Commonwealth of Virginia

State Corporation Commission

Report to the Commission on Electric Utility Regulation of the Virginia General Assembly

and the Governor of the Commonwealth of Virginia

Status Report: Implementation of the Virginia Electric Utility Regulation Act

Pursuant to § 56-596 B of the Code of Virginia

September 1, 2013

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STATE CORPORATION COMMISSION

August 30, 2013

TO: The Honorable Robert F. McDonnell
Governor, Commonwealth of Virginia

The Honorable Thomas K. Norment, Jr.
Member, Senate of Virginia
Chairman, Commission on Electric Utility Regulation

Members of the Commission on Electric Utility Regulation

The State Corporation Commission is pleased to transmit its report on the status of the implementation of the Virginia Electric Utility Regulation Act, Chapter 23 of Title 56 of the Code of Virginia ("Code"), as required by § 56-596 B of the Code. Please let us know if you need additional information or assistance.

Respectfully submitted,

James C. Dimitri
Commission Chair

Judith Williams Jagdmann
Commissioner

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GLOSSARY OF DEFINED TERMS

AEP	American Electric Power
APCo	Appalachian Power Company
Biomass Conversions	Convert coal-fueled to biomass-fueled generating facilities
CEC	Community Electric Cooperative
CEUR	Commission on Electric Utility Regulation
COL	Combined Operating License
CPCN	Certificate of Public Convenience and Necessity
CSP	Competitive Service Provider
CVEC	Central Virginia Electric Cooperative
Code	Code of Virginia
Commission	State Corporation Commission
DG	Distributed Generation
DOE	U.S. Department of Energy
DR Riders	Demand Response Riders
DSM	Demand Side Management
DVP	Virginia Electric and Power Company d/b/a Dominion Virginia Power
Dominion	Virginia Electric and Power Company d/b/a Dominion Virginia Power
E-RAC	Environmental Rate Adjustment Clause
EEI	Edison Electric Institute
EIPC	Eastern Interconnection Planning Collaborative
EV	Electric Vehicle
FERC	Federal Energy Regulatory Commission
FRR	Fixed Resource Requirement
FRR Alternative	Fixed Resource Requirement Alternative
IOU	Investor-owned Public Utility
IRP	Integrated Resource Plan
KU	Kentucky Utilities Company d/b/a Old Dominion Power Company
kV	Kilovolt
kW	Kilowatt
kWh	Kilowatt-hour
MW	Megawatt
NEM	Net Energy Metering
NRC	U.S. Nuclear Regulatory Commission
ODEC	Old Dominion Electric Cooperative
ODU	Old Dominion University
OPSI	Organization of PJM States, Inc.
PSA	Public Service Announcement
PJM	PJM Interconnection, LLC
PSDR	Peak Shaving Demand Response
PSEDR	Peak Shaving and Emergency Demand Response
RAC	Rate Adjustment Clause
REC	Renewable Energy Certificates
ROE	Return on Equity
RPM	Reliability Pricing Model
RPS-RAC	Renewable Energy Portfolio Standard Rate Adjustment Clause
RTE	Regional Transmission Entity
Regulation Act	Virginia Electric Utility Regulation Act
Staff	Commission Staff
TIER	Times Interest Earned Ratio
VCHEC	Virginia City Hybrid Energy Center
VES	Virginia Energy Sense
Virginia Power	Virginia Electric and Power Company d/b/a Dominion Virginia Power

EXECUTIVE SUMMARY

Section 56-596 B of the Code of Virginia ("Code") directs the State Corporation Commission ("Commission") to provide an annual update on the status of the implementation of the Virginia Electric Utility Regulation Act, §§ 56-576 through -596 of the Code ("Regulation Act") and to offer recommendations for any actions by the General Assembly or others. This report is responsive to that directive. Since the Commission's last report, presented on September 1, 2012, the following activities occurred:

- The ***Virginia Energy Sense*** ("VES") program continued to enhance features to the program designed to build awareness of the value of energy conservation and efficiency. Over the past year, new initiatives included a redesigned website, expanded use of social media, and targeted advertising on local news websites. The program expanded its school outreach, added television public service announcements ("PSA"), increased its participation in community events, and expanded its partnerships with non-profit organizations and businesses.

- The Commission considered requests to construct a nominal 1,358 megawatt ("MW") combined-cycle generating facility in Brunswick County, to transfer generation assets from an affiliate to Appalachian Power Company ("APCo"), and to convert existing coal-fired generating facilities at Bremo and Clinch River Power Stations into generation facilities fueled by natural gas. Additionally, the Commission approved Virginia Electric and Power Company's d/b/a Dominion Virginia Power ("DVP," "Dominion," or "Dominion Virginia Power") community solar demonstration program and initiated a renewable generation pilot program for third party power purchase agreements. With respect to generation additions approved prior to this year:

    - DVP's coal-fueled to biomass-fueled conversions ("Biomass Conversions") are nearing completion as Altavista began biomass operation in July 2013, and the conversions of the Hopewell and Southampton facilities are expected to begin biomass operation later this year;
    - Dominion's 1,300 MW natural gas combined-cycle facility in Warren County is under construction and expected to begin commercial operation in late 2014; and
    - Northern Virginia Electric Cooperative's 49.9 MW biomass facility in Halifax County is expected to begin commercial operation in late 2013.

- APCo and Dominion have met their 2012 renewable energy portfolio standard ("RPS") goals pursuant to § 56-585.2 of the Code.

- The Commission approved an extension of two demand-side management ("DSM") programs for Dominion Virginia Power.

- The Commission granted applications for base rate increases for Community Electric Cooperative ("CEC") and Central Virginia Electric Cooperative ("CVEC").

- APCo's and DVP's 2012-13 electricity rates appear to be competitive with their peer utilities, although pending rate requests could lessen the competitiveness of electricity rates in the future.

- The Commission continues to participate in and monitor several proceedings at the Federal Energy Regulatory Commission ("FERC") involving PJM Interconnection, LLC ("PJM").

I. INTRODUCTION

Section 56-596 B of the Code directs the Commission to report annually on the status of the implementation of the Regulation Act and to offer recommendations for any actions by the General Assembly or others.[1] This report is provided pursuant to that requirement.

During the past year, the Commission has continued to perform its implementation responsibilities as directed by the Regulation Act. Specifically, the Commission reviewed or is currently reviewing applications and petitions from electric utilities for rate adjustment clauses ("RACs"), base and fuel rate changes, integrated resource plans ("IRP"), generation and transmission additions and modifications, and DSM programs. The Commission also has expanded the scope of the VES program, aimed at educating consumers about energy saving opportunities. Additionally, the Commission, both independently and as a member of the Organization of PJM States, Inc. ("OPSI"), continued to participate in various proceedings before FERC.

II. IMPLEMENTATION OF THE REGULATION ACT

A. Consumer Education

In the fourth year of the VES consumer education program, the Commission continued to add features to the program designed to build awareness of the value of energy conservation and efficiency. New initiatives included a redesigned website, expanded use of social media, and targeted advertising on local Virginia news websites. Additionally, the VES program received over 8,000 airings of television PSAs, successfully increased news media coverage of new resources and activities, participated in more than 30 large community events around the Commonwealth, and expanded a partnership program with businesses and non-profit organizations that now totals 52 participants.

[1] The Commission makes no legislative recommendations in this report.

A major thrust in the first half of 2013 was the planning, design and development of an enhanced VES website, http://www.VirginiaEnergySense.org. The goal was to improve the site as a digital information resource and better adapt to new technologies and user preferences. The new, more interactive website has been reorganized and streamlined to help consumers more readily locate information.

Major VES initiatives are highlighted on the site, including a free online home energy assessment tool to help consumers better understand their energy consumption and to identify opportunities to save energy and control utility costs. A link on the homepage takes users to an online version of the VES "do-it-yourself" guide that lists easy and inexpensive projects that can improve the comfort of a home and reduce energy use. A variety of energy savings tips on the homepage are regularly updated along with a calendar for upcoming community events and live feeds from VES social media accounts. A new component on the website is an energy efficient homes showcase that features homes across the state where owners have taken steps to make energy improvements.

To complement the VES website, the program continues to engage consumers through regular additions to social media channels. In 2013, a new Pinterest account was launched to reach out to several do-it-yourself and energy-related communities. In addition to the Pinterest channel, consumers can follow the program on Twitter, Facebook and a Tumblr blog.

Timed with the launch of the redesigned VES website in April, the Commission scheduled digital advertisements over a six-week period on local Virginia news media websites and other energy-related outlets. The animated advertisements provided three energy saving tips before encouraging viewers to visit the VES website for more information. The advertisements created an immediate benefit to the program by increasing the number of visitors to the website. Before the advertisements started in early May 2013, the site averaged 32 unique visitors per

day. Since May, the site has averaged 189 unique visitors per day. A second digital advertising schedule is planned for the fall of 2013.

In July 2012, the Commission began airing a series of television PSAs on broadcast stations across the state. The PSAs highlighted easy and common sense ways to conserve energy. By June 2013, 37 stations and cable channels reported airing the PSAs more than 8,000 times at no cost to the Commission. The estimated advertisement value of the PSA airings was $1.1 million. The PSAs also are posted and promoted on the VES website and on social media.

News media coverage of VES resources and activities has increased in 2013. During the spring of 2013, seven radio stations around the state conducted interviews with Commission Staff ("Staff") to discuss the program. A Richmond television station aired a two-part feature on summer energy savings tips from VES in its nightly newscasts in May, and a Norfolk newspaper featured energy savings tips from VES in its "Home" section in June.

Building on the success of a 2012 community outreach initiative, VES participated in more events in 2013 and broadened its geographical footprint from Central Virginia to the entire state. Fairs, festivals, and expositions provided excellent opportunities to engage directly with consumers and share educational resources. By the fall of 2013, VES will have participated in 30 major events throughout the Commonwealth attended by over 100,000 Virginians. Through the VES booths and exhibits, the Commission is building visibility for the program, reaching a diverse audience, and providing a conservation and energy efficiency message to Virginians.

VES continues to engage community organizations and businesses in partnerships to help spread the message about energy conservation and efficiency. These organizations, now totaling 52, are taking steps to reduce energy consumption and share VES education materials with members, employees, and customers. VES highlighted their efforts through the program's social media outlets. VES also has continued a partnership with the Virginia Department of Education

to develop and promote energy conservation educational materials for grade school students. In 2013, the Virginia Department of Education reminded educators of the availability of the VES instructional resources through the agency's electronic newsletter.

The Commission will continue to monitor the VES program's objectives and make adjustments to the VES program that will assist Virginians in achieving the energy efficiency goals of the Virginia Energy Plan, prepared by the Virginia Department of Mines, Minerals and Energy pursuant to Chapters 1 and 2 of Title 67 (§§ 67-100 through -203) of the Code.

B. Retail Access to Competitive Services

Since the expiration of capped rates on December 31, 2008, the ability of most consumers to purchase electric generation service from competing suppliers has been limited. Large customers, those exceeding 5 MW of electricity demand, maintain the ability to shop among licensed competitive service providers ("CSP"), and nonresidential customers may apply with the Commission to aggregate load up to the 5 MW threshold to receive services from a CSP. Residential retail consumers currently have the statutory right to purchase electric generation service from CSPs selling electric energy "provided 100% from renewable energy"[2] and only if the incumbent electric utility serving these consumers does not offer an approved tariff for electric energy provided 100% from renewable energy resources. Under §§ 56-587 and 56-588 of the Code, the Commission licenses retail electric energy suppliers and aggregators interested in participating in the retail access programs in Virginia. Currently, 48 electric and natural gas CSPs and aggregators are licensed as retail access providers. A current list of licensed suppliers can be found on the Commission's website at http://www.scc.virginia.gov/power/compsup.aspx.

[2] Va. Code § 56-577 A 5.

C. Renewable Tariffs

The Commission approved tariffs that allow customers of DVP and APCo to support renewable energy.[3] Under both tariffs, customers have the opportunity to purchase renewable energy certificates ("RECs") representing the production of electricity from renewable sources such as wind, solar, falling water, biomass, energy from waste, landfill gas, municipal solid waste, wave motion, tides, and geothermal power to offset some, or all, of the electricity such customers consume from non-renewable sources.

DVP and APCo purchase RECs procured from renewable power sources equivalent to the amount of renewable energy purchased through customer contributions. Each participating customer's bill provides a separate line item reflecting the additional costs for program participation.

The Commission has determined that neither DVP's nor APCo's renewable energy option satisfies Virginia's statutory definition for "electric energy provided 100% from renewable energy."[4] Consequently, customers in these utilities' service territories currently may purchase 100% renewable electricity supply service from CSPs licensed by the Commission. To the Commission's knowledge, however, no CSP has yet committed to provide competitive supply service from 100% renewable resources in either utility's service territory.

Pursuant to § 56-577 A 6 of the Code, nine electric cooperatives received Commission approval on December 17, 2010, to offer tariffs for electric energy provided 100% from renewable energy to their residential member-consumers through RECs. In further compliance with § 56-577 A 6 of the Code, these same electric cooperatives filed petitions with the Commission for approval to amend such tariffs by extending the provisions of the approved

[3] *Id. Application of Virginia Electric and Power Company d/b/a Dominion Virginia Power, For approval of its Renewable Energy Tariff*, Case No. PUE-2008-00044, 2008 S.C.C. Ann. Rept. 539, Order Approving Tariff (Dec. 3, 2008); and *Application of Appalachian Power Company, For approval of its Renewable Power Rider*, Case No. PUE-2008-00057, 2008 S.C.C. Ann. Rept. 557, Order Approving Tariff (Dec. 3, 2008).
[4] *Id.*

renewable energy tariff to their nonresidential customers after July 1, 2012, as provided for in the statute. The Commission's approval of these tariffs[5] thus precludes competitive offerings of electric energy provided 100% from renewable energy within the respective service territories of the electric cooperatives.

D. Net Energy Metering

On November 18, 2011, the Commission's Division of Energy Regulation provided the Response to Net Energy Metering Information Request from the Virginia General Assembly House Commerce and Labor Special Subcommittee on Energy. The information was requested by letter dated February 2, 2011, from Delegate Kilgore, Chairman of the House Commerce and Labor Committee, seeking Commission assistance in determining where the costs and benefits of net energy metering fall with respect to the customer-generator and non-net-metered ratepayers. The Staff's net cost-benefit impact analysis concluded that at the current level of net energy metering participation, roughly 2% of the statutory net energy metering capacity limit, eligible customer generators impose a very small net cost on Virginia's utilities in total, and such cost results in an "immaterial" average annual bill impact on non-net energy metering customers.

