October 9, 2014

BY HAND DELIVERY

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

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

Dear Ms. Ferrell:

I enclose herewith for filing in the above-referenced proceeding the original and twelve (12) copies of the Joint Stipulation and Agreement for Settlement.

All of the parties to this proceeding, with the exception of SWVA, Inc., have executed the Joint Stipulation and Agreement for Settlement. Appalachian Power Company and Wheeling Power Company are authorized to represent that SWVA, Inc. does not object to the adoption of the Joint Stipulation and Agreement for Settlement.

Very truly yours,

Brian E. Calabrese (W.Va. State Bar #12028)

Counsel for
Appalachian Power Company
and Wheeling Power Company

BEC:tlw
Enclosures
cc: Service List (w/enc.)
EXECUTION COPY

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

CASE NO. 14-0546-E-PC

APPALACHIAN POWER COMPANY and
WHEELING POWER COMPANY, public utilities.

Petition for acquisition of Mitchell plant by Wheeling Power Company.

JOINT STIPULATION AND AGREEMENT FOR SETTLEMENT

Pursuant to W.Va. Code §24-1-9(f) and Rule 13.4 of the Public Service Commission of West Virginia’s Rules of Practice and Procedure, the following parties to this proceeding (the “Stipulating Parties”), Appalachian Power Company (“APCo”) and Wheeling Power Company (“WPCo”) (collectively, the “Companies”), the Staff of the Public Service Commission of West Virginia (the “Staff”), the Consumer Advocate Division of the Public Service Commission of West Virginia (the “CAD”), West Virginia Energy Users Group (“WVEUG”), the Sierra Club, West Virginia Citizen Action Group (“WVCAG”), West Virginia Oil & Natural Gas Association (“WVONGA”), and West Virginia State Building & Construction Trades Council, AFL-CIO join in this Joint Stipulation and Agreement for Settlement (“Agreement”), and request that the Public Service Commission of West Virginia (the “Commission”) approve and adopt it, in its entirety and without modification, as the full and final resolution of all of the issues in the instant proceeding. In support of the Agreement, the Stipulating Parties make the following representations:

(R0945842.4)
Procedural History

1. On December 16, 2011, the Companies filed a Petition for the evaluation of a possible merger of the Companies, which was docketed as Case No. 11-1775-E-P. With this Petition, the Companies filed the direct testimony of Chris Potter.

2. On various dates, various parties petitioned to intervene in this proceeding. The Commission subsequently granted these petitions to intervene.

3. On December 18, 2012, APCo filed an Application with the Commission seeking the Commission’s approval, *inter alia*, of an arrangement by which 1647 MW of generating capacity then owned by Ohio Power Company (“OPCo”) and consisting of an undivided two-thirds interest in Unit 3 of the John E. Amos Plant and associated facilities (the “Amos Asset”) and an undivided one-half interest in the Mitchell Plant and associated facilities (the “Mitchell Asset”) would be transferred to APCo. This proceeding was docketed as Case No. 12-1655-E-PC.

4. On various dates, various parties petitioned to intervene in this proceeding. The Commission subsequently granted these petitions to intervene.


6. On May 10, 2013, the Companies filed a motion to consolidate Case No. 11-1775-E-P with Case No. 12-1655-E-PC and also filed the supplemental direct testimony of James F. Martin in Case No. 11-1775-E-P.

7. On June 6, 2013, the Commission issued an Order in which it, *inter alia*, consolidated Case No. 11-1775-E-P with Case No. 12-1655-E-PC.

9. On June 18, 2013, the Staff filed the direct testimony of Edwin L. Oxley and Wayne M. Perdue, the CAD filed the direct testimony of Billy Jack Gregg, Byron L. Harris, and J. Richard Hornby, the Sierra Club filed the direct testimony of Jeffery Loiter, WVCAG filed the direct testimony of Cathy M. Kunkel and, together with the Sierra Club, David A. Schlissel, and WVEUG filed the direct testimony of Stephen J. Baron.


11. On July 16-18, 2013, an evidentiary hearing was held.

12. On July 31, 2013, the Virginia State Corporation Commission issued an Order in Case No. PUE-2012-00141 in which, among other things and subject to certain findings and requirements, it granted APCo’s request for the transfer of the Amos Asset to APCo and APCo’s request to merge, but denied APCo’s request for the transfer of the Mitchell Asset to APCo.

