Public Service Commission of West Virginia

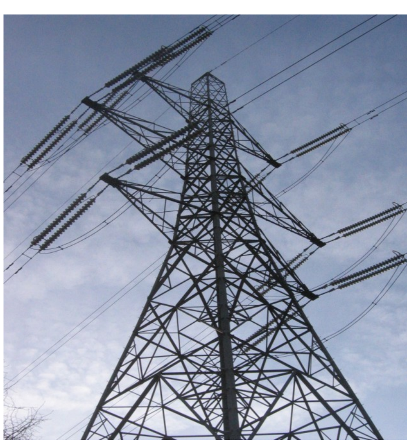
Management Summary Report 2014

and the

Electric and Gas Utilities Supply-Demand Forecast Reports for the years 2015 - 2024

Chairman Michael A. Albert

Commissioner Brooks F. McCabe, Jr.



Governor Earl Ray Tomblin

Submitted January 2015

201 Brooks Street, P.O. Box 812

Charleston, WV 25323

1-800-344-5113

Public Service Commission
of West Virginia

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

Michael A. Albert
Chairman

January 14, 2015

To the Members of the 82nd Legislature,

It is our pleasure to submit the 2014 Management Summary Report and the 2015 – 2024 Electric and Gas Supply Forecast Reports for the Public Service Commission of West Virginia.

This report details how the Commission has met its mission of supporting and promoting a utility regulatory and transportation safety environment while balancing the interests of the citizens, the State and the regulated parties.

This year, 2014 presented some interesting challenges and complex cases, including major rate increase requests from the largest electric companies in the state, Appalachian Power (APCo)/Wheeling Power (WPCo) and Monongahela Power/Potomac Edison; authorizing a special rate for electricity for Felman Production, LLC so the company could resume production at its silicomanganese manufacturing facility in Mason County; a proposal by APCo/WPCo to transfer an undivided 50% interest in the Mitchell Power Plant to WPCo and an application by Moundsville Power to construct and operate a combined cycle natural gas fired electric wholesale generating facility. The Commission also initiated a General Investigation into the actions of West Virginia American Water in reacting to the Freedom Industries MCHM spill.

The Commission handles over 2,000 of these formal cases each year, many of which generate significant public attention. In addition, the Commission Staff processed nearly 10,000 Informal Cases in 2014, cases in which a utility problem is fixed, a payment plan is arranged, utility service is restored, a billing problem is addressed or significant water or sewer service problems are discovered and corrected. The Commission's skilled and professional Consumer Affairs Technicians were able to assist the public and at the same time prevent 98% of these Informal Cases from developing into Formal Cases in 2014. The Staff continues to play a vital role in the public safety and economic well-being of all

West Virginians. The Staff also participated in the Governor's Day to Serve, donating 19 boxes of canned food and dry goods valued at over $1,200 to Union Mission to help feed local families. Members of the Staff once again commemorated "Fix a Leak Week" by traveling to Beckley and Bridgeport to teach elementary school children about the importance of water conservation.

The Commission Headquarters building in Charleston is undergoing a façade replacement project to correct some construction flaws. The Commission has issued an Invitation for Qualifications for design-build teams and expects to select a team in February 2015. The project is scheduled for completion in April 2016. The Commission does not anticipate the need to request funds from the Legislature to pay for the project, rather the costs should be covered by special revenue funds.

In 2015, the Commission anticipates the continuing efforts to meet the needs for electric generating capacity, deal with EPA's Final Rules on carbon emissions, provide quality water and sewer service throughout the state and provide for enhanced safety and oversight of the transmission and distribution of natural gas, including from the Marcellus Shale reserves.

We look forward to continuing to work with you to serve the citizens of West Virginia.

Respectfully submitted,

Michael A. Albert
Brooks F. McCabe, Jr.

Table of Contents

I. Roles and Responsibilities of the Public Service Commission of West Virginia

The Public Service Commission of West Virginia (Commission) was established in 1913 by an Act of the State Legislature for the purpose of regulating railroads, toll bridges and ferries. Today, the Commission supervises, regulates and, where appropriate, investigates the rates, service, operations, acts and practices, affiliated transactions and other activities of West Virginia public utilities and many common and contract motor carriers of passengers and property within West Virginia.

The Commission is supported in its work by a current staff of 257 employees, including many professionals, such as lawyers, engineers, economists and accountants. The professional staff is supported by skilled specialists in the areas of investigation of utility practices, safety issues and transportation operations.

II. What Does the Public Service Commission Regulate?

1. Electric Utilities
2. Natural Gas Utilities
3. Telephone Utilities (land line services)
4. Private and Publicly Owned Water and Sewer Utilities (limited jurisdiction over rates of municipal water and sewer utilities)
5. Gas Pipeline Safety – Natural gas interstate transmission, regulated gathering and distribution pipelines, hazardous liquids intrastate transmission and regulated gathering, and on occasion acts as an Agent of the Federal Department of Transportation, Pipeline and Hazardous Material Safety Administration (PHMSA)
6. Solid Waste Carriers (intrastate)
7. Commercial Solid Waste Facilities (landfills)
8. Public Storm Water Service Districts
9. Certification of Independent Power Producer or Non-Utility Electric Generation facilities located in West Virginia. These facilities could include generation from any energy source, including wind, natural gas, landfill gas or other methane sources, solar, water, coal, renewable fuels and waste fuels
10. Administration of the Alternative and Renewable Energy Portfolio Act
11. Allocation of Energy Intensive Industrial Consumers Revitalization Tax Credits
12. Some Motor Carrier Operations – including economic regulation of intrastate transportation of passengers (taxis and limousines), household goods movers, and towing services not arranged by the owner of a towed vehicle (third party tows)
13. Safety, weight and speed limit enforcement of all commercial motor vehicles (private fleet and common carrier vehicles) operating in the state, including motor carriers involved in interstate commerce, with emphasis on high accident areas
14. Regulating transportation of hazardous materials, including identification, registration and permitting of commercial motor vehicles transporting such materials in and through the state
15. Coal Resource Transportation System (CRTS)
16. Railroad Safety - Administration and enforcement of Federal and State Railroad Safety regulations governing transportation of persons and property by rail
17. Disbursement of E-911 funds to counties, including approval of recommendations from the Tower Assistance Fund Committee regarding use of E-911 funds for cell tower construction
18. Regulation of fees and charges for setting and care of veterans' grave markers

III. Meet the Commission

Chairman Michael A. Albert

Michael A. Albert was appointed to the Commission in February 2007 to fill an unexpired term ending June 30, 2007. He was reappointed to two consecutive six-year terms expiring June 30, 2019. On July 1, 2007, he was appointed Chairman and continues to serve in that role. He previously served as a Manager and Member in the Business Law Department of Jackson Kelly, PLLC, in Charleston, West Virginia, focusing on public utilities and business and commercial transactions.

Chairman Albert currently serves as a member of the Board of Directors of the Kanawha County Public Library. He has served on the Board and as Chairman of the Board of Directors of the Library; the Education Alliance; Junior Achievement of Kanawha Valley; the National Institute for Chemical Studies; and the WVU Law School Visiting Committee.

Chairman Albert graduated from West Virginia University with a B.S. in Business Administration, majoring in Accounting. He achieved numerous academic and extracurricular awards, and upon graduating, he served as an officer in the United States Navy, including a tour of duty in Vietnam. Following an Honorable Discharge, he attended West Virginia University College of Law where he was the Editor in Chief of the West Virginia Law Review and received his Doctorate of Jurisprudence, with honors.

He is a fellow of both the West Virginia Bar Foundation and the American Bar Foundation and served on the West Virginia State Bar. He currently resides in Charleston with his wife, Laura Lee. They have three children, Michael, Jason and Melissa, six grandsons and a granddaughter.

Commissioner Brooks F. McCabe, Jr.

Brooks F. McCabe was appointed to the Commission in November 2014 to fill an unexpired term ending June 30, 2015. He is the Managing Member and Broker of West Virginia Commercial, LLC and has been involved in commercial and investment real estate for more than thirty years. Prior to joining the Commission, he served as a Senator representing Kanawha County from 1998 – 2014, and served on the Finance, Economic Development, Pensions, Banking and Insurance, Labor, Natural Resources, and Transportation and Infrastructure Committees.

Commissioner McCabe has served on the boards of the Charleston Renaissance Corporation, Chemical Alliance Zone, Charleston Area Medical Center, West Virginia State College Foundation, the University of Vermont, and the GOW School (from which he graduated), a private college preparatory school for dyslexic students in South Wales, New York.

Commissioner McCabe is a graduate of the University of Vermont where he earned a Bachelor of Science in Management Engineering and a Master of Education in Education Administration. He received his Doctor of Education degree from West Virginia University, with concentration in planning and community development. His professional designations include the American Institute of Certified Planners and the REALTORS® National Marketing Institute, in which he is a Certified Commercial Investment Member. He and his wife Barbie reside in Charleston and have one daughter Katie and two grandchildren.

IV. Organization

The Public Service Commission of West Virginia consists of 12 divisions and the Consumer Advocate Division (CAD). The CAD is physically separate and financially independent from the Commission.

Commission

The Commission regulates those persons, firms or governmental units that provide certain public services, including electricity, natural gas, water, sewer, telecommunications, solid waste disposal (landfills), gas pipeline safety and, to some extent, the transportation of persons and property for hire over the public highways of the state. Motor carriers regulated by the Commission include taxi service, specialized limousine service, solid waste, transportation service, third-party towing and household goods movers. In addition, the Commission sets statewide policies for utility regulation through rulemaking proceedings, investigates the acts and practices of regulated utilities, recommends statutory changes that affect utilities and the Commission, and sets the administrative policies for the agency.

The Office of the Commission includes the Commissioners; the Quality Assurance, Communications and Government Relations Divisions and support personnel.

Administrative Division

The Administrative Division is comprised of the Budgets and Finance, Human Resources, Information Technology, Facilities Management and Training sections.

The Budgets and Finance Section prepares Commission budgets; provides fiscal review and control; processes and monitors travel expenses, payables and receivables; oversees all procurement activities and ensures fixed assets are properly recorded and funded through assessment of public utilities or from grants and other programs. This Section is also responsible for managing the Commission's annually appropriated special revenue budget, federal funds, non-appropriated special revenue funds and the E-911 fees for the State of West Virginia.

The Human Resources Section oversees employee hiring and separations, administers employee benefit programs and handles other personnel-related activities. This Section also administers the personnel budget by processing payroll, tax and benefit transactions for Commission employees.

The Information Technology Section is responsible for managing the Commission's technical assets. This includes overseeing the Commission's computer system and service desk needs in conjunction with the State Office of Technology by providing programming, database design, Web design, training and support and other technical assistance.

The Facilities Management Section oversees the maintenance and upkeep of the Commission's buildings, parking garage, vehicles and physical properties.

The Training Section is responsible for coordinating and providing education and skills training for Commission employees and for maintaining training records for the agency.

Administrative Law Judges Division

The Administrative Law Judges (ALJ) Division consists primarily of attorneys and support staff who act in an adjudicatory role under the auspices of the Commission. The ALJs issue Recommended Decisions within time periods prescribed by the Commission or set by statute in cases referred to the ALJ Division by the Commission. A Recommended Decision becomes the Commission's Final Order in a case unless modified by the Commission, based on exceptions filed by one of the parties or Staff of the Commission or unless suspended on the Commission's statutory authority.

The ALJ Division works on a variety of cases involving public utilities, motor carriers, cable television and coal hauling on the Coal Resource Transportation System (CRTS). The ALJs hold hearings and provide Recommended Decisions in cases involving service or other complaints from consumers about utilities or motor carriers, rate change requests, applications for certificates of convenience and necessity to construct new or expand existing utility plants and petitions for prior consent and approval for numerous utility transactions regulated by the Commission.

The ALJ Division also administers the Commission’s Billing Dispute mediation program. Throughout 2014, the Division successfully mediated 13 cases in the program, without the need for the cases to proceed to case processing. This saved resources of the Commission and those parties willing to engage in mediation. One additional case was resolved without mediation, three were referred to case processing and one case remains open. These numbers do not include a number of the more complex cases in 2014, that were the subject of mediation outside of the ALJ Division administered mediation program.

Engineering Division

The Engineering Division provides technical recommendations in cases before the Commission relating to rate requests, quality of service or billing disputes, engineering agreements, alternate main line extensions, certificates of convenience and necessity, mergers and acquisitions of utilities, service territory disputes, general investigations of utility operations and other cases requiring engineering expertise. Engineering staff members provide technical assistance to customers and utility companies, supervise and certify utility meter tests, conduct water pressure tests, investigate voltage levels, investigate taste and odor problems in water, investigate odor and other problems for sewer, provide leak detection services and opinions on utility construction estimates and undertake other technical tasks and studies as ordered by the Commission.

The Engineering Division also provides recommendations on the merits of proposed water and sewer projects to the Commission and to the West Virginia Infrastructure & Jobs Development Council (WVIJDC), technical comments and assistance on proposed rules and regulations, information and assistance to governmental entities around the state and technical training for public service districts board members and staff. The Engineering Division also assists in the preparation of the annual Gas and Electric Supply-Demand Forecast reports for the West Virginia Legislature.

Executive Secretary Division

The Executive Secretary Division maintains a complete record of all proceedings, acts, orders and judgments of the Commission and assures that documents and pleadings in cases are available in a timely fashion to the public on the Commission website at www.psc.state.wv.us. The Division receives, processes and maintains in safe custody all documents, maps and papers filed in formal cases on the Commission's docket, processes all orders and schedules statewide hearings for the Commission and the ALJ Division.

The Executive Secretary Division receives and maintains all annual reports from regulated utilities and reviews the reports for accuracy and compliance; processes all Freedom of Information Act requests; receives and processes all formal complaints filed with the Commission, either online or in person; issues all tariffs for rate cases and, when necessary, issues subpoenas at the direction of the Commission.

In addition to all Commission Orders, the entire Web Docket of the Commission is available to any interested person, without cost, online. This database separately lists each case on the formal docket and contains PDF files of every document filed in each case. Documents filed in formal cases can be accessed, reviewed and copied within one hour of being docketed, scanned and linked to the Commission's website. The Executive Secretary Division also processes all electronic case subscriptions through the

Commission website, allowing individuals to receive daily electronic notification of all activity, including Commission Orders, in any docketed case. The public hearing schedule and logistical information pertaining to docketed cases is also available online.

Gas Pipeline Safety Division

The Gas Pipeline Safety (GPS) Division, formerly operated as a section within the Engineering Division, was created as a separate division in 2013 to recognize the increasing responsibility and concern for pipeline safety. The GPS is responsible for the application, oversight and enforcement of pipeline safety regulations under Chapter 24B of the West Virginia Code and is certified annually under 49 USC §60105 by the U.S. Department of Transportation, Pipeline and Hazardous Material Safety Administration (PHMSA), Office of Pipeline Safety (OPS). The GPS Division oversees safety compliance with 49 CFR 191, 192 and 195 for intrastate natural gas and hazardous liquids transmission and regulated gathering pipelines and natural gas distribution pipelines. The Federal regulations provide minimum requirements for the design, construction, operations and maintenance of the regulated pipelines as well as reporting requirements. In addition, on an as needed basis, the GPS may inspect interstate gas transmission pipelines as an agent for PHMSA. Any findings from these interstate inspections are forwarded to PHMSA, which determines the enforcement action to be taken.

All the GPS inspectors are trained in the Federal pipeline regulations at the PHMSA Training Facility in Oklahoma City, Oklahoma. The required training must be successfully completed in three years and the GPS inspectors must meet minimum requirements prior to being allowed to inspect pipelines. GPS inspectors perform regularly scheduled (approximately every 18 – 24 months) inspections of all operators of intrastate natural gas and hazardous liquids transmission and regulated gathering pipelines and operators of natural gas distribution pipelines and master meter systems to determine compliance with the Federal and State regulations. In 2014, the GPS Division performed approximately 100 scheduled compliance inspections on a variety of pipeline topics. GPS may conduct additional inspections based on complaints from the public or as a follow-up to previous inspections. The GPS inspectors may lead or assist with accident investigations to determine the cause and adherence to the required regulations. Unsatisfactory inspections may result in a variety of enforcement actions that are available to the GPS Division to ensure compliance with the pipeline safety regulations.

Pipeline operators are required to meet specific reporting requirements for certain events that occur on their pipeline facilities. GPS has now established a 24 hour emergency phone number to facilitate the operators' notification to GPS of the events.

Office of the General Counsel

The General Counsel acts as the chief legal advisor to the Commission on cases, policies and other issues facing the Commission. In addition to rendering legal advice to the Commission, the General Counsel represents the Commission in outside litigation and in other State and Federal court and agency proceedings such as the Federal District and Circuit Courts, Federal Energy Regulatory Commission (FERC) and the Federal Communications Commission (FCC).

The Office of the General Counsel includes law clerks, an employment attorney, and support personnel. The law clerks research regulatory matters involved in cases; prepare summaries of facts and issues in Commission deliberations and hearings and draft orders that are reviewed, revised and approved by the Commission. The employment attorney assists in the development of policy, tracks court opinions in human resources and employment law and researches and handles grievances and other employment issues.

Legal Division

The Legal Division provides legal assistance to the Divisions and represents the Staff of the Commission in proceedings brought before the Commission and Administrative Law Judges for adjudication and resolution. The Legal Division is bound by the rules regarding *ex parte* contact with the Commission and the Commission’s immediate staff.

The Commission Staff is a formal party to Commission proceedings, and the Legal Division works with the technical and financial analysts to review the positions of all parties to the proceedings and present a recommendation in those proceedings to the Commission for disposition of the matter. The Commission's Legal Division represents the Staff, not individual complainants, in matters before the Commission.

As required, the Legal Division, in coordination with the General Counsel, represents the Commission before State and Federal Courts and other State and Federal agencies including the WVIJDC, FERC and the FCC. The Legal Division is also involved in defending Commission Orders that are appealed to the Supreme Court of Appeals of West Virginia. In addition to working on formal cases, the Legal Division assists other divisions within the Commission to develop responses to utility customers and utility company inquiries.

Transportation Administration Division

The Transportation Administration Division consists of three operating sections: Motor Carrier, Hazardous Material Registration and Coal Resource Transportation System.

The Motor Carrier Section conducts registration of intrastate and interstate motor carriers and collects intrastate and interstate assessments, registration fees, filing fees for intrastate authority, insurance fees and HazMat (hazardous materials) assessments. Most of the revenue is derived from Unified Carrier Registration (UCR).

The Hazardous Material Registration Section is responsible for registration of hazardous material transported in the state and is responsible for a multi-state project that provides for identification, registration and permitting of commercial motor vehicles carrying these materials in West Virginia.

Weight enforcement responsibility for all commercial motor vehicles on the roads of West Virginia is also the responsibility of the Commission. The Commission enforces the Coal Resource Transportation System (CRTS) for permitting vehicles on certain CRTS designated roads in eighteen counties, primarily in the southern West Virginia coal fields. Coal haulers may purchase a permit through the Commission Transportation Administration Division that will allow for a gross vehicle weight of up to 120,000 pounds, depending on their truck configuration and the specific routes on which the truck will be operating. This Section is also responsible for imposing reporting requirements for coal shippers and receivers, especially on the CRTS roads.

Transportation Enforcement Division

The Transportation Enforcement Division consists of four operating sections: Railroad Safety, Safety Enforcement, Special Operations and Logistics.

The Railroad Safety Section is responsible for the administration and enforcement of Federal and State safety regulations governing the transportation of persons and property by rail. Freight transportation is expected to double in the next 25 years. Amtrak predicts similar growth in rail ridership. Rail safety through education, engineering and enforcement has become increasingly important as rising numbers of people and freight moving on trains have resulted in more trains on more tracks going faster than ever before.

Officers in the Safety Enforcement Section perform vehicle safety inspections of motor vehicles operated by interstate and intrastate motor and private carriers, commercial motor vehicles and drivers. These inspections are performed on a routine basis in designated work areas and at regional road check sites throughout the state during the warmer months. During the winter months, the officers also inspect vehicles at the terminal facilities of intrastate carriers. Officers enforce compliance with U.S. Department of Transportation safety criteria adopted by the Commission. The Safety Enforcement Section also conducts compliance reviews on interstate and intrastate motor carriers in conjunction with Investigators of the Federal Motor Carrier Safety Administration located in West Virginia.

The Special Operations Section conducts safety audits on West Virginia motor carriers involved in interstate commerce. This Section is responsible for the Special Patrol Unit charged with addressing high commercial vehicle accident areas within the State of West Virginia.

The Logistics Section is responsible for the procurement and inventory of all supplies and equipment to support the Transportation Enforcement Division. This Section installs and maintains all electronic equipment used by the Transportation Enforcement Division.

Utilities Division

The Utilities Division consists of accountants, auditors, analysts and economists, and provides accounting, audits, financial, economic and other technical assistance and analysis of Commission cases and processes and participates in rate and other filings made by electric, natural gas, telephone, water and wastewater utilities, solid waste carriers, taxis, limousine services, household goods movers, tow operators and commercial solid waste facilities.