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[5] As of August 1, 2012, these cases are: *Application of Mecklenburg Electric Cooperative, For amendment of Electric Service Backed 100% by Renewable Energy Certificates Tariff*, Case No. PUE-2012-00087, Doc. Con. Ctr. No. 120730283, Order Amending Tariff (July 31, 2012); *Application of BARC Electric Cooperative, For amendment of 100% Renewable Energy Attributes Electric Service Tariff*, Case No. PUE-2012-00079, Doc. Con. Ctr. No. 120730281, Order Amending Tariff (July 31, 2012); *Application of Shenandoah Valley Electric Cooperative, For amendment of 100% Renewable Energy Attributes Electric Service Tariff*, Case No. PUE-2012-00080, Doc. Con. Ctr. No. 120730282, Order Amending Tariff (July 31, 2012); *Application of Prince George Electric Cooperative, For amendment of Electric Service Backed 100% by Renewable Energy Certificates Tariff*, Case No. PUE-2012-00083, Doc. Con. Ctr. No. 120730284, Order Amending Tariff (July 31, 2012); *Application of Southside Electric Cooperative, For amendment of Electric Service Backed 100% by Renewable Energy Certificates Tariff*, Case No. PUE-2012-00082, Doc. Con. Ctr. No. 120730286, Order Amending Tariff (July 31, 2012); *Application of Northern Virginia Electric Cooperative, For amendment of Electric Service Backed 100% by Renewable Energy Certificates Tariff*, Case No. PUE-2012-00081, Doc. Con. Ctr. No. 120730287, Order Amending Tariff (July 31, 2012); *Application of Central Virginia Electric Cooperative, For amendment of Electric Service Backed 100% by Renewable Energy Certificates Tariff*, Case No. PUE-2012-00092, Doc. Con. Ctr. No. 120820126, Order Amending Tariff (Aug. 10, 2012); *Application of Northern Neck Electric Cooperative, For amendment of 100% Renewable Energy Attributes Electric Service Rider Tariff*, Case No. PUE-2012-00093, Doc. Con. Ctr. No. 120820127, Order Amending Tariff (Aug. 10, 2012); and *Application of A&N Electric Cooperative, For amendment of Electric Service Backed 100% by Renewable Energy Certificates Tariff*, Case No. PUE-2012-00090, Doc. Con. Ctr. No. 120730285, Order Amending Tariff (July 31, 2012).

The Staff further noted that if the net cost of the current program participation level is extrapolated to reflect a fully subscribed program, the analysis indicates that the average annual residential electric bill would increase by a relatively small but notable amount (less than one-half of 1%).

On November 15, 2012, the Commission's Division of Energy Regulation provided the Response to Net Energy Metering Information Request from the Virginia General Assembly Senate Committee on Commerce and Labor. The information was requested by letter dated February 17, 2012, from Senator Watkins, Chairman of the Senate Commerce and Labor Committee, requesting analysis and information relative to standby charges for residential net energy metering customers. The Staff's analysis found that, at present, the avoided cost benefits associated with residential net energy metering ("NEM") are not sufficient to offset the utilities' lost revenues and incremental net energy metering program customer costs. In short, at the current levels of utility rates and PJM energy and capacity market prices, the Staff concluded that residential NEM eligible customer-generators impose an economic net cost on utilities. The Staff further noted that energy prices are volatile and future circumstances could alter this cost-benefit relationship.

E. Sources of Virginia's Electricity

Virginia's electric utilities supply their customers with power from their own facilities, which are located both inside and outside of Virginia, and from energy purchases from other entities. Generally, approximately 85%-90% of the total supply of energy to Virginia's investor-owned electric utility ("IOU") customers is produced from facilities under the Commission's rate setting jurisdiction even though some of those facilities are located outside the boundaries of the Commonwealth. Power from jurisdictional plants that may be physically located in another state is not considered "imported" in any relevant definition because, from

legal and regulatory standpoints, Virginia consumers have the same claim on such power as they do on power from jurisdictional plants physically located in Virginia.

For example, DVP's Mount Storm facility, while physically located in West Virginia, is dispatched as part of DVP's fleet, is part of DVP's rate base, and its costs are included in rates regulated by the Commission. The same is true of APCo's facilities, some of which are physically located in West Virginia and Ohio. Despite these facilities' locations, the Virginia jurisdictional share of these generation assets is included in APCo's Virginia rate base. These facilities also are dispatched as part of APCo's fleet and are subject to Commission regulation.

Virginia's investor-owned utilities also procure energy through purchases from other utilities. For example, DVP frequently purchases energy from the PJM market. Such purchases often are made because it is cheaper for DVP to purchase the energy than to produce it at company-owned facilities. Under this scenario, DVP's ratepayers benefit from these purchases by paying lower prices for energy. Currently, APCo typically purchases additional energy and capacity at cost from its affiliates that are part of the existing AEP East Pool of companies, such as Ohio Power Company and Indiana Michigan Power Company. Such purchases are regulated by a FERC-approved Interconnection Agreement that is scheduled to terminate on January 1, 2014.[6] AEP has proposed, as part of its potential corporate restructuring in Ohio, to transfer ownership of certain generating units previously owned by Ohio Power Company, and located in Ohio and West Virginia, to APCo. On December 18, 2012, APCo filed an Application[7] with the Commission requesting approval to enter into a series of transactions through which APCo would: (1) acquire the remaining two-thirds ownership interest in Unit Number 3 of the Amos

[6] In December of 2010, each member of the AEP East Pool gave notice to American Electric Power Service Corporation ("AEP"), and to each other, of its decision to terminate the Interconnection Agreement as of January 1, 2014, as approved by the FERC.

[7] *Application of Appalachian Power Company, For approval of transactions to acquire interests in the Amos and Mitchell generation plants and to merge with Wheeling Power Company*, Case No. PUE-2012-00141, Doc. Con. Ctr. No. 130730256, Order (July 31, 2013).

generating plant located in Winfield, West Virginia; (2) acquire an undivided 50% interest in the Mitchell generating plant located near Moundsville, West Virginia; and (3) merge with its affiliate, Wheeling Power Company, which provides retail electric service and has electric facilities in West Virginia. The Commission approved the acquisition of the remaining interest in Unit Number 3 of the Amos generating plant and the merger with Wheeling Power Company but denied approval for APCo to acquire an interest in the Mitchell generating plant.[8]

F. Recent Generation and Transmission Activities

The Commission has entertained several applications for generation additions, acquisitions, or major unit modifications over the past year. Specifically, the Commission has approved DVP's application to construct and operate a nominal 1,358 MW combined-cycle facility in Brunswick County.[9] Additionally, the Commission is considering DVP's application to convert Bremo Units 3 and 4 from coal-fired operation to that of natural gas operation.[10] APCo recently submitted an application to convert its Clinch River Units 1 and 2 to use natural gas rather than coal as its fuel source.[11]

Generation additions that the Commission approved prior to September 1, 2012, are in various stages of construction. DVP's 1,300 MW combined-cycle facility in Warren County[12] is

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[8] *Application of Appalachian Power Company, For approval of transactions to acquire interests in the Amos and Mitchell generation plants and to merge with Wheeling Power Company*, Case No. PUE-2012-00141, Doc. Con. Ctr. No. 130730256, Order (July 31, 2013).

[9] *Application of Virginia Electric and Power Company, For approval and certification of the proposed Brunswick County Power Station and related transmission facilities pursuant to §§ 56-580 D, 56-265.2, and 56-46.1 of the Code of Virginia, and for approval of a rate adjustment clause, designated Rider BW, pursuant to § 56-585.1 A 6 of the Code of Virginia*, Case No. PUE-2012-00128, Doc. Con. Ctr. No. 130810071, Final Order (Aug. 2, 2013).

[10] *Application of Virginia Electric and Power Company, For approval and certification of the proposed conversion of Bremo Power Station under §§ 56-580 D and 56-46.1 of the Code of Virginia*, Case No. PUE-2012-00101, Doc. Con. Ctr. No. 120830361, Application (August 31, 2012).

[11] *Application of Appalachian Power Company, For certificates of public convenience and necessity to convert units 1 and 2 of the Clinch River Plant to use natural gas rather than coal as fuel*, Case No. PUE-2013-00057, Doc. Con. Ctr. No. 130570020, Application (May 29, 2013).

[12] *Application of Virginia Electric and Power Company, For approval and certification of the proposed Warren County Power Station electric generation and related transmission facilities under §§ 56-580 D, 56-265.2, and 56-46.1 of the Code of Virginia and for approval of a rate adjustment clause, designated as Rider W, under § 56-585.1 A 6 of Code of Virginia*, Case No. PUE-2011-00042, Doc. Con. Ctr. No. 120210139, Final Order (Feb. 2, 2012).

under construction and expected to be operational in late 2014. The Biomass Conversions of DVP's three coal-fired generators at Altavista, Southampton, and Hopewell, Virginia,[13] are near completion with the Altavista unit operational in July 2013 and the other two units expected to be operational by the end of 2013. Construction of Northern Virginia Electric Cooperative's 49.9 MW biomass facility in Halifax County is nearing completion and is expected to be operational by the end of 2013.[14] The 39 MW Highland New Wind turbine facility continues to experience construction challenges and remains under development.

DVP and APCo have formally announced the planned retirement of certain coal generation facilities by the end of 2015 due in part to current and anticipated environmental regulations. DVP plans to retire 918 MW of coal capacity at its Chesapeake Energy Center and Yorktown Power Station. APCo intends to retire 1,245 MW of coal capacity at its Glen Lynn, Kanawha River, and Sporn Power Stations.

Concerning nuclear facilities, DVP filed an application with the U.S. Nuclear Regulatory Commission ("NRC") on November 27, 2007, for a Combined Operating License ("COL") to build and operate a new nuclear reactor at its North Anna Power Station in Central Virginia. The NRC docketed the application on January 29, 2008, and began its environmental and safety analyses, which are expected to continue into 2014.

In April 2013, DVP announced a decision to return to its original plan to use GE Hitachi's Economic Simplified Boiling Water Reactor for the new nuclear reactor at the North Anna Power Station. The company's application is currently undergoing the NRC certification process for the potential third unit. Dominion Virginia Power has not yet finalized a decision to

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[13] *Application of Virginia Electric and Power Company, For approval and certification of the proposed biomass conversions of the Altavista, Hopewell, and Southampton Power Stations under §§ 56-580 D and 56-46.1 of the Code of Virginia and for approval of a rate adjustment clause, designated as Rider B, under § 56-585.1 A 6 of the Code of Virginia*, Case No. PUE-2011-00073, Doc. Con. Ctr. No. 120320053, Final Order (Mar. 16, 2012).

[14] *Application of South Boston Energy, LLC, For approval to construct, own and operate a nominal 49.9 MW biomass electric generating facility in Halifax County pursuant to Va. Code § 56-580 D*, Case No. PUE-2010-00126, 2011 S.C.C. Ann. Rept. 370, Order on Application (Apr. 28, 2011).

construct a new nuclear unit at North Anna but continues related development activities necessary to maintain that option. Before DVP builds the new unit, it must first receive a COL from the NRC as well as the approval of this Commission.

Virginia utilities also continue to expand their transmission facilities. Ten transmission lines were approved by the Commission, nine transmission lines are under construction, and nine transmission certificate applications are currently pending before the Commission.

A chart summarizing recent transmission line construction activity follows.

Summary of Transmission Line Case and Construction Activity in Virginia as of August 1, 2013

Company/Facility	Size	Location	Docket	C.O.D.*	Status
Transmission Lines					
DVP Ballston-Radnor Heights –Line #2036**	230kV – 5 mi	Arlington		6/2014	under construction
DVP Mt. Storm-Doubs	500 kV – 31 mi	Frederick, Clarke, Loudoun		12/2014	under construction
DVP Cannon Branch-Cloverhill	230 kV – 2 mi	Prince William, Manassas		Fall/2013	under construction
DVP Hollymead Tap	230 kV – 8 mi	Albemarle		5/2014	under construction
DVP Bremo-Dooms	230 kV – 43 mi	Albemarle, Fluvanna		5/2014	under construction
DVP Lakeside-Northwest	230 kV – 12 mi	Hanover, Henrico		2Q/2014	under construction
DVP Dahlgren Loop	230 kV – 9 mi	King George		5/2014	under construction
DVP Brambleton-Waxpool-Beco	230 kV – 13 mi	Loudoun	PUE-2011-00129	11/2013	pending
DVP Lexington-Cloverdale	500 kV – 7 mi	Rockbridge		5/2014	under construction
DVP Surry-Skiffes Creek-Whealton	500 kV – 7 mi 230 kV – 20 mi	Surry, James City, York, Newport News, Hampton	PUE-2012-00029	5/2015	pending
DVP Cloverhill-Liberty-Bristers-Gainesville Loop	230 kV – 7.6 mi 230 kV – 2 mi	Prince William, Manassas	PUE-2012-00065	5/2015	pending
DVP Brunswick Generator Connection	500 kV – 14 mi 500 kV – 5 mi	Brunswick, Greensville	PUE-2012-00128	11/2015 5/2015	approved
DVP Harrisonburg-Endless Caverns	230 kV – 19.8 mi	Rockingham	PUE-2012-00095	6/2015	pending
DVP Dooms-Lexington	500 kV – 39.1 mi	Rockbridge, Augusta	PUE-2012-00134	5/2016	pending
DVP Brambleton-Beaumeade	230 kV – 1.2 mi	Loudoun	PUE-2013-00002	11/2013	pending
DVP Pleasant View Substation	500 kV – 0.2 mi	Loudoun	PUE-2013-00004	5/2014	pending
APCo Falling Branch-Merrimac	138kV – 7.5 mi	Montgomery County		6/2015	under construction
APCo Wythe Area Improvements	138kV - 17.6 mi	Wythe County	PUE-2012-00132	1/2016	pending
APCo-AEP Cloverdale Substation Expansion	138-765kV - 3.3 mi	Botetourt County	PUE-2013-00036	1/2017	pending

* Estimated commercial operation date

** Underground pilot project pursuant to Chapter 799 of the 2008 Acts of Assembly (House Bill 1319)

G. Integrated Resource Planning

Section 56-597 *et seq.* of the Code mandates the regular filing of IRPs by IOUs that provide retail service in Virginia. Specifically, each IOU is required to file an IRP with the Commission by September 1 on a biennial basis. The Commission determines whether or not an IRP is reasonable and in the public interest. Additionally, by September 1 of each year in which an IRP is not required, each IOU must file a narrative summary describing any significant event necessitating a major revision to the most recently filed IRP.

In reviewing the IRPs, the Commission has emphasized that the IRP, as a planning document, does not control future resource-specific decisions and that nothing in such cases should "preclude the Commission from approving or rejecting a particular supply-side or demand-side resource in the future, nor does the Commission's determination . . . create any presumption in favor, or not in favor, of a particular resource."[15]

Virginia's IOUs will file their IRPs with the Commission in September of 2013.

H. Voluntary Renewable Portfolio Standard Programs

1. Appalachian Power Company

In 2008, the Commission approved APCo's application under § 56-585.2 of the Code for participation in a voluntary RPS program and for approval of two purchased power agreements for wind resources, the Camp Grove and Fowler Ridge projects with capacities of 75 MW and 100 MW, respectively.[16] APCo has not sought approval for additional renewable resources during the past year.

Pursuant to § 56-585.2 H of the Code, each IOU is required to report to the Commission by November 1 of each year information relative to: (i) efforts, if any, to meet the RPS goals,

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[15] *Commonwealth of Virginia, ex rel., State Corporation Commission, In re: Virginia Electric and Power Company's Integrated Resource Plan filing pursuant to Va. Code § 56-597 et seq.*, Case No. PUE-2009-00096, 2010 S.C.C. Ann. Rept. 385, Final Order (Aug. 6, 2010).

[16] *Application of Appalachian Power Company, For approval to participate in the Virginia Renewable Energy Portfolio Standard Program*, Case No. PUE-2008-00003, 2008 S.C.C. Ann. Rept. 466, Final Order (Aug. 11, 2008).

