



# Public Service Commission of West Virginia

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**For Immediate Release**

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## **PSC Sets New Rates for APCo and WPCo**

The Public Service Commission of West Virginia today issued an order granting AEP subsidiaries, Appalachian Power Company and Wheeling Power Company a \$123.457 million or 9.0% increase in rates to become effective on May 26, 2015. The Companies had originally requested an increase of \$226.040 million or 16.48%.

The increase allocated to each customer tariff classification will vary on a percentage basis using the Class Cost of Service presented in the case as a guideline, including adjustments recommended by the intervening parties to the case. The Commission has ordered a one year phase-in of the rate increase for residential customers. Without the phase-in, the average residential customer would have seen an increase of approximately \$19.50 or 16.1% per month. With the phase-in ordered by the Commission the immediate increase for an average residential customer will be \$14.30, or 11.8% per month.

The total increase in customer rates consists of two parts, an increase in base rates and an increase for recovery of the costs for a Vegetation Management Program (VMP) through a VMP Surcharge. The authorized increase in base rates of approximately \$79 million, or 5.76% above current rates, represents 43.5% of the \$181.426 million base rate increase requested by the Companies.

The increase in base rates is driven by increased investment of \$407 million in the Companies' utility plants required to meet increased environmental regulations and service requirements, and increased operation and maintenance expenses. Those increased costs were partially offset by increased customer revenue after the Companies' 2010 rate case and lower capital costs, including a decrease in the return on equity from the level authorized in the 2010 rate case.

Following the Derecho and Super Storm Sandy that occurred in 2012, the Commission held a general investigation into the practices, responses and plans for future storm events of the electric utilities operating in the State. Much of the public comment during the General Investigation focused on the adequacy of right-of-way maintenance, including right-of-way tree trimming and brush control. The Commission ordered each electric utility to develop and file with the Commission a comprehensive, end-to-end,

cycle-based right-of-way vegetation control program, including a proposed rate recovery method.

The Commission authorized the Companies to undertake the VMP by Commission Order of March 8, 2014, in Case No. 13-0577-E-P, but deferred the rate impact of the VMP until conclusion of this base rate case. The Companies' base rates include all costs of the Companies except for the fuel and fuel-related costs that are included in the Expanded Net Energy Cost (ENEC) rate that is adjusted annually and the VMP costs to be recovered in the VMP Surcharge. The ongoing, cycle-based VMP will initially clear all transmission and distribution line rights-of-way on a six-year cycle and then move to an ongoing four-year cycle.

Recovery of the VMP costs will be permitted through a VMP Surcharge that produces an increase of \$44.472 million or 3.24% above current rates. Under the VMP Surcharge the customers will only pay for prudent VMP costs actually incurred, and the Companies will perform the VMP as required by the Commission in order to mitigate the impact and duration of future service interruptions related to vegetation intrusion on the Companies' transmission and distribution lines.

AEP serves more than 476,000 customers in 24 West Virginia counties. More information may be obtained from the PSC website: [www.psc.state.wv.us](http://www.psc.state.wv.us) by referencing Case Nos. 14-1151-E-D or 14-1152-E-42T, or by accessing the order here: <http://bit.ly/1JV7lse>

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