This Division is also responsible for reviewing and making recommendations to the Commission regarding formal customer complaints filed against natural gas, electric, telephone, water, and wastewater utilities, regulated motor carriers and commercial solid waste facilities, and informal complaints or requests for assistance dealing with other regulated utility services. The Utilities Division staff also assists customers with quality of service complaints related to cable television, maintains a comparative database of motor carrier costs and rates and conducts both financial and management audits of motor carriers operating within the state.

Water and Wastewater Division

The Water and Wastewater Division provides financial advice and assistance to public service districts, Class III cities, Class IV towns or villages and homeowner associations. Assistance includes matters such as accounting, billing, delinquency collection, security deposits, funding, field operation problems, service extensions, long service lines, leak detection, budgeting, general rule and law interpretation and conflict negotiations.

The Division also provides mandatory and optional training seminars to utility staffs located throughout the state; makes field visits; and, in collaboration with the Department of Environmental Protection (DEP), the Bureau for Public Health (BPH) and the Bureau of Risk and Insurance Management (BRIM), publishes *The Pipeline*, a quarterly newsletter.

In 2014, the Water and Wastewater utility analysts provided technical assistance to water and wastewater utilities in 868 matters. The average completion time for resolving a technical assistance request during 2014 was approximately 2.4 days. The assistance staff is also charged with reviewing, from a financial perspective, the preliminary applications to the WVIJDC. During 2014, the Commission utility analysts conducted approximately 69 WVIJDC reviews. The Division also reviews Annual Reports filed by water and wastewater utilities for quality and accuracy. During 2014, approximately 732 annual reports were reviewed by the Division. In addition, the Division processed 1,411 informal inquiries during the year.

V. Significant Proceedings

Each year the Commission considers a number of significant or novel proceedings. A few of those matters from 2014 are summarized below.

Electricity

Alternative and Renewable Energy Portfolio Standard Compliance Plan Cases

In March and April 2014, the electric utilities filed annual progress reports to their alternative and renewable energy portfolio standard compliance plans, pursuant to Rule 8 of the Commission's Rules Governing Alternative and Renewable Energy Portfolio Standard (150 C.S.R. 34) and W. Va. Code § 24-2F-1 *et seq.* for the Commission's review. The Commission issued Orders accepting the progress reports filed by the electric utilities, and approving the City of New Martinsville's Revised Compliance Plan Report. All of these cases are now closed. Those cases and links to the progress reports are:

Electric Utility Company	Case Number	Link to Report
Monongahela Power and Potomac Edison Companies	Case No. 14-0466-E-P	http://bit.ly/1w60nFq
Appalachian Power and Wheeling Power Companies	Case No. 14-0509-E-P	http://bit.ly/1GyH1AW http://bit.ly/1GyHfYX
Harrison Rural Electrification Association, Inc.	Case No. 14-0439-E-P	http://bit.ly/1sGgjOz http://bit.ly/1wt9tBs
City of New Martinsville	Case No. 14-0440-E-P	http://bit.ly/1zcsppY http://bit.ly/13IGjmY
Craig-Botetourt Electric Cooperative	Case No. 14-0441-E-P	http://bit.ly/13kKV1M http://bit.ly/13l3qTs
Black Diamond Power Company	Case No. 14-0480-E-P	http://bit.ly/1z3tqf3 http://bit.ly/1DRwrHl
City of Philippi	Case No. 14-0521-E-P	http://bit.ly/1AOlr7L http://bit.ly/16zqDDI

Certification of Qualified Facilities under the Alternative and Renewable Energy Portfolio Standard Act

Several entities have submitted applications to the Commission for the certification of their electric generation facilities as "Qualified Facilities" capable of generating "Renewable Energy Resource Credits" under the Rules Governing Alternative and Renewable Energy Portfolio Standard (Portfolio Standard Rules) (150 CSR 34). The major cases addressed in 2014 are:

1. Monongahela Power Company (Mon Power)

Mon Power requested certification of the Morgantown Energy Associates (MEA) facility in Morgantown (Case No. 12-1508-E-P). Mon Power asserted that the MEA facility should be certified based on qualified generation from waste coal, an alternative energy resource identified by W.Va. Code §24-2F-3(3) and Portfolio Standard Rule 2.4g. Mon Power also stated that the MEA facility is a renewable energy resource under W.Va. Code §24-2F-3(13)(1) and Portfolio Standard Rule 2.22.i. as recycled energy. Mon Power noted its contractual ownership of all of the electrical output of the MEA facility under its Electric Energy Purchase Agreement dated March 1, 1989, effective through 2027.

On March 10, 2014, the Commission issued an Order certifying this facility as a Qualified Resource capable of producing credits pursuant to the Portfolio Standard Rules (http://bit.ly/13gLRUG).

2. Gauley River Power Partners, LP

Gauley River requested certification of a run of the river hydroelectric generating facility located near Summersville (Case No. 14-0286-E-P).

On June 11, 2014, the Commission issued an Order certifying the facility as a Qualified Resource capable of producing credits pursuant to the Portfolio Standard Rules (http://bit.ly/1J9Fpjh). As a run of the river hydroelectric generating facility, the Gauley River facility is entitled to two credits for each megawatt hour of electricity generated.

Electric Utility Vegetation Management Cases

On June 29, 2012, a powerful wind event, classified as a derecho, unexpectedly swept through the eastern United States leaving millions of people, including many in West Virginia, without power for extended periods of time. Other major weather events including the winter storm of 2008 and Hurricane Sandy also caused major outages in West Virginia.

On July 20, 2012, the Commission initiated a general investigation regarding the severe storm events and resulting disrupted utility service (Case No. 12-0993-E-T-W-GI). This proceeding examined utility preparedness, utility response and utility plans for future events. The Commission ordered all electric utility companies operating in West Virginia to file a petition to propose a comprehensive vegetation management program to maintain all rights-of-way over a stated period of time. The proposals were to cover all distribution and transmission lines on an "end-to-end, time-based cycle," based on the utility's specific operational and reliability targets; indicate how the program would be coordinated with other entities that have facilities in the rights-of-way or attached to the utility poles and that may also have an obligation to maintain the same rights-of-way and include a proposed method for rate recovery of the increased costs that will be associated with the programs.

The Commission has issued Final Orders approving plans for all but one of the state's electric utility companies. The list of utilities and links to the Commission's Orders are below.

Electric Utility Company	Case Number	Date and Link to Order
Appalachian Power and Wheeling Power Companies	13-0557-E-P	March 18, 2014 (http://bit.ly/1AvkWj9)
Monongahela Power and Potomac Edison Companies	13-1064-E-P	April 14, 2014 (http://bit.ly/1v4biQS)
City of Philippi	13-1066-E-P	January 17, 2014 (http://bit.ly/1GvChfm)
Harrison Rural Electrification Association, Inc.	13-1067-E-P	February 3, 2014 (http://bit.ly/1sJVvLR)
Craig-Botetourt Electric Cooperative	13-1068-E-P	January 31, 2014 (http://bit.ly/13gpX3L)
City of New Martinsville	13-1069-E-P	January 16, 2014 (http://bit.ly/1r3esb0)
Black Diamond Power Company	13-1104-E-P	Case is pending with Commission

Electric Utility Rate Cases

FirstEnergy Base Rate and Depreciation Cases

Mon Power and the PE (Companies) filed an application to increase electric rates and charges by $95.7 million or 9.3%, on April 30, 2014 (Case No. 14-0702-E-42T). The Companies also requested a surcharge of $48.4 million for the approved Vegetation Management Program. The entire requested increase totaled $144.1 million or 13.95%.

On April 30, 2014, the Companies filed an application for a change in their depreciation rates under Rule 20 of the Commission's Rules of Practice and Procedure (Case No. 14-0701-E-D). The Companies' revenue requirement would increase by $17 million as a result of these new depreciation rates. The deprecation rates are included in the $144.1 million requested increase.

The West Virginia Consumer Advocate Division (CAD), the West Virginia Energy Users Group (WVEUG) and Wal-Mart Stores East, LP and Sam's East were granted intervenor status in these cases. The Commission held six public comment hearings in this matter in Shepherdstown, Morgantown and Flatwoods.

On November 3, 2014, all the parties submitted a joint stipulation for the Commission's consideration. The stipulation includes a $15 million base rate increase and a vegetation management surcharge that will initially produce $47.5 million per year, making the total annual revenue increase $62.5 million. The parties agreed that the surcharge would be subject to review every two years. It was also agreed that the Companies would withdraw their request for new depreciation rates and that the Companies' shareholders would increase their annual contribution to Dollar Energy Fund from $100,000 to $250,000 to assist low income West Virginians with their utility bills. The temporary surcharge related to the acquisition of the Harrison Power Station (Case No. 12-1571-E-PC) would be eliminated when the new rates are implemented.

The Commission held a hearing to receive evidence about the joint stipulation on November 7, 2014. This case is pending before the Commission with a decision expected in the first quarter of 2015.

<u>FirstEnergy Expanded Net Energy Cost</u>

Mon Power and PE filed their annual ENEC filing on August 29, 2014 (Case No. 14-1550-E-P). The ENEC rate review is a special purpose rate proceeding for electric utilities that allows cost recovery for prudently incurred costs for obtaining fuel, purchased power costs, purchased transmission costs and construction costs for specific projects. Because of a settlement in the Harrison Power Station acquisition case (Case No. 12-1571-E-PC), Mon Power and PE did not file an ENEC case in 2013, making this request for two years of fuel costs. The Companies requested $51.5 million for an under recovery from the previous two years of fuel costs and $14.3 million for a projected under-recovery for a total increase of $65.8 million or approximately 5.7%

The CAD and the WVEUG have been granted intervenor status. This case is pending before the Commission.

<u>Appalachian Power Company and Wheeling Power Company Base Rate and Depreciation Rate Cases</u>

On June 30, 2014, APCo and WPCo, together doing business as American Electric Power (AEP), filed an application to increase their base rates and charges by approximately $226.1 million, or 13.56%, including approximately $44.6 million for their approved Vegetation Management Program (Case No. 14-1152-E-42T). If approved, the rate impact to residential customers would be an increase of 22.3%.

On June 30, 2014, the Companies also filed a request to change depreciation rates under Rule 20 of the Commission's Rules of Practice and Procedure (Case No. 14-1151-E-D). The Companies stated that their proposed depreciation rates would require $59.6 million in depreciation expenses, which were included in the base rate application.

The Commission granted intervenor status to the CAD, the WVEUG, SWVA, The Kroger Company, Wal-Mart Stores, East, LLC, and Sam's East, Inc. The Commission also granted limited intervenor status to The Honorable Marty Gearheart, Delegate from Mercer County.

The Commission has held 10 public comment hearings in this matter in Bradshaw, Princeton, Huntington, Wheeling and Oak Hill. Additional public comment hearings and an evidentiary hearing are scheduled for January 12-16, 2015, in Charleston. This case is pending before the Commission.

Appalachian Power Company and Wheeling Power Company Expanded Net Energy Cost Case

On March 4, 2014, APCo and WPCo, both doing business as American Electric Power (AEP) filed a request to increase their ENEC by $68 million and decrease the Construction Surcharge rates by $3.8 million (Case No. 14-0344-E-GI). The Commission granted intervenor status to the CAD, SWVA and the WVEUG.

On June 10, 2014, AEP filed a motion asking the Commission to adopt a Joint Stipulation and Agreement for Settlement proposed by the parties. The Commission entered an Interim Order on June 30, 2014, adopting the terms of the Joint Stipulation, which lowered the Construction Surcharge by $4.72 million, discontinued deferral accounting for the Construction Surcharge, reduced the over-recovery balance as of December 31, 2013, by $429,999 to reflect certain transmission credits, and adopted an ENEC over-balance of $129,344,810 as of December 31, 2013. The Commission further ordered that the ENEC be held open for the possibility of further action on the ENEC rates in conjunction with any order of the Commission respecting the request for WPCo to acquire the Mitchell Plant. The Commission issued a Final Order approving the transfer of the Mitchell Plant and closing this case on December 30, 2014 (http://bit.ly/1xxZXx9).

Electric Utility Generation Cases

FirstEnergy Asset Swap

Mon Power and PE (Companies) filed a joint petition for approval of a generation resource transaction on November 16, 2012 (Case No. 12-1571-E-PC). The Companies had a large deficit in generation capacity to serve their customers, and they proposed this transaction to increase Mon Power's installed capacity by 1,476 megawatts. The main piece of the transaction involved Mon Power's acquisition of the 79.46% ownership interest in the Harrison Power Station held by Allegheny Energy Supply Company, LLC (AE Supply). In exchange, AE Supply would acquire Mon Power's 7.69% interest in the Pleasants Power Station. This transaction was the result of the Companies' resource planning efforts detailed in the Resource Plan filed with the Commission on August 31, 2012.

The net investment of this transaction for Mon Power would be over $1.1 billion. The Companies requested a temporary transaction surcharge be implemented at the closing of the transaction that would remain in place until new base rates were implemented. The rate impact of the surcharge in combination with the rate decrease from the last ENEC proceeding would result in a net decrease of 1.3% in rates.

The CAD; the West Virginia Citizen Action Group (WVCAG); the WVEUG; the Utility Workers Union of America, AFL-CIO, and its Local 304; the Sierra Club; the West Virginia State Building and Construction Trades Council, AFL-CIO; the International Brotherhood of Electrical Workers (IBEW), AFL-CIO and its Local 2357 and the West Virginia Coal Association were granted intervenor status in this matter.

On August 21, 2013, the Companies, along with Commission Staff, the CAD, WVEUG, the Utility Workers, the Sierra Club, the Building and Construction Trades Council, the IBEW and the Coal Association submitted a Joint Stipulation and Agreement for Settlement that recommended the Companies be allowed to purchase the Harrison Power Station for less than originally requested. The reduced purchase cost, coupled with other measures that reduced the rate impact of the transaction was to result in no immediate rate increase as a result of the transaction. The Companies agreed to increase their commitment to energy efficiency/demand response measures. The parties to the stipulation recommended the Companies not file an ENEC proceeding in 2013. The WVCAG opposed the stipulation.

On October 7, 2013, the Commission entered an Order that adopted the joint stipulation, as modified by that Order (http://bit.ly/16wcib6).

On November 6, 2013, the WVCAG filed an appeal of the Commission's Final Order before the Supreme Court of Appeals of West Virginia. The Supreme Court took oral argument on the matter on March 5, 2014. On May 27, 2014, the Supreme Court entered an Order affirming the Commission's decision.

Transfer of the Mitchell Plant to Wheeling Power Company

In December 2012, APCo and WPCo filed an application to acquire a 50% undivided interest in the Mitchell Plant, located in Moundsville, and a two-thirds interest in Unit 3 of John E. Amos Plant (Amos 3), located in St. Albans, then owned by Ohio Power Company, an affiliate (Case No. 12-1655-E-PC).

APCo serves customers and is regulated in West Virginia and Virginia and sought consent and approval for the proposed acquisition from both the Commission and the Virginia State Corporation Commission (VSCC). The VSCC approved the transfer of Amos 3 to APCo, but denied the transfer of the Mitchell Plant. This Commission subsequently entered an Order on December 13, 2014, granting approval for the transfer of Amos 3, but denying approval for the transfer of the Mitchell Plant, and requiring the Companies to update the plan to serve WPCo's customers.

On March 4, 2014, APCo and WPCo filed with the Commission an updated plan to transfer a 50% interest in the Mitchell Plant solely to WPCo and approval of affiliated agreements related to the acquisition and operation of the Mitchell Plant (Case No. 14-0546-E-PC). The transfer would provide 800 MW in generating capacity to WPCo. The Companies proposed a $118 million surcharge to base rates along with a decrease of the Expanded Net Energy Cost upon approval of the transaction.

The Commission granted intervenor status to the CAD, WVCAG, the WVEUG, the Sierra Club, SWVA, Inc., the West Virginia Oil and Natural Gas Association (WVONGA) and the West Virginia State Building and Construction Trades Council, AFL-CIO.

On October 9, 2014, the parties filed a Joint Stipulation and Agreement for Settlement (Joint Stipulation) in the docket of the case. All parties signed onto the Joint Stipulation except for SWVA, which stated no objection to the settlement. On December 30, 2014 the Commission issued an Order approving and modifying the Joint Stipulation. One of the conditions imposed by the Commission was to protect rate-payers from potential future liabilities that could result from the Connor Run Fly Ash Impoundment and Dam associated with the Mitchell Plant. This case is pending before the Commission.

Moundsville Power, LLC

On July 3, 2014, Moundsville Power, LLC filed a verified application for a Siting Certificate, requesting authorization to construct and operate a 549 MW natural gas-fired electric wholesale generating facility, including a related transmission line of less than 200 kV in Marshall County, West Virginia (Case No. 14-1221-E-CS).

The proposed project would be constructed on a 37.2 acre tract, part of the Allied-Hanlin-Olin Superfund site, approximately three (3) miles south of Moundsville. The project would receive blended methane-ethane gas from a dedicated pipeline owned and constructed by a third party under contract to Moundsville Power, LLC. The transmission support line and associated interconnection facilities would be constructed to connect the project to AEP's Washington Substation. Construction costs are estimated to be $615 million. Moundsville Power, LLC asserts that the project is not a utility and will not have an impact on West Virginia ratepayers.

There was no active opposition to the project and on December 2, 2014, the parties filed a Joint Stipulation and Settlement Agreement requesting Commission approval of the Project, subject to certain conditions. An evidentiary hearing on the application was held December 9, 2014, and an Order will be issued in the first quarter of 2015.

Appalachian Power Company's Clinch River Power Plant

APCo filed an application for a certificate of convenience and necessity to convert two of the three units at the Clinch River Power Plant from coal-fired to natural gas-fired units (Case No. 13-0764-E-CN). The Clinch River Power Plant is located in Virginia near Wytheville and consists of a three unit, coal-fired generation facility with a capacity of 242 MW. Although not part of the application, a gas pipeline to supply natural gas to the plant would have to be constructed. To fund the project, APCo proposed a new construction surcharge that would be added onto its yearly ENEC costs.

The parties reached a settlement under which the certificate of convenience and necessity would be granted in exchange for the withdrawal of the construction surcharge request. A Joint Stipulation and Agreement for Settlement was submitted to the Commission on November 12, 2013. The Commission adopted the Joint Stipulation without modification on February 2, 2014 (http://bit.ly/1wIk1fT).

STF Group Inc. Solar Farm

On December 2, 2014, STF Group Inc. filed a Notice of Intent to apply for permission to build a 6 MW solar farm in Crawley, West Virginia, in Greenbrier County

(NOIE STF 14A). At the time of the filing, the company had already received its construction permit and instructions from American Electric Power (AEP) regarding the requirements to connect to AEP's grid. STF Group is already a member of PJM, and will transmit through PJM to markets inside and outside West Virginia. According to its filing, STF Group has had little response to the sale of solar power by the local utilities and plans to concentrate on export sales.

The project will consist of three phases, with plans to begin construction on the first phase in early 2015. The company intends to start sales by the end of the first quarter. Phase One will be completed prior to the start of the next two phases. Phase Three is planned for Fayette County.

Miscellaneous Electric Cases

FirstEnergy Meter Reading General Investigation

On June 7, 2013, the Commission initiated a General Investigation into the meter reading, billing and customer service practices of Mon Power and PE (Case No. 13-0830-E-GI). The Commission initiated the General Investigation after receiving more than 750 informal and almost 70 formal complaints concerning the meter reading and billing practices of Mon Power and PE. Because of the timing and impact of the derecho and Hurricane Sandy, the Companies had issued a large number of consecutive estimated bills to many of their customers that then resulted in large "true up" bills for those customers. The Commission posed multiple questions to Mon Power and PE and ordered them to respond by July 1, 2013. The Consumer Advocate Division was granted intervenor status in this matter.

On May 28, 2014, the Commission issued a Final Order directing Mon Power and PE to begin reading all customer meters, except for necessary annual read customers, on a monthly basis as soon as possible, but no later than July 1, 2015 (http://bit.ly/1C3LY56). This case is now closed.

Felman Production, LLC

Felman Production, LLC owns and operates a plant in New Haven that uses submerged arc furnaces to make silicomanganese (SiMi). SiMi is an additive used in steel production to make steel more pure and strong. Felman filed a Petition with the Commission on August 30, 2013, asking for a special rate for electricity (Case No. 13-1325-E-PC). This Petition was filed in accordance with W. Va. Code § 24-2-1j. Felman stated in its Petition that electricity was one of the largest costs in the production of SiMi, and without a special rate it could no longer justify producing SiMi and would have to close the New Haven Plant.

Felman stated in testimony that, when active, the plant contributes in excess of $187 million per year to the West Virginia economy and supports approximately 524 jobs in the state. The plant has not, however, been profitable since at least 2010, was shut down in July 2013 and would not reopen unless Felman was granted a special rate for electricity. When operational, Felman's regular electric rate resulted in a $9.5 million annual contribution toward APCo's fixed costs, such as the costs of owning and maintaining its generation, transmission and distribution lines and general administrative expenses. During the period while Felman is non-operational those fixed costs must be borne by other customers. The CAD, WVEUG and SWVA were granted intervenor status in the case.

The Commission issued an Order on April 3, 2014, granting Felman's request for a special rate, reasoning that the special rate did not impose any additional burden on other APCo customers that would not exist if the New Haven facility permanently closed (http://bit.ly/1zBfzAs). Felman has since resumed the production of SiMi at its New Haven facility. This case is now closed.