(ii) overall generation of renewable energy, and (iii) advances in renewable generation technology that affect activities described in clauses (i) and (ii). On November 1, 2012, APCo reported to the Commission that the company has met RPS Goal I[17] for 2011 and fully expected to meet the voluntary goals for 2012 and each year thereafter.[18]

2. Dominion Virginia Power

On May 18, 2010, the Commission approved DVP's application to participate in a voluntary RPS program under § 56-585.2 of the Code, finding that DVP met the statutory requirements to participate in such a program.[19]

On November 1, 2012, pursuant to § 56-585.2 H of the Code, DVP reported to the Commission that the company had met the 2011 RPS Goal II and would meet its RPS Goal II for 2012.[20] These reports are available at http://www.scc.virginia.gov/pue/renew.aspx.

I. Other Renewable Energy Activities

As previously mentioned, several facilities in Southwest Virginia that are under construction or modification as biomass-fueled projects are expected to be operational in late 2013. In addition, Dominion's Virginia City Hybrid Energy Center ("VCHEC"), a coal-fired generating plant located in Wise County, has co-firing capability to utilize up to 20% biomass fuel, primarily wood waste.

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[17] Va. Code § 56-585.2 D. For purposes of meeting RPS Goals, the total electric energy sold to Virginia jurisdictional customers in calendar year 2007 is exclusive of an amount equal to the average of the annual percentages of electric energy supplied to such customers from nuclear generating plants from 2004 through 2006. Va. Code § 56-585.2 A.

[18] The Commission, in its Final Order on APCo's 2011 Biennial Review, confirmed that APCo had met its RPS Goal for 2010. *Application of Appalachian Power Company, For a 2011 biennial review of the rates, terms and conditions for the provision of generation, distribution and transmission services pursuant to § 56-585.1 A of the Code of Virginia*, Case No. PUE-2011-00037, 2011 S.C.C. Ann. Rept. 477, Final Order (Nov. 30, 2011).

[19] *Application of Virginia Electric and Power Company, For approval to participate in a Renewable Energy Portfolio Standard Program Pursuant to Va. Code § 56-585.2*, Case No. PUE-2009-00082, 2010 S.C.C. Ann. Rept. 367, Final Order (May 18, 2010).

[20] The Commission, in its Final Order on DVP's 2011 Biennial Review, confirmed that DVP had met its RPS Goal for 2010. *Application of Virginia Electric and Power Company, For a 2011 biennial review of the rates, terms, and conditions for the provision of generation, distribution, and transmission services pursuant to § 56-585.1 A of the Code of Virginia*, Case No. PUE-2011-00027, 2011 S.C.C. Ann. Rept. 456, Final Order (Nov. 30, 2011).

On October 31, 2011, DVP filed an application for approval to construct and operate up to a combined total of 30 MW of company-owned solar distributed generation ("DG") facilities, consisting of multiple installations at selected commercial, industrial, and community locations dispersed throughout its Virginia service territory. On November 28, 2012, the Commission issued an Order that approved the solar DG program subject to a total cost cap of $80 million.[21]

On May 1, 2013, DVP announced it had selected Old Dominion University ("ODU") to be the first participant in its solar DG program. DVP expects 600 solar panels to be installed on the roof of ODU's Student Recreation Center to generate 132 kilowatts ("kW") of electricity in 2013.

Additionally, on May 17, 2012, DVP filed an application for approval of a special tariff to facilitate consumer-owned solar DG installations for up to 3 MW of customer-owned capacity. On March 22, 2013, the Commission issued an Order that approved the special tariff.[22]

On March 14, 2013, the Virginia General Assembly approved Chapter 382 of the Virginia Acts of Assembly, requiring the Commission to conduct a renewable energy pilot program for third party power purchase agreements and to establish certain guidelines regarding its implementation. The Commission issued an Order Proposing Guidelines[23] on May 22, 2013, that docketed this matter and provided interested persons the opportunity to comment or propose modifications or supplements to the proposed guidelines. The case, including comments submitted in June by five respondents, is currently under consideration by the Commission.

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[21] *Application of Virginia Electric and Power Company, For approval of a Community Solar Power Program and for certification of proposed distributed solar generation facilities pursuant to Chapter 771 of the 2011 Virginia Acts of Assembly, and §§ 56-46.1 and 56-580 D of the Code of Virginia*, Case No. PUE-2011-00117, 2012 S.C.C. Ann. Rept. 328, Order (Nov. 28, 2012).

[22] *Petition of Virginia Electric and Power Company, For approval of a special tariff to facilitate customer-owned distributed solar generation pursuant to Chapter 771 of the 2011 Virginia Acts of Assembly*, Case No. PUE-2012-00064, Doc. Con. Ctr. No. 130330138, Order (Mar. 22, 2013).

[23] *Commonwealth of Virginia, ex rel., State Corporation Commission, Concerning the establishment of a renewable energy pilot program for third party power purchase agreements*, Case No. PUE-2013-00045, Doc. Con. Ctr. No. 130560125, Order Proposing Guidelines (May 22, 2013).

J. Conservation, Energy Efficiency and Demand Response

1. Activity by Dominion Virginia Power

Demand-Side Management Pilot

DVP continues to file annual reports with the Commission on one ongoing pilot program, the Distributed Generation/Load Curtailment for Large Non-residential Customers Pilot, approved by the Commission in Case No. PUE-2007-00089.[24] This pilot program is currently scheduled to end in December 2014, after which time DVP will file a final comprehensive report on that pilot.

Long-term DSM Programs

On March 24, 2010, the Commission approved five DSM programs for customers of Dominion Virginia Power.[25] The five programs are as follows:

- The Residential Lighting Program, which provides instant rebates on energy efficient lighting for residential customers;
- The Low Income Program, which provides energy audits and improvements for low-income residential customers;
- The Commercial Heating/Air Conditioning Upgrade Program, which provides HVAC system upgrades to more efficient systems for the commercial sector in exchange for an incentive;
- The Commercial Lighting Program, which provides commercial participants with the opportunity to retrofit existing inefficient lighting with more energy efficient lighting in exchange for an incentive; and
- The Air Conditioner Cycling Program, which allows DVP to control the central air conditioner, or heat pumps of participating customers. Under this program, DVP can cycle the unit off and on for short periods of time during peak periods in return for incentive payments.

The DSM programs were approved for a period set to expire on March 31, 2013, and DVP was directed to provide the Commission with detailed reports during this period. The

[24] *Application of Virginia Electric and Power Company, For expedited approval of conservation, energy efficiency, education, demand response and load management pilots*, Case No. PUE-2007-00089, 2008 S.C.C. Ann. Rept. 425, Final Order (Jan. 17, 2008).

[25] *Application of Virginia Electric and Power Company, For approval to implement new demand-side management programs and for approval of two rate adjustment clauses pursuant to § 56-585.1 A 5 of the Code of Virginia*, Case No. PUE-2009-00081, 2010 S.C.C. Ann. Rept. 362, Order Approving Demand-Side Management Programs (Mar. 24, 2010).

reports are being used to monitor costs and to determine whether certain programs warrant continuation. DVP issued its latest progress report on April 1, 2012.

On April 30, 2012, the Commission approved seven additional DSM programs for customers of DVP.[26] The seven programs are as follows.

- The Residential Bundle Program is a combination of the following four residential energy efficiency programs:
    - The Residential Home Energy Check-Up Program, which provides low-cost energy audits to owners and occupants of single-family homes;
    - The Residential Duct Testing and Sealing Program, which provides incentives to residential customers to employ a contractor to test and seal air ducts in their homes;
    - The Residential Heat Pump Tune-up Program, which provides incentives for residential customers to employ a contractor to tune-up their existing heat pumps once every five years; and
    - The Residential Heat Pump Upgrade Program, which provides incentives for residential customers to install high-efficiency heat pumps that exceed federally-mandated standards.
- The Commercial Energy Audit Program provides on-site energy audits of non-residential customers' facilities. Customers are eligible for rebates up to the full cost of the audit if they implement any of the efficiency measures identified in the audit.
- The Commercial Duct Testing and Sealing Program provides incentives to qualifying customers to employ a contractor to seal ducts in existing buildings using program-approved methods.
- The Commercial Distributed Generation Program entitles qualifying customers to receive an incentive to curtail load by utilizing customer-owned backup generation up to 120 hours per year when called upon to do so by DVP.

The programs were approved for a five-year period with cost caps. DVP was directed to provide the Commission with detailed annual reports including updated cost-benefit tests along with evaluation, measurement, and verification plans.

On August 31, 2012, DVP filed an application for approval to extend two DSM programs. On April 19, 2013, the Commission issued an Order wherein, among other things, it

[26] *Application of Virginia Electric and Power Company, For approval to implement new demand-side management programs and for approval of two updated rate adjustment clauses pursuant to § 56-585.1 A 5 of the Code of Virginia*, Case No. PUE-2011-00093, Doc. Con. Ctr. No. 120440021, Order (Apr. 30, 2012).

approved a two-year extension of the Low Income Program and a three-year extension of the Air Conditioner Cycling Program.[27]

Electric Vehicle Pilot Program

Although not filed under the Regulation Act, on July 11, 2011, the Commission approved DVP's application to establish an electric vehicle ("EV") pilot program.[28] DVP anticipates that by 2013 more than 5,000 EVs will be in use in its service territory, with the potential for that number to grow to more than 86,000 by 2020. DVP's pilot program offers two time-of-day pricing options to encourage off-peak charging of EVs. One tariff option relates to charging the EV only and operates as a companion tariff to a customer's existing standard household service tariff. The second tariff option applies to the customer's entire service from DVP, including the house and the EV. The program is open to up to 1,500 residential customers, with up to 750 participants in each of the two experimental rate classes. This pilot program will conclude by November 30, 2014.

2. Activity by Appalachian Power Company

On September 12, 2011, the Commission issued a Final Order approving two Demand Response Riders ("DR Riders") for APCo.[29] These DR Riders consist of: (i) a Peak Shaving Demand Response ("PSDR") Rider; and (ii) a Peak Shaving and Emergency Demand Response ("PSEDR") Rider. The PSDR Rider targets non-residential customers and was designed to reduce APCo's peak demand during the period from December to March, when APCo has traditionally experienced its annual peak demand. APCo stated that the PSEDR Rider is aligned

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[27] *Application of Virginia Electric and Power Company, For approval to extend two demand-side management programs and for approval of two updated rate adjustment clauses pursuant to § 56-585.1 A 5 of the Code of Virginia*, Case No. PUE-2012-00100, Doc. Con. Ctr. No. 130540236, Order (Apr. 19, 2013).

[28] *Application of Virginia Electric and Power Company, For approval to establish an electric vehicle pilot program pursuant to § 56-234 of the Code of Virginia*, Case No. PUE-2011-00014, Doc. Con. Ctr. No. 110710243, Order Granting Approval (July 11, 2011),

[29] *Application of Appalachian Power Company, Pursuant to Chapters 752 and 855 of the 2009 Acts of the Virginia General Assembly, for approval of demand response programs to be offered to its retail customers*, Case No. PUE-2011-00001, 2011 S.C.C. Ann. Rept., 417, Final Order (Sept. 12, 2011).

with the existing PJM Demand Response Program, which allows for curtailments of load by nonresidential customers during system emergencies. The Commission's Order also permitted APCo to defer costs associated with the DR Riders and found that such costs would be offset by any non-compliance payments received by APCo from customers participating in the DR Riders.

To date, APCo has not filed for approval of any DSM programs but has indicated to the Staff that it will likely file for approval of DSM programs at a future time.

3. Activity by Electric Cooperatives

On June 13, 2013, Southside Electric Cooperative submitted an application requesting consideration and approval of a DSM program involving member-consumers' central air conditioning systems.[30] Under this program, the member-consumer allows his or her cooperative to install a load-cycling switch device on the member-consumer's central air conditioning system to allow the cooperative to control the air conditioning compressor during peak load periods. If the device remains operational for a full year of operation of the installed switch, the member-consumer receives a one-time written check of $25. This DSM program is similar to DSM programs implemented by Rappahannock, Prince George, and Northern Neck Electric Cooperatives.[31]

K. Regulatory/Rate Proceedings

Following is a brief summary of regulatory proceedings, primarily involving rate increase requests, now pending before the Commission or completed within the last year. Further

[30] *Application of Southside Electric Cooperative, For approval of a demand-side management program including promotional allowances*, Case No. PUE-2013-00066, Doc. Con. Ctr. No. 130620111, Application (June 13, 2013).

[31] *Application of Rappahannock Electric Cooperative, For approval of a demand-side management program including promotional allowances*, Case No. PUE-2010-00046, 2011 S.C.C. Ann. Rept. 333, Order Granting Petition (Jan. 4, 2011); *Application of Prince George Electric Cooperative, For approval of a demand-side management program including promotional allowances*, Case No. PUE-2012-00002, Doc. Con. Ctr. No.120310105, Order Granting Approval (Mar. 5, 2012); and *Application of Northern Neck Electric Cooperative, For approval of a demand-side management program including promotional allowances*, Case No. PUE-2012-00003, Doc. Con. Ctr. No. 120310184, Order Granting Approval (Mar. 5, 2012).

information on these proceedings is available on the Commission's website: http://www.scc.virginia.gov/case/index.aspx.

1. Appalachian Power Company

Pursuant to legislation enacted by the 2013 General Assembly, APCo's next biennial review of rates has been delayed from March 31, 2013, to March 31, 2014.[32]

Environmental Rate Adjustment Clause (2011)

On March 31, 2011, pursuant to § 56-585.1 A 5 e of the Code, APCo filed a petition requesting approval of a RAC to recover environmental costs ("E-RAC"). APCo requested recovery, over a two-year period, of approximately $77 million of environmental costs that it incurred during 2009 and 2010. The Commission issued its Order Approving Rate Adjustment Clause providing for a revenue increase of $30 million to be recovered over a one-year period.[33] On December 29, 2011, APCo filed notice that it was appealing to the Supreme Court of Virginia the Commission's Order Approving Rate Adjustment Clause.

