

**PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON**

At a session of the PUBLIC SERVICE COMMISSION OF WEST VIRGINIA in the City of Charleston on the 12th day of November 2021.

CASE NO. 21-0332-E-P

APPALACHIAN POWER COMPANY and
WHEELING POWER COMPANY,
public utilities,

Petition for Review of EE/DR Programs, approval of the continuation of those programs, and authorization of an increase in EE/DR Rider Rates.

COMMISSION ORDER

The Commission accepts the provision of a settlement, with a modification, relating to Energy Efficiency and Demand Response (EE/DR) programs and EE/DR rider rates effective January 1, 2022.

BACKGROUND

On April 15, 2021, Appalachian Power Company (APCo) and Wheeling Power Company (WPCo, collectively the Companies) filed a petition for the biennial review of their EE/DR programs and proposed to continue the programs and increase EE/DR rider rates.

The Companies proposed the continuation of their existing programs, with budget increases of \$5,000 to \$30,000 in each, for an overall budget increase of \$75,000. The proposal would generate about \$5 million annually in additional revenue and require an increase in the EE/DR rider rates to \$0.001764 per kWh for residential customers and \$0.000495 per kWh for commercial customers for the next two years.

The petition was supported by the pre-filed Direct Testimonies and exhibits of Tammy C. Stafford, Kevin C. Brown and Ruby A. Greenhowe, proposed revised tariff sheets, and the Companies' Report on Tariff Change. EE/DR Petition at 1-6 & attachments (Apr. 15, 2021).

On June 15, 2021, the Commission established the procedural schedule, required notice to be published, and granted petitions to intervene filed by the Commission Consumer Advocate Division (CAD), West Virginia Energy Users Group (WVEUG) and

Energy Efficient West Virginia and West Virginia Citizens Action Group (EEWV/WVCAG).

Four online letters in opposition to a rate increase were filed.

The following testimonies were pre-filed in this proceeding:

APCo/WPCo	Tammy C. Stafford direct Kevin C. Brown direct and rebuttal Ruby A. Greenhowe direct and rebuttal
Staff	Roger L. Estep direct and rebuttal Daniel W. Egnatoff direct
EEWV/WVCAG	Jim Grevatt direct and rebuttal

On August 27, 2021, the Companies filed a Joint Stipulation and Agreement for Settlement (Joint Stipulation), advising that Commission Staff, CAD and EEWV/CAG had resolved all of their differences in this case. WVEUG did not join the Settlement but had no objection to its terms. Settlement Opening Recitals & ¶ 10 (Aug. 27, 2021).

The Commission cancelled the evidentiary hearing. Comm'n Order at 1-2 (Aug. 27, 2021).

Affidavits of Publication were filed on August 27, 2021, evidencing publication of the notice of filing and evidentiary hearing in the Coal Valley News, The Brooke County Review, The Herald-Dispatch, Clay County Free Press, The Fayette Tribune, Mountaineer Messenger, Jackson Star News, The Charleston Gazette-Mail, The Lincoln Journal, The Lincoln News Sentinel, The Logan Banner, Moundsville Dailey Echo, Point Pleasant Register, Welch News, Bluefield Daily Telegraph, The Monroe Watchman, The Nicholas Chronicle, Wheeling News-Register, The Intelligencer, The Hurricane Breeze, The Register-Herald, The Times Record, Roane County Reporter, The Hinton News, Wayne County News, and Pineville Independent Herald.

DISCUSSION

The Commission has reviewed the Joint Stipulation in detail. The Joint Stipulation represents substantial compromises between the Stipulating Parties. The Joint Stipulation supports EE/DR Rider Rates that are projected to produce annual revenue of approximately \$10.48 million annually, which constitutes \$3.09 million less than the annual revenue originally proposed by the Companies in their petition.

The Commission is concerned, however, that the low income programs, which provide the most direct benefits to some of the most economically disadvantaged customers, were not increased as had been recommended by EEWV/CAG. While the

Commission is not signaling that any and all EE/DR programs should be expanded, or that new programs should be added, we agree with the EEWV/CAG testimony that an increase in the Low Income Weatherization Program should be approved in this case. Accordingly, we will modify the stipulated budget of \$900,000 for that program to \$1,350,000. This decision does not entitle that program to future increases, or even a continuation at the \$1,350,000 level after 2023. The decision to expand, contract, add, or delete EE/DR programs will be made in future cases depending on the facts and circumstances at that time.

