

**PUBLIC SERVICE COMMISSION  
OF WEST VIRGINIA  
CHARLESTON**

At a session of the PUBLIC SERVICE COMMISSION OF WEST VIRGINIA in the City of Charleston on the 30<sup>th</sup> day of December 2022.

CASE NO. 22-0793-E-ENEC

MONONGAHELA POWER COMPANY and,  
THE POTOMAC EDISON COMPANY

Petition and General Investigation to determine reasonable rates and charges on and after January 1, 2023.

**COMMISSION ORDER**

The Commission adopts a modified Joint Stipulation and Agreement for Settlement (Joint Stipulation) and provides directives to the parties on an evaluation of a replacement to existing resources and evaluation of a possible acquisition of Pleasants Power Plant (Pleasants).

**BACKGROUND**

On August 25, 2022, Monongahela Power Company (Mon Power) and The Potomac Edison Company (PE) (together, the Companies) requested that the Commission initiate its annual review of Expanded Net Energy Costs (ENEC) for the review period of July 1, 2021 through June 30, 2022, and to establish new rates to go into effect for the period January 1, 2023 through December 31, 2023 (the forecasted rate effective period).

The Commission granted intervenor status to the Consumer Advocate Division (CAD), West Virginia Citizen Action Group, Solar United Neighbors, and Energy Efficient West Virginia (collectively, CAG/SUN/EEWV) and the West Virginia Energy Users Group (WVEUG). Comm'n Order, September 15, 2022. In that same Order, the Commission initiated the ENEC, established a procedural schedule and directed the Companies to publish notice of the filing and hearing. The Commission also granted intervenor status to the West Virginia Coal Association (WVCA) and Longview Power, LLC (Longview). Comm'n Orders, November 2 and 4, 2022.

On November 30, 2022, the Companies filed Affidavits of publication evidencing publication of notice of the filing and hearing.

The Companies filed a Motion for Protective Order on December 1, 2022, seeking protective treatment for certain responses to CAD, CAG, and WVEUG discovery requests as identified in the motion. Longview filed an objection to the motion on December 2, 2022. The Companies and Longview agreed to ask the Commission to hold the motion in abeyance until a third party seeks documents for which the Companies seek protection. December 16, 2022 letter.

On December 7, 2022, the Companies filed, on behalf of all parties, a Joint Stipulation settling all but one issue – the evaluation of a replacement to existing resources and an evaluation of the acquisition of Pleasants through either written submittals, oral and written testimony and/or oral argument, at the direction of the Commission.

The Commission held the evidentiary hearing on December 8, 2022.

Gary Jack, Esq., Senior Corporate Counsel for Mon Power and Christopher L. Callas, Esq. and Nicklaus A. Presley Esq. represented the Companies. Robert F. Williams, Esq., John Auville, Esq., and Heather B. Osborn, Esq. represented CAD. Emmett Pepper, Esq., Steven W. Lee, Esq., Cassandra McCrae, Esq., and Michael C. Soules, Esq. represented CAG/SUN/EEWV. Derrick P. Williamson, Esq., Barry A. Naum, Esq., Carrie H. Grundmann, Esq., and Susan J. Riggs, Esq. represented WVEUG. Jacob C. Altmeyer, Esq. represented the WVCA. Edward J. George, Esq. and Nelson A. McKown, Esq. represented Longview. Leslie Anderson, Esq. represented Staff in this case.

## **DISCUSSION**

### **Joint Stipulation and ENEC Surcharge**

The Commission will accept the Joint Stipulation, attached hereto as Attachment A and filed by the parties on December 7, 2022, with one modification. The parties agreed that the review period would close for the \$91,898,347 increase in ENEC surcharge. Paragraph 8.1 of the Joint Stipulation closes the ENEC review period and accepts costs as properly and prudently incurred except the carryover amount of \$91,898,347. The Commission will not approve a closure of this review period without a review of the prudence of the Companies' fuel costs during this period. Therefore, the review period will remain open. In all other aspects, the Commission accepts the Joint Stipulation.