On November 1, 2012, the Supreme Court issued its Opinion which affirmed in part, and reversed in part, the Commission's November 30, 2011 Order and remanded the case to the Commission for further proceedings.[34] Specifically, the Court reversed the portion of the Commission's decision denying RAC recovery of approximately $6 million of environmental compliance costs. On December 12, 2012, the Commission issued its Order Granting Motion which adopted the joint recommendation of all case participants and allowed APCo to recover an

[32] *See* Va. Acts 2013, ch. 2 (approved Feb. 14, 2013; effective Feb. 14, 2013).
[33] *Application of Appalachian Power Company, For approval of a rate adjustment clause, E-RAC, to recovery costs incurred in complying state and federal environmental laws and regulations, pursuant to Va. Code § 56-585.1 A 5 e,* Case No. PUE-2011-00035, 2011 S.C.C. Ann. Rept. 474, Order Approving Rate Adjustment Clause (Nov. 30, 2011) ("November 30, 2011 Order").
[34] *Appalachian Power Co. v. State Corp. Comm'n*, 284 Va. 695, 733 S.E.2d 250 (Nov. 1, 2012).

additional $6 million through a two-month extension of the E-RAC that was in place from January 29, 2013, through March 31, 2013.[35]

Renewable Portfolio Rate Adjustment Clause

On September 28, 2012, pursuant to §§ 56-585.1 A 5 d and 56-585.2 E of the Code, APCo filed a petition requesting approval of a RAC to recover the incremental costs associated with its participation in an RPS program. APCo's petition proposed a revenue increase of $2.4 million to recover actual and forecasted costs incurred from 2011 through 2013 for APCo's purchased power agreements for wind power from the Camp Grove and Fowler Ridge wind farms. On May 9, 2013, the Commission issued its Final Order providing for, among other things, recovery of $1.0 million of incremental RPS Program costs.[36]

Rate Adjustment Clause to Recover Dresden Generation Facility Costs (2012)

On March 30, 2012, APCo filed an application for approval to continue its RAC designed to recover the costs associated with the company's acquisition and operation of its Dresden Generating Facility. APCo forecasted an annual revenue requirement of approximately $28 million, which the company calculated using an ROE of 11.4%, consisting of a base ROE of 10.4% as approved in the company's 2011 biennial review proceeding, and a 100 basis point enhancement pursuant to § 56-585.1 A 6 of the Code. On December 20, 2012, the Commission issued its Final Order which, among other things, granted APCo's request to continue its RAC.[37]

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[35] *Application of Appalachian Power Company, For approval of a rate adjustment clause, E-RAC, to recovery costs incurred in complying state and federal environmental laws and regulations, pursuant to Va. Code § 56-585.1 A 5 e,* Case No. PUE-2011-00035, 2012 S.C.C. Ann. Rept. 253, Order Granting Motion (Dec. 12, 2012).

[36] *Application of Appalachian Power Company, For approval to revise a rate adjustment clause: RPS-RAC, for the recovery of the incremental costs of participation in the Virginia renewable energy portfolio standard program pursuant to Va. Code §§ 56-585.1 A 5 d and 56-585.2 E,* Case No. PUE-2012-00094, Doc. Con. Ctr. No. 130540076, Final Order (May 9, 2013).

[37] *Application of Appalachian Power Company, For approval of a rate adjustment clause: Rider G, Dresden Generating Plant,* Case No. PUE-2012-00036, Doc. Con. Ctr. No. 121220282, Final Order (Dec. 20, 2012).

Rate Adjustment Clause to Recover Dresden Generation Facility Costs (2013)

On March 29, 2013, APCo filed an application for approval to continue, with modification, its RAC designed to recover the costs associated with the company's Dresden Generating Facility. In this proceeding, APCo forecasts an annual revenue requirement of approximately $28 million, which the company calculated using an ROE of 11.4%, consisting of a base ROE of 10.4% as approved in the company's 2011 biennial review proceeding, and a 100 basis point enhancement pursuant to § 56-585.1 A 6 of the Code. APCo further requests recovery of a projected under-recovery of $9.9 million for a total annual revenue requirement of $37.9 million. On April 24, 2013, the Commission issued an Order for Notice and Hearing wherein, among other things, it established a procedural schedule, required notice to the public of the application, and set a public hearing for August 28, 2013.[38] This proceeding is pending before the Commission.

Environmental Rate Adjustment Clause (2013)

On March 29, 2013, pursuant to § 56-585.1 A 5 e of the Code, APCo filed a petition requesting approval of a RAC to recover environmental costs. APCo requests recovery, over a one-year period beginning February 1, 2014, of approximately $38.5 million of environmental costs that it incurred during 2011 and 2012. On April 18, 2013, the Commission issued an Order for Notice and Hearing wherein, among other things, it established a procedural schedule, required notice to the public of the application, and set a public hearing for August 29, 2013.[39] This proceeding is pending before the Commission.

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[38] *Application of Appalachian Power Company For revision of a rate adjustment clause pursuant to § 56-585.1 A 6 of the Code of Virginia with respect to the Dresden Generating Plant,* Case No. PUE-2013-00009, Doc. Con. Ctr. No. 130440194, Order For Notice and Hearing (Apr. 26, 2013).

[39] *Application of Appalachian Power Company, For approval of a rate adjustment clause, E-RAC, to recovery costs incurred in complying state and federal environmental laws and regulations, pursuant to Va. Code § 56 585.1 A 5 e,* Case No. PUE-2013-00010, Doc. Con. Ctr. No. 130430158, Order For Notice and Hearing (Apr. 18, 2013).

Purchase of Generating Assets from an Affiliate and Wheeling Merger

On December 18, 2012, APCo filed an application requesting approval (1) to acquire a two-thirds ownership interest in Unit Number 3 of the Amos generating plant located in Winfield, West Virginia, (2) to acquire an undivided 50% interest in the Mitchell generating plant located near Moundsville, West Virginia, and (3) to merge with Wheeling Power Company, which provides retail electric service and has electric facilities in West Virginia. On July 31, 2013, the Commission approved the acquisition of the remaining interest in Unit Number 3 of the Amos generating plant and the merger with Wheeling Power Company but denied approval for APCo to acquire an interest in the Mitchell generating plant.[40]

2. Dominion Virginia Power

Biennial Review (2011)

On March 31, 2011, DVP filed its first biennial review pursuant to § 56-585.1 A of the Code, providing information on its generation, distribution, and transmission services for calendar years 2009 and 2010. In its Final Order, the Commission found, among other things, that DVP earned 13.31% during the two-year review period, which is more than 50 basis points above the fair combined return of 11.9%, and therefore, pursuant to § 56-585.1 A 8 ii of the Code, was required to refund to its customers $78.3 million of the overearnings. The Final Order also found that (i) pursuant to § 56-585.1 A 3 of the Code, previously implemented RACs must be combined with base rates and (ii) a fair ROE of 10.9% (including a base ROE of 10.4% and an adder for RPS Goal I pursuant to § 56-585.2 of the Code) would be used to assess 2011 and 2012 earnings in the next biennial review to be filed on March 31, 2013.[41]

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[40] *See supra* n.8.

[41] *Application of Virginia Electric and Power Company, For a 2011 biennial review of the rates, terms and conditions for the provision of generation, distribution and transmission services pursuant to § 56-585.1 A of the Code of Virginia*, Case No. PUE-2011-00027, 2011 S.C.C. Ann. Rept. 456, Final Order (Nov. 30, 2011).

On December 29, 2011, DVP filed notice that it was appealing to the Supreme Court of Virginia the Commission's November 30, 2011 Final Order. On November 1, 2012, the Supreme Court issued its Opinion which affirmed the Commission's November 30, 2011 Final Order.[42]

Fuel Case (2012)

On May 2, 2012, DVP filed an application to decrease its fuel factor from 3.289¢/kilowatt hour ("kWh") to 2.706¢/kWh for service rendered on and after July 1, 2012. On September 19, 2012, the Commission issued an Order Establishing Fuel Factor wherein it approved DVP's requested fuel factor.[43]

Rate Adjustment Clauses to Recover Generation Facility Costs (2012)

(i) *Virginia City Hybrid Energy Center*

On June 29, 2012, DVP filed an application to revise Rider S, designed to recover the costs associated with the VCHEC in Wise County, Virginia. DVP requested that the Commission approve rates to recover revenue requirements of $248.6 million and $229.1 million for the two rate years beginning April 1, 2013, and April 1, 2014, respectively. The revenue requirements are based on an ROE of 11.4%, (including a base ROE of 10.4% and a 100 basis point adder pursuant to § 56-585.1 A 6 of the Code). On March 12, 2013, the Commission issued a Final Order which, among other things, adopted a stipulation between Dominion Virginia Power and the Staff. Dominion Virginia Power was granted a one-year revenue requirement in the amount of $247.7 million to be effective April 1, 2013.[44]

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[42] *Virginia Elec. And Power Co. v. State Corp. Comm'n*, 284 Va. 726, 735 S.E.2d 684 (Nov. 1, 2012).

[43] *Application of Virginia Electric and Power Company, To revise its fuel factor pursuant to § 56-249.6 of the Code of Virginia*, Case No. PUE-2012-00050., Doc. Con. Ctr. No. 120930006, Order Establishing Fuel Factor (Sept. 19, 2012).

[44] *Application of Virginia Electric and Power Company, For revision of rate adjustment clause: Rider S, Virginia City Hybrid Energy Center*, Case No. PUE-2012-00071, Doc. Con. Ctr. No. 130320086, Final Order (Mar. 12, 2013).

(ii) *Bear Garden Power Station*

On June 1, 2012, DVP filed an application to revise Rider R, designed to recover costs associated with its Bear Garden generating facility. DVP requested that the Commission approve rates to recover revenue requirements of $80.5 million and $74.6 million for the two rate years beginning April 1, 2013, and April 1, 2014, respectively. The revenue requirements were based on an ROE of 11.4% (including a base ROE of 10.4% and a 100 basis point adder pursuant to § 56-585.1 A 6 of the Code). On February 19, 2013, the Commission issued a Final Order which, among other things, approved two consecutive twelve-month revenue requirements beginning April 1, 2013, and April 1, 2014, for the recovery of costs for the Bear Garden Generating Station in the amounts of $78.1 million and $72.2 million, respectively.[45]

(iii) *Warren County Power Station*

On June 1, 2012, DVP filed an application to revise Rider W, designed to recover costs associated with its Warren County generating facility. DVP requested that the Commission approve rates to recover a revenue requirement of $86.1 million beginning April 1, 2013. The revenue requirement was based on an ROE of 11.4% (including a base ROE of 10.4% and a 100 basis point adder pursuant to § 56-585.1 A 6 of the Code). On February 19, 2013, the Commission issued a Final Order which, among other things, approved a one-year revenue requirement of $82.98 million effective April 1, 2013.[46]

(iv) *Biomass Conversions*

On June 29, 2012, DVP filed an application to revise its Rider B, designed to recover the costs associated with the Biomass Conversions of its Altavista, Hopewell, and Southampton power stations. DVP requested that the Commission approve rates to recover a revenue

[45] *Application of Virginia Electric and Power Company, To revise rate adjustment clause: Rider R, Bear Garden Generating Station*, Case No. PUE-2012-00068, Doc. Con. Ctr. No. 130210292, Final Order (Feb. 19, 2013).
[46] *Application of Virginia Electric and Power Company, For revision to rate adjustment clause: Rider W, Warren County Power Station, for the rate year commencing April 1, 2013*, Case No. PUE-2012-00067, Doc. Con. Ctr. No. 130210293, Final Order (Feb. 19, 2013).

requirement of $12.3 million for the rate year beginning April 1, 2013. The revenue requirement is based on an ROE of 12.4% (including a base ROE of 10.4% and a 200 basis point adder pursuant to § 56-585.1 A 6 of the Code). On March 22, 2013, the Commission issued a Final Order which, among other things, approved a bifurcated revenue requirement, consisting of an annualized revenue requirement of $12.253 million for the pre-commercial operation date of the facilities, and $11.474 million for the post-commercial operation date of the facilities, which produces an average annual revenue requirement of $11.929 million for the twelve months beginning April 1, 2013.[47]

(v) *Brunswick County Power Station*

On November 12, 2012, DVP filed an application seeking a (1) certificate of public convenience and necessity ("CPCN") as well as approval to construct and operate the Brunswick County Power Station, an approximate 1,358 MW (nominal) natural gas-fired combined-cycle electric generating facility in Brunswick County, Virginia; (2) a separate CPCN and approval to construct new 500 kilovolt ("kV") transmission lines, two new switching stations, and associated facilities in Brunswick and Greensville Counties, Virginia; and (3) approval of a RAC, designated as Rider BW, for the recovery of all costs associated with these projects.

As estimated by the Company, the total projected cost of the project is $1.27 billion, excluding financing costs. DVP seeks to recover, through rates proposed to be effective September 1, 2013, an annual revenue requirement of approximately $44,605,000. This revenue requirement is comprised only of projected financing costs and allowance for funds used during construction and is based on an ROE of 11.4% (including a base ROE of 10.4% and a 100 basis point adder pursuant to § 56-585.1 A 6 of the Code). According to the Application,

[47] *Application of Virginia Electric and Power Company, For revision of rate adjustment clause: Rider B, Biomass conversions of the Altavisa, Hopewell and Southampton power stations, for the rate year commencing April 1, 2013*, Case No. PUE-2012-00072, Doc. Con. Ctr. No. 130330314, Final Order (Mar. 22, 2013).

implementation of the proposed RAC, Rider BW, would increase the monthly bill of a typical residential customer using 1,000 kWh of electricity by $0.83.

The Commission issued a Final Order on August 2, 2013, which, among other things, approved CPCNs for construction of the Brunswick generating plant and related transmission facilities. Also, the Commission approved Rider BW in the amount of $43.485 million.[48] On August 22, 2013, the Commission issued an Order Granting Reconsideration at the request of several respondents in the case.

Demand-Side Management and Energy Efficiency Programs Rate Adjustment Clause (2012)

On August 31, 2012, DVP filed an application for approval to extend two DSM programs, the Low Income Program and the Air Conditioner Cycling Program, for two and five years, respectively, and for a total cost cap for the two extended programs of $136.5 million. DVP also requested approval of two updated RACs designed to recover a projected revenue requirement of $26.7 million associated with its approved Residential Bundle Program, Commercial Bundle Program, Commercial Distributed Generation Program and its EV Pilot Program. On April 19, 2013, the Commission issued an Order wherein, among other things, it approved DVP's proposed RACs, approved a two-year extension of the Low Income Program with a cost cap of $13.6 million, and approved a three-year extension of the Air Conditioner Cycling Program with a cost cap of $61.6 million.[49]

Biennial Review (2013)

On March 28, 2013, DVP filed its second biennial review application pursuant to § 56-585.1 A of the Code, providing information on its generation, distribution, and transmission services for calendar years 2011 and 2012.[50] According to DVP, its application presents the

[48] *See supra* n.9.
[49] *See supra* n.27.
[50] *Application of Virginia Electric And Power Company, For a 2013 biennial review of the rates, terms and conditions for the provision of generation, distribution and transmission services pursuant to § 56-585.1 A of the*

Commission with three principal issues for determination: (1) a review of the Company's earnings from the combined 2011 and 2012 test periods; (2) a determination of the Company's prospective fair rate of return on common equity ("ROE") and revenue requirement, given its capital needs and cost of service; and (3) consideration of the Company's performance during the prior biennial period and how that performance level should be reflected in the Commission's newly authorized ROE determination. The Company states that it earned 10.11% on its generation and distribution services for the two combined test periods of 2011 and 2012, which is below its currently authorized ROE of 10.90% and below the approved ROE earnings band of 10.40% to 11.40% set by the Commission in DVP's 2011 biennial review. DVP states that it is not requesting an increase in its customers' base rates at this time. The Commission has scheduled a hearing on DVP's biennial review beginning September 17, 2013.

Transmission Rate Adjustment Clause (2013)

On May 2, 2013, DVP filed an application for approval of a RAC, designated Rider T1 requesting recovery of transmission costs through a combination of base rates and a new increment/decrement RAC designated Rider T1. The company asserts that Rider T1 is designed to recover the increment/decrement between revenues produced from its base rate transmission revenues and the new annual revenue requirement of transmission costs based on § 56-585.1 A 4 of the Code. The company proposes a Rider T1 that, if approved, would produce an annual revenue decrease of approximately $81 million. DVP's proposed Rider T1 would be effective for usage during the rate year of September 1, 2013 through August 31, 2014. In its Final Order, the Commission, among other things, approved Dominion's proposed annual revenue decrement.[51]

Code of Virginia, Case No. PUE-2013-00020, Doc. Con. Ctr. No. 13034041, Application (Mar. 28, 2013).

