

**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 17<sup>th</sup> day of July 2025.

CASE NO. 25-0396-E-P

APPALACHIAN POWER COMPANY and  
WHEELING POWER COMPANY

Joint Petition to require focused management audit of electric  
service reliability.

**COMMISSION ORDER**

The Commission approves a request for proposal (RFP) for a focused  
management audit of electric service reliability (Reliability Audit) with  
modifications.

**BACKGROUND**

On April 22, 2025, Appalachian Power Company and Wheeling Power  
Company (jointly Companies), along with Commission Staff (collectively Joint  
Petitioners), filed a Joint Petition for Focused Management Audit of Appalachian  
Power Company's and Wheeling Power Company's Electric Service Reliability  
(Joint Petition).

Joint Petitioners believe that a Reliability Audit is in the public interest and  
that the audit should be conducted by a qualified outside independent auditing firm  
similar to the approach followed in Case No. 22-0421-E-P. The Companies should  
pay for the Reliability Audit. Joint Petitioners recommended six specific focus  
areas for the Reliability Audit. Those areas are described in Attachment A of this  
Order. Joint Petitioners recommended that the auditing firm concentrate the  
Reliability Audit on opportunities to improve distribution operations, excluding  
vegetation management practices which were recently audited.

On May 2, 2025, the Consumer Advocate Division (CAD) filed a Petition to  
Intervene and Response of the Consumer Advocate Division to the Joint Petition.

On May 22, 2025, the Commission granted the CAD intervenor status and  
required the Companies and Staff to develop a proposed RFP for the Reliability  
Audit. The Joint Petitioners filed a proposed RFP on June 23, 2025.

## DISCUSSION

Reliability in the delivery of electricity is critical for electric customers. While the delivery systems include both transmission and distribution facilities, the outages experienced by customers relating to delivery are mostly caused by problems within the distribution system. These distribution-related outages can occur much more frequently throughout the systems of the Companies than transmission outages and can occur often and repeatedly to the detriment of the health and wellbeing of the customers. The Commission believes, therefore, that the Reliability Audit should be thorough but completed in an expeditious manner so that the Companies may use the results of the audit to act timely to improve electric reliability for its customers. The Commission reviewed the Joint Petitioners' proposed RFP. To make the objectives of the Reliability Audit clear and to ensure a prompt audit, the Commission will amend the proposed RFP, filed on June 23, 2025, to include the six focus areas of the audit as ordered by the Commission and attached to the May 22, 2025 Commission Order. The Commission will also set deadlines that ensure the Reliability Audit report is complete and filed by December 31, 2025.

The Commission should require the Joint Petitioners to prepare a list of bidders to whom the Companies will send the RFP. Additionally, the Companies will publish the RFP in one or more trade newspapers, magazines or other trade media sources. The RFP should be sent to prospective bidders and published within two weeks of the entry of this Order. A representative of the Companies should file an affidavit attesting to publication, including dates and a listing of publication media, and mailing, including a list of entities to whom the RFP was mailed, within five days after publication and mailing.

The Companies should identify, within five days of the entry of this Order, their employee contact for the Reliability Audit. In accordance with W. Va. Code §24-2-3(c) and Rule 2.9 of the Commission Rules for the Government of Electric Utilities, 150 C.S.R. 3, it shall be the responsibility of the Companies to pay for a contracted audit and to ensure the reasonableness of those costs. The Commission may include the reasonable cost of conducting the management audit in the cost of service of the utility. The Commission may order such costs to be amortized over a reasonable period of years, considering the impact of these costs on both the utilities and their customers.

## **FINDINGS OF FACT**

1. Issues relating to reliability of the operations of the Companies' distribution system, including outage frequency and recovery time have been raised in recent Commission proceedings.<sup>1</sup>

2. The Companies and Staff propose that the Commission order a management audit of the distribution system operations of Appalachian Power Company and Wheeling Power Company, focused on the operations of the distribution system related to reliability issues.

3. The Joint Petitioners filed a proposed Request for Proposals for the management audit.

## **CONCLUSIONS OF LAW**

1. Focused management audits are authorized by W. Va. Code §24-2-3(c) and Rule 2.9 of the Commission Rules for the Government of Electric Utilities, 150 C.S.R. 3.

2. The RFP attached to this Order as Attachment 1 and the Commission Order entered May 22, 2025, complete with attachments, should be provided to all potential bidders and published as indicated above.

