persons:

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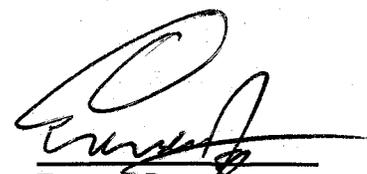
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