[51] *Application of Virginia Electric and Power Company, For approval of a rate adjustment clause pursuant to § 56-585.1 A 4 of the Code of Virginia*, Case No. PUE-2013-00023, Doc. Con. Ctr. No. 130720498, Final Order (July 22, 2013).

Fuel Case (2013)

On May 2, 2013, DVP filed an application to increase its fuel factor from 2.706¢/kWh to 2.942¢/kWh for service rendered on and after July 1, 2013. On June 27, 2013, the Commission approved DVP's requested fuel factor.[52]

Rate Adjustment Clauses to Recover Generation Facility Costs (2013)

(i) *Virginia City Hybrid Energy Center*

On June 14, 2013, DVP filed an application to revise Rider S, designed to recover the costs associated with the Virginal City Hybrid Energy Center generating facility in Wise County, Virginia. DVP's application reports that the overall Project cost

> forecast has increased by approximately $45.7 million due to the supplemental Project costs incurred as a result of the Project's improved performance and corresponding customer benefits. With the addition of these supplemental costs, the total cost of the Project has gone from $1.78 billion to $1.826 billion, or approximately $25.7 million above the original $1.80 billion budget.[53]

DVP requests that the Commission approve rates to recover an annual revenue requirement of $286.96 million for the rate year April 1, 2014. The revenue requirement is based on an ROE of 12.5%, (including a base ROE of 11.5% and a 100 basis point adder pursuant to § 56-585.1 A 6 of the Code). The proposed revenue requirement, if approved, would increase the monthly bill of a residential customer using 1,000 kWh per month by $0.65. On June 28, 2013, the Commission issued an Order for Notice and Hearing that, among other things, established a procedural schedule and set a hearing date of December 11, 2013, to receive public comments and evidence on DVP's application.[54]

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[52] *Application of Virginia Electric and Power Company, To revise its fuel factor pursuant to § 56-249.6 of the Code of Virginia*, Case No. PUE-2013-00042, Doc. Con. Ctr. No. 130640111, Order Establishing 2013-2014 Fuel Factor (June 27, 2013).

[53] *Application of Virginia Electric and Power Company, For revision of rate adjustment clause: Rider S, Virginia City Hybrid Energy Center*, Case No. PUE-2013-00061, Doc. Con. Ctr. No. 130628154, Application at 6 (June 14, 2013).

[54] *Id.*, Order for Notice and Hearing (June 28, 2013).

(ii) *Warren County Power Station*

On May 31, 2013, DVP filed an application to revise Rider W, designed to recover the costs associated with the Warren County Generating Station in Warren County, Virginia. According to the application, the Warren County Generating Station is generally proceeding on schedule and on budget, and the Company projects a commercial operations date of December 1, 2014. DVP requests that the Commission approve rates to recover an average annual revenue requirement of $122.6 million for the rate year April 1, 2014.[55] The revenue requirement is based on an ROE of 12.5%, (including a base ROE of 11.5% and a 100 basis point adder pursuant to § 56-585.1 A 6 of the Code). The proposed revenue requirement, if approved, would increase the monthly bill of a residential customer using 1,000 kWh per month by approximately $0.39 for the period prior to commercial operations, and by approximately $0.95 for the commercial operations period. On June 27, 2013, the Commission issued an Order for Notice and Hearing that, among other things, established a procedural schedule and set a hearing date of December 10, 2013, to receive public comments and evidence on DVP's application.[56]

(iii) *Biomass Conversions*

On June 14, 2013, DVP filed an application to revise its Rider B, designed to recover the costs associated with the Biomass Conversions of its Altavista, Hopewell, and Southampton power stations. DVP reports that the Biomass Conversions are progressing on schedule and under budget and are expected to be fully operational by December 2013. DVP requests that the Commission approve rates to recover a revenue requirement of $22.0 million for the rate year beginning April 1, 2013. The revenue requirement is based on an ROE of 13.5% (including a base ROE of 11.5% and a 200 basis point adder pursuant to § 56-585.1 A 6 of the Code). The

[55] This is comprised of an annualized revenue requirement of $105.4 million for the pre commercial operations portion of the rate period, and an annualized revenue requirement of $157.0 million upon commerial operations. This bifurcated revenue requirement is consistent with the requirements of § 56-585.1 A 6.

[56] *Application of Virginia Electric and Power Company, For revision of rate adjustment clause: Rider W, Warren County Power Station, for the rate year commencing April 1, 2014*, Case No. PUE-2013-00065, Doc. Con. Ctr. No. 130640112, Order for Notice and Hearing (June 27, 2013).

proposed revenue requirement, if approved, would increase the monthly bill of a residential customer using 1,000 kWh per month by approximately $0.19. On July 3, 2013, the Commission issued an Order for Notice and Hearing which, among other things, established a procedural schedule and set a hearing date of January 7, 2014, to receive public comments and evidence on DVP's application.[57]

3. Kentucky Utilities d/b/a Old Dominion Power Company

Fuel Case

On March 1, 2013, Kentucky Utilities Company d/b/a Old Dominion Power Company ("KU") filed an application requesting to decrease its levelized fuel factor from 3.137¢/kWh to 2.979¢/kWh, effective for service rendered on and after April 1, 2013. On March 13, 2013, the Commission issued an Order for Notice and Hearing wherein it allowed KU to place its proposed fuel factor in effect, as requested, on an interim basis and scheduled a hearing for June 26, 2013, to receive public comments and evidence on the application. On July 23, 2013, the Commission entered the Order Establishing Fuel Factor of $0.02906/kWh for service rendered on and after August 1, 2013.[58]

General Rate Case

On April 1, 2013, KU filed an application with the Commission requesting authority to increase its annual base rate revenues by $6.5 million. According to the company, the proposed rate increase would raise the monthly bill of a residential customer using 1,000 kWh per month from $91.77 to $101.34, an increase of $9.57, or 10.43%. On April 30, 2013, the Commission issued its Order for Notice and Hearing wherein, among other things, it established a procedural schedule, required notice to the public of the application, and set public hearings on June 24,

[57] *Application of Virginia Electric and Power Company, For revision of rate adjustment clause: Rider B, Biomass Conversions of the Altavista, Hopewell and Southampton power stations, for the rate year commencing April 1, 2014*, Case No. PUE-2013-00060, Doc. Con. Ctr. No. 130710132, Order for Notice and Hearing (July 3, 2013).

[58] *Application of Kentucky Utilities d/b/a Old Dominion Power Company, To revise its fuel factor pursuant to § 56-249.6 of the Code of Virginia*, Case No. PUE-2013-00019, Doc. Con. Ctr. No. 130320115, Order Establishing 2013-2014 Fuel Factor Proceeding (Apr. 30, 2013).

2013, to receive testimony from public witnesses, as well as on October 1, 2013, to receive testimony from public witnesses and to receive evidence on the application.[59] This proceeding is pending before the Commission.

4. Central Virginia Electric Cooperative

On June 7, 2012, CVEC filed a new application for a general increase in rates designed to produce additional annual revenues of $15.55 million based on a Times Interest Earned Ratio ("TIER") of 2.15. The increase is primarily driven by CVEC's new power supply contract. On February 22, 2013, the Commission issued a Final Order that, among other things, granted CVEC's requested rates. [60]

5. Community Electric Cooperative

On June 18, 2012, CEC filed an application for a general increase in rates designed to produce additional annual revenues of approximately $1.2 million based on a TIER of 2.50. CEC implemented its proposed rates on an interim basis for bills rendered on and after August 24, 2012. On March 22, 2013, the Commission issued a Final Order which, among other things, authorized CEC to make permanent its interim rates for bills rendered before January 20, 2013. Beginning January 20, 2013, the Commission authorized substitute rates designed to produce additional annual revenues of approximately $1 million (a reduction of approximately $200,000).[61]

[59] *Application of Kentucky Utilities d/b/a Old Dominion Power Company, For a general rate increase*, Case No. PUE-2013-00013, Doc. Con. Ctr. No. 130440243, Order for Notice and Hearing (Apr. 30, 2013).
[60] *Application of Central Virginia Electric Cooperative, For a general increase in rates*, Case No. PUE-2012-00045, Doc. Con. Ctr. No. 130220117, Final Order (Feb. 22, 2013).
[61] *Application of Community Electric Cooperative, For a general increase in rates*, Case No. PUE-2012-00041. Doc. Con. Ctr. No. 130330135, Final Order (Mar. 22, 2013).

L. Performance Incentive

On March 5, 2012, the Commission issued an Order Initiating Rulemaking Proceeding[62] to develop specific performance metrics and nationally recognized standards the Commission should consider when assessing whether or not a positive or negative performance incentive, based on generating plant performance, customer service, and operating efficiency, should be applied in determining a combined rate of return, as authorized by § 56-585.1 A 2 c of the Code. The Commission directed the Staff to draft proposed rules and regulations relative to performance incentive filing requirements and submit the same to the Commission for further consideration after consultation with stakeholders and other interested persons. Effective February 1, 2013, following the rulemaking proceeding, the Commission revised its Rules Governing Utility Rate Applications and Annual Informational Filings, as set forth in 20 VAC 5-210-10 *et seq.*[63] to include, in part, Schedule 49 – Data Pertaining to Nationally Recognized Standards for Generating Plant Performance, Customer Service, and operating Efficiency. However, the 2013 Virginia General Assembly amended the Regulation Act, which amendments apply to proceedings filed pursuant to §§ 56-585.1 or 56-585.2 of the Code on or after January 1, 2013, including § 56-585.1 A 2 c of the Code relative to the Performance Incentive[64] as follows:

> *The Commission may, consistent with its precedent for incumbent electric utilities prior to the enactment of Chapters 888 and 933 of the Acts of Assembly of 2007, increase or decrease the utility's combined rate of return based on the Commission's consideration of the utility's performance.*

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[62] *Commonwealth of Virginia, ex rel., State Corporation Commission, Ex Parte: In re: In the matter of adopting rules and regulations for consideration of the Performance Incentive authorized by § 56-585.1 A 2 c of the Code of* Virginia, Case No. PUE-2012-00021, Doc. Con. Ctr. No. 120310101, Order Initiating Rulemaking Proceeding (Mar. 5, 2012).

[63] *Commonwealth of Virginia, ex rel., State Corporation Commission, Ex Parte: In re: In the matter of adopting rules and regulations for consideration of the Performance Incentive authorized by § 56-585.1 A 2 c of the Code of Virginia*, Case No. PUE-2012-00021, Doc. Cont. Cen. No. 130110182, Order Adopting Rules and Regulations (Jan. 11, 2013).

[64] As part of the 2013 amendments to the Regulation Act, the Virginia General Assembly amended §§ 56-585.1 and 56-585.2 of the Code, relating to the regulation of IOUs. *See Virginia Acts of Assembly*, 2013 Session, Chapter 2 (approved Feb. 14, 2013; effective Feb. 14, 2013).

III. ELECTRICITY PRICES

The Commission continues to monitor electric rates in the Commonwealth, with a particular focus on changes in rates since the Regulation Act went into effect on July 1, 2007. Appendix 1 compares the change in Virginia residential rates since implementing the Regulation Act.

Section 56-585.1 A 2 e of the Code requires that in setting the ROE for an electric IOU, "the Commission shall strive to maintain costs of retail electric energy that are cost competitive with costs of retail electric energy provided by the other peer group investor-owned electric utilities." To that end, pursuant to the Seventh Enactment Clause of Chapter 933 of the 2007 Acts of Assembly, the Commission is to report by November 1, 2013, on the rates, terms and conditions of incumbent electric utilities in the Commonwealth. The report is to include analyses of the amount, reliability, and type of generation facilities required to serve Virginia native load compared to that available to serve such load. The report also must compare Virginia incumbent electric utilities to those in their peer groups that meet the criteria of § 56-585.1 A 2 of the Code.

Pursuant to these directives, the Commission, through its Staff, developed several rate comparisons that utilize information from various Edison Electric Institute ("EEI") publications in an effort to assess the competitiveness of DVP's and APCo's rates as compared to those of the statutorily defined peer groups. In examining rate competitiveness, this analysis focused on the level of rates and did not attempt to focus on other potential measures of competitiveness such as electrical costs as a percent of income or as a percent of production costs.

The EEI information was used in several ways to rank the rates of APCo, DVP, and their peer groups from lowest to highest.[65] First, the EEI data was used to compare average revenue per kWh for residential, commercial, and industrial rates for 2006 and 2012.[66] The 2012 information was utilized to assess the competitiveness of the then current rates. The 2012 information was then compared to the 2006 data to determine whether there has been any upward or downward trend in DVP's or APCo's rate competitiveness.

Typical bills for DVP, APCo, and their statutorily defined peer groups also were examined for differing customer groups and varying ranges of consumption.[67] This analysis focuses on typical bills for residential, commercial, and industrial customers and examines the competitiveness of DVP's rates and APCo's rates that were in effect on January 1, 2013, and any change of such rates in effect in 2006. It should be noted that the typical bill comparisons are based on the annualized rates in effect on January 1, 2013, and as such do not reflect any subsequent or pending rate changes. Any pending changes could increase or decrease the relative competitiveness of DVP's or APCo's rates and potentially their ranking if the rates of the peer group do not change on a comparable basis.

The change in average rates per customer class is summarized in Appendix 2 to this report, which presents the average 2006 and 2012 revenue information for DVP, APCo, and their statutorily defined peer groups for residential, commercial, and industrial rates.

Appendices 3, 4, and 5 present typical bill information for residential, commercial, and industrial customers, respectively, of DVP, APCo, and their statutorily defined peer groups. The typical bills presented in these appendices are annualized so that seasonal rate differences (*i.e.*,

[65] It should be noted that the number of companies ranked differ for the average revenue per kWh comparisons and typical bill comparisons. While multi-state companies have been combined on a weighted average basis in the average revenue comparisons, they are listed separately in the typical bill comparisons since the rates of multi-state companies vary from state to state.

[66] The 2012 information was taken from EEI's "Typical Bills and Average Rates Report Winter 2013." The 2006 information was taken from EEI's "Typical Bills and Average Rates Report Winter 2007" and the Excel files accompanying that report.

[67] Typical Bills are presented based on the usage and demand levels reported in the EEI reports.

summer and winter rate differentials) are averaged across the year. Typical bills are presented separately by state for those companies that serve in multiple states.

APCo's and DVP's 2012-13 electricity rates appear to be competitive with their peer utilities, although pending rate requests could lessen the competitiveness of electricity rates in the future.

IV. REGIONAL TRANSMISSION ENTITY PARTICIPATION

Section 56-579 G of the Code requires the Commission to report annually "its assessment of the practices and policies of the regional transmission entity ("RTE") to which the Commission has approved the transfer of management and control of an incumbent electric utility's transmission assets."[68] APCo, DVP, and Old Dominion Electric Cooperative ("ODEC") are currently participating in such an RTE known as PJM.[69] This report will discuss recent developments in RTE participation and the impacts of RTE operations on the energy market.

Pursuant to § 56-579 A of the Code, Virginia's largest electric utilities have now been integrated into PJM for nine years and will continue to participate in PJM markets and processes in substantial ways. For example, Virginia's electric cooperatives and municipal utilities and their retail customers remain affected by PJM wholesale market electricity prices. Dominion currently purchases a significant portion of its energy needs from PJM-administered wholesale markets. In addition, Virginia's utilities participate in PJM demand response programs and are affected by PJM's transmission system planning.