<u>Appalachian Power Company and Wheeling Power Company Energy Efficiency/Demand Response Program</u>

On March 5, 2014, as part of its 2014 ENEC filing, Appalachian Power Company (APCo) filed a petition for review of its energy efficiency/demand response program rates (Case No. 14-0345-E-PC). Intervenor status was granted to CAD and WVEUG. On June 2, 2014, the Parties submitted a Joint Stipulation and Agreement for Settlement.

On November 14, 2014, the Commission issued a Final Order, which continued the energy efficiency and demand response surcharge (EE/DR) at a level to produce $8.2 million in annual revenue, directed the companies to enhance the SMART Lighting Program, add incentives for LED lights and ENERGY STAR appliances, add construction rebates to the HomeSMART programs and implement four new programs: Appliance Recycling, Residential Peak Reduction, Commercial Lighting Incentive and Manufactured Home ENERGY STAR (http://bit.ly/1sLF2qr). This case is now closed.

<u>American Electric Power Transmission Company Certificate Cases</u>

Throughout 2014, West Virginia AEP Transmission Company (WV Transco) filed seven additional certificate applications to make upgrades to the AEP transmission system in West Virginia. The upgrades, totaling approximately $675 million, have mostly been mandated by the operator of the regional transmission organization, PJM, to maintain and enhance the reliability of the region's transmission system.

The Commission granted WV Transco six certificates of convenience and necessity in the following cases:

Case No. 14-0056-E-CN (http://bit.ly/1Bi2Hhr)
Case No. 14-0304-E-CN (http://bit.ly/1tAOqh4)
Case No. 14-0470-E-CN (http://bit.ly/1xvJzix)
Case No. 14-0905-E-CN (http://bit.ly/1zQOU4h)
Case No. 14-1006-E-CN (http://bit.ly/1xgeRYw)
Case No. 14-1684-E-CN (http://bit.ly/1wATtbr)

The Commission also granted four certificates of convenience and necessity that were filed in 2013 in the following cases:

Case No. 13-1454-E-CN (http://bit.ly/1K1H3UB)
Case No. 13-1455-E-CN (http://bit.ly/1Hh39QA)
Case No. 13-1574-E-CN (http://bit.ly/1Bi6NpL)
Case No. 13-1575-E-CN (http://bit.ly/14cuvta)

WV Transco's application for a certificate of convenience and necessity in Case No. 14-1758-E-CN is pending before the Commission.

Black Diamond Power Company's Purchased Power Cost

Black Diamond Power Company is an electric wholesale company that serves approximately 2,600 customers in three West Virginia counties. It has no generation facilities of its own, but instead purchases energy from APCo for resale to its customers. On August 1, 2014, Black Diamond filed a request for a consolidated purchased power surcharge (Case No. 14-1389-E-P). The negative charge and refund increment Black Diamond proposed would result in a total annual rate decrease of $792,310. The Commission held an evidentiary hearing in this matter on October 22, 2014.

The Commission issued an Order on November 19, 2014, approving a combined purchased power rate which represents a reduction in annual revenue of $792,310 effective December 1, 2014 (http://bit.ly/13hgYQb). The Commission directed Black Diamond to remit to APCo on or after December 1, 2014, the greater of 68.98% of all customer receipts other than the current APCo Delinquency Surcharge, or the amount of its current APCo bill, remitted on a weekly basis going forward. This case is now closed.

Natural Gas

Natural Gas-Purchased Gas Cost Cases

Under the Commission's Rule 30C procedure, natural gas utilities can file annually to adjust the purchased gas component of their rates. This purchased gas adjustment procedure (PGA) allows the utility to recover the costs it pays suppliers for the gas it delivers to gas customers. The PGA cost of purchased gas typically comprises more than half of a customer's winter heating bill.

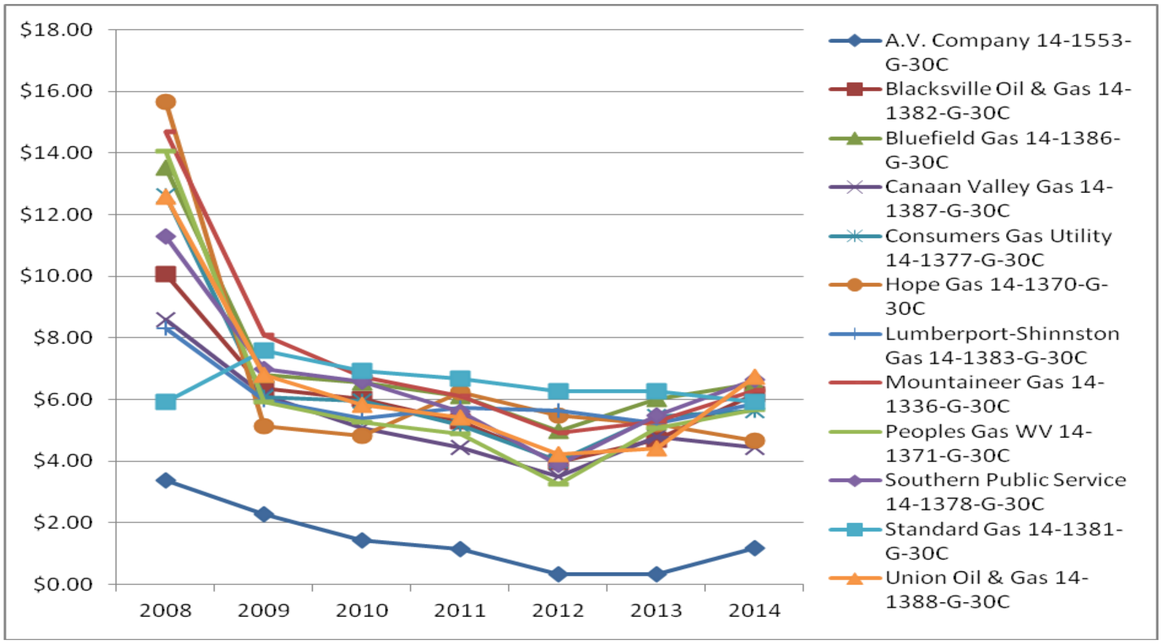
The prices that a natural gas utility pays its suppliers for gas are not regulated by either the Commission or any Federal government agency, but are determined by a national market. Over the years, the market-driven price has been extremely volatile, largely resulting from the availability of Marcellus gas in the market, and influenced by any number of external factors.

Following several years of record low gas prices and a review of rate filings by natural gas utilities, the Commission ordered that gas rates to recover the cost of purchased gas across the state be adjusted as follows for the winter of 2014-2015:

Purchase Gas Cost Rates 2008-2014

Company and Case No.	2008 PGA per McF	2009 PGA Per McF	2010 PGA Per McF	2011 PGA Per McF	2012 PGA Per McF	2013 PGA Per McF	2014 PGA Per McF[1]
A.V. Company 14-1553-G-30C	$3.39	$2.29	$1.44	$1.16	$0.33	$0.33	$1.193
Blacksville Oil & Gas 14-1382-G-30C	$10.07	$6.36	$6.01	$5.289	$3.979	$4.704	$6.176
Bluefield Gas 14-1386-G-30C	$13.53	$6.79	$6.56	$6.1257	$4.9866	$6.013	$6.5063
Canaan Valley Gas 14-1387-G-30C	$8.61	$6.14	$5.08	$4.448	$3.501	$4.787	$4.458
Consumers Gas 14-1377-G-30C	$12.63	$6.07	$5.97	$5.178	$4.00	$5.45	$5.64
Hope Gas 14-1370-G-30C	$15.68	$5.15	$4.83	$6.25	$5.478	$5.188	$4.66
Lumberport-Shinnston 14-1383-G-30C	$8.31	$5.99	$5.39	$5.739	$5.627	$5.232	$5.862
Mountaineer Gas 14-1336-G-30C	$14.69	$8.09	$6.74	$6.108	$4.913	$5.298	$6.293
Peoples Gas (formerly Equitable) 14-1371-G-30C	$14.05	$5.93	$5.28	$4.90	$3.24	$5.09	$5.67
Southern Public Service 14-1378-G-30C	$11.30	$6.98	$6.59	$5.613	$3.886	$5.50	$6.634
Standard Gas 14-1381-G-30C	$5.92	$7.60	$6.94	$6.68	$6.28	$6.26	$5.915
Union Oil & Gas 14-1388-G-30C	$12.60	$6.80	$5.83	$5.434	$4.24	$4.421	$6.727

[1] 2014 prices reflect Interim Rates.



<u>Miscellaneous Gas Cases</u>

<u>Longview Power, LLC v. Hope Gas, Inc., dba Dominion Hope</u>

On March 28, 2014, Longview Power, LLC (Longview) filed a "Complaint, Request for Emergency Interim Relief, and Request for Declaratory Judgment" against Hope Gas Inc., dba Dominion Hope (Hope) (Case No. 14-0499-G-C). Longview asked the Commission to rule that Hope could not include an exclusivity provision in a proposed service agreement for Hope to deliver gas to Longview's coal-fired electric generating station in Maidsville, primarily for start-up operations. According to Longview, the exclusivity provision would make Hope its sole supplier, despite the fact that capacity limitations on Hope's pipeline serving the plant would prevent Hope from providing adequate service to Longview's generating station, prevent it from dispatching electricity into PJM energy markets, damage Longview financially, and prevent Longview from serving its customers. Longview also asked the Commission to rule that Hope could not pass through to Longview certain operations and maintenance costs Hope elected to incur from its affiliate, Dominion Transmission, Inc.

The Commission issued an Order on May 22, 2014, stating that the exclusivity provision should not prevent Longview from attempting to arrange alternative service provided that any such agreement was consistent with the Commission's <u>Gas Transportation Rules</u>.

The Commission also held that, under the circumstances, it was not in the public interest for a baseload electric generating station to be prevented from operating by virtue of a provision in a contract for interruptible transportation of natural gas. The Commission dismissed the concern that existing statutes precluded competition between utilities when its own rules permitted limited competition for natural gas utilities in certain instances.

The Commission indicated it had been persuaded, as of the date of the April 16, 2014, hearing, that it was improper to require Longview to pay the costs of the interconnect between Hope and its affiliate. The Commission stated that it would reserve judgment until it issued a final ruling. That determination, as well as a final Order in the matter, will come when "Longview actually proposes a specific alternative." This case is pending with the Commission.

United Gas Pipeline Company, LLC

On June 12, 2013, United Gas Pipeline Company, LLC (UGP) filed an application with the Commission pursuant to the Commission's Gas Transportation Rules seeking a certificate of convenience and necessity to bypass a utility and construct and operate approximately 200 feet of natural gas pipeline to the South Charleston Stamping Plant currently operated by Gestamp North America, Inc. in South Charleston (Case No. 13-0857-G-CN). Mountaineer Gas Company (Mountaineer), which owns the utility facilities that would be bypassed if the application was approved, protested the application, as did Commission Staff. Both Mountaineer and Staff filed motions to dismiss the petition, noting that the application was deficient in details relating to the construction and operation of the proposed gas line, failed to include information on other facilities needed to supply gas to Gestamp and failed to state a specific gas transportation rate as required by the Commission's Rules.

On October 31, 2013, an Administrative Law Judge issued a Recommended Decision dismissing the application without prejudice for failing to comply with the requirements of W.Va. Code §24-2-11 and the Gas Transportation Rules (http://bit.ly/1uXe9da).

On November 15, 2013, UGP filed exceptions to the Recommended Decision. The parties agreed to a resolution and on December 27, 2013, UGP requested a Voluntary Dismissal without Prejudice.

On January 8, 2014, the Commission entered an Order (http://bit.ly/1zwskZm) dismissing the application without prejudice. This case is now closed.

Union Oil & Gas, Inc.

On April 4, 2014, Union Oil & Gas, Inc. filed an application to increase rates and charges by $729,970 annually, or approximately 15% (Case No. 14-0537-G-42T). Union Oil and Gas serves 5,800 customers in Cabell, Kanawha and Putnam counties. The Parties presented the Commission with a Joint Stipulation and Agreement for Settlement recommending a $376,511 increase in base rates for an overall increase of 7.9%. The parties also agreed to minor changes in the delayed payment penalty and increased the Company's reconnection fee for voluntary disconnections from $45.00 to $75.00.

On July 7, 2014, an Administrative Law Judge approved the Joint Stipulation (http://bit.ly/13DYrya). This case is now closed.

Water and Wastewater

Regional Development Authority of Charleston-Kanawha County, West Virginia Metropolitan Region, et al. v. West Virginia-American Water Company

On October 3, 2011, the Regional Development Authority of Charleston-Kanawha County, West Virginia Metropolitan Region, Lewis County Economic Development Authority, Oakvale Road Public Service District, Lashmeet Public Service District, New Haven Public Service District, Putnam County Building Commission, Jumping Branch-Nimitz Public Service District, and Webster County Economic Development Authority (jointly the Complainants) filed a complaint against West Virginia-American Water Company (WVAWC) (Case No. 11-1451-W-C). The Complainants had each received a "decommitment" letter from WVAWC wherein WVAWC indicated it would no longer financially support public/private investments, may not provide operation and maintenance services for future extensions and may serve new projects through a master meter using WVAWC's wholesale tariff rates or operate and maintain such projects subject to a detailed project cost evaluation. The Complainants were concerned about WVAWC's plans to discontinue direct investment in, and possibly discontinue operation and maintenance services for, future expansions of their systems.

The Commission issued an Order on May 24, 2012, accepting a settlement between the parties that resolved a portion of the complaint and established a framework for further negotiations and stayed the proceedings through 2012. Under the settlement agreement, the parties agreed to immediately pursue seven pending extension projects while continuing to work to resolve a further group of projects. The Commission stated that its acceptance of the May 23, 2012 settlement did not bind the Commission with regard to any final decisions that may need to be made in the proceeding. The

Commission held an evidentiary hearing held September 16-18, 2013, on the remaining issues not covered in the settlement.

On April 7, 2014, the Commission issued a Final Order stating that WVAWC had an obligation to continue to participate in technically and economically feasible extension projects proposed by the Complainants (http://bit.ly/1zAMkg0). The projects would serve new customers who are located within areas that could reasonably be served by WVAWC. The Order also stipulates that WVAWC must continue to file quarterly reports imposed in Case No. 11-0740-W-GI with the Commission, providing statistical information about the amount of non-revenue water and unaccounted for water, miles of lines surveyed, average response time, number of boil water advisories, number of leaks repaired and number of meters tested for each size of meter. These quarterly reports will be required through 2015. WVAWC will also be required to share this statistical information with the Complainants. This case is now closed.

General Investigation into the actions of West Virginia-American Water Company in reacting to the January 9, 2014 Chemical Spill

On January 9, 2014, Freedom Industries, Inc. suffered a significant leak in its storage tank facility, allowing the unpermitted discharge of crude 4-methylcyclohexane methanol (MCHM) into the Elk River about one mile from the raw water intake of the WVAWC. That MCHM found its way into the raw water intake structure and ultimately into the finished water supply of WVAWC produced at its Kanawha Valley Treatment Plant resulting in a “do not use” notice affecting approximately 100,000 WVAWC customers. On May 21, 2014, the Commission initiated a limited General Investigation into the actions of WVAWC in reacting to the spill and the presence of MCHM in its raw water and finished water (Case No. 14-0872-W-GI) (http://bit.ly/1ALCYNG).

The focus of the investigation is whether, at the time of and under the circumstances that existed with the spill, the actions of WVAWC in reacting to the spill and the presence of MCHM in its raw water or finished water supply constitute unreasonable or inadequate practices, acts or services as provided for in State Law. Included in the information WVAWC was ordered to provide to the Commission was a chronological description of actions taken by the company beginning when any employee, representative of its parent company or service company became aware of the spill; locations and measurements of MCHM discovered in the water; the process and factors used to decide whether to close the intake structure at its Charleston water treatment facility, including which, if any, outside agencies were consulted and who ultimately made the decision regarding the continued intake of raw water from the Elk River and a description of alternatives for water treatment or alternative or supplemental sources of treated or finished water were considered by WVAWC after it became aware of the spill.

The Commission pointed out that the responsibility for developing quality standards for drinking water supplies is under the jurisdiction of the Bureau for Public Health of the West Virginia Department of Health and Human Resources and would not be debated or determined in this investigation. No costs for the spill are currently in WVAWC rates and the investigation is not a review of what, if any, costs borne by WVAWC as a direct result of the spill may be passed on to customers.

The Commission consolidated and held in abeyance 26 formal complaint cases which addressed spill-related matters, pending the outcome of the General Investigation. The CAD, Advocates for a Safe Water System and a group representing business owners have been granted intervenor status in this matter.

On November 25, 2014, the Commission issued an Order directing WVAWC to file public redacted versions of all sealed documents except for the Vulnerability Assessment and blueprints of its Kanawha Valley Treatment Plant, and cancelling the procedural schedule. On December 23, 2014, the Commission issued an Order stating WVAWC had "significantly over-redacted" documents it had submitted to the Commission and directing them to provide revised redacted versions to the Commission by January 16 (http://bit.ly/13SMcxp). This case is pending before the Commission.

Jefferson County Public Service District Sewer Rate Case

On April 23, 2012, Jefferson County Public Service District (District) filed an application to increase its current sewer rates by approximately $355,995 or 14.9% annually (Case No. 12-0513-PSD-42T-PC). The District also requested that an 8.6% increase interim sewer rate be approved. The District contended it required the increases to fulfill its contractual obligation to pay Pentree, Inc. for years of engineering services on the District's Flowing Springs wastewater treatment plant project, which did not receive Commission approval, and to finance a loan of $413,000, which was taken out to pay for a strategic study of the District's sewer system, an upgrade to a pump station, the purchase of a new vehicle and the relining of a wet well.

On November 16, 2012, the Commission's Administrative Law Judge entered a Recommended Decision that denied the proposed increase in rates and charges and revised tariff, decreased the current rates and charges by approximately 2.87% to result in a decrease in annual revenue of $61,476 and approved the request to borrow $413,000. Exceptions were filed to the Recommended Decision by Pentree, Inc. and the District.

On March 29, 2013, the Commission entered a Final Order adopting the Joint Stipulation approving a 3% rate increase; authorizing Jefferson County PSD to issue bonds not to exceed $1,720,000, payable over a period not to exceed 15 years; reducing the District's obligation to Pentree, Inc. and approving the rate increase for service rendered by the District on and after April 2, 2013.

On September 10, 2014, the Intervenors (Heidi Parker and Jacquelyn Milliron) filed to reopen this case. The Intervenors requested that the Commission enforce the provision in the Joint Stipulation and Settlement Agreement adopted by the Commission's March 29, 2013 Order in which the District agreed to prepare a strategic plan. The Intervenors asserted that the District has not yet prepared a strategic plan in accordance with the Joint Stipulation and Settlement Agreement.

On November 25, 2014, the Commission ordered the District to file, within 150 days or before the District filed its next certificate application with the Commission, a strategic plan on how it will address the wastewater treatment needs of the community, both current customers and future customers, through 2032, while considering possible alternatives through 2050 (http://bit.ly/1r3r7uy). This case is now closed.

Pocahontas County Public Service District

On February 25, 2014, the Pocahontas County Public Service District filed for a certificate of convenience and necessity to build a regional sewer plant (Case No. 14-0317-PSD-CN). The project would serve 2,203 customers, including 112 new customers, and is estimated to cost $27 million.

On August 12, 2014, an Administrative Law Judge issued a Recommended Decision granting the District the requested certificate (http://bit.ly/1z1vZhy). The Recommended Decision became a Final Order on September 1, 2014. This case is now closed.

EPA-Mandated Chesapeake Bay Sewer Projects

On May 12, 2009, President Barack Obama signed an Executive Order that recognized the Chesapeake Bay as a national treasure and called on the Federal government to lead a renewed effort to restore and protect the nation's largest estuary and its watershed. West Virginia has 13 wastewater facilities that need to be upgraded to meet nutrient limits and new pollution reduction goals that are part of the Federal "pollution diet" for the Chesapeake Bay and its rivers. Below are the Environmental Protection Agency (EPA) Mandated Chesapeake Bay Sewer Project cases addressed by the Commission in 2014.

1. City of Romney

On December 11, 2013, the Commission granted the City of Romney a certificate of convenience and necessity to construct a new wastewater treatment plant to increase its treatment capacity from 500,000 gallons per day to 750,000 gallons per day (consolidated Case Nos. 13-0651-S-CN and 12-1646-S-C) (http://bit.ly/1GvWbqH). In its Order, the Commission also approved project funding, project related rates and revised going-level and post-project resale rates to be incorporated into the Sewer Service Agreement between Central Hampshire Public Service District and Romney.

On January 13, 2014, Romney filed a petition to reopen the consolidated cases. The petition explained that bids for the project were opened November 19, 2013, and resulted in a bid under-run, decreasing the overall project cost and reducing the amount of Senate Bill No. 245 funds that are needed from $5,232,026 to $4,069,354. Romney stated it was ready to close on the project financing, but the Senate Bill No. 245 Grant will not be immediately available to the City, creating a temporary funding shortfall. To address the shortfall, the West Virginia Infrastructure and Jobs Development Council (WVIJDC) agreed to provide Romney with a bridge loan in the amount of $4,069,354 as interim financing until the Senate Bill No, 245 Grant is available. On February 6, 2014, the Commission reopened Case No. 13-0651-S-CN to approve a bridge loan (http://bit.ly/1ALFZh0). These cases are now closed.