13. On December 13, 2013, this Commission issued an Order in then-consolidated Case Nos. 12-1655-E-PC and 11-1775-E-P. Among other things, the Commission approved the transfer to APCo of the Amos Asset, and did not approve but withheld a final ruling on the transfer to APCo of the Mitchell Asset. The Commission declined to issue a final Order respecting the merger, but directed Case No. 11-1775-E-P to remain open. The Commission required APCo to file in Case No. 11-1775-E-P by March 3, 2014 an Updated Plan to serve the WPCo load.
14. On December 31, 2013, the Amos Asset was transferred to APCo and the Mitchell Asset was transferred to AEP Generation Resources Inc. ("AEPGR").

15. On March 3, 2014, the Commission was closed due to inclement weather.

16. On March 4, 2014, the Companies filed their Updated Plan to serve the WPCo load after the merger. The Companies proposed the transfer of the Mitchell Asset to WPCo.


18. On April 8, 2014, the Commission issued an Order, *inter alia*, docketing the Companies' request for the transfer of the Mitchell Asset to WPCo as Case No. 14-0546-E-PC and establishing a procedural schedule. The Commission stated that it would take notice of filings and evidence in Case Nos. 11-1775-E-P and 12-1655-E-PC, subject to objection by the parties, to avoid duplication of past efforts by the parties and the Commission. The Commission also made all parties to Case Nos. 11-1775-E-P and 12-1655-E-PC parties to Case No. 14-0546-E-PC.

19. On various dates, various parties filed discovery requests, which were answered, on various dates, by discovery responses.


21. On July 18, 2014, the Companies filed the supplemental direct testimony of Scott A. Weaver, John F. Torpey, and Matthew D. Fransen.

22. On August 25, 2014, the CAD filed the direct testimony of Billy Jack Gregg, James Van Nostrand, and J. Richard Hornby, the Sierra Club filed the direct testimony of Jeffrey
Loiter and, together with WVCAG, David A. Schlissel, WVEUG filed the direct testimony of Stephen J. Baron, and the Staff filed the direct testimony of Terry R. Eads, Edwin L. Oxley, and David W. Dove.


24. On various dates, the parties engaged in settlement discussions encompassing all aspects of this proceeding.

Settlement

25. The Stipulating Parties agree that the Commission should approve the transfer to WPCo of 800 MW (nominal) of generating capacity in the form of the undivided fifty percent interest in the Mitchell Plant and associated facilities presently owned by AEPGR but excluding AEPGR’s interest in the Conner Run Fly Ash Impoundment (the “Mitchell Settlement Interest”), subject to the following conditions:

a. The Mitchell Settlement Interest shall transfer at the net book value of the Mitchell Settlement Interest as of the date of transfer.

b. WPCo shall have no responsibility for any future costs associated with Conner Run, including, without limitation, operation, maintenance, closure, and monitoring.

c. WPCo shall have no ownership interest in any water that is discharged into the Conner Run Fly Ash Impoundment (“Conner Run”). Charges associated with the cost of transporting blow-down water to Conner Run will be allocated in accordance with a revised Mitchell Plant Operating Agreement.

d. AEPGR shall enter into an agreement (at no additional cost) with WPCo providing employees and/or contractors of WPCo with rights (not a right-of-way) to use roads on the Conner Run property for the purpose of operating, maintaining and inspecting the dry ash landfill for the life of the Mitchell Settlement Interest and any other similarly situated property to be owned by WPCo.
e. Upon transfer of the Mitchell Settlement Interest, WPCo shall remit $20 million to AEPGR as a regulatory adjustment. WPCo shall record a regulatory asset to be included in rate base and shall be allowed to set rates based on a return on, and of, such $20 million amount. Costs associated with this regulatory asset shall be recovered over the remaining depreciable life of the generating facilities associated with the Mitchell Settlement Interest.

