

APPLICATION OF

APPALACHIAN POWER COMPANY,
AEP TRANSMISSION HOLDING COMPANY, LLC,
TRANSOURCE WEST VIRGINIA, LLC
and
GRID ASSURANCE LLC

CASE NO. PUR-2024-00149

For approval of an affiliate transaction
pursuant to Chapter 4 of Title 56 of
the Code of Virginia.

ORDER GRANTING APPROVAL

On August 16, 2024, Appalachian Power Company ("APCo" or "Company"), a Virginia Public Service Corporation, and its affiliates, AEP Transmission Holding Company, LLC, Transource West Virginia, LLC ("Transource"), and Grid Assurance LLC ("Grid Assurance") (collectively, "Applicants"), filed an application ("Application") with the State Corporation Commission ("Commission"), pursuant to Chapter 4 of Title 56 of the Code of Virginia ("Code"),¹ requesting approval to enter into an amended and restated subscription agreement ("Subscription Agreement").² The Applicants also filed a Motion for Protective Ruling ("Motion") pursuant to 5 VAC 5-20-170 of the Commission's Rules of Practice and Procedure,³ seeking to maintain the confidentiality of certain information in this proceeding.

Previously, on October 4, 2018, in Case No. PUR-2018-00109, the Applicants received Commission Approval for APCo to enter into the Subscription Agreement, whereby Grid

¹ Code § 56-76 *et seq.*

² Application at 1, 3.

³ 5 VAC 5-20-10 *et seq.*

Assurance provides emergency equipment supply services⁴ to APCo for purposes of enhancing grid resiliency.⁵ On March 13, 2019, in Case No. PUR-2019-00028, the Applicants received Commission approval to amend the Subscription Agreement.⁶ The Applicants seek authority herein to continue to participate in the Subscription Agreement as amended by Amendment No. 2 to Grid Assurance LLC Amended and Restated Subscription Agreement ("Second Subscription Amendment").⁷ The Applicants also seek to enter into the Amended and Restated Multi-Subscriber Addendum ("Addendum").⁸ The Second Subscription Amendment and Addendum are collectively referred to as the "2024 Subscription Amendments."⁹

The Applicants state that aside from adding Transource as a signatory, the terms of the proposed Subscription Agreement, as amended by the 2024 Subscription Amendments, will be nearly identical to the previously approved version, and that Grid Assurance will continue to provide APCo a platform to rapidly mitigate grid vulnerability caused by high-impact, low frequency grid emergencies.¹⁰ The Applicants further state that there have been no changes to

⁴ Collectively, these services are referred to as "Spring Service." See Application at 3-4.

⁵ See *Application of Appalachian Power Company, et al., For approval pursuant to the Act Governing Regulation of Relations with Affiliated Interests, Virginia Code Sections 56-76 et seq.*, Case No. PUR-2018-00109, 2018 S.C.C. Ann. Rept. 473, Order Granting Approval (Oct. 4, 2018).

⁶ See *Petition of Appalachian Power Company, et al., For approval pursuant to Chapter 4 of Title 56 of the Code of Virginia*, Case No. PUR-2019-00028, 2019 S.C.C. Ann. Rept. 372, Order Granting Approval (Mar. 13, 2019).

⁷ Application at 3.

⁸ *Id.*

⁹ *Id.*

¹⁰ *Id.*

pricing or cost calculations under the Subscription Agreement, and Grid Assurance has continued to review contracts annually to ensure pricing remains competitive to market pricing.¹¹

The Applicants assert that the Subscription Agreement and 2024 Subscription Amendments are in the public interest because under the Subscription Agreement, APCo has access to several more breakers at a lower cost than if the Company were to supply the equipment itself, and participating in the Subscription Agreement will result in greater savings and benefits to APCo and its customers than any other available option.¹²