2. Berkeley County Public Service Sewer District

On December 19, 2013, Berkeley County Public Service Sewer District (District) filed a certificate application for Commission approval in order to make upgrades and modifications at the following facilities: 1) Baker Heights Wastewater Treatment Plant, 2) Inwood Wastewater Treatment Plant, 3) Opequon Hedgesville Wastewater Treatment, 4) North Area Wastewater Treatment Plant and 5) Gantt (Mobile Home Park) Pump (Case No. 13-1836-PSD-42A-CN). The District estimates the total project cost to be approximately $47,738,000.

The funding for this project contains the following: West Virginia DEP Clean Water State Revolving Fund (SRF) loan in the amount of $26,435,450 at 0% interest, with a 0.5% administrative fee for a term of 38 years; a WVIJDC loan in the amount of $10,623,472 at 1% interest for a term of 38 years; and a Senate Bill 245 (Chesapeake Bay) grant in the amount of $10,665,078.

On September 23, 2014, an evidentiary and public comment hearing was held in Martinsburg. An Administrative Law Judge issued a Recommended Decision on December 1, 2014, setting new sewer rates for the District. The

District filed Exceptions on December 16, 2014. This case is pending before the Commission.

3. City of Keyser

On December 23, 2013, the City of Keyser filed an application for a certificate of convenience and necessity to upgrade its wastewater treatment plant (Case No. 13-1853-S-CN). The project is estimated to cost $30,724,500.

The proposed financing consists of a West Virginia Infrastructure and Jobs Development Council grant of $1 million; a West Virginia Infrastructure and Jobs Development Bridge Loan of $8,775,625 at 0% interest for 40 years; a Clean Water State Revolving Fund loan of $20,400,000 at 0% interest and a 0.5% administrative fee for 40 years, with $10,200,000 of the loan amortized over 38 years, and $10,200,000 of the loan wrapped around existing Utility debt. If Senate Bill 245 money becomes available, it would replace the WVIJDC Bridge loan.

On July 1, 2014, the Commission granted the City of Keyser a certificate of convenience and necessity (http://bit.ly/1wnmJHO). The case is now closed.

Water and Sewer Certificate Cases

During 2014, the Commission processed 40 cases in which municipalities, public service districts and water or sewer associations sought certificates of convenience and necessity to expand, upgrade or replace water and sewer infrastructure within their service territories. These projects totaled investments of over $268 million and gave water and/or sewer service to more than 3,484 new customers. Typically, the utility seeking a certificate of convenience and necessity for a proposed project submits an application along with an engineering study describing the scope of the project, specifications for physical infrastructure to be constructed, estimated costs and the benefits to be provided by the project. The filing also describes the sources of funding for the project such as loans and grants and contains detailed financial statements regarding the impact of the project in terms of any additional customer revenue, changes in operating expenses and annual debt service requirements related to the project. The utility may request increased rates to support project costs.

The filing is reviewed to determine the adequacy of the supporting data, and additional information may be requested to assure that the Commission has all of the information required to determine the reasonableness of the request. Staff reviews the engineering specifications to determine reasonableness of design and cost. Staff also reviews and analyzes the financial and operational data to determine appropriate rate levels, if the utility's current rates will not generate adequate revenue to support project costs.

A public hearing is held at which evidence is taken from the utility, Commission Staff and any intervenors with regard to the need for the project and any need for modifications to the project and proper rate levels required to support it, if required. The Commission uses this evidence to determine if the project should be granted a certificate and the appropriate rates, as required.

Following are tables summarizing those projects for which certificates of convenience and necessity were approved during 2014.

Utility – Project	Case Number	Date Filed	Estimated Cost	Pre-Project Customers	Customers Added	Date Approved
Jane Lew PSD: *Additions and improvements to sewer system*	09-1043-PSD-42T-PC-PW-CN	June 24, 2009	$8,167,000	600	300	December 30, 2014
Pea Ridge PSD: *Wastewater Treatment Plant and sewer lines expansion in the Route 2 area*	13-0905-PSD-CN	June 21, 2013	$10,426,000	4,743	135	February 5, 2014
Buffalo Creek PSD: *Sewer Expansion to Davin*	13-1139-PSD-CN	July 29, 2013	$4,733,000	1,252	397	January 19, 2014
Mingo County PSD: *Waterline extension along Route 52*	13-1251-PWD-PW-CN	August 16, 2014	$1,039,444	4,174	31	May 14, 2014
Elizabeth Municipal Sewer Department: *Upgrade to Wastewater Treatment Plant.*	13-1357-S-CN	September 6, 2013	$2,862,100	445	None	March 5, 2014
Kanawha Falls PSD: *Waterline Extension to Boonesborough area*	13-1406-PWD-CN	September 17, 2013	$1,459,899	1,407	43	April 24, 2014
Frankfort PSD: *Additions and improvements to sewer system*	13-1517-PSD-PC-CN	October 7, 2013	$23,700,000	1,294	None	August 18, 2014
City of Summersville: *Waterline extension near Summersville*	13-1603-W-CN	October 22, 2013	$3,247,000	1,634	108	February 18, 2014
Logan County PSD: *Additions and improvements to water treatment facilities*	13-1657-PWD-CN	October 31, 2013	$7,288,000	9,849	246	December 10, 2014
City of Charles Town: *Improvements to existing sewer Treatment Plant*	13-1683-S-CN	November 6, 2013	$7,000,000	3,083	None	May 27, 2014
Town of Huttonsville: *Construction and maintenance of existing water system*	13-1689-W-CN	November 6, 2013	$1,152,000	84	None	March 11, 2014
Marshall Co. PSD #2: *Additions and Improvements to water system*	13-1700-PWD-CN	November 12, 2013	$2,241,000	666	None	May 1, 2014
City of Keyser: *Upgrade of sewer treatment plant*	13-1853-S-CN	December 23, 2013	$30,724,500	2,309	None	July 1, 2014
Adrian PSD: *Waterline extension to Indian Creek and surrounding areas*	14-0094-PWD-CN	January 30, 2014	$5,500,000	1,898	80	September 4, 2014
Eastern Wyoming PSD: *Waterline extension to Covel Water Works*	14-0104-PWD-PC-CN	February 7, 2014	$5,594,000	1,239	9	March 17, 2014

Utility – Project	Case Number	Date Filed	Estimated Cost	Pre-Project Customers	Customers Added	Date Approved
Page-Kincaid PSD: *Upgrade to water lines, booster stations and reducing stations*	14-0240-PSD-CN	February 7, 2014	$1,400,000	681	None	July 20, 2014
Claywood Park PSD: *Sewer system extension to Little Kanawha Estates*	14-0248-PSD-CN	February 10, 2014	$6,000,000	1,646	334	July 13, 2014
Fenwick Mountain PSD: *Upgrade to existing water distribution system*	14-0283-PWD-CN	February 19, 2014	$1,458,800	245	None	July 8, 2014
City of Ronceverte: *Replacement of existing sewer treatment plant*	14-0301-S-CN	February 21, 2014	$27,660,467	812	None	July 23, 2014
Pocahontas County PSD: *Maintenance and improvements to sewer system*	14-0317-PSD-CN	February 25, 2014	$27,089,990	583	112	September 1, 2014
Grandview-Doolin PSD: *Additions and improvements to existing water system*	14-0319-PWD-CN	February 25, 2014	$9,106,000	886	151	July 16, 2014
Parkersburg Utility Board: *Additions and improvements to existing sewer system.*	14-0323-S-CN	February 26, 2014	$12,676,820	15,482	None	June 18, 2014
Town of Harrisville: *Waterline extension to Chevaux de Frise*	14-0368-W-CN	March 7, 2014	$1,550,330	1,081	34	July 6, 2014
Adrian PSD: *Construction and refurbishment of water storage tanks*	14-0460-PWD-CN	March 24, 2014	$950,000	1,898	None	September 1, 2014
Town of Rainelle: *Improvements to existing waterworks system*	14-0512-W-CN	April 1, 2014	$2,675,000	914	465	July 21, 2014
Brooke County PSD: *Additions and improvements to existing sewer system*	14-0596-PSD-CN	April 15, 2014	$2,500,000	984	86	August 19, 2014
Town of Bath: *Replacement of existing water system*	14-0643-W-CN	April 23, 2014	$2,600,000	1,371	None	August 21, 2014
City of Nitro: *Additions and improvements to existing sewer system*	14-0689-S-CN	April 29, 2014	$8,350,000	4,478	None	November 6, 2014
Morgantown Utility Board*: Extension of sewer service to Sunshine Estates*	14-0740-S-CN	May 5, 2014	$1,640,000	20,501	50	September 1, 2014
Masontown Municipal Sewer Department: *Expansion and modifications to sewer plant*	14-0782-S-CN	May 9, 2014	$9,280,000	519	None	December 3, 2014
Ellenboro-Lamberton PSD: *Improvements to existing waterworks system*	14-0806-PWD-CN	May 12, 2014	$1,641,000	233	35	October 8, 2014
Huttonsville PSD: *Improvements to existing waterworks system.*	14-0810-PWD-CN	May 14, 2014	$6,885,000	1,152	247	September 7, 2014
City of Elkins: *Improvements to combined sewer system*	14-0906-S-CN	May 27, 2014	$3,132,600	3,000	None	December 8, 2014
Mingo County PSD: *Waterline extension to Magnolia and Stafford Districts*	14-1024-PWD-CN	June 12, 2014	$4,992,560	4,438	280	December 3, 2014
Raleigh County PSD: *Waterline extension to Airport and Ameagle areas*	14-1040-PWD-CN	June 16, 2014	$5,132,800	4,756	72	October 12, 2014
Raleigh County PSD: *Pluto/Bragg water project*	14-1150-PWD-CN	June 30, 2014	$7,064,333	4,756	185	December 7, 2014

Utility – Project	Case Number	Date Filed	Estimated Cost	Pre-Project Customers	Customers Added	Date Approved
Vienna Municipal Water Department: *Construction of two Water Tanks*	14-1275-W-CN	July 16, 2014	$1,416,600	5,477	None	November 4, 2014
Logan County PSD: *Water system Improvements near Hidden Valley/Airport Road*	14-1425-PWD-CN	August 7, 2014	$1,307,000	9,849	None	December 21, 2014
Logan County PSD: *Water system improvements near Frances and Kiah Creeks*	14-1434-PWD-CN	August 11, 2014	$2,830,000	9,849	84	December 21, 2014
Town of Mill Creek: *Replacement of water distribution system*	14-1623-W-CN	September 17, 2014	$4,251,000	396	None	December 29, 2014

Municipal Appeals

The Commission does not have the direct jurisdiction over the economic regulation of rates charged by the water and sewer utilities operated by municipalities. Municipalities may change the rates they charge for water or sewer service by adopting rate ordinances without seeking prior Commission approval.

The Commission, however, may invoke jurisdiction under W.Va. Code §24-2-4b suspending the use of new rates adopted by a municipality pending investigation if the Commission receives a petition signed by not less than 25% percent of the customers within the utility's municipal limits, or from a customer served outside of its corporate limits alleging discrimination. In such instances, Staff performs a full review of the utilities books and records, and makes recommendations for appropriate rate levels based on that review. A public hearing is held at which evidence is taken from the municipality, Commission Staff and any intervenors with regard to proper rate levels. Issues to be resolved vary in complexity from case to case, and the Commission either approves the rates adopted by ordinance or sets rates at a different level, based on the evidence submitted.

Four water and sewer municipal appeal cases were completed in 2014. Those cases are summarized below.

Utility	Case Number	Ordinance Increase	Commission Staff Recommended	Amount Granted	Percent Increase	Customers	Date Approved
City of Keyser	13-1827-S-MA	$1,192,000	$1,175,654	$1,175,654	96.00%	2,272	July 1, 2014
City of McMechen	14-0013-W-MA	$51,817	($1,285)	($1,285)	-0.53%	951	April 7, 2014
City of Ronceverte	14-0115-S-MA	$1,171,957	$974,241	$974,241	114.66%	807	July 23, 2014
Masontown Municipal Sewer	14-1274-S-MA	$245,901	$216,180	$216,180	69.97%	552	November 23, 2014

Public Water and Sewer Rate Cases

During 2014, the Commission processed requests by various public service districts to increase rates and charges to meet increased costs of operation in the normal course of business. Those water and sewer utilities with revenues in excess of $1 million are required to file full financial support for their requested rates. Those proposed rates are published and Commission Staff undertakes a full review of the utility's books and records.

Following its review, Staff files its report(s) and recommends rates. If the utility does not object to Staff's proposed rates, and if there is no significant public protest, Staff's recommended rates may be approved without a public hearing. If the utility objects to Staff's recommendation or if there is significant public protest, a hearing will be held.

Although areas of disagreement and issues of interest vary from case to case, they usually involve such matters as employee compensation and the appropriate cost level to be built into rates to provide for normal year-to-year capital additions.

Based on the evidence presented at the hearing in these cases, the Commission determines a reasonable level of rates. In 2014, there were seven cases completed in which the water or sewer utility filed full financial exhibits in support of its rate requests. Others are in progress. The completed cases are summarized below.

Utility	Case Number	Amount Requested	Commission Staff Recommended	Amount Granted	Percent Increase	Customers	Date Approved
Greater Harrison PSD	13-1626-PSD-42T	$385,789	$174,041	$174,041	12.37%	2,084	June 8, 2014
Kanawha PSD	13-1536-PSD-42A	$377,332	$176,382	$176,382	9.30%	2,866	June 10, 2014
Craigsville PSD	14-0269-PSD-42A	$94,993	$89,796	$89,796	16.33%	985	October 13, 2014
Craigsville PSD	14-0350-PWD-42A	$125,700	$104,514	$104,514	11.81%	1,940	October 16, 2014
Sun Valley PSD	14-0469-PSD-42A-PC	$96,329	$71,418	$71,418	15.10%	732	August 26, 2014
Crum PSD	14-1003-PWD-42R	$136,117	$105,231	$105,231	13.9%	1,200	November 19, 2014
Salt Rock Sewer PSD	14-1557-PSD-42T	$226,171	$98,605	$98,605	5.11%	1,534	December 29, 2014

Rule 19A Cases

The Commission's Rules permit smaller utilities with revenues of less than $1 million to file for increased rates without supporting financial statements. In those instances, Commission Staff performs all of the requisite financial analyses required to establish appropriate rate levels. In most instances the utility does not request specific rates or a given level of increase. Staff files a report based on its review and recommends new rates for the utility. The utility is required to publish Staff's recommended rates. If the utility objects to Staff's recommendation or there is significant public protest, a hearing will be held.

Typically, the issues in this type of case are relatively simple, and the utilities frequently do not object to Staff's recommendation. Thirty-one of these rate filings were completed in 2014. Those cases are summarized below.

Utility	Case Number	Amount Requested	Staff Recommended	Amount Granted	Percent Increase/ Decrease	Customers	Date Approved
Preston County PSD #2	11-0604-PWD-19A 13-1464-PWD-19A	N/A	$14,947	$14,947	2.20%	1,396	July 25, 2014
Arbuckle PSD	13-0704-PSD-19A	N/A	$35,629	$35,629	7.77%	620	January 5, 2014
Pleasant Hills PSD	13-0912-PWD-19A	N/A	$10,671	$10,671	2.94%	654	January 22, 2014
Branchland-Midkiff PSD	13-0980-PWD-19A	N/A	$64,137	$64,137	9.64%	1,267	January 5, 2014
Central Barbour PSD	13-1181-PWD-19A	N/A	$56,996	$56,996	11.09%	1,043	April 16, 2014
Cottageville PSD	13-1386-PWD-19A	N/A	$61,729	$61,729	13.90%	1,337	May 11, 2014
Cottageville PSD	13-1387-PSD-19A	N/A	$13,982	$13.982	13.02%	220	May 11, 2014
Denver Water Association	13-1421-W-19A	$9,484	$5,321	$5,321	8.74%	138	April 7, 2014
Tomlinson PSD	13-1422-PWD-19A	N/A	$66,733	$66,733	14.65%	919	March 4, 2014
Mount Zion PSD	13-1439-PSWD-19A	N/A	Water $85,622 Sewer $0	$85,622 $0	24.06% 0.00%	Water 411 Sewer 131	July 7, 2014
J-2-Y-35 Water Association (near Pt. Pleasant)	13-1515-W-19A	N/A	$0	$0	0.00%	518	March 10, 2014
Mount Hope Water Association	13-1557-W-19A	N/A	$70,056	$70,056	15.65%	1,184	May 11, 2014
Southwestern Water District	13-1710-PWD-19A-PW	N/A	$85,288	$85,288	8.31%	2,105	May 27, 2014
Hammond PSD	13-1758-PWD-19A	N/A	$63,688	$63,688	12.75%	923	May 13, 2014
Webster Spring PSD	13-1815-PSD-19A	N/A	$16,242	$16,242	5.55%	665	July 8, 2014
Bingamon PSD	13-1864-PWD-19A	N/A	$43,912	$43,912	17.50%	599	July 13, 2014
Mountain View Water System LLC.	14-0003-W-19A	N/A	$2,941	$2,941	15.00%	55	August 17, 2014
White Oak PSD	14-0021-PSD-19A	N/A	$19,552	$19,552	5.67%	1,043	July 13, 2014
Bramwell PSD	14-0033-PSD-19A	N/A	$31,090	$31,090	25.87%	215	August 17, 2014
Birch River PSD	14-0079-PWD-19A	N/A	$36,268	$36,268	13.49%	454	July 17, 2014
C & J Utilities LLC.	14-0100-S-19A	N/A	$0	$0	0.00%	31	August 20, 2014

Utility	Case Number	Amount Requested	Staff Recommended	Amount Granted	Percent Increase/ Decrease	Customers	Date Approved
East View PSD	14-0118-PSWD-19A	N/A	Water $728 Sewer $15,176	$728 $15,176	0.81% 12.08%	Water 239 Sewer 366	September 9, 2014
Mannington PSD	14-0243-PWD-19A	N/A	$40,149	$40,149	9.47%	585	August 19, 2014
Little Kanawha Service Co.	14-0278-S-19A	N/A	$1,664	$1,664	7.01%	63	October 20, 2014
Adrian PSD	14-0364-PWD-19A	N/A	$0	$0	0.00%	1,928	August 27, 2014
Century Volga PSD	14-0467-PWD-19A	N/A	$55,650	$55,650	9.50%	1,049	September 2, 2014
Montana Water Association	14-0526-W-19A	N/A	$15,203	$15,203	11.08%	291	September 30, 2014
Capon South Utility Assoc.	14-0581-S-19A	($7,128)	($7,128)	($7,128)	(20.00%)	78	September 9, 2014
Huttonsville PSD	14-0589-PWD-19A	N/A	$565,495	$565,498	116.18%	1,152	December 24, 2014
Big Bend PSD	14-0633-PWD-19A	N/A	$15,399	$15,399	6.15%	505	September 22, 2014
Pocahontas County PSD	14-0781-PWD-19A	N/A	$0	$0	0.00%	253	October 6, 2014

Rule 30B Pass-Through Cases

The Commission's Rules permit smaller water and sewer utilities that purchase finished water for resale from another water utility or that have the sewage they collect treated at a plant operated by another utility to file to recover increases in resale rates charged to them on an expedited basis. This type of filing allows the purchasing utility to increase rates to its customers only enough "to make them whole" for the increased cost of purchased water or sewage treatment services provided by the other utility. The utility is required to publish the new rates and an opportunity for public protest is provided.

Typically, there is no dispute between the utility and Commission Staff as to the correct amount by which to increase rates to allow recovery of increased costs, no significant public protest is received and the rates are approved without the need for public hearing. If unusually high levels of unaccounted for or lost water are discovered during Staff's review, the Commission may require the utility to determine the causes of the high water loss, to develop a remediation plan and to report the results of steps taken prior to approving the interim rate increases as final rates. Ten of these types of rate filings were completed in 2014. Those cases are summarized below.

Utility	Case Number	Amount Requested	Staff Recommended	Amount Granted	Percent Increase	Customers	Date Approved
Hardy County Rural Development Authority	13-0603-W-30B	N/A	$437	$437	4.00%	80	January 14, 2014
Coon's Run PSD	13-0787-PWD-30B	N/A	$16,459	$16,459	10.07%	414	June 23, 2014

Utility	Case Number	Amount Requested	Staff Recommended	Amount Granted	Percent Increase	Customers	Date Approved
Preston County PSD #2	13-0826-PWD-30B	N/A	$28,588	$28,588	4.89%	1,396	June 7, 2014
Little Laurel Run Improvement Association	13-1124-W-30B	N/A	$1,583	$1,583	3.68%	31	May 20, 2014
Pleasants County PSD	13-1196-PWD-30B	N/A	$11,876	$11,876	5.65%	184	January 14, 2014
Greater Harrison PSD	13-1427-PWD-30B	N/A	$34,204	$34,204	2.23%	3,310	February 26, 2014
Gallipolis Ferry Water Association Inc.	13-1682-W-30B	N/A	$2,127	$2,127	1.75%	429	September 18, 2014
Central Hampshire PSD	13-1837-PSD-30B	N/A	$62,854	$62,854	10.85%	791	February 28, 2014
Southern Jackson County PSD	14-0320-PWD-30B	N/A	$30,442	$30,442	2.59%	2,165	May 22, 2014
Greater Harrison PSD	14-1458-PWD-30B	N/A	$54,515	$54,515	3.26%	3,311	November 3, 2014

Seminars

In 2014, over 240 representatives of utilities attended 10 seminars put on by the Public Service Commission's Water and Wastewater Division, covering a wide variety of topics.