### Evaluation of Pleasants

CAD recommended, in the pre-filed testimony of Emily Medine, that the Companies consider the purchase of Pleasants as a replacement to existing resources or in addition to those resources. During the evidentiary hearing, Raymond Valdes testified that the Companies agreed to evaluate an acquisition of Pleasants. Tr. at 43-44. Paragraph 8.E of the Joint Stipulation seeks to have the Commission direct the form in which the parties should submit positions regarding an evaluation of a replacement to existing resources and an evaluation of the acquisition of Pleasants.

ENEC cases are intended to be tools for large electric utilities to recoup net energy, purchased power and net wholesale transmission costs without the expense of a full rate case (rate case expenses are ultimately passed on to customers). Alternative actions affecting ENEC costs are appropriate issues in an ENEC proceeding. Acquisition of a power plant is a long-term resource planning issue and long-term resource planning involves multiple considerations that we will not undertake in an ENEC case. The Commission, therefore, will not require the parties to further address the issue of Pleasants or other replacement resources in this case. However, because some parties raised the issue of a possible acquisition of Pleasants by Mon Power, and Mr. Valdes testified that the Companies would evaluate a potential purchase of Pleasants, the Commission will require the Companies to file, as a closed entry in this case, a report summarizing their evaluation. The report should be filed no later than March 31, 2023. After that report is filed, upon petition or the Commission's own motion we may decide that a separate proceeding is appropriate to address the Companies report. If so, we will issue an Order to initiate such a proceeding.

### Motion for Protective Order

Although Longview filed an objection to the Motion for Protective Order, the Companies and Longview agreed that the Commission should defer ruling on the Motion. It is not necessary to rule on the Motion for Protective Order at this time. The documents filed under seal are in the custody of the Executive Secretary and the Commission will continue to maintain the confidentiality of those documents. Upon the filing of a West Virginia Freedom of Information Act (WV FOIA) request for the sealed information pursuant to W. Va. Code § 29B-1-1 et seq., the Commission will notify the Companies and will provide an opportunity to present arguments regarding continued protective treatment. Any parties in possession of any confidential material shall maintain the confidentiality of that information until further order.

## FINDINGS OF FACT

1. The parties settled all issues in this case except evaluation of a replacement to existing resources and an evaluation of the acquisition of Pleasants. Joint Stipulation, Dec. 7, 2022.
2. Acquisition of a power plant is a long-term resource planning issue.

## CONCLUSIONS OF LAW

1. The Commission should not close the review period prior to testimony and cross-examination on the prudence of the costs during the period.
2. It is not necessary to rule on the Motion for Protective Order at this time.
3. Because Mr. Valdes testified that the Companies would evaluate a potential purchase of Pleasants, the Companies should file, as a closed entry in this case, a report summarizing their evaluation.

## ORDER

IT IS THEREFORE ORDERED that the Commission accepts the Joint Stipulation in resolution of this case with one modification – the Commission does not accept paragraph 8.I that would close the review period and the review period will remain open.

IT IS FURTHER ORDERED that the Commission approves, effective for services rendered on and after January 1, 2023, an increase of \$91,898.347 in the Expanded Net Energy Costs surcharge for Monongahela Power Company and The Potomac Edison Company.

IT IS FURTHER ORDERED that Monongahela Power Company and The Potomac Edison Company prepare and file, within fifteen calendar days of the date of this Order, appropriately notated revised tariff sheets effective for services rendered on and after January 1, 2023.

IT IS FURTHER ORDERED that a ruling on the request for permanent protective treatment filed with the Petition is deferred until the filing and review of a request pursuant to the West Virginia Freedom of Information Act, W. Va. Code § 29B-1-1 seq. The Executive Secretary shall maintain the unredacted version of the sealed filing in its current condition, separate and apart from the rest of the file pending further order.

IT IS FURTHER ORDERED that this proceeding be removed from the Commission's docket of active cases.

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

A True Copy, Teste,

A handwritten signature in cursive script that reads "Karen Buckley".

Karen Buckley, Executive Secretary

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