FINDING OF FACT

The Companies, CAD, EEWV/CAG and Staff resolved their differences and proposed agreed EE/DR rate increments effective January 1, 2022. Settlement Opening Recitals & ¶ 10 (Aug. 27, 2021).

CONCLUSIONS OF LAW

1. The provisions of the Joint Stipulation reflect significant compromises of the positions of the parties to this proceeding.

2. With an increase in the Low Income Weatherization Program budget to \$1,350,000 for 2022 and 2023 and rate modification to recover the revenue requirements on the additional \$450,000, the provisions of the Joint Stipulation are just and reasonable. W. Va. Code § 24-2-4a.

3. The Joint Stipulation, as modified by this Order, properly balances the interests of the Companies, their customers, and the State, as required under W. Va. Code § 24-1-1(b).

4. The testimony offered in this case supports the reasonableness of the Joint Stipulation, as modified by this Order.

5. The EE/DR programs that will be offered pursuant to the Joint Stipulation, as modified by this Order, are reasonable.

6. The allocations and rates set forth in the Joint Stipulation, modified to include the additional \$450,000 per year for the Low Income Weatherization budget, are just and reasonable.

ORDER

IT IS THEREFORE ORDERED that the Joint Stipulation (attached hereto as Appendix A), as modified by this Order, is accepted as a reasonable resolution of this proceeding.

IT IS FURTHER ORDERED that the Commission approves the rate recovery included in the Joint Stipulation as modified by this Order.

IT IS FURTHER ORDERED that, within thirty days of the date of this Order, Appalachian Power Company and Wheeling Power Company shall file revised tariff sheets setting forth rates reflecting the EE/DR project budgets, treatment of lost revenue and other provisions impacting rates as set forth in the Joint Stipulation and modified by this Order.

IT IS FURTHER ORDERED that, upon entry of this Order, this case shall be removed from the Commission's docket of open cases.

IT IS FURTHER ORDERED that the Executive Secretary of the Commission serve a copy of this Order by electronic service on all parties of record who have filed an e-service agreement, by United States First Class Mail on all parties of record who have not filed an e-service agreement, and on Staff by hand delivery.

A True Copy, Teste,



Connie Graley, Executive Secretary

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PUBLIC SERVICE COMMISSION
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CHARLESTON

CASE NO. 21-0332-E-P

APPALACHIAN POWER COMPANY and
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*Petition for Review of EE/DR Programs,
Approval of the Continuation of Those
Programs, and Authorization of an Increase
in EE/DR Rider Rates.*

JOINT STIPULATION AND AGREEMENT FOR SETTLEMENT

Pursuant to *W. Va. Code* § 24-1-9(h) and Rule 13.4 of Title 150, Series 1, of the Public Service Commission of West Virginia's *Rules of Practice and Procedure*, all but one of the parties to this proceeding (hereinafter 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"), and Energy Efficient West Virginia and the West Virginia Citizen Action Group ("EEWV/CAG") 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 the Agreement, in its entirety and without modification. If adopted, the Agreement would enable the above-referenced proceeding to be resolved efficiently. Though it does not join in the Agreement, the West Virginia Energy Users Group ("WVEUG")¹ has no objection to its terms.

¹ For purposes of this proceeding, WVEUG's membership consists of The Chemours Company, LLC, Constellium Rolled Products Ravenswood, LLC, Eagle Natrium (Westlake), Marathon Petroleum Company LP (MarkWest), and WVA Manufacturing, LLC.

In support of the Agreement, the Stipulating Parties make the following representations:

PROCEDURAL HISTORY

1. On April 15, 2021, the Companies filed a Petition for review of their Energy Efficiency and Demand Response (“EE/DR”) programs, approval of the continuation of those programs, and authorization of an increase in EE/DR Rider Rates. The Petition was supported by the pre-filed direct testimony of three witnesses: Tammy C. Stafford, Kevin C. Brown, and Ruby A. Greenhowe.