3. Staff should be authorized to provide oversight of the selection process and conduct of the audit, including review of the proposals, making a recommendation to the Commission on the selection of the auditing firm, and, during performance of the audit, having authority to review and approve the contractor's work plans and review and advise the contractor on progress reports.

4. The Commission should select the auditing firm.

5. The Commission should require the Companies to enter into a contract with the successful bidder selected by the Commission for the Reliability Audit.

6. The Commission should require that the Companies pay for the Reliability Audit and assure the reasonableness of the costs considering the terms and conditions of the successful proposal.

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<sup>1</sup> See generally, Case Nos. 24-0454-E-PC and 24-0415-E-P.

7. The Commission should include the reasonable cost of conducting the Reliability Audit in the cost of service of the Companies in a future rate proceeding and order that the recovery be based on amortization of the costs over a reasonable period of years, considering the impact on the Companies and their customers.

### **ORDER**

IT IS THEREFORE ORDERED that the Commission shall require a focused management audit of electric service reliability for Appalachian Power Company and Wheeling Power Company.

IT IS FURTHER ORDERED that Appalachian Power Company and Wheeling Power Company publish the request for proposal attached as Attachment A in trade newspapers, magazines, or other format common to their industry; and mail the request for proposal by United States Postal Service first class to each of the potential bidders to be identified by Commission Staff and the Companies.

IT IS FURTHER ORDERED that Appalachian Power Company and Wheeling Power Company shall file within five days of the publication and mailing, an affidavit from a representative of the Companies attesting to publication, including dates and a listing of publication media, in trade newspapers, magazines, or other format common to their industry, and an affidavit that each of the potential bidders identified by the Companies and Commission Staff were mailed a copy of the request for proposal by United States Postal Service first class mail.

IT IS FURTHER ORDERED that Commission Staff is authorized to provide oversight over the selection process and conduct of the audit, including review of the proposals, making a recommendation to the Commission on the selection of the auditing firm, and, during performance of the audit, having authority to review and approve the Auditor's work plans and review and advise the Auditor on progress reports.

IT IS FURTHER ORDERED that the Commission shall select the Auditor.

IT IS FURTHER ORDERED that the Commission shall require Appalachian Power Company and Wheeling Power Company to enter into a contract for a focused management audit of electric service reliability on their delivery system, particularly their distribution system, with the Auditor selected by the Commission.

IT IS FURTHER ORDERED that the following procedural schedule is adopted for this matter:

Event	Deadline
Bidders to submit proposals to Commission Staff Liaison	August 15, 2025
Commission Selects Auditor	September 1, 2025
Draft Report Due from Auditor to Commission Staff/Companies	December 2, 2025
Commission Staff and Companies' Comments to Auditor	December 16, 2025
Final Report Filed with Commission	December 31, 2025

IT IS FURTHER ORDERED that Appalachian Power Company and Wheeling Power Company shall cooperate to the fullest extent with the firm selected to perform the management audit and with Commission Staff. The Companies shall appoint a responsible employee as management audit coordinator, who shall assist in the efficient performance of the management audit.

IT IS FURTHER ORDERED that Appalachian Power Company and Wheeling Power Company shall identify the appointed internal audit coordinator within five days of the entry of this Order.

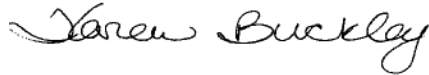
IT IS FURTHER ORDERED that Appalachian Power Company and Wheeling Power Company shall bear the cost of the focused management audit of electric service reliability.

IT IS FURTHER ORDERED that the Companies shall assure the reasonableness of the costs considering the terms and conditions of the successful audit proposal.

IT IS FURTHER ORDERED that the Commission shall include the reasonable cost of conducting the focused management audit of electric service reliability in the cost of service for Appalachian Power Company and Wheeling Power Company in a future rate proceeding. The recovery shall be based on amortization of the costs of the audit over a reasonable period of years considering the impact on the utilities and their customers.

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, and by United States First Class Mail on all parties of record who have not filed an e-service agreement, and on Commission Staff by hand delivery.

