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STATE CORPORATION COMMISSION DIVISION OF UTILITY ACCOUNTING AND FINANCE

January 12, 2024

The Honorable Glenn A. Youngkin
Governor
Commonwealth of Virginia

The Honorable R. Creigh Deeds
Chair, Committee on Commerce and Labor
Senate of Virginia

The Honorable Jeion A. Ward
Chair, Committee on Labor and Commerce
Virginia House of Delegates

RE: Report on qualifying investment pursuant to Enactment Clause 23 of the
Grid Transformation and Security Act

Dear Governor Youngkin, Senator Deeds, and Delegate Ward:

On November 30, 2023, the State Corporation Commission ("Commission") issued an order in Appalachian Power Company's ("Appalachian") triennial review.¹ Chapter 296 of the 2018 Acts of Assembly requires the Commission, within 60 days of the triennial review's conclusion, to submit a report describing and quantifying certain investments made by the utility during the test periods under review. Specifically, Enactment Clause 23 specifies:

That within 60 days after the conclusion of each triennial review proceeding conducted pursuant to § 56-585.1 of the Code of Virginia, the State Corporation Commission (the Commission) shall submit a report to the Governor and the General Assembly and the Chairmen of the House and Senate Commerce and Labor Committees describing and quantifying all investments made by the utility during the test period or periods under review in both (i) new utility-owned generation facilities utilizing energy derived from

¹ *Application of Appalachian Power Company, For a 2023 triennial review of its base rates, terms and conditions pursuant to § 56-585.1 of the Code of Virginia*, Case No. PUR-2023-00002, Doc. Con. Cen. No. 231140010, Final Order (Nov. 30, 2023).

sunlight or from onshore or offshore wind and (ii) electric distribution grid transformation projects, as determined by the utility's plant in service and construction work in progress balances related to such investments as recorded per books by the utility for financial reporting purposes as of the end of the most recent test period under review. The Commission's report shall include, but not be limited to, an analysis of the financial effects of such investments, including the effects on customer rates, customer bill credits, and the earnings and rate base of each utility subject to the triennial review provisions of § 56-585.1.

In its triennial review of base rates for the test periods 2020-2022, Appalachian did not record any investments in solar generation, onshore or offshore wind, or grid transformation projects. Therefore, the Commission cannot provide an analysis of the financial effects of such investments, including the effects on customer rates, customer bill credits, and the earnings and rate base of the utility.

Please let me know if I may be of further assistance.

Sincerely,

Kimberly B. Pate

Kimberly Pate
Director - Utility Accounting and Finance