f. Effective from the date of the transfer, 82.5% of the costs associated with the Mitchell Settlement Interest shall be reflected in rates. On and after January 1, 2020, 100% of the costs associated with the Mitchell Settlement Interest shall be reflected in rates. If at any time before January 1, 2020, the Companies conclude that circumstances warrant that some or all of the remaining 17.5% of the Mitchell Settlement Interest be reflected in rates, the Companies may file a petition to seek approval of such action. The Companies shall file as a closed entry in the instant proceeding, a notice of intent not later than thirty days before the filing of such petition. The parties to the instant proceeding may take any position they choose with respect to such petition.

g. Effective from the date of the transfer until December 31, 2019 (or until an earlier date if the Commission approves the inclusion of some or all of the remaining 17.5% of the Mitchell Settlement Interest in rates on an earlier date in a proceeding of the type described above in Subparagraph f of this Paragraph 25), costs and revenues, including energy, capacity and ancillary service revenue, associated with the remaining portion of the Mitchell Settlement Interest not reflected in rates (17.5%) shall accrue to the benefit (or detriment) of WPCo shareholders.

h. Should WPCo and/or APCo require additional long-term capacity and energy to meet their West Virginia customers’ future needs, on the next occasion after a final order is issued in this proceeding on which WPCo and/or APCo seek energy and capacity in excess of 100 MW for their West Virginia customers, APCo and/or WPCo shall issue a Request for Proposals for such energy and capacity.

i. On an experimental basis, for a term beginning with the date of transfer and ending on the date that 100% of the costs of the Mitchell Settlement Interest are reflected in rates, 82.5% of the energy margins from PJM sales from the Mitchell Settlement Interest shall be shared between WPCo and West Virginia ratepayers as follows:

   i. Up to the first $40 million of annual energy margins from PJM sales from the 82.5% rate-based portion of the Mitchell Settlement Interest, 100% shall be passed through to ratepayers in the ENEC.
ii. Between $40 million and $64 million of annual energy margins from PJM sales from the 82.5% rate-based portion of the Mitchell Settlement Interest, 75% shall be passed through to ratepayers in the ENEC.

iii. Above $64 million of annual energy margins from PJM sales from the 82.5% rate-based portion of the Mitchell Settlement Interest, 50% shall be passed through to ratepayers in the ENEC.

For the purpose of the above provision, energy margins from PJM sales shall be defined as “energy revenues less fuel and fuel handling expense, consumables, and emission allowances.” A numeric example of the energy margin sharing provision is set forth in Exhibit A to this Agreement.

On an experimental basis, for a term beginning with the date of transfer and ending on the date that 100% of the costs of the Mitchell Settlement Interest are reflected in rates, profits from capacity sales into the PJM-RPM capacity market attributable to the 82.5% rate-based portion of the Mitchell Settlement Interest shall be based on a ratio of net capacity available for sale. In each year that capacity is sold into the RPM market, the net capacity available for sale shall be defined as the total Mitchell Settlement Interest UCAP Capacity less WPCo’s UCAP load obligation. The ratio used to pass through capacity sales to ratepayers shall be determined as follows: UCAP of the Mitchell Settlement Interest times 82.5%, less WPCo’s UCAP load obligation, less a 3% FRR hold back if applicable. The non-rate based ratio will be one minus the rate-based ratio described above. The ratios so determined will be multiplied by the Capacity sales revenue actually realized in the PJM market to determine the initial rate-based/non-rate-based split of the Capacity revenue. Eighty percent (80%) of the rate-based portion will be flowed through the ENEC, and twenty percent (20%) will be retained by WPCo’s shareholder(s). A numeric example of the Capacity allocation and the 80 percent sharing ratio is set forth on Exhibit B to this Agreement.

If the transfer occurs before or after January 1, 2015, the annual amounts set forth above will be prorated based on the number of months that WPCo owns the Mitchell Settlement Interest.

From the date of transfer until the date that 100% of the costs of the Mitchell Settlement Interest are reflected in rates, ancillary service revenue associated with the Mitchell Settlement Interest shall be assigned to the rate base portion and the non-rate-base portion of the Mitchell Settlement Interest at 82.5% and 17.5%, respectively.