A True Copy, Teste,

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

Karen Buckley, Executive Secretary

SMS/pkb  
250396ca.sca

**REQUEST FOR PROPOSAL  
TO INTERESTED CONSULTANTS/FIRMS  
FOR A FOCUSED MANAGEMENT AUDIT OF  
APPALACHIAN POWER COMPANY AND WHEELING POWER COMPANY**

**Overview**

At the direction of the Public Service Commission of West Virginia ("Commission"), Appalachian Power Company and Wheeling Power Company (together, the "Companies") are soliciting proposals to conduct a focused management audit of the Companies' distribution operations in the State of West Virginia, as further explained below. Interested parties should review the enclosed and referenced materials and submit a proposal via email no later than **5:00pm EST on August 15, 2025**, delivered to:

Attn: [contact person]  
Email: [email address]

**Procedural Background**

On April 22, 2025, the Companies and Commission Staff filed a "Joint Petition for Focused Management Audit of Appalachian Power Company's and Wheeling Power Company's Electric Service Reliability." The Joint Petition was designated as Case No. 25-0396-E-P. The Commission's web docket for the matter is: <https://www.psc.state.wv.us/scripts/WebDocket/tblCaseActivitiesList.cfm?CaseID=84768>

On May 22, 2025, the Commission approved the Joint Petition and directed the Companies and Staff to prepare and file, within 30 days, a proposed Request for Proposal and list of audit firm candidates. A copy of the Commission's Order is provided herewith as "Attachment 1" and contains a description of the specific areas on which the selected auditor should focus.

**Background on the Companies**

The Companies are subsidiaries of American Electric Power Company, Inc. Their principal office in West Virginia is 200 Association Drive, Charleston, WV 25311. The Companies are electric utilities who, subject to Commission regulation, furnish electric service in West Virginia to approximately 461,000 customers in the cities, towns, villages, unincorporated municipalities, and rural areas in the counties of Boone, Brooke, Cabell, Clay, Fayette, Greenbrier, Jackson, Kanawha, Lincoln,

Logan, Marshall, Mason, McDowell, Mercer, Mingo, Monroe, Nicholas, Ohio, Putnam, Raleigh, Roane, Summers, Wayne, Wetzel, and Wyoming.

### **Scope of Work**

A description of the Commission-approved scope of work can be found in the May 22, 2025 Commission Order which is "Attachment 1" to this RFP and outlined below. The audit shall consist of six parts, be completed within the timeframes set forth therein and contain the information/analysis described therein, and the auditor is expected to work with the Companies and Staff as explained in Attachment 1.

The Scope of Work shall include:

- Part 1 will consist of a review of staffing levels, including line mechanics, line servicers, and front-line supervision. The goal is to determine whether the existing employee complement:
  - (1) has the level of skills and expertise required to improve service quality;
  - (2) is sufficient in quantity to respond to multiple contemporaneous outage events;
  - (3) is sufficient in quantity and practices to provide adequate rest periods under normal working conditions;
  - (4) is sufficient in quantity and practices to provide coverage for evenings and weekends; and
  - (5) has sufficient quantity and expertise of distribution line supervision within the service areas.
  - (6) The review should also examine potential methods for using contract staff effectively as a supplement to permanent staff in improving reliability in relation to historical outage trends.
- Part 2 will consist of a review of the Companies' service center facilities, including the level and capability of the staffing at each facility with the goal of determining if the facility provides an optimal coverage of the customer base served from each location. This part shall include a review of customer density addressed by each location, the frequency of outages occurring in a particular area, drive times involved in outage response, any unique operational features or terrain that must be considered, and the optimal number and location of service centers to reduce duration of outages.
- Part 3 will include a review of how the utility manages the operations of the distribution system, including how maintenance prioritization is determined,



how personnel are managed during outage recovery, and Company management and internal policies and procedures regarding outages, distribution management, and planning.

- Part 4 will identify opportunities for improving accuracy of Estimated Time of Restoration (ETR) reported to customers.
- Part 5 will compare the Companies' distribution systems to the systems of similar peer utilities to determine the impact that circuit length, terrain, inaccessibility, and configuration may have on system reliability along with recommendations on improvements/modifications and estimated costs.
- Part 6 will provide recommendations to make improvements on a short term (one to three-year basis) and on a longer term (three to ten-year basis) with recommendations ranked on effectiveness in both terms of cost and improvements in reliability.