2. The Companies provided in their filing an under-recovery balance experienced for the EE/DR programs through December 31, 2020; projections of costs, revenues, and resultant over-/under-recoveries through December 31, 2023; and other information needed to assess the Companies’ EE/DR programs and requested EE/DR Rider Rates.

3. Thereafter, on various dates, the CAD, WVEUG, and EEWV/CAG (collectively, the “Intervenors”) each filed a petition to intervene.

4. On June 15, 2021, the Commission entered an Order in this proceeding which, among other things, granted intervenor status to the Intervenors and established dates for the filing of testimony and the timing of discovery requests, required the Companies to publish a prescribed Notice of Filing and Hearing, and scheduled an evidentiary hearing in this matter to commence at 9:30 am on August 30, 2021.

5. On July 23, 2021, the Staff filed the direct testimonies of Roger L. Estep and Daniel W. Egnatoff, EEWV/CAG filed the direct testimony of Jim Grevatt, and WVEUG and the CAD each filed notice that they would not be filing any direct testimony.

6. On August 20, 2021, the Companies filed the rebuttal testimonies of Kevin C. Brown and Ruby A. Greenhowe, the Staff filed the rebuttal testimony of Roger L. Estep, and EEWV/CAG filed the rebuttal testimony of Jim Grevatt.

7. On August 19, 2021, all of the Stipulating Parties met by telephone conference to discuss the possibility of reaching settlement on the issues in this proceeding. Further settlement exchanges occurred thereafter, and on August 25, 2021, the Stipulating Parties reached an agreement in principle, which was memorialized in a Settlement Term Sheet.

8. On August 26, 2021, an Agreed Order of Witnesses at Hearing was filed by counsel for the Companies.

9. On August 27, 2021, the Stipulating Parties submitted the instant Agreement to the Commission.

SUBSTANTIVE TERMS

10. The Stipulating Parties propose to the Commission the elements set out below as a fair and just resolution of all of the contested issues in this proceeding.

11. The Stipulating Parties agree that the residential EE/DR programs listed below will continue in the years 2022 and 2023 and that the Commission should approve the budgets listed for each program.

Program	2022	2023
Home Performance Program	\$1,030,000	\$1,030,000
Low Income Weatherization	\$900,000	\$900,000
Peak Reduction	\$515,000	\$515,000
Low Income Multifamily	\$855,000	\$855,000
TOTAL	\$3,300,000	\$3,300,000

12. The Stipulating Parties agree that the Companies' EE Investment will continue to be amortized on the original amortization schedule.

13. The Stipulating Parties agree that the EE/DR under-recovery balance as of December 31, 2020 is \$985,048.

14. The Stipulating Parties agree that the EE/DR over-/under-recovery balance as of December 31, 2023 and the Company-Funded EE Investment Deferral balance at December 31, 2023 will be recovered in future EE/DR cases so long as the programs continue or in ENEC cases if the EE/DR proceedings are ended.

15. For purposes of settlement and to calculate the lost revenue dollar totals in this proceeding, the Stipulating Parties agree that the Companies will use the following per kWh Lost Revenue rates:

	2019 Recovery	2020+ Recovery
RS	\$ 0.0665	\$ 0.0695
SGS	\$ 0.039489727	\$ 0.040465968
SWS	\$ 0.039489727	\$ 0.040465968
GS-TOD-SE	\$ 0.039489727	\$ 0.040465968
LGS-TOD	\$ 0.039489727	\$ 0.040465968
GS	\$ 0.039489727	\$ 0.040465968
SS	\$ 0.039489727	\$ 0.040465968
LCP	\$ 0.039489727	\$ 0.040465968
IP	\$ 0.039489727	\$ 0.040465968
LPS	\$ 0.039489727	\$ 0.040465968
Special Contracts	\$ 0.039489727	\$ 0.040465968

16. The Stipulating Parties agree that the Companies, through July 2021, have recovered \$8,683,894 in net lost revenues and that, in the remaining five months of 2021, the

Companies will recover an additional \$2,957,933 in net lost revenues, for a grand total of \$11,641,827 for the three-year period ending December 31, 2021.