Chapter 16, Article 13A, of the West Virginia Code requires newly-appointed public service district board members to complete the Public Service District Board Members Seminar within six months of taking office. This seminar is administered by the Commission in conjunction with the Department of Environmental Protection and the Bureau for Public Health and provides a general overview of areas in which board members need to have knowledge and understanding, including regulatory requirements, administrative issues, project financing, legal requirements, liability, technical items, ethics, open meetings and financial information. In 2014, PSD Board Member Seminars were held in South Charleston and Morgantown and were attended by 41 participants.

In addition to the Board Members Seminars, the Commission Staff presented eight focused subject seminars on personnel issues; terminations, customer service and office procedures (two seminars); safety (two seminars); basic accounting (two seminars) and utility management. In 2014, a total of 201 attendees (excludes participants in the PSD Board Members Seminar) participated in these seminars.

An Occupational Safety and Health Administration (OSHA) Safety Seminar provided attendees the ability to earn an OSHA safety certification card, and water and sewer plant operators earned 10 Continuing Education Hours required for their Operator's License. An Excavation and Trenching Safety Seminar also provided attendees information on safety in the workplace. These seminars were well received and are important for utility personnel and management as they seek to reduce lost time accidents. These seminars were sponsored by the Commission and taught by safety specialists with Brickstreet Insurance.

We also continued to provide on-site assistance for individual utilities in order to address particular areas of need such as preparing and submitting annual reports. The Commission will continue to offer this type of one-on-one assistance.

Staff presented two seminars at the West Virginia Rural Water Association's Annual Conference in 2014. The first seminar was titled "Understanding Your Utility's Tariff" and included information on rate filings, tariff language and various tariff charges. The second seminar was titled "Office Employee Refresher on Public Service Commission Requirements" and reviewed a wide variety of topics, including customer deposits, leak adjustments, termination procedures, deferred payment plans, and Commission Rules. These seminars were very well received by utility personnel, with 39 people attending the former and 37 people attending the later.

Finally, Staff is continuing its efforts to begin providing online training experiences, and it is anticipated that online training will be available in 2015. Four potential topics have been identified: Understanding Your Utility Tariff, Alternate Main Line Extensions, Basic Accounting and Utility Cases. Having these courses online will allow operators to fulfill their continuing education requirements in a cost effective and timely manner.

Telecommunications

General Investigation into Directory Distribution Requirement

On April 15, 2013, Frontier West Virginia, Inc. and Citizens Telecommunications Company of West Virginia requested that the Commission either issue a declaratory ruling finding that certain measures coupled with an opt-in directory distribution program comply with the directory distribution requirement found in Rule 2.6.a of the Commission's Rules and Regulation for the Government of Telephone Utilities, or alternatively waive that rule. Frontier contended that the requirement is antiquated in light of modern alternatives, including online databases, and that many customers do not want the printed directories.

On September 11, 2013, the Commission opened a General Investigation regarding the annual telephone directory distribution requirement (Case No. 13-1376-T-GI). The Commission invited interested parties to comment on the continued usefulness of the directory distribution requirement.

On July 30, 2014, the Commission issued a Final Order closing the General Investigation in favor of a forthcoming focused rulemaking proceeding where it intends to formally amend Telephone Rule 2.6.a to allow local exchange carriers the option to transition from distribution of printed directories to all customers to providing an online telephone directory with the option for customers to request a printed directory (http://bit.ly/1C3XpcU). This case is now closed.

General Investigation Regarding the Use of Federal Universal Service Funding by Eligible Telecommunications Carriers

On April 10, 2014, the Commission initiated a General Investigation regarding the use of Federal Universal Service Funding by Eligible Telecommunications Carriers (ETC) in West Virginia (Case No. 14-0566-T-GI). The Federal Communications Commission (FCC) requires each state to certify that all high cost funds flowing to rural and non-rural carriers in that state are used in accordance with Section 254(e) of the Telecommunications Act of 1934.

The Commission issued a Final Order on September 16, 2014, directing a certification be issued to the FCC and Universal Service Administration Company (USAC) stating that the carriers appropriately utilized federal high-cost and other universal service support (http://bit.ly/13E5xCX). This case is now closed.

General Investigation Regarding the Sprint Proposal to Revise the TRS Rules

Telecommunications Relay Service (TRS) is a telephone service that allows persons with hearing or speech disabilities to place and receive telephone calls. On December 18, 2013, Sprint Communications Company, L.P. petitioned the Commission to amend Commission's Rules Governing Certification and Operation of Telecommunication Relay Service, 150 C.S.R. Series 21 to, among other things, extend the current TRS certificate term of 18 months to a five year term.

On August 8, 2014, the Commission initiated a General Investigation regarding Sprint's Proposal to revise the TRS Rules (Case No. 13-1833-T-GI). This case is pending before the Commission.

Clear Rate Communications Inc.

On December 13, 2013, Commission Staff filed a request to initiate a General Investigation to determine if Clear Rate Communications, Inc. (Clear Rate) was imposing on its customers a Carrier Access Charge (CAC) without seeking Commission approval for that charge (Case No. 13-1818-T-GI). Staff requested that the Commission order Clear Rate to cease charging the CAC immediately, be directed to seek Commission approval if it desired to reinstate the CAC and reimburse its customers the amount paid through this charge.

On August 20, 2014, the Commission issued a Final Order directing Clear Rate to file a revised tariff, listing the CAC (http://bit.ly/1C3ZLsj). This case is now closed.

Frontier and the Federal Communications Commission Rate Floor Requirements

The FCC has established a minimum residential rate or "rate floor" of $16 per month for carriers, such as Frontier, that receive legacy high-cost Universal Service Fund (USF) support. This rate floor is to go into effect on January 2, 2015.

The rate floor for 2016 and future years will increase by $2 per year until it reaches the "average urban rate," currently established at $20.46 as a result of the most recent FCC rate survey. All carriers with rates below the 2015 rate floor would lose legacy federal USF support on a dollar-for-dollar basis for all customers with rates below the rate floor.

On August 15, 2014, Frontier West Virginia Inc. (Frontier) filed a petition to implement Residential Tariff Changes necessary to comply with the FCC Order regarding Connect America Fund Rate Floor Requirements (Case No. 14-1483-T-P).

While this Commission has repeatedly disagreed with the rate floor approach the FCC has adopted, and does not believe that the current rates for measured service in the lowest Frontier residential rate tier represent a USF subsidy, it recognizes that Frontier would lose a substantial amount of USF support targeted primarily for broadband expansion unless the Commission offsets the expected losses through higher rates for the lowest Frontier residential rate tier.

On October 15, 2014, the Commission issued a Final Order approving Frontier's Petition and granting a rate increase to Frontier's lowest tier of residential service (http://bit.ly/1GVPQDd).

The Use of Federal Universal Service Funds by Eligible Telecommunications Carriers

The FCC requires each state to certify that all high cost USF flowing to rural and non-rural carriers in that state are used in accordance with Section 254(e) of the Telecommunications Act of 1934. On April 10, 2014, the Commission initiated a

General Investigation regarding the use of Federal Universal Service Funding by ETC in West Virginia (Case No. 14-0566-T-GI).

On August 11, 2014, Commission Staff recommended certifying 18 ETCs to the FCC, and provided a list of carriers not in compliance with the Commission's General Investigation Order. The Commission issued an Order on August 13, 2014, directing the non-complying ETCs to comply within seven days. On September 16, 2014, the Commission issued a Final Order approving a revised list of 33 carriers to be approved for certification as ETCs to the FCC (http://bit.ly/13E5xCX). This case is now closed.

Tower Access Assistance Fund

In 2014, Lincoln County submitted two applications for funding from the Tower Access Assistance Fund and Preston County submitted one.

Lincoln County was awarded two grants, one for $537,000 (Case No. TAF Lincoln 14A), the other for $567,000 (Case No. TAF Lincoln 14B). Preston County was also awarded a grant in the amount of $493,162 (Case No. TAF Preston 14A).

A total amount of $1,597,162 was dispersed in 2014, leaving a balance on December 31, 2014, of $835,044.64. It is also important to note that Mineral County withdrew its pending 2013 grant request of $459,905 due to unresolved issues with the landowner of the property where the tower was to be located.

Transportation

After its inception in 2003, the Coal Resource Transportation System (CRTS) has significantly increased public safety while allowing West Virginia coal producers to efficiently transport coal in 18 West Virginia counties and into surrounding states. Coal facilities and transporters now work together to haul enhanced weights on 2,188 miles of West Virginia's roads designated by the West Virginia Department of Highways as CRTS routes. Coal operations and transporters operating on designated CRTS roads must adhere to additional reporting and permitting statutes and regulations, and are subject to administrative sanctions by the Commission.

Notices of Violation are initiated through audits conducted by CRTS supervisors and inspectors or by uniform traffic citations issued by enforcement officers. In 2014, there were 159 Notices of Violation issued, one Petition for Temporary Waiver was processed and the Commission collected $156,526 in payment of CRTS violations.

Also in 2014, the CRTS Permitting Unit issued 1,484 CRTS permits and registered 224 transport companies in five states. The CRTS Reporting Unit currently has 184 registered mines, processing plants, load outs, power plants and other coal facilities operating in West Virginia and reporting coal shipments to the Commission. These shipping and receiving points submit daily electronic files to the Commission, including unique tracking information for approximately 1.9 million transactions over the past 12 months. Each transaction contains the origin, destination, date, time, weight, permit ID, and a unique transaction number for that specific shipment of coal. Records are forwarded to the CRTS Auditing Program within the Reporting Section and are reviewed by CRTS inspectors and their supervisor to detect non-compliance. Commission Staff conducts onsite inspections and audits and is responsible for initiating administrative violations to companies.

While working to increase safety enforcement for commercial motor vehicles on interstate highways and heavily traveled roadways, the Commission's Transportation Enforcement Division regularly partners with Commercial Vehicle Safety Alliance and the Federal Motor Carrier Safety Administration (FMCSA) in efforts to reduce Passenger Carrier incidents. In 2014, the Commission officers worked with FMCSA on 24 special initiatives throughout the state, including conducting an annual non-stop 72 Hour Road Check and participating in the annual Brake Safety Week and Operation Safe Driver.

During FY2014, Transportation Enforcement Officers conducted 1,222 Level 5 inspections. In a Level 5 inspection the inspector looks only at the vehicle and includes each of the vehicle inspection items specified under the North American Uniform Inspection Procedure.

The Public Service Commission of West Virginia received a $180,000 grant this year from FMCSA to increase inspections of commercial motor vehicles. FMCSA's Increased Commercial Enforcement (I.C.E.) program is a competitive discretionary grant program that supports states' efforts to make highways safer by increased compliance and public awareness of commercial motor vehicle safety programs. I.C.E. Patrols will continue through September 2015 and will emphasize seatbelt compliance and the ban on drivers using handheld electronic devices.

The FMCSA grant is targeted at roadways that are considered "high crash areas." Target areas include: Route 33 in Barbour, Lewis, Randolph and Upshur Counties; U.S. 460 in Mercer County; Route 52 in Mingo, Wayne, Logan, Cabell and McDowell Counties; U.S. Route 19 in Braxton, Fayette, Nicholas and Raleigh Counties; U.S. Routes 35 and 817 in Putnam and Mason Counties; West Virginia Turnpike/I-77 in Kanawha, Raleigh, Fayette and Mercer Counties; I-77 in Wood and Jackson Counties; I-81 in Berkeley County; I-70 in Ohio County; I-79 in Monongalia, Marion and Harrison Counties and Statewide enforcement on roads affected by Marcellus Shale drilling traffic.

Reggie Bunner, a Manager in the Public Service Commission Transportation Enforcement Division, was chosen to participate in a national project that will improve safety on public roadways. Bunner is one of only 13 officials in the country who is creating new materials for the Compliance, Safety and Accountability (CSA) Program. The program is used by FMCSA to measure motor carrier and driver performance. The purpose of the CSA program is to hold motor carriers and drivers accountable for their role in highway safety. The new materials being developed for the program will give commercial motor vehicle drivers instant online access to current safety rules and regulations as well as FMCSA's newly implemented Safety Measurement System ratings, including information about violations and penalties. This will help both drivers and enforcement officers to ensure full compliance during roadside inspections.

Chris Dunlap, a Weight Enforcement Officer has assisted with the Firearms Training during Basic and Cadet Classes at the West Virginia State Police Academy at least eight times during the past few years.

During the month of December, two of the Commission's Transportation Enforcement Officers participated in a joint drug interdiction activity in Wood County with the West Virginia State Police.

Also in 2014, the Commission's Railroad Safety inspection program was again rated #3 in the nation by the Federal Railroad Administration. The inspectors conducted 955 inspections on 60,035 units (including miles of track, switches, railcars, locomotives, grade crossing signals, etc.) and discovered 2,712 defects.

Motor Carrier and Solid Waste Rates

Informal Complaints

When contacted by ratepayers, Staff investigates and resolves informal complaints involving the motor carriers that the Commission regulates. Most informal complaints were lodged against solid waste haulers and involved missed pickups. Due to the harsh winter of 2013-2014, many haulers missed multiple weeks of trash service. Commission Staff made special arrangements with the haulers to accommodate the needs of the ratepayers. The Commission also receives a large number of complaints about towing companies, primarily involving rates and charges the vehicle owners are billed or whether the towing company should have towed the vehicle.

Formal Complaints

In 2014, 63 motor carrier complaint cases were filed with the Commission. Of these, 34 cases involve solid waste haulers and 23 have been completed with Final Orders issued. Administrative Law Judges have made Recommended Decisions in two cases. Staff is currently processing nine cases. The remaining 29 cases involve towing companies, 21 of those cases have been completed with Final Orders issued. Recommended Decisions have been issued by Administrative Law Judges in three of the remaining cases and Staff is currently processing the other five cases.

C & H Company Taxi Service

On May 9, 2014, C & H Company filed applications under the Commission's Rule 42 to increase its taxi rates and charges to the riding public as well as the lease rates it charges the drivers who lease its taxis (Case Nos. 14-0788-MC-42A, 14-0789-MC-42A, 14-0790-MC-42A, 14-0791-MC-42A, 14-0792-MC-42A, 14-0793-MC-42A, 14-0794-MC-42A and 14-0795-MC-42A). C & H serves customers in Kanawha, Putnam and Fayette counties, and had not filed for a rate increase since 2007.

A Joint Settlement Agreement was adopted by the Commission on December 1, 2014 (http://bit.ly/1C6TF7J). These cases are now closed.

Fuel Surcharges

The Commission continues to respond to the volatility of fuel costs for motor carriers by reviewing and adjusting, as needed, fuel surcharges for regulated motor carriers that remain in effect today. This series of surcharges was initiated in M.C. General Order No. 56.4 (Reopened) in March 2004 following a dramatic increase in fuel prices from previous levels. The most recent surcharges are based on forecasted fuel prices for the period of January 1, 2015, through June 30, 2015.

The average price per gallon for unleaded regular gasoline is forecasted to be $2.62 and the price of diesel is forecasted to be $3.13. This forecast reflects substantial reductions of $0.89 per gallon for regular grade gasoline and $0.85 per gallon for diesel fuel. Commission Staff concluded that these forecasted changes were significant compared to the cost to motor carriers that have to reprogram computers for billing purposes and for taxi cabs that have to reprogram meters to reflect changes. The Commission, therefore, decreased the surcharges.

The authorized surcharges have been reduced to the 5% range for most motor carriers, down from 8%. The surcharge for taxi and limousine operators was reduced to 12.47% from 21.66%. Fuel prices are reviewed every six months to determine if there is a need for relief for eligible motor carriers. The surcharges are not automatic. Eligible motor carriers may not charge the old surcharge after it has expired and may not implement a new surcharge until and unless they have filed a Fuel Surcharge Supplement to their tariffs with the Commission Tariff Office.

Solid Waste Facilities/Landfills

The Commission Staff continues to build a strong working relationship with the West Virginia Department of Environmental Protection (DEP), the Solid Waste Management Board and West Virginia State Treasurer's Office in an ongoing effort to provide consistent recommendations that conform with the requirements of other agencies' rules and regulations, as well the Commission's rules and regulations.

Allied Waste Services of North America, LLC dba Republic Services of West Virginia (Case Nos. 13-1662-MC-30E, 13-1663-MC-30E, 13-1664-MC-30E, 13-1665-MC-30E, 13-1666-MC-30E, 13-1668-MC-30E, 13-1669-MC-30E, 13-1670-MC-30E, 13-1671-MC-30E and 13-1672-MC-30E)

On November 1, 2013, Allied Waste Services of North America, LLC dba Republic Services of West Virginia ("Allied") filed two separate applications seeking Tariff Rule 30E relief for increases in tipping fees at the Mountaineer Transfer Station. The first application covered solid waste hauled under Certificate Nos. F-4865 and F-4879 (Application #1). The second application covered solid waste hauled under Certificate Nos. F-5619, F-7337, F-7439 and F-7498 and Permit Nos. H-10155, H-10824 and H-10840 (Application #2).

On November 14, 2013, the Commission approved Tariff Rule 30E relief for the certificates identified in Application #1 along with a refund requirement, but denied Tariff Rule 30E relief for the certificates and permits identified in Application #2 (http://bit.ly/1DQAxiS). On November 25, 2013, Allied filed a petition for reconsideration and requested a hearing. On April 1, 2014, the Commission held an evidentiary hearing on the petition for reconsideration.

On October 3, 2014, the Commission entered an Order affirming its November 14, 2013 Order. On November 3, 2014, Allied appealed the Commission's October 3, 2014 Order to the Supreme Court of Appeals of West Virginia. The Commission filed its response brief with the Court on December 15, 2014. Oral arguments are scheduled for February 24, 2015.

The cases before the Commission are now closed, however the case before the Supreme Court of Appeals of West Virginia is still pending.

Landfill Drill Mud

On January 11, 2013, the DEP issued a Memorandum regarding the disposal of oil and gas drilling waste in solid waste landfills, giving operators of landfills two options to address the tonnage issues created by House Bill 401, the Natural Gas Horizontal Well Control Act of 2011. A Class B facility may apply to expand to a Class A facility in order to increase its monthly limit from 9,999 to 30,000 tons per month, or either a Class A or Class B facility can construct a cell separate from the municipal solid waste (MSW) cell to be dedicated solely to the disposal of drilling waste. The Memorandum stated that disposal of drilling waste into this separate cell would not count toward a facility's monthly tonnage limit.

In 2014, four landfills have filed to build separate cells for "drill mud" and to exempt the drill mud from their tonnage limits. Those landfills are Meadowfill Landfill, Inc. (Case No. 11-0856-SWF-CN); Short Creek Landfill (Case No. 13-0714-SWF-CN); Northwestern Landfill, Inc. (Case No. 14-0324-SWF-CN) and Lackawanna Transport Company, dba Wetzel County Landfill (Case No. 13-0832-SWF-CN).

The Commission has approved the applications for certificates of need to build additional cells dedicated solely for drill mud for Meadowfill (http://bit.ly/1JaFYcx), Short Creek (http://bit.ly/1r3zI0w) and Northwestern landfills (http://bit.ly/1wQhsHn). These cases are now closed.

The Wetzel County Solid Waste Authority was granted intervenor status in the Lackawanna Case. The Commission resolved several discovery disputes and scheduled an evidentiary hearing for February 5-9, 2015, in Charleston. This case is pending before the Commission.

Tow Operations

In 2009 the Commission issued an Order in connection with its General Investigation into various aspects of wrecker regulation (Case No. 06-1915-MC-GI). The Commission Staff and the West Virginia Towing Association entered into a stipulation agreement that was eventually adopted by the Commission. Among the issues in that case were the implementation of a new statewide maximum wrecker rate tariff, Commission Rules concerning invoice requirements and clarification of the Commission's authority regarding the definition of "third-party" or "non-consent" tows.

The Commission has continued to process tow cases, which are expedited rate increase reviews based on market comparisons, as well as, "third-party" or "non-consent" tow formal complaint cases filed by customers.

In 2014, 29 tow cases were filed with the Commission. Of these 29 cases, 21 have been completed with Final Orders issued. Recommended Decisions have been issued by Administrative Law Judges in three of the remaining cases and Staff is currently processing the other five cases.

Rule Making Proceedings

Rules and Regulations for Stormwater Utilities

On July 23, 2010, Commission Staff petitioned the Commission to initiate a General Investigation for the purpose of adopting Rules and Regulations for Stormwater Utilities (Case No. 10-1141-S-PC). Staff proposed the creation of rules based on legislative amendments to W.Va. Code § 16-13A-9, creating stormwater utilities. Staff, along with representatives of public and private utilities and representatives of the DEP, West Virginia Bureau of Public Health and West Virginia Department of Transportation, drafted Proposed Rules for the consideration of the Commission.