NOW THE COMMISSION, upon consideration of this matter, having been advised by the Commission Staff through Staff's Action Brief, and having considered the Applicants' comments thereon, is of the opinion and finds that the Subscription Agreement (with the 2024 Subscription Amendments) is in the public interest and should be approved subject to certain requirements set forth in the Appendix attached hereto. Staff raised concerns that the Addendum permits the parties to make certain adjustments to the Subscription Agreement as discussed in Staff's Action Brief ("Addendum Adjustments"). To address this, we note that the Commission adopts all the requirements in the Appendix attached hereto, including Staff's Appendix Requirement No. 2, which reflects the Commission's continuing supervisory control under

¹¹ See Applicants' responses to Staff Informal Data Request Nos. 1-5 and 1-6, attached to the Commission Staff ("Staff")'s Action Brief filed simultaneously with this Order.

¹² Application at 4.

Code § 56-80.¹³ Further, the Commission finds that the Company's Motion is no longer necessary, and, therefore, is moot.¹⁴

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to Code § 56-77, the Applicants are granted approval to enter into the Subscription Agreement (as revised by the 2024 Subscription Amendments) effective as of the date of this Order Granting Approval, subject to the requirements set forth in the Appendix attached hereto.

(2) Except as otherwise authorized in the Appendix to this Order Granting Approval, the Applicants must seek Commission approval at least ninety (90) days prior to any proposed modification or amendment in the approved Subscription Agreement becoming effective.

(3) If the Applicants wish to continue the Subscription Agreement beyond the timeframe approved in this Order, the Applicants must seek separate approval by submitting a complete filing at least ninety (90) days prior to the expiration of the Commission's approval in this matter.

(4) The Company's Motion is moot; however, the Commission directs the Clerk of the Commission to retain under seal the confidential information to which the Motion pertains.

(5) This case is dismissed.

A COPY hereof shall be sent electronically by the Clerk of the Commission to all persons on the official Service List in this matter. The Service List is available from the Clerk of the Commission.

¹³ In their November 1, 2024 letter comments on Staff's Action Brief, the Applicants addressed "the issues raised...on potential Addendum Adjustments" and said that the Applicants "do not object to providing notice of any such adjustments to Commission Staff."

¹⁴ The Commission held the Company's Motion in abeyance and has not received a request for leave to review the confidential information submitted in this proceeding.

APPENDIX

- (1) The Commission's approval of the Subscription Agreement shall be limited to five (5) years from the effective date of the Order Granting Approval in this case. Should APCo wish to continue under the Subscription Agreement beyond that date, separate Commission approval shall be required.
- (2) Pursuant to Code § 56-80, for any Addendum Adjustments, APCo shall send written notice to the Commission's Director of the Division of Utility Accounting and Finance ("UAF Director") at accounting@scc.virginia.gov concurrent with such notice being sent to Grid Assurance.
- (3) The Commission's approval shall have no accounting or ratemaking implications.
- (4) The Commission's approval shall not preclude the Commission from exercising its authority under Code § 56-76 *et seq.* hereafter.
- (5) Separate Commission approval shall be required for any changes in the terms and conditions of the Subscription Agreement.
- (6) The Commission reserves the right to examine the books and records of any affiliate in connection with the approval granted in this case, whether or not such affiliate is regulated by this Commission.
- (7) APCo shall file with the Commission a signed and executed copy of the Subscription Agreement approved in this case with ninety (90) days after the effective date of the Subscription Agreement, with such filing date subject to administrative extension by the UAF Director.
- (8) APCo shall include all transactions associated with the Subscription Agreement in its Annual Report of Affiliate Transactions ("ARAT"), submitted to the UAF Director at accounting@scc.virginia.gov on May 1 of each year, subject to administrative extension by the UAF Director. The ARAT shall include:
 - (a) The Case Number in which the Subscription Agreement was approved;
 - (b) The names of all direct and indirect affiliated parties to the Subscription Agreement;
 - (c) A calendar year annual schedule showing Sparing Service payments by month, Federal Energy Regulatory Commission ("FERC") account, and amount (as they are recorded on APCo's books); and
 - (d) A copy of Grid Assurance's annual report submitted to FERC related to the Subscription Agreement.