j. On the effective date of the transfer of the Mitchell Settlement Interest, WPCo and APCo shall implement a surcharge on their tariff rate schedules designed to recover $93.225 million annually. ENEC revenues shall be offset simultaneously with implementation of the surcharge per the methodology proposed by the
Companies. On the date that new base rates are first implemented for the Companies after the transfer to WPCo of the Mitchell Settlement Interest, the surcharge will end. WPCo/APCo may seek a new surcharge to be effective from January 1, 2020 (or earlier if the Commission approves the inclusion of some or all of the remaining 17.5% of the Mitchell Settlement Interest in rates on an earlier date in a proceeding of the type described above in Subparagraph f of this Paragraph 25) to reflect recovery of the remaining 17.5% of the Mitchell Settlement Interest not previously reflected in rates. The Companies shall take steps to clarify the applicability of B&O tax credits associated with the electrolytic production of chlorine with the West Virginia State Tax Department.

k. APCo will commit to a contribution to the Dollar Energy Fund of $250,000 in 2014 and $250,000 in 2015 and will not seek rate recovery of these contributions.

26. The Companies commit to the provisions set forth in the subparagraphs of this Paragraph 26 regarding energy efficiency and demand response ("EE/DR"), provided that the costs associated with such provisions, including the costs of programs to be adopted, will be funded pursuant to the methodology described below.

Specifically, the Companies may, at their discretion, make investments in the EE/DR programs that will displace some or all of the benchmark amount of EE/DR Surcharge Revenues. The Companies shall have the option, but not the obligation, to expend funds of the Companies above and beyond the benchmark to provide additional EE/DR programs. If the Companies expend such funds of their own on EE/DR activities, such funds shall be treated as an investment by the Companies in EE/DR and deferred as a regulatory asset, and the Companies shall be allowed to earn a return on and of such investment at the rate of the Companies' weighted average cost of capital ("WACC"), as the WACC may change, from time to time, with the equity component of the WACC being the return on equity most recently authorized for the Companies by the Commission plus fifty (50) basis points. The Companies shall declare prior to each calendar year any investments in EE/DR programs that the Companies intend to make in the upcoming year. As part of this declaration, the Companies will identify the projected costs for
these programs. EE/DR Surcharge Revenues will be applied each month first to cover the return on and of any EE/DR investments of the Companies and then to offset the costs of the customer-funded EE/DR activities. The amortization period of the Companies’ investment will initially be set at 10 years, with the amortization period being subject to future adjustment to reflect changes in the average expected useful life of the EE/DR programs. The Companies shall continue to apply deferral accounting with respect to the customer funded EE/DR programs.

a. The Companies commit to include in their 2015 EE/DR filing, a request to add or expand EE/DR programs at a cost of $1.8 million. If approved, this will set the total program budget at $10 million annually for the West Virginia programs in the APCo and WPCo service territories going forward. This additional amount of $1.8 million shall be an investment by the Companies and shall be recovered under the terms set forth above.

b. The Companies commit to continue through the end of 2015 to provide customer usage data to Energy Efficient West Virginia for the purposes of neighborhood energy efficiency competitions. The information is to be used to facilitate awareness of energy usage and conservation through a competition between groups of neighbors. The goal is to determine which group can reduce energy usage by the greatest amount. The information will continue to be given only in a bulk format so that a single customer’s information cannot be identified. The Companies understand that Energy Efficient West Virginia agrees to provide meter numbers for most of the participants to facilitate the search for information.

c. The Companies commit to develop for inclusion in their 2015 EE/DR programs a one-year pilot project to incentivize certain nonprofit groups that agree to promote the Companies’ EE/DR home assessments. This one-year pilot project will include the following provisions as well as any other provisions that may be developed. A credit of $10 will be provided to the nonprofit for each home that is signed up for and completes a home assessment as a result of the nonprofit’s efforts. Additionally, the nonprofit that attains the most completed assessments during the year will receive a $10,000 credit, provided that, as a result of such nonprofit’s efforts, at least one hundred (100) home assessments are completed. The credits may be used for energy efficiency upgrades to the nonprofit’s facilities, and the Companies will fund such upgrades as part of their EE/DR programs up to the level of the credits that the nonprofit has attained. The nonprofits that desire to participate in the promotion will be required to enter into a memorandum of understanding with APCo or WPCo to promote the programs and also receive adequate training from the Companies regarding the EE/DR programs they will promote.
d. The Companies commit to install and evaluate an Integrated Volt Var Control system on one of the Companies’ distribution substations. The funding for the project would come from the approved EE/DR program budget, and the results of the installation would be provided with the annual EE/DR evaluation reports. The Companies will strive to choose a distribution substation that serves an area that has a significant number of customers that have incomes below the poverty standards.

e. All of the EE/DR Proposed Settlement Terms are contingent on the Commission approval of those terms as set forth herein.