The Commission issued Proposed Rules on June 1, 2012, and received comments from the Rulemaking Committee, the West Virginia Municipal Water Quality Association, and the Jefferson County Public Service District. Final Stormwater Rules were issued on March 13, 2013. Commission Staff, on behalf of the Rulemaking Committee, requested that the Commission reconsider the Final Stormwater Rules on March 25, 2013. The Commission modified certain rules to better reflect their intended purpose and to clearly identify the responsibilities of the stormwater utility and the customer. The Commission issued a Final Order on June 1, 2014, adopting the Stormwater Rules (http://bit.ly/1Gw73Vv). The Rules became effective July 5, 2014.

Rules Governing Alternative and Renewable Energy Portfolio Standard

On November 15, 2013, the Commission opened General Order 184.32 for the purpose of amending the Rules Governing Alternative and Renewable Energy Portfolio Standard, 150 C.S.R. Series 34, to: 1) add standardized applications to help electric generators provide all of the information that the Commission needs to review an application to request certification as a qualified energy resource; and 2) allow generation readings from systems of 10 kilowatts (kW) or less to be taken from either the system inverter or a revenue-quality meter that meets the applicable American National

Standards Institute C- 12 Standard (ANSI C- 12 meters) or its equivalent to report generation to the Commission. These concepts received vigorous comment in General Order Number 184.31, and the amendments proposed in GO 184.32 were supported by written and oral comments in the earlier proceeding.

The Commission issued a Final Order on July 28, 2014, adopting the proposed revisions (http://bit.ly/1wnI6bR). The revised Rules became effective September 28, 2014.

Rules for the Construction and Filing of Tariffs

On May 19, 2014, the Commission issued General Order 183.07 to promulgate emergency rule amendments to its Rules for the Construction and Filing of Tariffs to become effective June 6, 2014. The emergency rule amendments incorporated changes required by House Bill 4601, passed by the West Virginia Legislature in 2014, relating to rate increases for public service districts and municipalities. The amendments eliminate the suspension period and allow proposed rate increases below 25% to go into effect immediately upon filing with the Commission. Suspension periods for proposed rate increases greater than 25% can be waived upon application to the Commission. Rates placed into effect prior to Commission review and approval are subject to refund within a six month period. A hearing was held on this matter on July 18, 2014. Public comment was received from Commission Staff, West Virginia Rural Water Association and West Virginia Water Development Authority.

On October 2, 2014, the Commission issued its final rules which are effective January 11, 2015 (http://bit.ly/1AwLO2d). Proceedings in General Order 183.07 are concluded and the case is now closed.

Revisions to Rules Governing Motor Carriers, Private Commercial Carriers and the Filing of Evidence of Insurance and Financial Responsibility by Motor Carriers

On October 24, 2014, the Commission issued an Order proposing amendments to the Commission Rules Governing Motor Carriers, Private Commercial Carriers, and the Filing of Evidence of Insurance and Financial Responsibility by Motor Carriers, (Motor Carrier Rules) 150 C.S.R. 9, requiring passenger carrying vans to be equipped with a device to properly secure any items that could become projectiles and harm passengers.

Motor Carrier Rule 4.1 will be modified to include:

> 4.1.b. Passenger carrying vans regulated by the Commission must be equipped with a device to secure any item that could become a

projectile, including but not limited to, carry-on luggage, tools, tires, jacks or like items.

The Commission established a comment period and ordered statewide notice by publication, requiring the Executive Secretary to file the affidavits of publication upon receipt. All initial written comments were due by December 1, 2014, at 4:00 p.m. Written reply comments are due on or before January 2, 2015, at 4:00 p.m. In the absence of a specific written request for hearing explicitly stating the grounds upon which that request is made, the Commission will proceed with promulgation of the final amendment of Motor Carrier Rule 4.1 without a hearing.

VI. The Courts

State Circuit Court

1. *State of West Virginia, ex rel. The Public Service Commission of West Virginia, v. Cliffside Owner's Operating Association, Inc.,* a public sewer utility doing business in Kanawha County, West Virginia. Kanawha County Circuit Court Case No. 07-MISC-192.

The Circuit Court of Kanawha County placed the Cliffside Owner's Operating Association in the receivership of the City of South Charleston Sanitary Board (SCSB) through an Order entered April 18, 2007 (Circuit Court Case No. 07-MISC-192). Prior to the Commission's actions, the Cliffside system was abandoned by its management and its facilities deteriorated to the point where its facilities failed and flooded nearby properties with raw sewage. SCSB completed many necessary repairs and upgrades. SCSB also began billing and collecting sewer fees from the Cliffside customers, providing the system with needed revenues. No formal complaints have been filed against the Cliffside system since South Charleston assumed receivership. Both the Commission and South Charleston appear before the Court for bi-annual status conferences.

On February 21, 2012, the Commission entered a Final Order granting SCSB's petition for consent and approval to formally acquire ownership of the abandoned Cliffside utility assets, as required by W. Va. Code § 24-2-12 (Case No. 11-1695-S-PC). The Commission's Order commended SCSB for its exemplary conduct as a receiver of the Cliffside system.

At a hearing held November 12, 2014, in the Circuit Court of Kanawha County before Judge James C. Stucky, the parties asked the Court to end the receivership and transfer the Cliffside customers and assets to SCSB. Prior to the hearing, Special Commissioner Mark Kauffelt filed a report with the Court and provided notice of the hearing to the Cliffside customers by mailing and publication. The Special Commissioner's report stated that a return to a stand-alone operation is not practical because there is no entity to operate the system nor financial resources to address future problems, that the Cliffside customers will pay the same rates as SCSB's other customers upon the transfer, which will provide a rate reduction, and that it is in the best interest of the Cliffside customers and the public for SCSB to acquire ownership of the Cliffside customers and assets. The Staff Attorney for the Commission asked the Court to find that it serves the best interest of the Cliffside customers for SCSB to permanently own and operate the Cliffside system. The Staff Attorney for the Commission further asked the Court to end the receivership and transfer the Cliffside customers and assets, including real property, to SCSB consistent with W. Va. Code § 24-2-7(b). SCSB represented that as soon as possible it will present its City Council with a proposed ordinance authorizing the transfer. After the SCSB receives approval from its City Council, the parties will present the Court with a proposed Final Order ending the receivership, transferring the customers and transferring the Cliffside assets.

2. *State of West Virginia ex rel. Public Service Commission and Wetzel County Solid Waste Authority v. Solid Waste Services and Lackawanna Transport Company*, Case No. 12-C-2375.

On November 30, 2012, the Public Service Commission and the Wetzel County Solid Waste Authority jointly filed a complaint for injunctive relief in Circuit Court to enforce Orders of the Public Service Commission compelling Solid Waste Services and Lackawanna to respond to discovery requests filed by the Wetzel County Solid Waste Authority. The petition requests that the Circuit Court direct the defendants to respond to the discovery requests.

On October 21, 2013, a settlement was reached between Wetzel County Solid Waste Authority and Solid Waste Services and Lackawanna Transport Company. That settlement has been filed with the Commission and approved by an Administrative Law Judge. It is anticipated that this Circuit Court proceeding will be dismissed.

Supreme Court of Appeals of West Virginia

1. *Sanitary Board of the City of Charleston v. The Public Service Commission, Mary Lou Newberger, and James McCormick;* Case No. 13-0727

The Sanitary Board of the City of Charleston filed an appeal of an Order of the Commission issued June 24, 2013, in PSC Case Nos. 11-1572-S-C and 11-1601-S-C. The appeal relates to the responsibility of the Sanitary Board to make a repair to a sewer line that runs through several residential lots in the City of Charleston and connects to a sewer main on Quarrier Street. The City maintains that is has no responsibility to repair the line on the residential lots. The Commission Order directed that the City of Charleston make the repair.

The Court issued an order dismissing the appeal as moot because the City of Charleston made the repair.

2. *West Virginia Citizen Action Group v. Public Service Commission, Monongahela Power Company, and The Potomac Edison Company*; Case No. 13-1126

On November 6, 2013, the West Virginia Citizen Action Group filed an appeal of a Final Order of the Commission entered on October 7, 2013, in Case Nos. 12-1571-E-PC and 13-1272-E-PW.

The appeal is from an Order of the Commission that approved the acquisition of a 100% ownership interest in the Harrison County power plant by Monongahela Power and Potomac Edison.

The Court issued a decision affirming the Commission's Order.

3. Allied Waste Services of North America, LLC, dba Republic Services of West Virginia v. Public Service Commission of West Virginia

By Orders dated November 14, 2013, and October 3, 2014, the Commission granted and denied certain motor carrier 30E applications for recovery of tipping fees at solid waste disposal sites.

On November 3, 2014, Allied Waste filed an appeal with the Supreme Court of Appeals. The matter has been scheduled for briefing and oral argument will be conducted on February 24, 2015.

4. Customers of Scotts Run Public Service District v. Public Service Commission, Morgantown Utility Board, and Scotts Run Public Service District

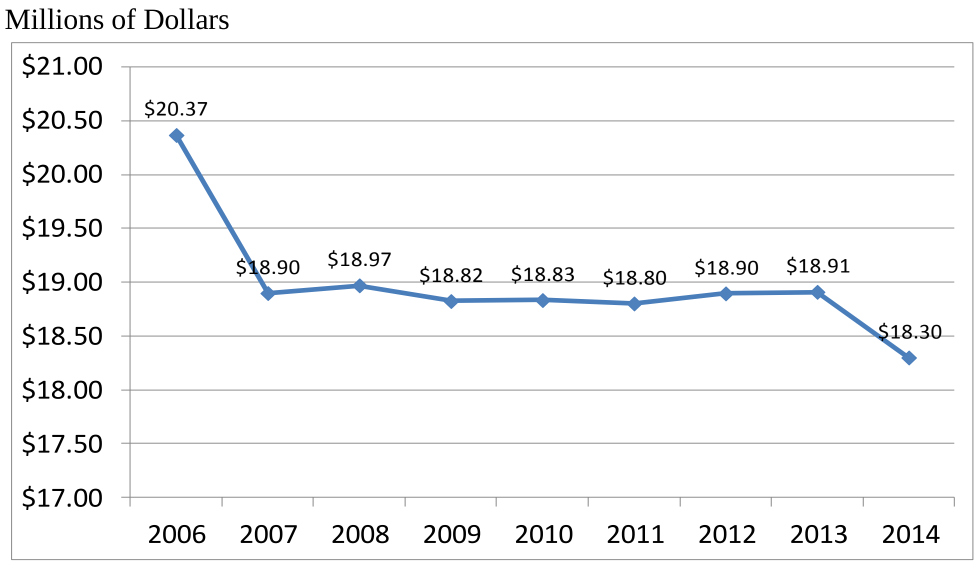
By Order dated October 24, 2014, the Commission granted the joint application of Scotts Run PSD and Morgantown Utility Board and approved an acquisition agreement whereby Morgantown Utility Board acquired the assets and operations of the Public Service District. The Commission granted its approval following approval of both the Public Service District Board and the Monongalia County Commission.

On November 25, 2014, the Order was appealed to the Supreme Court of Appeals. The matter has been scheduled for briefing and oral argument is set for March 10, 2015, before the Court. The Commission has filed and has pending a motion to dismiss the appeal because it was untimely filed.

VII. Budget and Human Resources

The Commission has been actively pursuing and implementing savings initiatives over the past nine years. Since 2006, the Commission has documented more than 50 individual savings initiatives and projects, which have annualized savings well over $1 million. The savings for most of these initiatives occur year after year, so cumulative savings far exceed the annual total. The Commission has been able to keep its overall spending flat for all of its appropriate special revenue funds over the past eight years. See the chart below.

Appropriated Special Revenue Funds - Spending



- Appropriated Special Revenue Funds include Utilities & Weight Enforcement (8623), Gas Pipeline (8624), and Motor Carrier (8625)

The savings have allowed the Commission to pay for numerous facility projects and case-related engineering consultant contracts without requesting supplemental budget appropriations. Some of the projects and contracts that have been paid for without an increase in our budgets are detailed in the following charts.

Facility Projects	Cost
Main building roof replacement (2009)	$140,165
Demolition of free-standing arch (2013)	$115,835
HVAC chiller replacement (2010)	$110,000
Brick and paving project (2008)	$ 59,973
Main hearing room audio and video replacement (2008)	$ 59,100
Cooling coil replacement (2010)	$ 16,159
Window replacements (2010)	$ 7,800

Engineering Consultant Contracts	Cost
SAIC*(Alternative and Renewable Energy Portfolio, 2011)	$349,454
Kaltech (TRAIL, 2008)	$249,725
Bates-White (PATH, 2010, 2011)	$236,332
Swanke Hayden Connell Architects (2013)	$ 28,056

Commission employees continue to support and participate in the wvOASIS project. wvOASIS implemented the financial piece of the system on July 1, 2014. Staff continues to participate in training and User Acceptance Testing, as well as provide data staging for the HR and payroll pieces of wvOASIS being implemented in 2015.

The Commission continued to reduce paper by scanning paper documents and converting them to electronic documents. Converting documents from paper to electronic form makes the information more accessible, reduces storage costs and, in many cases, the information can be made available on the Commission intranet or internet websites. In keeping with the Commission's move to electronic documents, the Water and Wastewater Division changed the format of its "Pipeline" newsletter from paper to 100% online, saving approximately $4,500 in printing charges plus postage.

The Commission also saved $20,000 in 2014 BRIM premiums because of our prior year realized loss savings, and we have reduced the number of printed copies ordered of the "Public Service Commission Laws of West Virginia" books and supplements, saving $20,000.

VIII. Case Processing

Informal Cases

The Commission Utilities and Water and Wastewater Divisions received nearly 10,000 Informal Cases, or Requests for Assistance (RFA) in 2014.

The RFAs come from customers having trouble paying or reconciling a utility bill or experiencing service problems or difficulties in a variety of other areas. RFA calls are routed to our Consumer Affairs Technicians (CATs).

The CATs assist customers in negotiating payment plans, clearing up communication problems or acting as liaisons between utilities and customers to resolve differences. If the problems of customers are not resolved, customers have the option of filing a Formal Complaint with the Commission; however, Formal Complaint proceedings are time consuming and often require attorney representation by the utility and, in some cases, by the customer.

An internal goal of closing Informal Complaints in 30 days was set in an attempt to lessen the need to file Formal Complaints. Difficulties in obtaining information from some smaller cable and phone companies and the challenges of isolating service problems related to electric, telephone and cable complaints impacted overall numbers in this area.

Another internal goal is to resolve 95% of RFAs at the Informal or RFA level, further lessening the need to file Formal Complaints.

Type of Utility	Number of RFAs filed in 2014	Percentage of RFAs that closed within 30 days	Number that became Formal Complaint Cases	Percentage of RFAs that did not become Formal Complaints Cases
Electric	3649	97%	169	95%
Gas	973	98%	20	98%
Telephone	914	93%	7	99%
Water	2942	98%	64	98%
Wastewater	1212	98%	24	98%
Cable	196	89%	1	99%
Totals	**9886**	**97%**	**285**	**97%**

Formal Cases

The Commission handles more than 2,000 Formal Cases each year, ranging from complex major rate cases and requests for certificates for multi-billion dollar projects to simple complaint cases.

Utility Cases	2007	2008	2009	2010	2011	2012	2013	2014
Pending at beginning	540	490	440	434	429	441	400	382
Opened during year	2176	1930	1901	1806	1685	1611	1784	1946
Closed during year	2226	1980	1907	1811	1673	1652	1802	1910
Pending at end of year	490	440	434	429	441	400	382	418

Motor Carrier Cases	2007	2008	2009	2010	2011	2012	2013	2014
Pending at beginning	115	154	129	155	119	102	75	68
Opened during year	367	319	337	225	217	172	199	189
Closed during year	328	344	311	261	234	199	206	188
Pending at end of year	154	129	155	119	102	75	68	69

Coal Cases	2007	2008	2009	2010	2011	2012	2013	2014
Pending at beginning	54	69	142	154	76	77	44	21
Opened during year	359	686	547	304	389	283	171	173
Closed during year	344	613	535	382	388	316	194	172
Pending at end of year	69	142	154	76	77	44	21	22

Hearings and Meetings

Hearings

Commission Hearings ………………………..39
Administrative Law Judge Hearings …………106

Mediation Meetings

Mediation - Administrative Law Judge Division at PSC Building.....14
Mediation - Administrative Law Judge Division out of town 2

Orders

In 2014, the Commission issued 6,216 Orders, a 24% increase over the number of Orders issued in 2013.

General Orders

G.O. 183.07
October 2, 2014 — In the matter of emergency proposed amendments to the Rules for the Construction and Filing of Tariffs, 150 C.S.R. 2.

G.O. 184.33
February 11, 2014 — In the matter of interest to be paid on customer deposits by electric utilities.

G.O. 185.35
February 11, 2014 — In the matter of interest to be paid on customer deposits by gas utilities.

G.O. 187.43
February 11, 2014 — In the matter of interest to be paid on customer deposits by telephone utilities.

G.O. 195.66
May 12, 2014 — In the matter of designation of Keith B. Walker as Administrative Law Judge.

G.O. 195.67
December 3, 2014 — In the matter of designation of Pancho Morris as Administrative Law Judge.

MC G.O. 56.4
December 30, 2014 — In the matter of emergency fuel surcharge for certificated common carriers of passengers and property by motor vehicles.

MC G.O. 64.4 (Pending)
October 24, 2014 — In the matter of revised Rules Governing Motor Carriers, Private Commercial Carriers, and the Filing of Evidence of Insurance and Financial Responsibility by Motor Carriers, 150 CSR 9.

MC G.O. 7.07

May 12, 2014	In the matter of designation of Keith B. Walker as Administrative Law Judge.

MC G.O. 7.08

December 3, 2014	In the matter of designation of Pancho Morris as Administrative Law Judge.

Appendix A

Summary of the Utility Discount Programs

****

December 2014

Through a program created by the West Virginia Legislature in 1983, certain qualifying residential customers are eligible for a special reduced rate schedule in their gas, electric and water utility rates. The special reduced rate is 20% less than the rate applicable to other residential customers obtaining similar service.

Eligible customers must be receiving either:

(a) Social Security Supplemental Security Income (SSI);
(b) WV Works, program previously called Aid to Families with Dependent Children (AFDC) and Temporary Aid to Needy Families (TANF);
(c) Supplemental Nutrition Assistance Program (SNAP) if the recipient is age 60 or older, program previously called Food Stamps.

During the 2013-2014 program year, 4,904 eligible West Virginia American Water Company customers received $476,744 in discounts.

Following is a report on the 20% discount program for the billing months of December 2013 through April 2014. A summary by type of utility (natural gas or electric) including the percentage changes from last year and individual utility information is detailed.

During the 2013-2014 program year, 36,438 electric customers received nearly $4.8 million in discounts, and 12,874 natural gas customers received just over $1.3 million in discounts.

Report on 20% Discount Program for Billing Months of December 2013 through April 2014

		ELECTRIC UTILITIES	
		APPALACHIAN POWER COMPANY	**BLACK DIAMOND POWER COMPANY**
1.	**Total Applications Received**	**20,483**	**281**
2.	**Total Applications Rejected**	**1,665**	**2**
3.	**Percent Rejected**	**8.13%**	**0.71%**
4.	**No. of Customers Given Discount**	**18,818**	**281**
5.	**No. of Residential Customers**	**403,549**	**1,958**
6.	**Percent Given Discount**	**4.66%**	**14.35%**
7.	**SSI Customers**	**12,219**	**192**
8.	**WV Works Customers**	**1,700**	**21**
9.	**SNAP +60 Customers**	**4,899**	**68**
10.	**Total Bills at Non-Discounted Rates**	**$14,214,956.45**	**$199,765.45**
11.	**Total Bills at Discounted Rates**	**$11,371,965.16**	**$159,812.36**
12.	**Revenue Decrease**	**$2,842,991.29**	**$39,953.09**
13.	**Adjustment for B&O Tax Reduction**	**$0.00**	**$0.00**
14.	**Revenue Deficiency Certified**	**$2,842,991.29**	**$39,953.09**

Report on 20% Discount Program for Billing Months of December 2013 through April 2014

ELECTRIC UTILITIES

		MONONGAHELA POWER COMPANY	POTOMAC EDISON OF WVA
1.	Total Applications Received	14,109	3,400
2.	Total Applications Rejected	1,007	289
3.	Percent Rejected	7.14%	8.50%
4.	No. of Customers Given Discount	13,102	3,111
5.	No. of Residential Customers	331,583	116,936
6.	Percent Given Discount	3.95%	2.66%
7.	SSI Customers	8,235	1,442
8.	WV Works Customers	810	325
9.	SNAP +60 Customers	4,057	1,344
10.	Total Bills at Non-Discounted Rates	$6,604,862.05	$2,208,164.91
11.	Total Bills at Discounted Rates	$5,283,889.80	$1,766,532.21
12.	Revenue Decrease	$1,320,972.25	$441,632.70
13.	Adjustment for B&O Tax Reduction	$0.00	$0.00
14.	Revenue Deficiency Certified	$1,320,972.25	$441,632.70

Report on 20% Discount Program for Billing Months of December 2013 through April 2014

ELECTRIC UTILITIES

		WHEELING POWER COMPANY
1.	Total Applications Received	1,192
2.	Total Applications Rejected	66
3.	Percent Rejected	5.54%
4.	No. of Customers Given Discount	1,126
5.	No. of Residential Customers	35,073
6.	Percent Given Discount	3.21%
7.	SSI Customers	645
8.	WV Works Customers	97
9.	SNAP +60 Customers	384
10.	Total Bills at Non-Discounted Rates	$573,687.00
11.	Total Bills at Discounted Rates	$458,949.60
12.	Revenue Decrease	$114,737.40
13.	Adjustment for B&O Tax Reduction	$0.00
14.	Revenue Deficiency Certified	$114,737.40

Report on 20% Discount Program for Billing Months of December 2013 through April 2014

NATURAL GAS UTILITIES

		ASHFORD * GAS COMPANY	BLACKSVILLE OIL & GAS CO.
1.	Total Applications Received		4
2.	Total Applications Rejected		0
3.	Percent Rejected		0.00%
4.	No. of Customers Given Discount		4
5.	No. of Residential Customers		255
6.	Percent Given Discount		1.57%
7.	SSI Customers		2
8.	WV Works Customers		0
9.	SNAP +60 Customers		2
10.	Total Bills at Non-Discounted Rates		$1,536.11
11.	Total Bills at Discounted Rates		$1,228.90
12.	Revenue Decrease	$0.00	$307.21
13.	Adjustment for B&O Tax Reduction	$0.00	$13.18
14.	Revenue Deficiency Certified	$0.00	$294.03

* Did not file for revenue deficiency certification; now part of Mountaineer Gas Co. Transferred in Case No. 11-0460-G-PC.