In conducting the audit, the selected firm will be responsible for the following tasks:

- 1. Assessment of Current Reliability Metrics**
  - Review existing reliability data and metrics.
  - Analyze historical performance and trends.
- 2. Field Inspections and Observations**
  - Conduct on-site inspections of facilities and equipment.
  - Observe operational practices and maintenance procedures.
- 3. Stakeholder Interviews**
  - Engage with key personnel to gather insights on reliability challenges and successes.
- 4. Data Analysis**
  - Utilize statistical methods to analyze reliability data.
  - Identify root causes of reliability issues.
- 5. Reporting and Recommendations**
  - Provide a detailed written report of findings, including but not limited to:
    - Current reliability status
    - Identified gaps and weaknesses
    - Actionable recommendations for improvement

### **Proposal Requirements**

Interested firms should submit a proposal that includes the following:

- 1. Company Profile**
  - Overview of the firm's experience and qualifications.

- Relevant projects completed in the past.
- 2. **Proposed Approach**
  - Description of the methodology for conducting the reliability audit.
  - Timeline for completion of the audit.
- 3. **Team Composition**
  - Profiles of key team members who will be involved in the audit.
- 4. **Cost Proposal**
  - Detailed breakdown of costs associated with the audit including estimated hours, hourly rates, incidental expenses, not to exceed cost proposal, and requested payment terms.
- 5. **References**
  - Contact information for at least three references from similar projects.

### **Submission Guidelines**

Proposals must be submitted electronically to Karen Macon, Director, Utilities Division, kmacon@psc.state.wv.us by **5:00pm EDT on August 15, 2025**. Late submissions will not be considered.

### **Evaluation Criteria**

Proposals will be evaluated based on the following criteria:

- Relevant experience and qualifications
- Proposed approach and methodology
- Cost-effectiveness
- Feedback from references

### **Timeline**

- RFP Issued: July 23, 2025
- Proposal Submission Deadline: August 15, 2025
- Selection of Firm: September 1, 2025
- Project Kick-off: September 22, 2025
- Draft Final Report Due to Companies and Commission Staff: December 2, 2025
- Companies/Commission Staff Comments on Draft to Firm: December 16, 2025
- Final Report Submission Deadline: December 31, 2025

**Contact Information**

For any inquiries regarding this RFP, please contact:

Karen Macon

Director, Utilities Division

Public Service Commission of West Virginia

201 Brooks St., Charleston, WV 25301

kmacon@psc.state.wv.us

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Thank you for your interest in this opportunity. We look forward to receiving your proposal.

# Public Service Commission of West Virginia

201 Brooks Street, P.O. Box 812  
Charleston, West Virginia 25323



Phone: (304) 340-0300  
Fax: (304) 340-0325

July 17, 2025

**Do not mail Letter - only place in case file.**

*Service via email*

Keith Fisher, Esq.  
Senior Counsel  
Appalachian Power Company  
200 Association Drive, Ste 201  
Charleston, WV 25311-1278

Robert F. Williams, Esq.  
Heather B. Osborn, Esq.  
John Auville, Esq.  
Consumer Advocate Division  
300 Capitol Street, Ste. 810  
Charleston, WV 25301

RE: Case No. 25-0396-E-P  
Appalachian Power Company and Wheeling Power Company

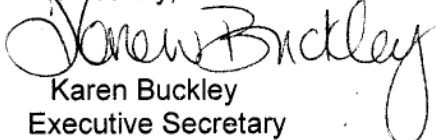
Ladies/Gentlemen:

All parties in this case have provided the Executive Secretary with their email address. The Commission Order issued today was served by email on the above-listed parties.

Documents submitted to the Public Service Commission of West Virginia may be 1) uploaded to its public website, 2) subject to public disclosure under the West Virginia Freedom of Information Act, and/or 3) subject to disclosure under the West Virginia Open Governmental Proceedings Act. Do not submit personal information with your filings. The Commission is not responsible for confidential or personal information included with your submission. A list of personal information is available here:  
[http://www.psc.state.wv.us/Privacy\\_Policy/WhatIsPII.htm](http://www.psc.state.wv.us/Privacy_Policy/WhatIsPII.htm)

If you have provided an email address you will automatically receive notifications as documents are filed in this proceeding. The email notifications allow recipients to view a document within an hour from the time the filing is processed. If you have not provided your email address, please send an email to [caseinfo@psc.state.wv.us](mailto:caseinfo@psc.state.wv.us) and state the case number in the email subject field.

Sincerely,

  
Karen Buckley  
Executive Secretary

KB/al