

**PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON**

CASE NO. 20-0665-E-ENEC

MONONGAHELA POWER COMPANY AND THE
POTOMAC EDISON COMPANY

Petition to initiate a General Investigation to determine reasonable rates and charges on and after January 1, 2021.

and

CASE NO. 20-0666-E-4435T

MONONGAHELA POWER COMPANY and THE
POTOMAC EDISON COMPANY

Joint application for modernization and improvements program for coal-fired boilers under the provisions of Enrolled Committee Substitute for House Bill 4435.

NOTICE OF FILING AND HEARING

On August 28, 2020, Monongahela Power Company (Mon Power) and The Potomac Edison Company (PE) (Companies) requested that this Commission open an annual review of their Expanded Net Energy Costs (ENEC) for the historical twelve-month review periods ending June 30, 2019 and June 30, 2020. The Companies' filing proposes a \$54,986,750 decrease in ENEC rates, which equates to a four percent decrease in total rates. The Companies' filing states the proposed ENEC rates include a June 30, 2020 cumulative ENEC rate over recovery balance of \$29,317,624 and a projected period ENEC over recovery of \$44,589,240 based upon current ENEC rate levels for calendar year 2021. The filing states that the proposed ENEC rates include continued recovery of boiler modification capital cost for 2016 and 2017 for Mercury and Air Toxics Standards (MATS) and CrossState Air Pollution Rule II (CSAPR) requirements in the amount of \$7,403,570 for 2021. Further, the filing proposes a recovery of a COVID-19 regulatory asset in the amount of \$10,516,544.

On August 28, 2020, the Companies also filed a tariff application for approval of a modernization and improvement program (MIP) for coal-fired boilers and for approval to implement a cost recovery surcharge to recover the program's costs pursuant to Enrolled Committee Substitute for House Bill 4435, codified at W. Va. Code §24-2-11 (Act). The Act allows for accelerated recovery of capital expenditures by electric utilities for costs related to the upgrade of coal-fired boilers that will allow a utility's power plants to be more efficient and competitive in electric markets. The Act authorizes the Commission to approve programs to modernize and improve coal-fired boilers involving the investment of capital and incurrence of certain expenses at power plants located in the state and owned, in whole or in part, by an electric utility, and expedited cost recovery of the incremental costs associated with such programs. The Companies state their program involves air emission reduction projects for MATS/CSAPR requirements at the Harrison and Ft. Martin power stations. The Companies are proposing surcharge rates to recover an annual revenue increase of \$4,967,299 during 2021 for the program's cost. That represents an additional revenue requirement increase of 0.4 percent in the Companies' West Virginia jurisdictional revenues. Further details regarding the projects are included in the Application, which is on file and available for public inspection at the Commission's offices at 201 Brooks Street, Charleston, West Virginia, and which may be viewed on the Commission's website, www.psc.state.wv.us.

The Companies propose to adjust their rates to reflect the reduction in ENEC costs and the recovery of costs associated with the proposed MIP investments through a net decrease, consisting of a decrease in ENEC rates and a new MIP rate increment. The overall revenue impact of the two cases is a reduction in revenue of \$50,019,451 or a 3.7 percent decrease in total rates. The Companies project that if the ENEC rate reduction and the MIP rate increment are approved as requested, the average monthly bill for their various classes of customers will be changed as follows:

Customer Class	Average ENEC Decrease/month	Average MIP Increase/month	Average Net Decrease/month	Net % Decrease
Residential	-\$3.63	\$0.39	-\$3.24	-3.0%
Commercial	-\$10.86	\$1.13	-\$9.73	-3.0%
Industrial	-\$8,404.30	\$603.19	-\$7,801.11	-5.2%
Streetlighting	-\$5.24	\$0.08	-\$5.16	-1.3%

The Companies estimate that for an average residential customer using 1,000 kilowatthours per month, the net rate impact of the requested ENEC decrease and the proposed MIP rate increment will represent a decrease of \$3.24 per month. The rate impacts shown above are based on averages of all customers in the indicated class. Each class may receive a net decrease greater or less than stated here. Individual customers may receive net decreases that are greater or less than average.

By Order dated October 6, 2020, the Commission set a procedural schedule for both cases, including a hearing that will begin at 9:30 a.m. on Wednesday, December 2, 2020 and continue (if necessary) on Thursday, December 3, 2020 in the Howard M. Cunningham Hearing Room at the Commission's offices at 201 Brooks Street, Charleston, West Virginia.

Anyone desiring to intervene should file a written petition to intervene not later than November 2, 2020. All petitions to intervene should briefly state the reason for the request to intervene and comply with the rules on intervention set forth in the Commission's Rules of Practice and Procedure. The Commission will receive public comments until the beginning of the hearing. All written comments and petitions to intervene should state the case name and number and be addressed to Connie Graley, Executive Secretary, P.O. Box 812, Charleston, West Virginia 25323. Public Comments may also be filed online at http://www.psc.state.wv.us/scripts/online_comments/default.cfm by clicking the "Formal Case" link.

MONONGAHELA POWER COMPANY and
THE POTOMAC EDISON COMPANY