Report on 20% Discount Program for Billing Months of December 2013 through April 2014

		NATURAL GAS UTILITIES	
		BLUEFIELD GAS COMPANY	CONSUMERS GAS UTILITY CO.
1.	Total Applications Received	85	476
2.	Total Applications Rejected	0	6
3.	Percent Rejected	0.00%	1.26%
4.	No. of Customers Given Discount	85	470
5.	No. of Residential Customers	2,917	7,544
6.	Percent Given Discount	2.91%	6.23%
7.	SSI Customers	48	311
8.	WV Works Customers	10	34
9.	SNAP +60 Customers	27	125
10.	Total Bills at Non-Discounted Rates	$60,157.13	$256,271.53
11.	Total Bills at Discounted Rates	$48,125.70	$205,016.89
12.	Revenue Decrease	$12,031.43	$51,254.64
13.	Adjustment for B&O Tax Reduction	$516.15	$2,198.82
14.	Revenue Deficiency Certified	$11,515.28	$49,055.82

Report on 20% Discount Program for Billing Months of December 2013 through April 2014

		PEOPLES GAS * WV LLC	HOPE GAS, INC.
		NATURAL GAS UTILITIES	
1.	Total Applications Received	427	4,630
2.	Total Applications Rejected	11	113
3.	Percent Rejected	2.58%	2.44%
4.	No. of Customers Given Discount	416	4,517
5.	No. of Residential Customers	12,084	104,450
6.	Percent Given Discount	3.44%	4.32%
7.	SSI Customers	260	2,958
8.	WV Works Customers	17	329
9.	SNAP +60 Customers	139	1,230
10.	Total Bills at Non-Discounted Rates	$277,381.25	$1,986,632.20
11.	Total Bills at Discounted Rates	$221,905.00	$1,589,305.76
12.	Revenue Decrease	$55,476.25	$397,326.44
13.	Adjustment for B&O Tax Reduction	$2,379.93	$17,045.30
14.	Revenue Deficiency Certified	$53,096.32	$379,682.30

* Formerly Equitable Gas; Transferred in Case No. 13-0438-G-PC

Report on 20% Discount Program for Billing Months of December 2013 through April 2014

NATURAL GAS UTILITIES

		LUMBERPORT-SHINNSTON GAS	MEGAN OIL & GAS
1.	Total Applications Received	114	27
2.	Total Applications Rejected	3	1
3.	Percent Rejected	2.63%	3.70%
4.	No. of Customers Given Discount	111	25
5.	No. of Residential Customers	2,931	276
6.	Percent Given Discount	3.79%	9.06%
7.	SSI Customers	68	18
8.	WV Works Customers	10	1
9.	SNAP +60 Customers	33	6
10.	Total Bills at Non-Discounted Rates	$77,279.47	$12,973.96
11.	Total Bills at Discounted Rates	$61,823.49	$10,379.06
12.	Revenue Decrease	$15,455.98	$2,594.90
13.	Adjustment for B&O Tax Reduction	$663.06	$111.32
14.	Revenue Deficiency Certified	$14,792.92	$2,483.59

Report on 20% Discount Program for Billing Months of December 2013 through April 2014

NATURAL GAS UTILITIES

		MOUNTAINEER GAS COMPANY	SOUTHERN PUBLIC SERVICE CO.
1.	Total Applications Received	6,889	267
2.	Total Applications Rejected	0	0
3.	Percent Rejected	0.00%	0.00%
4.	No. of Customers Given Discount	6,889	267
5.	No. of Residential Customers	197,809	5,613
6.	Percent Given Discount	3.48%	4.76%
7.	SSI Customers	3,982	161
8.	WV Works Customers	638	31
9.	SNAP +60 Customers	2,269	75
10.	Total Bills at Non-Discounted Rates	$3,797,097.10	$135,874.95
11.	Total Bills at Discounted Rates	$3,037,677.68	$108,699.96
12.	Revenue Decrease	$759,419.42	$27,174.99
13.	Adjustment for B&O Tax Reduction	$32,579.09	$1,165.81
14.	Revenue Deficiency Certified	$726,840.33	$26,009.18

Report on 20% Discount Program for Billing Months of December 2013 through April 2014

		NATURAL GAS UTILITIES	
		STANDARD GAS COMPANY	UNION OIL AND GAS CO.
1.	Total Applications Received	10	87
2.	Total Applications Rejected	0	7
3.	Percent Rejected	0.00%	8.05%
4.	No. of Customers Given Discount	10	80
5.	No. of Residential Customers	344	5,398
6.	Percent Given Discount	2.91%	1.48%
7.	SSI Customers	7	44
8.	WV Works Customers	1	27
9.	SNAP +60 Customers	2	9
10.	Total Bills at Non-Discounted Rates	$5,461.32	$29,258.05
11.	Total Bills at Discounted Rates	$4,368.85	$23,406.44
12.	Revenue Decrease	$1,092.47	$5,851.61
13.	Adjustment for B&O Tax Reduction	$46.87	$251.03
14.	Revenue Deficiency Certified	$1,045.60	$5,600.58

Report on 20% Discount Program for Billing Months of December 2013 through April 2014

		SUMMARY DATA ELECTRIC UTILITIES		
		2013-14	**2012-13**	**Percentage Change from Previous Year**
1.	**Total Applications Received**	39,465	37,737	4.38%
2.	**Total Applications Rejected**	3,029	2,461	18.75%
3.	**Percent Rejected**	7.68%	6.52%	
4.	**No. of Customers Given Discount**	36,438	35,276	3.19%
5.	**No. of Residential Customers**	889,099	889,160	-0.01%
6.	**Percent Given Discount**	4.10%	3.97%	
7.	**SSI Customers**	22,733	22,917	-0.81%
8.	**WV Works Customers**	2,953	3,064	-3.76%
9.	**SNAP +60 Customers**	10,752	9,295	13.55%
10.	**Total Bills at Non-Discounted Rates**	$23,801,435.86	$22,338,842.01	6.14%
11.	**Total Bills at Discounted Rates**	$19,041,149.13	$17,871,097.61	6.14%
12.	**Revenue Decrease**	$4,760,286.73	$4,467,744.40	6.15%
13.	**Adjustment for B&O Tax Reduction**	$0.00	$0.00	
14.	**Revenue Deficiency Certified**	$4,760,286.73	$4,467,744.40	6.15%

Report on 20% Discount Program for Billing Months of December 2013 through April 2014

		SUMMARY DATA GAS UTILITIES		
		2013-14	**2012-13**	**Percentage Change from Previous Year**
1.	**Total Applications Received**	**13,016**	**13,065**	**-0.38%**
2.	**Total Applications Rejected**	**141**	**127**	**9.93%**
3.	**Percent Rejected**	**1.08%**	**0.97%**	
4.	**No. of Customers Given Discount**	**12,874**	**12,938**	**-0.50%**
5.	**No. of Residential Customers**	**339,621**	**340,075**	**-0.13%**
6.	**Percent Given Discount**	**3.79%**	**3.80%**	
7.	**SSI Customers**	**7,859**	**8,535**	**-8.60%**
8.	**WV Works Customers**	**1,098**	**1,026**	**6.56%**
9.	**SNAP +60 Customers**	**3,917**	**3,377**	**13.79%**
10.	**Total Bills at Non-Discounted Rates**	**$6,639,923.07**	**$5,778,994.11**	**12.97%**
11.	**Total Bills at Discounted Rates**	**$5,311,937.73**	**$4,623,356.75**	**12.96%**
12.	**Revenue Decrease**	**$1,327,985.34**	**$1,155,637.36**	**12.98%**
13.	**Adjustment for B&O Tax Reduction**	**$56,970.57**	**$49,575.64**	**12.98%**
14.	**Revenue Deficiency Certified**	**$1,270,415.94**	**$1,106,033.59**	**12.94%**

Report on 20% Discount Program for Billing Months of December 2013 through April 2014

		SUMMARY DATA ALL UTILITIES				
		2013-14		2012-13		Percentage Change from Previous Year
1.	Total Applications Received	52,481	*	50,802	*	3.20%
2.	Total Applications Rejected	3,170	*	2,588	*	18.36%
3.	Percent Rejected	6.04%		5.09%		
4.	No. of Customers Given Discount	49,312	*	48,214	*	2.23%
5.	No. of Residential Customers	1,228,720	*	1,229,235	*	-0.04%
6.	Percent Given Discount	4.01%		3.92%		
7.	SSI Customers	30,592	*	31,452	*	-2.81%
8.	WV Works Customers	4,051	*	4,090	*	-0.96%
9.	SNAP +60 Customers	14,669	*	12,672	*	13.61%
10.	Total Bills at Non-Discounted Rates	$30,441,358.93		$28,117,866.12		7.63%
11.	Total Bills at Discounted Rates	$24,353,086.86		$22,494,454.36		7.63%
12.	Revenue Decrease	$6,088,272.07		$5,623,411.76		7.64%
13.	Adjustment for B&O Tax Reduction	$56,970.57		$49,575.64		
14.	Revenue Deficiency Certified	$6,031,301.50		$5,573,836.12		7.58%

* These numbers represent customers and not individual households. A household may be an electric and natural gas customer.

Appendix B

Summary of the Tel-Assistance Service Telephone Rate Discount Program

***

December 2014

Tel-Assistance Service, created by the West Virginia Legislature in 1986, provides reduced rates for qualified low-income residential customers of telephone utilities. Tel-Assistance customers receive a waiver of the monthly Federal subscriber line charge. The option of Tel-Assistance Service remains part of the filed residential tariffs of all of the local exchange telephone utilities and is therefore available to all eligible customers. Eligible customers must be receiving benefits from an income-related State or Federal program, including SSI, WV Works, Medicaid, Federal Public Housing Assistance, LIEAP or SNAP if the recipient is age 60 or older.

The telephone utilities may recover their certified revenue deficiency as a credit against the West Virginia telecommunications tax. Frontier, West Virginia Inc. and Citizens Telecommunications Company of West Virginia, doing business as Frontier Communications of West Virginia, are the only companies that filed a Tel-Assistance report for certification of revenue deficiency for 2013 (see Cases No.14-0374-T-P and 14-0375-T-P). Telecommunications carriers other than Frontier and Citizens chose not to request certification of revenue deficiency.

The agreements or tariffs filed with the Commission for approval in accordance with the Tel-Assistance Program may specify the methodology by which the eligible telecommunications carrier calculates its annual revenue deficiency. Subject to prior approval by the Commission, eligible telecommunications carriers may agree to freeze or cap the amount of the revenue deficiency at specific levels.

On August 20, 2003, the Commission concluded in case 03-1363-T-T that for provision of the Tel-Assistance Program Verizon could freeze the revenue deficiency at the level approved for the 2002 tax year. Following the transfer of Verizon, West Virginia to Frontier, West Virginia, Frontier adopted the tariff provisions then currently in place for Verizon. Accordingly, in Case No. 14-0374-T-P the Commission certified $66,384.89 as the revenue deficiency for Frontier, West Virginia associated with the Tel-Assistance Program for the 2013 program year.

Likewise, on March 28, 2006, in Case No. 06-0256-T-T the Commission concluded that Citizens could freeze the revenue deficiency at the level approved for 2004. Accordingly, in Case No. 14-0375-T-P the Commission certified $19,603.80 as the revenue deficiency for Citizens Telecommunications Company associated with the Tel-Assistance Program for the 2013 program year.

Appendix C

Electric Utilities
Supply – Demand Forecast
2015 - 2024

****

January 2015

Table of Contents

Executive Summary

The sixty-fourth Legislature (1979) directed the Public Service Commission of West Virginia (Commission) to report to the Legislature annually on the status of the supply and demand balance for the next 10 years for the electric utilities in West Virginia (W. Va. Code § 24-1-1(d)(3)). To prepare that report, the Commission Staff (Staff) conducts a yearly examination of long-term demand forecasts and resource plans of the major electric utilities in West Virginia. Staff evaluates the underlying assumptions and reasonableness of the forecasts and plans and prepares the Annual Supply and Demand Balance Report required by the statute.

The four largest regulated electric utilities in West Virginia are Appalachian Power Company (APCo), Monongahela Power Company (Mon Power), The Potomac Edison Company (PE) and Wheeling Power Company (WPCo). APCo and Mon Power are presently the only regulated electric distribution utilities in the State that own and operate generation facilities. APCo and WPCo are sister companies in American Electric Power (AEP). Mon Power and PE are sister companies in FirstEnergy (FE). These four electric utilities account for approximately 96% of West Virginia residential sales and 98% of West Virginia commercial and industrial sales. Although WPCo and PE do not generate electricity, they are combined with their respective affiliates, APCo and Mon Power, for West Virginia ratemaking purposes.[2] For purposes of this report, APCo and WPCo are paired and a combined supply and demand balance is prepared based on their combined resource plans and projected demand. Mon Power and PE are similarly paired. Reference to APCo, includes the supply resources and load of WPCo, which operates only in West Virginia. Reference to Mon Power includes the load of the PE West Virginia operations.

Currently, there are five independent non-generation electric utilities in West Virginia that purchase power at wholesale and distribute that power to local residential, commercial and industrial customers at retail rates. Those are:

- Harrison Rural Electrification Association
- Black Diamond Power Company
- Craig-Botetourt Electric Cooperative
- New Martinsville Municipal Utilities
- Philippi Municipal Electric

[2] On December 30, 2014, in Case No. 14-0546-E-PC, the Commission approved the transfer of an undivided 50% interest in the Mitchell Plant, subject to certain terms, conditions and modifications imposed by the Commission. This transfer, when consummated, will provide WPCo with a net 780 MW of generating capacity.

These companies purchase their power supply requirements from various suppliers operating in the regional transmission area served by PJM Interconnection (PJM).[3] They have historically relied on medium to long-term contracts with wholesale providers, but they can also consider the availability of the PJM energy and demand markets when planning new contracts or contract renewals. The PJM organization (see page 92), manages the bulk-power transmission system and an extensive capacity and energy market. This market has become the total or partial source of power supply for many customers and load-serving entities in the PJM Region.

The Annual Supply-Demand Forecast is based primarily on a review of supply resource and load forecasts provided by AEP and FE. The AEP and FE information includes a capacity (supply) plan, also known as an integrated resource plan (IRP), that considers future demand requirements of customers and options for controlling or reducing demand. The plan then considers supply options to economically meet the future net demand requirements. The IRP includes projected equipment upgrades, re-rating of plants, retirement of internal generation resources, additional internal generation resources, demand side resources and purchased capacity, if needed. Commission Staff reviews the information and determines how the capacity resources compare to the projected loads and whether the expected supply is sufficient to meet peak loads while maintaining a reasonable reserve margin over the forecast period.

Both APCo and Mon Power have recently retired, or plan to soon retire, several older coal-fired, sub-critical generating units. Both companies recently sought and received approval to acquire additional generation capacity of existing generating facilities in West Virginia. In 2013, the Commission rendered decisions in cases involving both APCo and Mon Power with regard to approval of these transactions. A further proposal by APCo and WPCo to acquire an undivided 50% interest in the Mitchell Plant was approved by the Commission in December 2014.

In Case No. 12-1571-E-P, the Commission authorized Mon Power to sell its interest in the Pleasants generation plant and to acquire 100% ownership of the Harrison generating plant. The net result of this transaction increased the installed capacity of Mon Power by 1,476 Megawatts. Mon Power consummated the transaction on October 9, 2013. The Commission decision was appealed to the West Virginia Supreme Court and was affirmed by a May 23, 2014 Decision of the Supreme Court.

In Case No. 12-1655-E-PC, the Commission authorized APCo to acquire 100% ownership of Unit 3 at the John Amos generating plant. This acquisition increased the

[3] PJM Interconnection LLC manages electricity energy and capacity markets and the transmission network covering a large portion of the Middle Atlantic and Midwest area. For a description of PJM Interconnection see Appendix A.

installed generation capacity of APCo by 867 Megawatts. APCo consummated the acquisition on December 31, 2013.

On March 4, 2014, APCo and WPCo filed an updated plan to serve the load of WPCo. In the updated plan, the Companies proposed a generation resource transaction that would transfer an undivided one-half interest in the Mitchell Plant to WPCo, providing WPCo with 780 MW of generating capacity. On October 9, 2014, the Companies filed a Joint Stipulation signed by most of the parties, recommending that the Commission approve the acquisition, subject to certain conditions and modifications from the original request. On December 30, 2014, the Commission approved the acquisition, and while the transfer had not been consummated as of the date of this report, it is expected to be completed in the near future. For purposes of this report, Staff has included the acquisition of 780 MW of net generating capacity beginning in 2015.

The EPA released its proposed rule for the reduction of carbon emissions from existing power plants on June 2, 2014. The proposed rule sets interim and final goals for each state and requires a State implementation plan to achieve those goals be adopted by June 30, 2016. The comment period has recently ended and while the rule is not final, it is likely to require a modification of existing electric generating facilities in West Virginia. On December 1, 2014, the DEP, with input from the West Virginia Division of Energy and the Public Service Commission of West Virginia, filed comments in that proceeding. Given the uncertainty of what modifications will be required and implemented, they are not included in this report.

PJM reaches its peak capacity requirements in the summer and plans accordingly. Both APCo and Mon Power have been winter peaking companies. Historically, the ability of those companies to meet their internal peak, whenever that occurred, has been the focus of capacity adequacy planning. Because of the availability of energy from the PJM market and the PJM assignment of capacity obligations based on summer peaks, we now evaluate the APCo and Mon Power supply and demand during the summer months. For the forecast period of summer 2014 through 2024, Staff concludes:

- Expected growth in annual peak electric demand will average approximately 1.0%.

- The utility-owned (internal) generation capacity plus existing purchased power contracts will be greater than customer demand.

- APCo faces a declining reserve margin as measured for summer peak requirements.

American Electric Power

Appalachian Power Company and Wheeling Power Company

APCo is the largest AEP subsidiary in terms of population served, number of customers and area of service territory of the operating companies that comprise the AEP East System (AEP East). The APCo service territory covers southern West Virginia and adjacent portions of Virginia. Presently, WPCo is solely a transmission and distribution company providing service in Marshall and Ohio Counties in the Northern Panhandle of West Virginia. The Commission, in its December 30, 2014 Order approved the transfer to WPCo of an undivided 50% interest in the Mitchell Power Plant. With the expected consummation of this transfer, WPCo will own sufficient generating capacity to meet its long-term power supply needs. For rate regulation purposes in West Virginia, all operating costs, including power supply costs, of APCo and WPCo are combined and shared among APCo and WPCo customers.

APCo's current internal supply sources include coal-fired steam plants, natural gas-fired plants employing either solely combustion turbine technology or combined combustion turbine and steam technology (combined cycle), hydroelectric facilities and purchased power contracts with both affiliated and non-affiliated companies. Recent and near-term future changes in APCo supply sources include acquisition of additional generating capacity, termination of a long-standing agreement with other AEP companies for capacity and energy purchases and expected retirements of existing APCo coal-fired facilities.