27. The Sierra Club reserves its right to intervene in any future EE/DR proceedings and to seek additional investment by the Companies in programs that will achieve greater levels of EE/DR savings than contemplated herein.

28. The Stipulating Parties respectfully request that the Commission issue a final order in this proceeding as expeditiously as possible and, if practicable, in time to accommodate closing on the transfer by November 30, 2014.

29. This Agreement is entered into subject to the acceptance and approval of the Commission. It results from a review of any and all filings in this proceeding, the parties’ prefiled testimony and exhibits, and thorough discovery and discussion. It reflects substantial compromises by the Stipulating Parties and the withdrawal of their respective positions asserted in this case, and is being proposed to expedite and simplify the resolution of this proceeding. It is made without any admission or prejudice to any positions which any party might adopt during subsequent litigation. The Stipulating Parties adopt this Agreement as being in the public interest, without adopting any of the compromise positions set forth herein as ratemaking principles applicable to future proceedings, except as expressly provided herein. The Stipulating Parties acknowledge that it is the Commission’s prerogative to accept, reject, or modify any stipulation; however, in the event that this Agreement is rejected or modified by the Commission, it is expressly understood by the Stipulating Parties that they are not bound to
accept this Agreement as modified, and the Stipulating Parties may avail themselves of whatever rights are available to them under law and the Commission’s Rules of Practice and Procedure.

WHEREFORE, the Stipulating Parties, on the basis of all the foregoing, respectfully request that the Commission make appropriate Findings of Fact and Conclusions of Law adopting and approving the Joint Stipulation and Agreement for Settlement in its entirety.

Respectfully submitted this 9th day of October, 2014.

APPALACHIAN POWER COMPANY and WHEELING POWER COMPANY
By: __________________________
Name: Brian C. Calabrese
Their: Counsel

STAFF OF THE PUBLIC SERVICE COMMISSION OF WEST VIRGINIA
By: __________________________
Name: Wendy Braswell
Its: Staff Attorney

CONSUMER ADVOCATE DIVISION OF THE PUBLIC SERVICE COMMISSION OF WEST VIRGINIA
By: __________________________
Name: __________________________
Its: __________________________

SIERRA CLUB
By: __________________________
Name: __________________________
Its: __________________________
WEST VIRGINIA ENERGY USERS GROUP

By: 
Name: Susana J. Riggs
Its: Counsel

WEST VIRGINIA CITIZEN ACTION GROUP

By: 
Name: Emmett Pepper
Its: Staff Attorney

WEST VIRGINIA OIL & NATURAL GAS ASSOCIATION

By: 
Name: 
Its: 

WEST VIRGINIA STATE BUILDING & CONSTRUCTION TRADES COUNCIL, AFL-CIO

By: Vincent Trivelli / wgp
Name: VINCENT TRIVELI
Its: COUNSEL
accept this Agreement as modified, and the Stipulating Parties may avail themselves of whatever rights are available to them under law and the Commission’s Rules of Practice and Procedure.

WHEREFORE, the Stipulating Parties, on the basis of all the foregoing, respectfully request that the Commission make appropriate Findings of Fact and Conclusions of Law adopting and approving the Joint Stipulation and Agreement for Settlement in its entirety.

Respectfully submitted this ___ day of October, 2014.

APPALACHIAN POWER COMPANY and WHEELING POWER COMPANY

By: ____________________________
Name: __________________________
Their: __________________________

STAFF OF THE PUBLIC SERVICE COMMISSION OF WEST VIRGINIA

By: ____________________________
Name: __________________________
Its: ____________________________

CONSUMER ADVOCATE DIVISION OF THE PUBLIC SERVICE COMMISSION OF WEST VIRGINIA

By: ____________________________
Name: Tam White
Its: ____________________________

SIERRA CLUB

By: ____________________________
Name: __________________________
Its: ____________________________
accept this Agreement as modified, and the Stipulating Parties may avail themselves of whatever
rights are available to them under law and the Commission's Rules of Practice and Procedure.