Prices associated with PJM's energy markets are based on a system of locational marginal prices, commonly referred to as LMP, where the price of electricity for a given time increment is based on the offer to sell electricity submitted by the last, or highest-priced, generating unit needed to operate during that time period, as selected through a competitive

[68] This also is referred to as regional transmission organization, or RTO.
[69] PJM accepted control of AEP's transmission facilities, including those of APCo, on October 1, 2004, and Dominion Virginia Power's transmission facilities on May 1, 2005.

auction. All generating units selected during this time interval receive the same payment based on the last selected bid; *i.e.*, the "market clearing" price. Virginia's electricity consumers are impacted to the extent that its utilities purchase electricity from and sell electricity to the PJM market.

PJM also manages a capacity market that is designed to ensure the adequate availability of necessary resources; *i.e.*, generating capacity or demand response that can be called upon whenever needed to ensure the reliability of the electrical grid. The basis for the PJM capacity market design is the Reliability Pricing Model ("RPM"). The goal of RPM is to align capacity pricing with system reliability requirements and to provide transparent information to all market participants far enough in advance for actionable response to the information. In simpler terms, RPM is supposed to produce prices high enough to spur construction of new generation or transmission where needed to promote reliable service. DVP and ODEC participate in the RPM. The PJM capacity market also contains an alternative method of participation, known as the Fixed Resource Requirement ("FRR") Alternative ("FRR Alternative"). The FRR Alternative provides utilities with the option to submit an FRR Capacity Plan and meet a fixed capacity resource requirement as an alternative to the requirement to participate in the RPM. APCo utilizes the FRR Alternative and has opted out of the capacity auction through the 2016/2017 plan year.

V. SIGNIFICANT RTE-RELATED DOCKETS AT THE FERC

Section 56-579 C of the Code directs the Commission to participate "to the fullest extent permitted" in RTE-related dockets at the FERC. The following is a discussion of recent developments in significant RTE-related dockets at the FERC in which the Commission participated.

A. PJM's Reliability Pricing Model

PJM has conducted several RPM auctions under procedures approved by the FERC. The May 2008 auction, for the 2011-2012 delivery year, was the first to procure capacity under a full three-year forward commitment.[70] The most recent auction, for the 2016-2017 delivery year, was completed on May 17, 2013.[71] The FERC has adjudicated numerous disputes regarding the RPM auctions, and the Commission has frequently intervened in support of such complaints. FERC recently implemented changes to the RPM auction rules to increase the ability of vertically integrated electric utilities and cooperatives, like DVP and ODEC, to clear their new generation facilities in the auction.[72]

B. Issues Related to PJM's Market Monitoring Function

The Commission has long been concerned with market monitoring issues at PJM. OPSI has shared these concerns as well. The Commission, working with OPSI, continues to monitor interactions between PJM and its market monitor and communicates with PJM and the market monitor on a regular basis regarding such issues. This year, the Commission has been involved, through OPSI, in scrutinizing PJM's process for selecting a market monitor. On July 16, 2013, PJM announced an agreement allowing Monitoring Analytics, LLC to continue providing independent market monitoring services.

C. Cost Allocation and Regional Transmission Planning

In 2007, the FERC approved a proposal from PJM that would socialize costs of transmission projects operating at or above 500 kV across all PJM transmission zones, based on

[70] PJM conducts a Base Residual Auction each year to establish prices for the three-year planning horizon and also conducts incremental auctions as needed to adjust the PJM supply portfolio for known conditions.
[71] PJM reported that the 2013 auction again attracted a record amount of new generation, capacity imports, and energy efficiency but with some reduction in demand response resulting in generally lower prices for most areas of the PJM footprint due to competition from new gas-fired generation, low growth in demand because of the slow economy, and increased imports of capacity from other regions, particularly from the Midcontinent ISO.
[72] PJM Interconnection, L.L.C., 143 FERC ¶ 61,090 (2013), reh'g pending.

the transmission owners' respective load ratio shares.[73] Projects operating below 500 kV would continue to be financed under PJM's existing methodology, wherein all new facilities in PJM's region have been financed by contributions from the region's electric utilities calculated on the basis of the benefits that each utility receives from the facilities.

On August 6, 2009, the U.S. Court of Appeals for the Seventh Circuit ruled that the FERC had not justified its cost allocation methodology for projects operating above 500 kV, finding that the FERC is not authorized to approve a pricing scheme that requires a group of utilities to pay for facilities from which its members derive no benefits, or benefits that are trivial in relation to the costs sought to be shifted to its members.[74] The Court remanded the case to the FERC for further consideration. On March 30, 2012, FERC issued its Order on Remand, in which it reiterated that PJM's pre-existing tariff and practice of utilizing exclusively a static flow-based model for allocating the costs of high voltage transmission lines is unjust and unreasonable, and that allocating costs of transmission enhancements that operate at or above 500 kV to utility zones using a postage stamp cost allocation methodology is a just, reasonable, and not unduly discriminatory method of allocating the costs of these new facilities.[75]

On July 11, 2011, the FERC issued a final rule, known as Order No. 1000, reforming its transmission planning and cost allocation policy.[76] Order No. 1000 requires transmission providers to participate in regional transmission planning processes to develop regional transmission plans that would identify necessary transmission facilities and non-transmission solutions. In addition, a transmission provider would be required to specify in its Open Access Transmission Tariff the procedures for evaluating transmission projects proposed to satisfy public policy requirements.

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[73] PJM Interconnection, L.L.C., 119 FERC ¶ 61,063 (2007), reh'g denied, 122 FERC ¶ 61,082 (2008).
[74] Illinois Commerce Comm'n v. F.E.R.C., 576 F.3d 470 (7th Cir. 2009).
[75] PJM Interconnection L.L.C., 138 FERC ¶ 61,230 (2012) reh'g pending.
[76] Transmission Planning and Cost Allocation by Transmission Owning and Operating Public Utilities, Order No. 1000, 136 FERC ¶ 61,051 (2011).

Order No. 1000 also includes provisions intended to prevent undue discrimination against non-incumbent transmission providers (*e.g.*, merchant transmission developers or utilities developing projects outside of their service territories), eliminated the federal right of first refusal previously provided to utilities when developing transmission projects, and proposed to improve coordination between regional planning processes.

Finally, Order No. 1000 requires that regional cost allocation methodologies follow six general principles of cost allocation.[77] FERC's Order No. 1000 has been appealed by numerous parties, including a number of IOUs participating through appeals filed by EEI and the Coalition for Fair Transmission Policy.

On March 22, 2013, FERC approved changes to the cost allocation for new transmission facilities in the PJM region.[78] Whereas projects 500 kV and above were previously 100% socialized across the PJM region, as a general matter, projects 345 kV and above are now 50% socialized with the remaining 50% financed by contributions from the region's electric utilities calculated on the basis of the benefits that each utility receives from the facilities. New projects below 345 kV are financed entirely by the utilities that benefit from the facilities.[79]

D. Eastern Interconnection Planning Collaborative

The Eastern Interconnection Planning Collaborative ("EIPC") is a coalition of 24 regional Planning Authorities listed on the North American Electric Reliability Corporation compliance registry, and other interested stakeholders, representing the entire Eastern Interconnection. EIPC was awarded a $16 million grant by the U.S. Department of Energy ("DOE") to integrate existing sub-regional plans and evaluate longer-term resource and policy

[77] The six principles are: (1) costs should be allocated in a way roughly commensurate with benefits; (2) no involuntary allocation of costs to non-beneficiaries; (3) cost-benefit thresholds should not be set so high as to exclude projects with significant positive net benefits; (4) allocation must be solely within a planning region unless outsiders voluntarily assume costs; (5) there must be a transparent method for determining benefits and identifying beneficiaries; and (6) a region may elect to use different cost allocation methodologies for different types of facilities.

[78] Indicated PJM Transmission Owners, 142 FERC ¶ 61,214 (2013), reh'g pending.

[79] The cost allocation for 345 kV projects and other types of projects depends on their specific details.

scenarios. Subsequently, the Eastern Interconnection States Planning Council[80] was awarded a $14 million grant by the DOE to develop inputs as needed to conduct the interconnection-level analyses prepared by EIPC and to designate energy zones of particular interest for low- or no-carbon electricity.

The Commission participated in discussions relating to the implementation of the studies funded by the DOE grant.[81] The Staff has been attending meetings and is part of the ongoing discussions and studies. EIPC submitted its final report to the DOE on December 22, 2012, concluding the work originally identified in the federal grant.[82] The report identifies three planning scenarios suitable for interregional coordination. EIPC's funding was extended in 2013, and current plans call for continuing operations through 2015, focusing on research into demand response, energy efficiency, energy storage, customer-owned generation, smart grid studies and incentives and disincentives to nuclear power development. EIPC also has developed a web-based mapping tool that will support EIPC member jurisdictions as they identify areas within the interconnection that are suitable for developing clean energy resources and determining potential clean energy zones.[83]

VI. CLOSING

The Commission continues to execute its responsibilities under the Regulation Act. The Commission does not offer any legislative recommendations at this time but stands ready to provide additional information or assistance if requested.

[80] The District of Columbia, the City of New Orleans, and the 39 states located within the Eastern Interconnection comprise the 41 entities that have state or local regulatory jurisdiction over the retail electric industry.
[81] The Commission's participation does not imply that the Commission endorses any specific recommendations or agreements that may result from the EIPC, and the Commission has expressly reserved the right to oppose or decline to endorse any specific proposal or recommendation that the Commission believes conflicts, expressly or implicitly, with Virginia law.
[82] *See* http://www.eipconline.com/uploads/20130103_Phase2Report_Part1_Final.pdf.
[83] *See* http://eispctools.anl.gov/.

Appendix 1

CHANGE IN VIRGINIA RESIDENTIAL RATES
SINCE IMPLEMENTING THE REGULATION ACT

Residential Consumer Electric Rates in Virginia
Expressed in $ per 1,000 kWh

Utilities	*Jul-07*	*Jul-13*	*Change*	*% Increase*
IOU				
Appalachian Power Company	$66.61	$109.78	$43.17	64.81
Dominion Virginia Power	90.60	110.75	20.15	22.25
Old Dominion/Kentucky Utilities	67.57	91.77	24.20	35.81
Electric Cooperatives				
A&N	122.59	112.10	-10.49	-8.56
BARC	123.18	114.77	-8.41	-6.83
Central Virginia	83.04	124.25	41.21	49.63
Community	122.37	112.47	-9.90	-8.09
Craig Botetourt	114.90	144.40	29.50	25.67
Mecklenburg	121.71	126.68	4.97	4.08
Northern Neck	126.35	129.85	3.50	2.77
Northern Virginia	129.20	116.48	-12.72	-9.85
Prince George	118.62	120.43	1.81	1.52
Rappahannock	127.72	118.80	-8.92	-6.98
Shenandoah Valley	115.12	103.20	-11.92	-10.36
Southside	133.32	117.32	-16.00	-12.00

NOTES

1. For the Electric Cooperatives, the residential consumer electric rates include the wholesale power cost adjustment rates as filed with Staff in the month of June.
2. Craig Botetourt Electric Cooperative's rates are expected to decrease by five percent effective August 1, 2013.
3. Sales and Use, Consumption and Local Utility taxes are not included in the rate calculations.
4. DVP's 2013 rates are annualized. DVP's rates do not include Rider BRX. Rider BRX is a one-time credit applied to customer bills during the course of cycle billing, beginning July 22, 2013.

Appendix 2

CHANGE IN AVERAGE RATES PER CUSTOMER CLASS

PEER GROUP
Rate Comparison
Average Revenue per kWh

Total Rate:	2006 ¢/kWh	2012 ¢/kWh	Change %	2006 Rank	2012 Rank	Rank Change
Alabama Power	7.09	9.14	28.95	5	10	-5
Appalachian Power Company (VA)	5.04	8.66	71.83	1	7	-6
Dominion Virginia Power	6.79	8.64	27.28	4	6	-2
DUKE Energy Carolinas (NC)	6.48	8.35	28.78	3	5	-2
DUKE Energy Carolinas (SC)	5.54	7.38	33.14	2	1	1
Entergy Mississippi, Inc	9.89	7.62	-22.98	12	2	10
FP&L Company	11.22	9.59	-14.52	15	11	4
Georgia Power	7.29	9.01	23.60	8	9	-1
Gulf Power	7.98	10.63	33.21	11	13	-2
Mississippi Power	7.21	7.70	6.79	6	3	3
Progress Energy Carolinas, Inc. (NC)	7.60	8.85	16.47	9	8	1
Progress Energy Carolinas, Inc. (SC)	7.27	8.27	13.69	7	4	3
Progress Energy Florida, Inc.	10.55	11.62	10.17	14	15	-1
SCE&G	7.83	10.75	37.34	10	14	-4
Tampa Electric Company	9.96	10.50	5.38	13	12	1
Average For South Atlantic	8.26	9.38	13.56			
USA Average	8.89	10.09	13.50			

Residential Rate:	2006 ¢/kWh	2012 ¢/kWh	Change %	2006 Rank	2012 Rank	Rank Change
Alabama Power	8.93	11.74	31.44	6	12	-6
Appalachian Power Company (Va)	5.95	10.60	78.15	1	7	-6
Dominion Virginia Power	8.43	11.04	30.97	4	8	-4
DUKE Energy Carolinas (NC)	7.93	10.21	28.69	3	4	-1
DUKE Energy Carolinas (SC)	7.33	9.84	34.22	2	2	0
Entergy Mississippi, Inc	10.55	8.17	-22.57	12	1	11
FP&L Company	11.90	10.47	-12.01	15	6	9
Georgia Power	8.82	11.60	31.59	5	11	-6
Gulf Power	9.07	11.94	31.69	9	13	-4
Mississippi Power	10.12	11.09	9.54	11	9	2
Progress Energy Carolinas, Inc. (NC)	9.03	10.43	15.57	8	5	3
Progress Energy Carolinas, Inc. (SC)	9.01	9.96	10.57	7	3	4
Progress Energy Florida, Inc.	11.79	13.17	11.69	14	14	0
SCE&G	9.92	13.72	38.32	10	15	-5
Tampa Electric Company	10.97	11.42	4.10	13	10	3
Average For South Atlantic	9.79	11.23	14.71			
USA Average	10.62	12.20	14.88			

PEER GROUP
Rate Comparison
Average Revenue per kWh

Commercial Rate:	2006 ¢/kWh	2012 ¢/kWh	Change %	2006 Rank	2012 Rank	Rank Change
Alabama Power	8.17	10.68	30.76	11	15	-4
Appalachian Power Company (Va)	5.09	8.44	65.82	1	5	-4
Dominion Virginia Power	6.08	7.88	29.61	2	2	0
DUKE Energy Carolinas (NC)	6.31	7.88	24.88	4	3	1
DUKE Energy Carolinas (SC)	6.26	7.95	26.96	3	4	-1
Entergy Mississippi, Inc	10.20	7.76	-23.96	14	1	13
FP&L Company	10.54	8.68	-17.65	15	7	8
Georgia Power	7.50	9.19	22.47	6	10	-4
Gulf Power	7.59	10.01	31.94	7	12	-5
Mississippi Power	8.05	8.60	6.84	9	6	3
Progress Energy Carolinas, Inc. (NC)	7.46	8.70	16.58	5	8	-3
Progress Energy Carolinas, Inc. (SC)	8.05	8.76	8.78	10	9	1
Progress Energy Florida, Inc.	9.62	10.33	7.43	13	13	0
SCE&G	7.91	10.60	34.08	8	14	-6
Tampa Electric Company	9.48	9.90	4.48	12	11	1
Average For South Atlantic	8.33	8.85	6.24			
USA Average	9.33	10.19	9.22			

