

CASE No. 8797 – Warrior Run

Review of the contract for the sale of the generation capacity by the Warrior Run facility, determining that the best way forward was to issue a request for quotation for the sale of the output of the plant. Warrior Run is a power generation facility built pursuant to the Federal Public Utility Companies Regulatory Act (PURPA).

In general, PURPA required electric companies to enter into power purchase contracts with Qualifying Facilities (QFs), which are non-utility-owned generation facilities meeting certain operational standards. Allegheny Power (AP) had entered into such a contract with Warrior Run. The Act required an electric company to purchase the QF power at its avoided cost, which was intended to be a calculation of the costs to the utility of generating or purchasing electricity from another source.

OPC was a party to a settlement in 1999 which required AP to sell the Warrior Run output via a competitive bid process, and calculate the Warrior Run surcharge as the difference between the revenues obtained through the bid process and the cost of power under the Warrior Run Power Purchase Agreement.

In late November, 2007 the Commission approved an amendment to the Settlement Agreement which directs AP to sell the Warrior Run output and capacity into the PJM markets. Order No. 81725 (Nov. 28, 2007). It is expected that over time, the new method of selling the output will reduce overall costs to ratepayers.