WHEREFORE, the Stipulating Parties, on the basis of all the foregoing, respectfully
request that the Commission make appropriate Findings of Fact and Conclusions of Law
adopting and approving the Joint Stipulation and Agreement for Settlement in its entirety.

Respectfully submitted this 6th day of October, 2014.

APPALACHIAN POWER COMPANY and
WHEELING POWER COMPANY

By: ____________________________
Name: __________________________
Their: __________________________

STAFF OF THE PUBLIC SERVICE
COMMISSION OF WEST VIRGINIA

By: ____________________________
Name: __________________________
Its: ___________________________

CONSUMER ADVOCATE DIVISION OF THE
PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA

By: ____________________________
Name: __________________________
Its: ___________________________

SIERRA CLUB

By: ____________________________
Name: J. Michael Oster
Its: ____________________________
WEST VIRGINIA ENERGY USERS GROUP

By: ________________________________
Name: ______________________________
Its: ________________________________

WEST VIRGINIA CITIZEN ACTION GROUP

By: ________________________________
Name: ______________________________
Its: ________________________________

WEST VIRGINIA OIL & NATURAL GAS ASSOCIATION

By: ________________________________
Name: Ministers of the WVGO
Its: ________________________________

WEST VIRGINIA STATE BUILDING & CONSTRUCTION TRADES COUNCIL, AFL-CIO

By: ________________________________
Name: ______________________________
Its: ________________________________
## Example of PJM Mitchell Energy Margin Sharing

**Provision J, Iii, & III of Joint Stipulation and Agreement**

$Millions - Numbers are For 50% of Mitchell

<table>
<thead>
<tr>
<th>Ln.</th>
<th>Description</th>
<th>Calculation</th>
<th>Year 1</th>
<th>Year 2</th>
<th>Year 3</th>
<th>Year 4</th>
<th>Year 5</th>
<th>Year 6</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Mitchell Energy Market Sales (Sold at LMP)</td>
<td></td>
<td>160</td>
<td>200</td>
<td>210</td>
<td>236</td>
<td>250</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Fuel Cost</td>
<td></td>
<td>103</td>
<td>131</td>
<td>154</td>
<td>146</td>
<td>156</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Emission Costs &amp; Consumables</td>
<td></td>
<td>9</td>
<td>11</td>
<td>12</td>
<td>12</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Energy Margin Produced by 50% of Mitchell Plant</td>
<td>Ln. 1 - Ln. 2 - Ln.3</td>
<td>48</td>
<td>58</td>
<td>44</td>
<td>78</td>
<td>82</td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>Rate Based Portion of Mitchell Plant per Stipulation</td>
<td></td>
<td>82.5%</td>
<td>82.5%</td>
<td>82.5%</td>
<td>82.5%</td>
<td>82.5%</td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>Margin Available for Sharing</td>
<td>Ln. 4 x Ln.5</td>
<td>40</td>
<td>48</td>
<td>36</td>
<td>64</td>
<td>68</td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>Stipulation Threshold for Sharing</td>
<td></td>
<td>40</td>
<td>40</td>
<td>40</td>
<td>40</td>
<td>40</td>
<td></td>
</tr>
<tr>
<td>8</td>
<td>Energy Margin to share at 25% ($40 to 64 million)</td>
<td>Ln.6 - Ln.7 - Ln.9</td>
<td>0</td>
<td>8</td>
<td>0</td>
<td>24</td>
<td>24</td>
<td></td>
</tr>
<tr>
<td>9</td>
<td>Energy Margin to share at 50% (Above $64 million)</td>
<td>Ln. 6 - 64</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>4</td>
<td></td>
</tr>
<tr>
<td>10</td>
<td>Amount of Sharing to be carried to ENEC:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>11</td>
<td>25% sharing amount</td>
<td>Ln. 8 x 25%</td>
<td>0.0</td>
<td>2.0</td>
<td>0.0</td>
<td>6.0</td>
<td>6.0</td>
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<tr>
<td>12</td>
<td>50% sharing amount</td>
<td>Ln. 9 x 50%</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
<td>2.0</td>
<td></td>
</tr>
<tr>
<td>13</td>
<td>Total ENEC Adjustment to Reflect Shareholder Portion</td>
<td>Ln. 11 + Ln. 12</td>
<td>0.0</td>
<td>2.0</td>
<td>0.0</td>
<td>6.0</td>
<td>8.0</td>
<td></td>
</tr>
</tbody>
</table>