Industrial Rate:	2006 ¢/kWh	2012 ¢/kWh	Change %	2006 Rank	2012 Rank	Rank Change
Alabama Power	4.92	6.07	23.44	5	6	-1
Appalachian Power Company (Va)	3.85	6.48	68.31	1	9	-8
Dominion Virginia Power	4.62	6.24	34.98	3	8	-5
DUKE Energy Carolinas (NC)	4.73	6.03	27.62	4	5	-1
DUKE Energy Carolinas (SC)	4.04	5.23	29.40	2	1	1
Entergy Mississippi, Inc	8.04	5.85	-27.21	13	4	9
FP&L Company	8.87	6.87	-22.55	15	11	4
Georgia Power	5.39	5.72	6.05	8	3	5
Gulf Power	5.85	8.06	37.80	11	13	-2
Mississippi Power	5.10	5.59	9.55	6	2	4
Progress Energy Carolinas, Inc. (NC)	5.78	6.64	14.85	10	10	0
Progress Energy Carolinas, Inc. (SC)	5.64	6.17	9.35	9	7	2
Progress Energy Florida, Inc.	8.31	9.14	9.99	14	15	-1
SCE&G	5.15	7.10	37.74	7	12	-5
Tampa Electric Company	7.65	8.84	15.50	12	14	-2
Average For South Atlantic	5.19	6.54	26.01			
USA Average	6.00	6.60	10.00			

Appendix 3

TYPICAL RESIDENTIAL BILLS

PEER GROUP
Typical Bill Comparison
Residential Customers

Monthly Usage of 500 kWh:	2006 $	2013 $	Change %	2006 Rank	2013 Rank	Rank Change
Alabama Power	53.33	68.43	28.31	11	15	-4
Appalachian Power Company (Va)	34.58	60.55	75.10	2	12	-10
Appalachian Power Company (WV)	32.48	53.91	65.98	1	3	-2
Dominion North Carolina Power	49.38	59.29	20.07	8	10	-2
Dominion Virginia Power	48.00	58.02	20.88	6	9	-3
DUKE Energy Carolinas (NC)	44.09	56.57	28.31	4	6	-2
DUKE Energy Carolinas (SC)	39.55	53.87	36.21	3	2	1
Entergy Mississippi, Inc	60.81	57.74	-5.05	16	8	8
FP&L Company	56.97	50.57	-11.23	13	1	12
Georgia Power	45.28	59.98	32.46	5	11	-6
Gulf Power	51.30	67.14	30.88	10	14	-4
Mississippi Power	64.08	71.05	10.88	17	16	1
Progress Energy Carolinas, Inc. (NC)	48.69	55.62	14.23	7	5	2
Progress Energy Carolinas, Inc. (SC)	51.17	54.30	6.12	9	4	5
Progress Energy Florida, Inc.	58.90	62.52	6.15	14	13	1
SCE&G	53.73	73.49	36.78	12	17	-5
Tampa Electric Company	59.17	56.69	-4.19	15	7	8
Average For South Atlantic	49.07	60.85	24.01			
USA Average	56.20	67.58	20.25			

Monthly Usage of 750 kWh:	2006 $	2013 $	Change %	2006 Rank	2013 Rank	Rank Change
Alabama Power	74.35	95.21	28.06	11	16	-5
Appalachian Power Company (Va)	48.38	86.63	79.06	2	12	-10
Appalachian Power Company (WV)	43.88	75.33	71.67	1	2	-1
Dominion North Carolina Power	69.30	83.25	20.13	7	9	-2
Dominion Virginia Power	68.48	83.54	21.99	6	10	-4
DUKE Energy Carolinas (NC)	63.52	79.80	25.63	4	7	-3
DUKE Energy Carolinas (SC)	56.24	77.16	37.20	3	4	-1
Entergy Mississippi, Inc	81.37	76.67	-5.78	13	3	10
FP&L Company	82.79	72.52	-12.40	14	1	13
Georgia Power	67.28	85.33	26.83	5	11	-6
Gulf Power	71.82	93.01	29.50	9	14	-5
Mississippi Power	85.27	93.20	9.30	17	15	2
Progress Energy Carolinas, Inc. (NC)	69.66	79.84	14.61	8	8	0
Progress Energy Carolinas, Inc. (SC)	73.50	78.20	6.39	10	5	5
Progress Energy Florida, Inc.	84.23	89.29	6.01	15	13	2
SCE&G	76.84	105.49	37.29	12	17	-5
Tampa Electric Company	84.39	79.64	-5.63	16	6	10
Average For South Atlantic	70.42	87.09	23.67			
USA Average	81.56	97.85	19.97			

PEER GROUP
Typical Bill Comparison
Residential Customers

Monthly Usage of 1000 kWh:	2006 $	2013 $	Change %	2006 Rank	2013 Rank	Rank Change
Alabama Power	93.40	119.91	28.38	9	16	-7
Appalachian Power Company (Va)	61.39	112.69	83.56	2	12	-10
Appalachian Power Company (WV)	55.28	96.76	75.04	1	3	-2
Dominion North Carolina Power	89.24	107.21	20.14	6	9	-3
Dominion Virginia Power	87.18	107.22	22.99	5	10	-5
DUKE Energy Carolinas (NC)	82.95	103.03	24.21	4	7	-3
DUKE Energy Carolinas (SC)	72.93	100.45	37.73	3	4	-1
Entergy Mississippi, Inc	101.92	95.63	-6.17	13	2	11
FP&L Company	108.61	94.49	-13.00	15	1	14
Georgia Power	93.91	111.90	19.16	10	11	-1
Gulf Power	92.34	118.88	28.74	8	15	-7
Mississippi Power	106.27	115.18	8.38	14	13	1
Progress Energy Carolinas, Inc. (NC)	90.62	104.06	14.83	7	8	-1
Progress Energy Carolinas, Inc. (SC)	94.50	100.77	6.63	11	5	6
Progress Energy Florida, Inc.	109.56	116.06	5.93	16	14	2
SCE&G	99.95	137.65	37.72	12	17	-5
Tampa Electric Company	109.61	102.58	-6.41	17	6	11
Average For South Atlantic	91.75	113.26	23.44			
USA Average	106.52	127.81	19.99			

Appendix 4

TYPICAL COMMERCIAL BILLS

Usage of 375 kWh:	2006 $	2013 $	Change %	2006 Rank	2013 Rank	Rank Change
Alabama Power	50.00	77.00	54.00	11	16	-5
Appalachian Power Company (Va)	28.00	46.00	64.29	2	3	-1
Appalachian Power Company (WV)	26.00	39.00	50.00	1	1	0
Dominion North Carolina Power	45.00	55.00	22.22	5	9	-4
Dominion Virginia Power	44.08	50.00	13.43	4	6	-2
DUKE Energy Carolinas (NC)	48.00	65.00	35.42	8	13	-5
DUKE Energy Carolinas (SC)	44.00	54.00	22.73	3	8	-5
Entergy Mississippi, Inc	56.00	55.00	-1.79	15	10	5
FP&L Company	50.00	43.00	-14.00	12	2	10
Georgia Power	56.00	74.00	32.14	16	15	1
Gulf Power	47.00	59.00	25.53	7	11	-4
Mississippi Power	64.00	n/a		17	17	0
Progress Energy Carolinas, Inc. (NC)	48.00	60.00	25.00	9	12	-3
Progress Energy Carolinas, Inc. (SC)	48.00	49.00	2.08	10	5	5
Progress Energy Florida, Inc.	51.00	53.00	3.92	14	7	7
SCE&G	50.00	67.00	34.00	13	14	-1
Tampa Electric Company	46.00	48.00	4.35	6	4	2
Average For South Atlantic	48.00	55.00	14.58			
USA Average	53.00	61.00	15.09			

Usage of 1500 kWh:	2006 $	2013 $	Change %	2006 Rank	2013 Rank	Rank Change
Alabama Power	110.00	232.00	110.91	11	15	-4
Appalachian Power Company (Va)	60.00	152.00	153.33	2	3	-1
Appalachian Power Company (WV)	58.00	133.00	129.31	1	1	0
Dominion North Carolina Power	92.00	156.00	69.57	5	5	0
Dominion Virginia Power	91.77	154.00	67.81	4	4	0
DUKE Energy Carolinas (NC)	110.00	197.00	79.09	12	13	-1
DUKE Energy Carolinas (SC)	105.00	188.00	79.05	8	12	-4
Entergy Mississippi, Inc	133.00	168.00	26.32	17	7	10
FP&L Company	120.00	149.00	24.17	14	2	12
Georgia Power	130.00	245.00	88.46	16	16	0
Gulf Power	103.00	182.00	76.70	7	11	-4
Mississippi Power	128.00	n/a		15	17	-2
Progress Energy Carolinas, Inc. (NC)	87.00	169.00	94.25	3	8	-5
Progress Energy Carolinas, Inc. (SC)	93.00	169.00	81.72	6	9	-3
Progress Energy Florida, Inc.	118.00	177.00	50.00	13	10	3
SCE&G	108.00	207.00	91.67	9	14	-5
Tampa Electric Company	109.00	159.00	45.87	10	6	4
Average For South Atlantic	109.00	170.00	55.96			
USA Average	118.00	190.00	61.02			

Demand of 40 kW and Usage of 10,000 kWh:	2006 $	2013 $	Change %	2006 Rank	2013 Rank	Rank Change
Alabama Power	961.00	1,288.00	34.03	12	16	-4
Appalachian Power Company (Va)	580.00	1,021.00	76.03	2	11	-9
Appalachian Power Company (WV)	569.00	951.00	67.14	1	6	-5
Dominion North Carolina Power	731.00	884.00	20.93	5	5	0
Dominion Virginia Power	802.00	973.00	21.32	7	8	-1
DUKE Energy Carolinas (NC)	723.00	881.00	21.85	4	4	0
DUKE Energy Carolinas (SC)	678.00	839.00	23.75	3	1	2
Entergy Mississippi, Inc	1,078.00	1,009.00	-6.40	16	10	6
FP&L Company	1,117.00	975.00	-12.71	17	9	8
Georgia Power	1,038.00	1,356.00	30.64	15	17	-2
Gulf Power	811.00	1,025.00	26.39	8	12	-4
Mississippi Power	955.00	951.00	-0.42	11	7	4
Progress Energy Carolinas, Inc. (NC)	753.00	880.00	16.87	6	3	3
Progress Energy Carolinas, Inc. (SC)	824.00	862.00	4.61	9	2	7
Progress Energy Florida, Inc.	982.00	1,245.00	26.78	13	14	-1
SCE&G	934.00	1,249.00	33.73	10	15	-5
Tampa Electric Company	1,013.00	1,078.00	6.42	14	13	1
Average For South Atlantic	930.00	1,068.00	14.84			
USA Average	1,051.00	1,195.00	13.70			

Demand of 40 kW and Usage of 14,000 kWh:	2006 $	2013 $	Change %	2006 Rank	2013 Rank	Rank Change
Alabama Power	1,192.00	1,617.00	35.65	11	15	-4
Appalachian Power Company (Va)	731.00	1,260.00	72.37	1	10	-9
Appalachian Power Company (WV)	731.00	1,225.00	67.58	2	9	-7
Dominion North Carolina Power	963.00	1,164.00	20.87	7	5	2
Dominion Virginia Power	951.00	1,175.00	23.55	6	6	0
DUKE Energy Carolinas (NC)	938.00	1,123.00	19.72	5	4	1
DUKE Energy Carolinas (SC)	875.00	1,085.00	24.00	3	2	1
Entergy Mississippi, Inc	1,409.00	1,303.00	-7.52	15	11	4
FP&L Company	1,438.00	1,187.00	-17.45	17	7	10
Georgia Power	1,192.00	1,542.00	29.36	12	14	-2
Gulf Power	1,032.00	1,320.00	27.91	9	13	-4
Mississippi Power	1,189.00	1,194.00	0.42	10	8	2
Progress Energy Carolinas, Inc. (NC)	913.00	1,088.00	19.17	4	3	1
Progress Energy Carolinas, Inc. (SC)	1,009.00	1,061.00	5.15	8	1	7
Progress Energy Florida, Inc.	1,314.00	1,648.00	25.42	14	16	-2
SCE&G	1,299.00	1,737.00	33.72	13	17	-4
Tampa Electric Company	1,415.00	1,318.00	-6.86	16	12	4
Average For South Atlantic	1,205.00	1,370.00	13.69			
USA Average	1,342.00	1,533.00	14.23			

Demand of 500 kW and Usage of 150,000 kWh	2006 $	2013 $	Change %	2006 Rank	2013 Rank	Rank Change
Alabama Power	13,463.00	17,621.00	30.88	13	16	-3
Appalachian Power Company (Va)	8,017.00	14,402.00	79.64	1	13	-12
Appalachian Power Company (WV)	8,062.00	13,404.00	66.26	2	9	-7
Dominion North Carolina Power	10,726.00	12,963.00	20.86	7	7	0
Dominion Virginia Power	9,860.00	12,550.00	27.28	5	6	-1
DUKE Energy Carolinas (NC)	9,799.00	11,514.00	17.50	4	3	1
DUKE Energy Carolinas (SC)	9,029.00	11,704.00	29.63	3	4	-1
Entergy Mississippi, Inc	13,147.00	11,763.00	-10.53	12	5	7
FP&L Company	15,707.00	13,333.00	-15.11	17	8	9
Georgia Power	12,416.16	16,033.00	29.13	10	15	-5
Gulf Power	11,620.00	14,921.00	28.41	9	14	-5
Mississippi Power	12,531.00	13,599.00	8.52	11	10	1
Progress Energy Carolinas, Inc. (NC)	10,172.00	11,468.00	12.74	6	2	4
Progress Energy Carolinas, Inc. (SC)	11,225.00	11,459.00	2.08	8	1	7
Progress Energy Florida, Inc.	14,074.00	14,051.00	-0.16	15	11	4
SCE&G	13,699.00	18,535.00	35.30	14	17	-3
Tampa Electric Company	14,118.00	14,300.00	1.29	16	12	4
Average For South Atlantic	12,694.00	14,198.00	11.85			
USA Average	14,015.00	15,776.00	12.57			