17. The Stipulating Parties agree that the Companies' new EE/DR Rider rates are projected to recover approximately \$10.48 million annually for 2022 and 2023.

18. The Stipulating Parties agree that the Companies will recover the costs related to EE/DR programs in place through the end of 2021, the costs of the EE/DR programs that continue beyond 2021, and the estimated net lost revenues resulting from the programs. The estimated net lost revenues are as shown below, and will be subject to true-up in future proceedings.

<i>Program Years</i>	2022	2023
2018	2,015,475	2,015,475
2019	2,284,927	2,284,927
2020	219,759	219,759
2021	334,075	334,075
2022	167,037	334,075
2023	0	167,037
	\$ 5,021,273	\$ 5,355,347

19. The Stipulating Parties agree that EE/DR 2020, 2021, 2022 and 2023 program costs and net lost revenues for each program will be allocated to the classes intended to be targeted by each program.

20. The Stipulating Parties agree that the Company-Funded EE Investment Deferral balance and return "on" and "of" the Company-Funded EE Investment Deferral balance will be recovered 51% from the residential class and 49% from the Commercial and Industrial customers.

21. The Stipulating Parties agree that estimated net lost revenues caused by the current EE/DR programs will be recovered in the EE/DR Rider rates established in the Companies' next EE/DR case, or in the next ENEC case if the EE/DR proceedings are ended,

{R1611802.1}

and that the Companies' recovery of net lost revenues will be offset by any revenues generated from the Beneficial Electrification pilot program.

22. The Stipulating Parties agree that the Commission should direct the Companies to file their next EE/DR review proceeding on or before April 1, 2023.

23. The Stipulating Parties agree that the Companies will prepare and file financial exhibits in their next EE/DR filing detailing historical period costs, revenues, and the development of the over-/under-recovery balance.

24. The Stipulating Parties agree that the Companies will provide a detailed report on the Beneficial Electrification pilot program in their next EE/DR review proceeding. At a minimum, that report will include the number and amount of each incentive paid and the type of equipment it was provided for, by month, and the estimated kWh sales and revenue increases that result from each implemented measure.

25. The Stipulating Parties agree that the Companies will provide Evaluation, Measurement & Verification ("EM&V") Reports detailing program performance in their next EE/DR review proceeding. These EM&V Reports will include the number of each type of measure provided via Residential EE/DR Programs and the incentives paid for those measures by the Companies, as was provided at Tables 4-9 and 4-10, for example, in the Companies' 2017-2018 West Virginia Portfolio Final EM&V Report Volume I of II (March 2019).

26. The Stipulating Parties agree that they may take whatever position they wish in any future filings or proceedings regarding the calculation of net lost revenues that may be recovered in the EE/DR Rider rates and nothing herein will be construed as a waiver of any Stipulating Party's rights to propose and support a different calculation of net lost revenues.

27. WVEUG is not a Stipulating Party, but does not oppose the resolution of the instant proceeding as proposed by the Stipulating Parties:

GENERAL PROVISIONS

28. The substantive terms of the settlement set forth above reflect substantial compromises by the Stipulating Parties of their original positions and constitute a fair and reasonable resolution of all the contested issues in the proceeding, taking into consideration the interest of the Companies and their customers and the public interest of West Virginia.

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 Stipulating Parties' testimony and exhibits, and thorough discovery and discussion. It 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 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 respectfully request that the Commission make appropriate Findings of Fact and Conclusions of Law adopting and approving, *in toto* and

without modification, all of the elements of the negotiated settlement arrived at by the Stipulating Parties as set forth in this Agreement.

Respectfully submitted this 27th day of August, 2021.

**APPALACHIAN POWER COMPANY and WHEELING
POWER COMPANY**

By: Am Blew
Name: Anne C. Blankship
Their: Attorney

**STAFF OF THE PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA**

By: ls/ Leslie J. Anderson
Name: Leslie J. Anderson
Its: Staff Attorney

**CONSUMER ADVOCATE DIVISION OF THE
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