**Notes:**

1. Sharing is based on Mitchell energy sales into the PJM market without any offset for load.
2. It is anticipated that the 82.5% will be established in a separate PJM sub account, so Lines 1 through 3 would already reflect the application of the 82.5% and Line 5 would not be necessary.
### A. CAPACITY REVENUE ALLOCATION FACTORS EXAMPLE

<table>
<thead>
<tr>
<th>Ln.</th>
<th>Calculation</th>
<th>Total</th>
<th>Rate-Based</th>
<th>Non-Rate-Based</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>UCAP Load Obligation (MW)</td>
<td>520</td>
<td>520</td>
<td>NA</td>
</tr>
<tr>
<td>2</td>
<td>WPCo Internal Peak Demand</td>
<td>23</td>
<td>23</td>
<td>NA</td>
</tr>
<tr>
<td>3</td>
<td>Adjustments to a UCAP Basis</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>UCAP Load Obligation</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Ln. 2 + Ln. 3</td>
<td>543</td>
<td>543</td>
<td>NA</td>
</tr>
<tr>
<td>5</td>
<td>Mitchell Asset UCAP (MW)</td>
<td>706</td>
<td>582</td>
<td>124</td>
</tr>
<tr>
<td>6</td>
<td>Mitchell Asset UCAP</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>UCAP Load Obligation</td>
<td>From Ln. 4</td>
<td>543</td>
<td>543</td>
</tr>
<tr>
<td>8</td>
<td>Net Long Position</td>
<td>Ln. 6 - Ln. 7</td>
<td>163</td>
<td>39</td>
</tr>
<tr>
<td>9</td>
<td>PJM Holdback - 3% of UCAP Obligation if Applicable</td>
<td>Ln. 4 x 3%</td>
<td>16</td>
<td>16</td>
</tr>
<tr>
<td>10</td>
<td>Net Capacity Available for Sale to PJM</td>
<td>Ln. 8 - Ln. 9</td>
<td>147</td>
<td>23</td>
</tr>
<tr>
<td>11</td>
<td>Ratio*</td>
<td></td>
<td>100%</td>
<td>15.6%</td>
</tr>
<tr>
<td>12</td>
<td>* Ratio cannot be negative or exceed 100%. If negative the ratio goes to zero.</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### B. EXAMPLE SHARING OF RATE BASE ALLOCATED REVENUE - $000

<table>
<thead>
<tr>
<th>Ln.</th>
<th>Calculation</th>
<th>Total</th>
<th>Rate-Based</th>
<th>Non-Rate-Based</th>
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</thead>
<tbody>
<tr>
<td>13</td>
<td>Net Capacity Revenue Allocated Before Sharing</td>
<td></td>
<td></td>
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</tr>
<tr>
<td></td>
<td>Total x Ln. 11 Ratios</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>14</td>
<td>Sharing of Rate Based Portion:</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>15</td>
<td>Included in ENEC before Sharing Provision</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Line 13 - Allocation Before Sharing</td>
<td>$939</td>
<td></td>
<td></td>
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<tr>
<td>16</td>
<td>Amount to Flow through ENEC at 80%</td>
<td>Ln. 15 x 80%</td>
<td>$751</td>
<td></td>
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<tr>
<td>17</td>
<td>Adjustment to ENEC</td>
<td>Ln. 16 - Ln. 15</td>
<td>$188</td>
<td></td>
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<tr>
<td>18</td>
<td>Shared Portion to Shareholder</td>
<td>From Ln. 17</td>
<td></td>
<td></td>
</tr>
<tr>
<td>19</td>
<td>Summary of Net Capacity Allocation after 80% Sharing</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>$6,000</td>
<td></td>
<td></td>
<td>$5,249</td>
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</tbody>
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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.

CERTIFICATE OF SERVICE

I, Brian E. Calabrese, counsel for Appalachian Power Company and Wheeling Power Company, do hereby certify that true copies of the foregoing Joint Stipulation and Agreement for Settlement were served by hand delivery or first-class U.S. Mail on this 9th day of October, 2014, addressed to the following:

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