Demand of 500 kW and Usage of 180,000 kWh:	2006 $	2013 $	Change %	2006 Rank	2013 Rank	Rank Change
Alabama Power	15,198.00	20,152.00	32.60	13	17	-4
Appalachian Power Company (Va)	8,722.00	15,888.00	82.16	1	11	-10
Appalachian Power Company (WV)	9,150.00	15,320.00	67.43	2	10	-8
Dominion North Carolina Power	12,129.00	14,461.00	19.23	7	7	0
Dominion Virginia Power	10,533.00	13,477.00	27.95	4	4	0
DUKE Energy Carolinas (NC)	11,402.00	13,291.00	16.57	6	3	3
DUKE Energy Carolinas (SC)	10,392.00	13,659.00	31.44	3	6	-3
Entergy Mississippi, Inc	15,294.00	13,593.00	-11.12	14	5	9
FP&L Company	18,021.00	14,783.00	-17.97	17	8	9
Georgia Power	13,574.88	17,430.00	28.40	10	15	-5
Gulf Power	13,015.00	16,833.00	29.34	9	14	-5
Mississippi Power	14,124.00	15,304.00	8.35	11	9	2
Progress Energy Carolinas, Inc. (NC)	11,367.00	12,921.00	13.67	5	2	3
Progress Energy Carolinas, Inc. (SC)	12,612.00	12,881.00	2.13	8	1	7
Progress Energy Florida, Inc.	16,538.00	16,310.00	-1.38	16	13	3
SCE&G	14,708.00	20,085.00	36.56	12	16	-4
Tampa Electric Company	16,189.00	16,102.00	-0.54	15	12	3
Average For South Atlantic	14,447.00	15,986.00	10.65			
USA Average	15,959.00	17,892.00	12.11			

Appendix 5

TYPICAL INDUSTRIAL BILLS

Demand of 75 kW and Usage of 15,000 kWh:	2006 $	2013 $	Change %	2006 Rank	2013 Rank	Rank Change
Alabama Power	1,457	1,914	31.37	11	15	-4
Appalachian Power Company (Va)	912	1,584	73.68	2	8	-6
Appalachian Power Company (WV)	908	1,508	66.08	1	6	-5
Dominion North Carolina Power	1,079	1,305	20.95	4	3	1
Dominion Virginia Power	1,317	1,629	23.69	8	11	-3
DUKE Energy Carolinas (NC)	1,101	1,281	16.35	5	2	3
DUKE Energy Carolinas (SC)	1,030	1,192	15.73	3	1	2
Entergy Mississippi, Inc	1,637	1,534	-6.29	15	7	8
FP&L Company	1,765	1,613	-8.61	17	10	7
Georgia Power	1,737	2,218	27.69	16	17	-1
Gulf Power	1,281	1,607	25.45	7	9	-2
Mississippi Power	1,519	1,692	11.39	12	12	0
Progress Energy Carolinas, Inc. (NC)	1,243	1,406	13.11	6	5	1
Progress Energy Carolinas, Inc. (SC)	1,331	1,357	1.95	9	4	5
Progress Energy Florida, Inc.	1,521	1,946	27.94	13	16	-3
SCE&G	1,390	1,860	33.81	10	14	-4
Tampa Electric Company	1,636	1,744	6.60	14	13	1
Average For South Atlantic	1,422	1,690	18.85			
USA Average	1,650	1,883	14.12			

Demand of 75 kW and Usage of 30,000 kWh:	2006 $	2013 $	Change %	2006 Rank	2013 Rank	Rank Change
Alabama Power	2,378	3,231	35.87	11	15	-4
Appalachian Power Company (Va)	1,415	2,536	79.22	1	9	-8
Appalachian Power Company (WV)	1,469	2,431	65.49	2	8	-6
Dominion North Carolina Power	1,950	2,356	20.82	7	6	1
Dominion Virginia Power	1,878	2,347	24.97	6	5	1
DUKE Energy Carolinas (NC)	1,865	2,053	10.08	5	2	3
DUKE Energy Carolinas (SC)	1,749	1,956	11.84	3	1	2
Entergy Mississippi, Inc	2,834	2,593	-8.50	16	10	6
FP&L Company	2,968	2,410	-18.80	17	7	10
Georgia Power	2,320	2,914	25.60	10	14	-4
Gulf Power	2,110	2,711	28.48	9	13	-4
Mississippi Power	2,394	2,621	9.48	12	11	1
Progress Energy Carolinas, Inc. (NC)	1,842	2,134	15.85	4	4	0
Progress Energy Carolinas, Inc. (SC)	2,047	2,091	2.15	8	3	5
Progress Energy Florida, Inc.	2,766	3,457	24.98	15	17	-2
SCE&G	2,437	3,392	39.19	13	16	-3
Tampa Electric Company	2,672	2,645	-1.01	14	12	2
Average For South Atlantic	2,364	2,727	15.36			
USA Average	2,668	3,046	14.17			

Demand of 75 kW and Usage of 50,000 kWh:	2006 $	2013 $	Change %	2006 Rank	2013 Rank	Rank Change
Alabama Power	3,507	4,887	39.35	12	17	-5
Appalachian Power Company (Va)	1,885	3,527	87.11	1	9	-8
Appalachian Power Company (WV)	2,028	3,237	59.62	2	6	-4
Dominion North Carolina Power	2,864	3,447	20.36	7	7	0
Dominion Virginia Power	2,343	3,072	31.11	4	5	-1
DUKE Energy Carolinas (NC)	2,570	2,751	7.04	5	2	3
DUKE Energy Carolinas (SC)	2,274	2,530	11.26	3	1	2
Entergy Mississippi, Inc	4,431	4,005	-9.61	16	14	2
FP&L Company	4,572	3,473	-24.04	17	8	9
Georgia Power	3,044	3,772	23.92	9	11	-2
Gulf Power	3,214	4,184	30.18	11	15	-4
Mississippi Power	3,560	3,616	1.57	13	10	3
Progress Energy Carolinas, Inc. (NC)	2,591	3,055	17.91	6	4	2
Progress Energy Carolinas, Inc. (SC)	2,924	2,991	2.29	8	3	5
Progress Energy Florida, Inc.	4,209	3,966	-5.77	15	13	2
SCE&G	3,143	4,502	43.24	10	16	-6
Tampa Electric Company	4,053	3,847	-5.08	14	12	2
Average For South Atlantic	3,496	3,840	9.84			
USA Average	3,940	4,495	14.09			

Demand of 1,000 kW and Usage of 200,000 kWh:	2006 $	2013 $	Change %	2006 Rank	2013 Rank	Rank Change
Alabama Power	15,200	17,834	17.33	5	4	1
Appalachian Power Company (Va)	11,157	19,380	73.70	2	7	-5
Appalachian Power Company (WV)	10,840	18,537	71.01	1	5	-4
Dominion North Carolina Power	15,841	19,153	20.91	6	6	0
Dominion Virginia Power	17,350	21,883	26.13	7	12	-5
DUKE Energy Carolinas (NC)	13,620	16,285	19.57	4	3	1
DUKE Energy Carolinas (SC)	12,471	14,597	17.05	3	1	2
Entergy Mississippi, Inc	17,675	15,800	-10.61	8	2	6
FP&L Company	23,661	21,782	-7.94	17	11	6
Georgia Power	23,285	30,006	28.86	16	17	-1
Gulf Power	18,432	23,240	26.09	9	15	-6
Mississippi Power	18,783	20,358	8.39	10	8	2
Progress Energy Carolinas, Inc. (NC)	20,250	21,924	8.27	14	13	1
Progress Energy Carolinas, Inc. (SC)	20,171	20,523	1.75	13	10	3
Progress Energy Florida, Inc.	19,795	20,420	3.16	12	9	3
SCE&G	19,408	25,567	31.73	11	16	-5
Tampa Electric Company	21,457	22,534	5.02	15	14	1
Average For South Atlantic	17,968	21,024	17.01%			
USA Average	20,947	23,688	13.09%			

Demand of 1,000 kW and Usage of 400,000 kWh:	2006 $	2013 $	Change %	2006 Rank	2013 Rank	Rank Change
Alabama Power	23,852	28,898	21.16	6	5	1
Appalachian Power Company (Va)	17,076	31,225	82.86	1	9	-8
Appalachian Power Company (WV)	17,105	29,814	74.30	2	7	-5
Dominion North Carolina Power	25,581	30,583	19.55	7	8	-1
Dominion Virginia Power	21,834	28,061	28.52	4	4	0
DUKE Energy Carolinas (NC)	23,159	26,633	15.00	5	2	3
DUKE Energy Carolinas (SC)	21,271	25,606	20.38	3	1	2
Entergy Mississippi, Inc	31,759	27,712	-12.74	14	3	11
FP&L Company	39,089	31,444	-19.56	17	10	7
Georgia Power	31,381	39,768	26.73	13	17	-4
Gulf Power	27,731	35,983	29.76	9	15	-6
Mississippi Power	29,510	31,837	7.89	12	11	1
Progress Energy Carolinas, Inc. (NC)	28,750	32,064	11.53	10	12	-2
Progress Energy Carolinas, Inc. (SC)	29,117	29,701	2.01	11	6	5
Progress Energy Florida, Inc.	36,224	35,482	-2.05	16	14	2
SCE&G	26,106	36,745	40.75	8	16	-8
Tampa Electric Company	35,217	34,549	-1.90	15	13	2
Average For South Atlantic	28,633	32,566	13.74			
USA Average	33,137	37,150	12.11			

Demand of 1,000 kW and Usage of 650,000 kWh:	2006 $	2013 $	Change %	2006 Rank	2013 Rank	Rank Change
Alabama Power	33,196	41,216	24.16	5	8	-3
Appalachian Power Company (Va)	22,149	41,594	87.79	2	9	-7
Appalachian Power Company (WV)	21,095	39,313	86.36	1	5	-4
Dominion North Carolina Power	35,741	40,833	14.25	8	7	1
Dominion Virginia Power	27,440	35,784	30.41	3	3	0
DUKE Energy Carolinas (NC)	33,369	35,381	6.03	6	2	4
DUKE Energy Carolinas (SC)	29,581	32,809	10.91	4	1	3
Entergy Mississippi, Inc	46,038	38,889	-15.53	14	4	10
FP&L Company	58,373	42,528	-27.14	17	10	7
Georgia Power	40,776	50,885	24.79	12	16	-4
Gulf Power	39,354	51,912	31.91	10	17	-7
Mississippi Power	41,529	44,587	7.36	13	12	1
Progress Energy Carolinas, Inc. (NC)	38,120	43,484	14.07	9	11	-2
Progress Energy Carolinas, Inc. (SC)	39,721	40,595	2.20	11	6	5
Progress Energy Florida, Inc.	53,888	50,713	-5.89	16	15	1
SCE&G	34,479	49,283	42.94	7	13	-6
Tampa Electric Company	52,417	49,567	-5.44	15	14	1
Average For South Atlantic	40,934	45,411	10.94			
USA Average	47,459	53,112	11.91			

Demand of 50,000 kW and Usage of 15,000,000 kWh:	2006 $	2013 $	Change %	2006 Rank	2013 Rank	Rank Change
Alabama Power	960,686	1,149,069	19.61	5	6	-1
Appalachian Power Company (Va)	649,370	1,252,679	92.91	2	10	-8
Appalachian Power Company (WV)	643,137	1,146,501	78.27	1	5	-4
Dominion North Carolina Power	1,072,319	1,319,945	23.09	7	12	-5
Dominion Virginia Power	962,792	1,232,825	28.05	6	8	-2
DUKE Energy Carolinas (NC)	824,123	1,055,795	28.11	4	4	0
DUKE Energy Carolinas (SC)	719,461	870,243	20.96	3	1	2
Entergy Mississippi, Inc	1,144,786	1,002,400	-12.44	11	3	8
FP&L Company	1,555,031	893,047	-42.57	17	2	15
Georgia Power	1,154,245	1,460,432	26.53	13	15	-2
Gulf Power	1,146,283	1,469,284	28.18	12	16	-4
Mississippi Power	1,123,217	1,206,263	7.39	9	7	2
Progress Energy Carolinas, Inc. (NC)	1,185,500	1,308,534	10.38	14	11	3
Progress Energy Carolinas, Inc. (SC)	1,126,375	1,234,775	9.62	10	9	1
Progress Energy Florida, Inc.	1,393,733	1,390,168	-0.26	15	13	2
SCE&G	1,079,050	1,492,175	38.29	8	17	-9
Tampa Electric Company	1,404,056	1,424,212	1.44	16	14	2
Average For South Atlantic	1,125,102	1,236,517	9.90			
USA Average	1,276,726	1,419,763	11.20			

Demand of 50,000 kW and Usage of 25,000,000 kWh:	2006 $	2013 $	Change %	2006 Rank	2013 Rank	Rank Change
Alabama Power	1,328,493	1,635,001	23.07	6	8	-2
Appalachian Power Company (Va)	851,270	1,604,179	88.45	2	7	-5
Appalachian Power Company (WV)	822,487	1,515,191	84.22	1	5	-4
Dominion North Carolina Power	1,478,753	1,729,965	16.99	8	10	-2
Dominion Virginia Power	1,187,012	1,539,645	29.71	4	6	-2
DUKE Energy Carolinas (NC)	1,275,938	1,385,437	8.58	5	3	2
DUKE Energy Carolinas (SC)	1,105,786	1,242,158	12.33	3	1	2
Entergy Mississippi, Inc	1,713,124	1,423,460	-16.91	14	4	10
FP&L Company	2,321,185	1,294,962	-44.21	17	2	15
Georgia Power	1,538,454	1,921,409	24.89	9	13	-4
Gulf Power	1,611,214	2,106,424	30.74	12	17	-5
Mississippi Power	1,638,836	1,755,518	7.12	13	11	2
Progress Energy Carolinas, Inc. (NC)	1,610,500	1,815,534	12.73	11	12	-1
Progress Energy Carolinas, Inc. (SC)	1,573,675	1,693,675	7.63	10	9	1
Progress Energy Florida, Inc.	2,104,110	2,003,986	-4.76	16	15	1
SCE&G	1,413,950	1,993,675	41.00	7	14	-7
Tampa Electric Company	2,092,056	2,024,930	-3.21	15	16	-1
Average For South Atlantic	1,620,448	1,742,435	7.53			
USA Average	1,842,062	2,032,568	10.34			

Demand of 50,000 kW and Usage of 32,500,000 kWh:	2006 $	2013 $	Change %	2006 Rank	2013 Rank	Rank Change
Alabama Power	1,604,349	1,999,450	24.63	6	8	-2
Appalachian Power Company (Va)	1,002,695	1,867,804	86.28	2	7	-5
Appalachian Power Company (WV)	928,687	1,777,833	91.44	1	6	-5
Dominion North Carolina Power	1,783,578	2,037,480	14.24	9	10	-1
Dominion Virginia Power	1,355,177	1,769,760	30.59	4	5	-1
DUKE Energy Carolinas (NC)	1,564,881	1,655,219	5.77	5	3	2
DUKE Energy Carolinas (SC)	1,303,720	1,467,968	12.60	3	1	2
Entergy Mississippi, Inc	2,139,377	1,739,255	-18.70	14	4	10
FP&L Company	2,895,801	1,596,398	-44.87	17	2	15
Georgia Power	1,811,356	2,245,825	23.99	10	13	-3
Gulf Power	1,775,793	2,376,143	33.81	8	15	-7
Mississippi Power	1,984,609	2,120,888	6.87	13	11	2
Progress Energy Carolinas, Inc. (NC)	1,866,475	2,133,009	14.28	11	12	-1
Progress Energy Carolinas, Inc. (SC)	1,880,233	2,008,933	6.84	12	9	3
Progress Energy Florida, Inc.	2,687,323	2,527,930	-5.93	16	17	-1
SCE&G	1,665,125	2,369,800	42.32	7	14	-7
Tampa Electric Company	2,608,056	2,475,469	-5.08	15	16	-1
Average For South Atlantic	1,973,214	2,108,693	6.87			
USA Average	2,245,855	2,479,950	10.42			