The AEP East Interconnection Agreement (Interconnection Agreement) included four AEP subsidiary operating companies that were members of the interconnection and power supply pool. Each company was assigned a proportionate share of the combined generating capacity of pool members based on their peak demands. The sum of the proportionate shares always equaled the combined capacity of the five companies, but companies could own more (surplus company) or less (deficit company) generating resources than their proportionate share of the total. Under the Interconnection Agreement, if a company did not own sufficient capacity to meet its proportionate share requirement, it paid those members that own excess capacity. The payments were calculated based on a formula included in the Interconnection Agreement that included a capacity rate that was based on the surplus company's average cost of capacity. APCo was consistently deficient for purposes of the Interconnection Agreement and has paid Ohio Power Company (OPCo) and, at times, Indiana Michigan Power Company (I&M) for a portion of their surplus capacity. With these payments, APCo was entitled to its proportionate share of the total AEP East capacity, which included sufficient capacity to meet internal demand requirements and provide a reserve margin. Under the agreement, APCo shared in the net profits achieved when the AEP East reserves could be sold to non-affiliated companies. In addition, the agreement provided for economic dispatch of the combined generation resources and APCo was entitled to a proportionate share of the most economical energy being generated pursuant to economic dispatch.

On December 17, 2010, each of the AEP Pool members gave written notice of intent to terminate the Interconnection Agreement effective January 1, 2014. On October 31, 2012, AEP filed a proposal with FERC regarding termination of the AEP Interconnection Agreement and the creation of a more limited three-company Power Coordination Agreement. Unlike the capacity allocation and payment provision of the Interconnection Agreement, the Power Coordination Agreement requires the member companies, APCo, I&M and Kentucky Power Company (KPCo) to individually own or contract for sufficient capacity to meet their load and reserve margin obligations.

Without the availability of capacity resources through the Interconnection Agreement, APCo’s long term generation resource planning must focus on internal firm supply sources and alternative purchased power options.

On December 18, 2012, APCo filed a petition with the Commission for consent and approval to acquire 1,647 MW of generating capacity owned by OPCo. The proposed acquisition consisted of OPCo’s two-thirds share of the John Amos Power Plant Unit 3 and 50% of OPCo’s Mitchell Plant

On December 13, 2013, the Commission issued a Final Order approving the acquisition by APCo of two-thirds of the John E. Amos 3 generating unit. The Commission deferred ruling on the acquisition by APCo of 50% of the Mitchell Power Plant. One of the reasons that the Commission did not rule on the acquisition of a portion of Mitchell was a denial of the acquisition by the Virginia State Corporation Commission (VSCC). Without approval of the VSCC, APCo could not proceed with the acquisition even if it had been approved by the West Virginia Commission. Similarly, the Commission deferred ruling on a request to merge WPCo into APCo, pending APCo filing and receiving approval from this Commission of a capacity resource plan that includes sufficient capacity to serve the WPCo load.

On March 4, 2014, in Case No. 14-0546-E-PC, APCo and WPCo filed an updated plan to serve the load of WPCo. In the updated plan, the Companies proposed a generation resource transaction that would transfer an undivided 50% interest in the Mitchell Plant to WPCo, providing WPCo with a net output of 780 MW of generating capacity. On October 9, 2014, the Companies filed a Joint Stipulation in resolution of the case. The Commission approved the transfer, subject to Commission imposed terms, conditions and modifications on December 30, 2014. The Staff has assumed consummation of the transaction will occur in the very near future and has thus included the acquisition of 780 MW of net generating capacity in 2015.

AEP reports that the implementation of more stringent EPA standards applicable to power plants is expected to significantly increase the operating costs of APCo's fleet of sub-critical generation. APCo has determined that retrofitting each sub-critical unit with emission control equipment and incurring associated increased costs due to reduced operating efficiency is not economical. In view of their inability to comply with new standards without control upgrades, the Kanawha River Plant, the APCo units at the Phillip Sporn Plant, Glen Lyn Units 5 and 6 and Clinch River Unit 3 are projected to be retired in 2015.

APCo presently plans to maintain operations at Clinch River Units 1 and 2 after converting the units from coal to natural gas fuel sources. This conversion has been approved in Virginia and West Virginia. Clinch River Units 1 and 2 will continue to operate as coal-fired generating units until their conversion dates, and will operate as natural gas-fired generating units after their conversion.

APCo has historically reached its annual peak demands during the winter months. For PJM planning purposes, the adequacy of APCo capacity is measured during the summer months. Although on a stand-alone basis it would be normal to project the APCo supply and demand balances at the time of the annual winter peaks, for purposes of this report, the Staff is using the summer demand levels that are used for PJM planning purposes. Thus, it is likely that projected reserve margins in any year will be less, and projected deficits will be greater in the winter when APCo reaches its internal peaks. Because of the availability of energy from the PJM market, to the extent that APCo requires more energy during a winter peaks throughout the forecast period, that energy will be purchased from the PJM market.

A summary of the planned capacity reductions and additions by APCo over the forecast period and a summary of the combined projected capacity supply and demand for APCo and Wheeling are shown on the following tables.

Appalachian Power Company Internal Capacity Additions or (Reductions) - 2015 through 2024	
Calendar Year	**Total Generation Capacity (MW)**
2015	7,763 (1)
2016	7,297 (2)
2017	7,297
2018	7,297
2019	7,333 (3)
2020	7,333
2021	7,333
2022	7,333
2023	7,333
2024	7,333

Comments:
(1) Existing capacity before retirements and acquisitions.

(2) Reflects retirements of subcritical 1,270 MW. Includes the Commission approved acquisition of 780 MW of net generating capacity from the Mitchell Plant transfer and rerates 24 MW.

(3) Includes rerate of 36 MW.

Note - APCo projects availability of interruptible load and demand response load during the forecast period. This load is not included as capacity, but is used in this report to calculate net internal demand.

Appalachian Power Company / Wheeling Power Company
Projected Supply and Demand - 2015 through 2024 (1)
Summer Internal Load - Including Wheeling Power Company

Year	APCo Gross Internal Load	WPCo Gross Internal Load	APCo /WPCo Gross Internal Load	APCo /WPCo Net Internal Demand (2)	APCo Internal Generation Capacity (3)	APCo New Net Purchased or Committed Capacity (4)	Total Supply	Reserve Margin Based on Gross Internal Demand		Reserve Margin Based on Net Demand	
	(MW)	(MW)	(MW)	(MW)	(MW)	(MW)	(MW)	(MW)	(%)	(MW)	(%)
2015	6,058	485	6,543	6,359	7,837	4	7,841	1,298	19.8	1,298	20.4
2016	6,070	495	6,565	6,381	7,371	4	7,375	810	12.3	810	12.7
2017	6,077	500	6,577	6,393	7,371	4	7,375	798	12.1	798	12.5
2018	6,077	505	6,582	6,398	7,371	4	7,375	793	12.0	793	12.4
2019	6,085	511	6,596	6,412	7,407	4	7,411	815	12.4	815	12.7
2020	6,082	515	6,597	6,413	7,407	4	7,411	814	12.3	814	12.7
2021	6,116	519	6,635	6,451	7,407	4	7,411	776	11.7	776	12.0
2022	6,140	523	6,663	6,479	7,407	4	7,411	748	11.2	748	11.5
2023	6,165	523	6,688	6,504	7,407	4	7,411	723	10.8	723	11.1
2024	6,171	525	6,696	6,512	7,407	4	7,411	715	10.7	715	11.0

Comments:

(1) Includes APCo total company demand resources and total demand in West Virginia (including WPCo) and Virginia.

(2) Gross internal demand less interruptible and demand response load.

(3) Includes APCo owned generation and long-term power contracts. APCo includes six wind power projects totaling 74 MW (PJM estimate). Nameplate on wind power project is 376 MW.

(4) Includes previously contractually committed capacity sales.

FirstEnergy Corporation

Monongahela Power Company and Potomac Edison Company

Monongahela Power Company (Mon Power) and The Potomac Edison Company (PE) are regulated subsidiaries of FirstEnergy Corp. (FE). The long-term assessment of supply and demand includes the total current and future capacity resources owned or contracted by Mon Power and the total load (demand) for all FE service territory in West Virginia (FE West Virginia load).

As a result of generation plant transfers, Mon Power has a net increase of generation capacity of 1,189 MW, eliminating its need to acquire energy or capacity to meet load from the PJM markets during most of the forecast period.[4] The transfers were consummated in October 2013. The data reflects ownership of 100% of the Harrison Power Station and none of the Pleasants Power Station.

Mon Power does not have consistent contracted interruptible load, neither has the company included demand side resources in its capacity plans. Mon Power filed a Phase I Energy Efficiency and Conservation Plan (Plan) with the West Virginia Public Service Commission on March 31, 2011. The Plan is projected to cost $12 million and achieve 67,437 MWH savings from 2012-2016. The Commission approved the plan by an order dated December 30, 2011, with program implementation by February 1, 2012. Impacts of the Plan are directed at the residential, commercial, and industrial classes and are included in the load forecast. The most recent load forecast for the West Virginia service territory does not contain any specific estimates of future peak demand or energy impacts from current PJM demand side management (DSM) programs. Any actual impacts from DSM programs are included in the historical load data used to develop the load forecast models.

A summary of the planned capacity additions or reductions by Mon Power and a summary of the combined projected capacity supply and demand for Mon Power and other FE West Virginia load over the forecast period is shown on the following tables. The 2013 acquisition of the remainder of the Harrison generation facility provided the Companies with sufficient capacity through the forecast period.

[4] Mon Power actually bids its capacity and energy into the PJM market and buys back the amounts required to meet internal load requirements. This approach is designed to maximize revenue from sales into the PJM market and minimize the cost of meeting internal load. The PSC considers the buy-back from the market as the equivalent of meeting internal load from internal sources except in instances when the buy-back exceeds sales into the PJM market.

Monongahela Power Company Internal Capacity Additions or (Reductions) - 2015 through 2024				
Year	**Unit Retirements (MW)**	**Rerates of Existing Units (MW)**	**New Generation Capacity (MW)**	**Total Generation Capacity (MW)**
2015				3,730
2016				3,730
2017				3,730
2018				3,730
2019				3,730
2020				3,730
2021				3,730
2022				3,730
2023				3,730
2024				3,730

Note - Commission Staff has included availability of limited demand reducing load during the forecast period. This load is not included as capacity, but is used in this report to calculate net internal demand.

Monongahela Power Company
Projected Supply and Demand - 2015 through 2024 (1)
Summer Internal Load

Year	Gross Internal Load	Net Internal Demand (2)	Internal Generation Capacity (3)	New Purchased Capacity	Total Supply	Reserve Margin Based on Gross Internal Demand		Reserve Margin Based on Net Demand	
	(MW)	(MW)	(MW)	(MW)	(MW)	(MW)	(%)	(MW)	(%)
2015	2,705	2,691	3,730		3,730	1,025	37.9	1,039	38.6
2016	2,740	2,726	3,730		3,730	990	36.1	1,004	36.8
2017	2,756	2,742	3,730		3,730	974	35.3	988	36.0
2018	2,774	2,760	3,730		3,730	956	34.5	970	35.1
2019	2,790	2,776	3,730		3,730	940	33.7	954	34.4
2020	2,808	2,794	3,730		3,730	922	32.8	936	33.5
2021	2,818	2,804	3,730		3,730	912	32.4	926	33.0
2022	2,834	2,820	3,730		3,730	896	31.6	910	32.3
2023	2,850	2,836	3,730		3,730	880	30.9	894	31.5
2024	2,869	2,855	3,730		3,730	861	30.0	875	30.6

Comments:
(1) Includes Mon Power total resources. Demand includes Mon Power and PE West Virginia load.

(2) Gross internal demand less interruptible and demand response load.

3) Includes Mon Power owned generation and current firm long-term power contracts. Generating capacity found in Case No. 14-1550-E-P, Direct Testimony of Paul S. Kramer, Exhibit PSK-1. Contract capacity found in Case No. 14-1550-E-P, Direct Testimony of Robert B. Keeping, page 20.

Conclusion

The major generation owning electric utility systems in West Virginia have completed major acquisitions of generation in recent. At the same time, several older generating facilities have been or will be retired. Cancellation of long-standing capacity agreements with affiliates has occurred, which has contributed to the need for alternative capacity resources. APCo/WPCo will have marginally adequate capacity for summer requirements but might have low winter reserve margins during the forecast period. Mon Power/PE will have more than adequate capacity for both summer and winter requirements.

Implementation of more stringent EPA standards under Section 111(d) rule for existing power plants will certainly affect electric utilities in West Virginia. The EPA proposed rule released on June 2, 2014, established interim and final CO_2 reduction goals and would require state implementation plans to achieve those goals be adopted by June 30, 2016. As proposed, it is likely that generating utilities in West Virginia will need to modify existing generation to meet the EPA goals on both an interim and final basis. The EPA proposed rule has received a large number of comments which include recommendations for significant modifications. Included in the thousands of filed comments were the December 1 2014 DEP comments as well as filings by other West Virginia stakeholders. Thus, changes that could be required by a final EPA rule are largely unknown at this time. For purposes of this report, those unknown changes were not included.

PJM Interconnection LLC

PJM Interconnection (PJM) is a regional transmission organization (RTO) that operates the transmission grid delivering power in all or parts of Illinois, Michigan, Indiana, Ohio, Kentucky, Tennessee, North Carolina, Virginia, West Virginia, Maryland, the District of Columbia, Pennsylvania, Delaware and New Jersey. The grid is made up of the major transmission facilities owned by a large number of integrated electricity utilities, transmission companies spun off from former integrated electric utilities and new transmission companies. These transmission owners have turned over the operation of their interconnected transmission lines to PJM. As the grid operator, PJM conducts ongoing long-term regional planning that projects load within the system. Based on overall absolute load levels and the geographic locations of the load increases or decreases, PJM evaluates potential locational transmission bottlenecks and reliability issues. The end result of the evaluation and planning process is the identification of transmission upgrades and new construction necessary to ensure the ability to reliably deliver power currently and over the long-term planning horizon. PJM notifies the transmission owners of the need for system upgrades and the transmission companies are responsible for installing the necessary upgrades and new transmission lines.

PJM also operates a competitive wholesale electricity energy market within the region served by the transmission facilities under its control. Generation providers can bid their production volumes and minimum prices for delivery into the market on the next day and load-serving entities bid their load requirements and prices they are willing to pay the market on the next day (day-ahead market). PJM matches generation and requirements on a regional and locational basis and determines the price at which power will enter the market. The market price for power can vary based on location and time of day. In addition, PJM also manages a real-time power market to price power necessary to serve loads that were not covered through the day-ahead market commitments.

In addition to hourly day-ahead and real-time energy markets, PJM operates a capacity market. The capacity market is based on the PJM long-term Reliability Pricing Model (RPM). The RPM takes into consideration the continued use of self-supply and bilateral contracts by load-serving entities electing to self-supply. The capacity auctions obtain the remaining capacity that is needed after market participants have committed the resources they will supply themselves or provide through contracts. PJM receives bids for long-term capacity from suppliers and, based on the bidding process, develops the prices that will be paid for future capacity. By going to a longer-term RPM, PJM provides price signals to capacity suppliers and load.

Appendix D

Gas Utilities
Supply – Demand Forecast
2015 - 2024

****

January 2015

Table of Contents

Executive Summary

This Report presents general information regarding the current natural gas supply and demand conditions in as well as future natural gas supply and demand over the 2015-2024 period in West Virginia. Information sources for natural gas oriented government agencies, industry groups and other organizations are provided at the end of the report. Those organizations include the Federal Energy Information Administration (EIA), the Colorado School of Mines Potential Gas Committee, the American Gas Association (AGA), and the Natural Gas Price Outlook from Energy Solutions, Inc., among others.

This 2015 Report is similar to the 2014 Report, primarily because 1) the actual flowing supplies match all demand in the State at all times (except for minimal unplanned outages), 2) the capacity of unrestrained production far exceeds the current and future projected demand, 3) shale gas development is still in its early stages and 4) there have been no significant additions to current or projected demands on utility systems in the state, which includes no power production fuel switching. Therefore, the only changes made are to update the forecast date range, comments regarding the most recent heating season and updated market price forecasts.

This Report is prepared and submitted by the Public Service Commission of West Virginia (Commission) in response to a Legislative mandate and is part of a comprehensive Management Summary Report that is also submitted annually to the West Virginia Legislature.

The sixty-fourth West Virginia Legislature (1979) stated in West Virginia Code §24-1-1(d)(3) that the Commission should, as part of an Annual Management Summary Report, describe in a concise manner "the current balance of supply and demand for natural gas and electric utility services in the State and forecast the probable balance for the next ten years."

Prior to 1979, and for several years thereafter, the wholesale price of natural gas was regulated and capped by the Federal Government. There was some concern at that time that suppliers of natural gas were reluctant to produce and market their supplies and that exploration for new supplies was somewhat curtailed due to what some believed to be artificially low and unprofitable wholesale prices. The above-quoted Code Section indicates that the Legislature was concerned about these factors and was interested in learning more about the natural gas production industry in West Virginia and what role the Legislature might play in it.

Prior to the passage of the Federal Natural Gas Policy Act of 1978 (NGPA), the natural gas market was experiencing production shortages that many believed were a direct result of Federal price controls. The NGPA addressed the situation by devising a schedule of price decontrol over time, reducing barriers between interstate and intrastate markets, and providing incentives for gas exploration and development. Today, wholesale natural gas prices are market driven and are subject to various market forces, much like the prices of any other publicly-traded commodity.

West Virginia is a major gas producing state and exports far more native production gas than it consumes. The State also has multiple access points to interstate gas from other production areas. This Report focuses on the physical availability of supplies of natural gas and the outlook for the next ten years. Based on recent developments of unconventional natural gas reserves in the Appalachian Basin and elsewhere in the United States, there is more than an ample supply for the coming decade and beyond. At the end of this report are several resources that support this belief.

The Natural Gas Utility Position section of the Report will set out basic information provided by the major natural gas public utilities in the State, and will show that the expected demand of all customer classes is essentially flat for the next ten years, as it has generally been for the past two decades or so.

Included in this year’s Report are some concerns regarding peripheral issues related to general supply and demand and some more localized concerns that certain trends call to attention.

Natural gas public utility companies buy gas based primarily on a national market price basis and recover those prudently incurred costs through rates that may contain additional costs and a factor for adjustments due to past-period over or under-recoveries of gas costs.

Origin of Report and the Current Situation

Language in West Virginia Code §24-1-1(d)(3) indicates that the Legislature was interested in the gas industry as it existed and operated in the early to late 1970’s and into the early 1980’s. Prior to the passage of the NGPA in 1978, and for the first few years afterward, natural gas prices at the wellhead were regulated with a maximum allowable price. As production costs escalated with inflation, the producers saw their profits decrease to the point that it was no longer attractive to investors and owners to drill new wells or, in some situations, continue to produce wells that had already been put into production, therefore increasing the Legislative interest in shut-in wells. The situation became so severe that there were moratoria put into place restricting the addition of new distribution customers essentially nationwide. This resulted in an increase of all-electric housing and businesses expanding in metropolitan areas of the country. The Industrial Fuel Use Act of 1978 was enacted and dictated the allowable uses of natural gas by industry. The use of natural gas in industrial boilers, including for the generation of electricity, was not allowed. This led to conversion of boilers to fuel oil and reduced natural gas use in industrial boilers.

The Natural Gas Utilization Act of 1987 repealed much of the Fuel Use Act at about the same time wellhead prices became fully deregulated under the NGPA, and the commodity began trading on a national commodity market basis. Both supply and demand, as well as prices, rose significantly. These actions greatly reduced concerns over adequate supplies in the near term.

Beginning around 2007 and continuing today, huge new supplies of gas are becoming available and recoverable due to advances in horizontal drilling technology and economic feasibility, along with the accompanying hydraulic fracturing process. Although there are some issues with the practice that remain to be addressed, the vast majority of experts in the industry and regulatory world expect the practice to continue and become even more efficient and productive. Estimates by industry, government and academia show there is more than ample supply for the long term, with most saying there is one hundred years or more of recoverable supply in North America. The abundance has driven the price of natural gas to near record low levels as compared to prices over the last twenty-five years. There is a large increase in the use of gas for electric generation and other industrial applications, and the exporting of liquefied natural gas to other countries will soon begin.

Because of the dramatic changes in the industry (which are mirrored by production and consumption activities in the Appalachian Region and West Virginia), the Commission has also decided to include the current status of a robust natural gas supply market as opposed to limiting our discussion to the supply side concerns of forty years ago.

Marcellus Shale Impact on Supply

The feasibility of extracting natural gas from the Marcellus Shale formation in the Appalachian Region has resulted in increased drilling and production activity in West Virginia over the past seven years. This gas has long been known to exist in the formation, but until improvements in horizontal drilling capabilities were made the resource was not attractive to producers and consumers. After 2006, the supply has grown to the extent of driving wellhead prices down to a level where new drilling is slowing. Recently, production activities have shifted to oil bearing areas in the Eastern United States formations, most notably the Utica Shale that is predominately in Ohio, and to "wet" gas zones in the Marcellus formation. This shift in production activities may slow, but will not eliminate, production of natural gas from non-traditional formations.

As producers develop oil bearing formations, gas that coexists with the oil must also be produced.

Because demand has not kept up with supply, there is currently activity aimed at preparing to export more liquefied natural gas from the United States to foreign markets. There is also increased activity to encourage the use of compressed natural gas as vehicular fuel. Because of the low prices and environmental regulatory actions regarding air quality, natural gas use for electric generation is increasing dramatically, though not in West Virginia. Despite all of these demand increases, there remain expectations of some increases in price as compared to the recent extreme lows, but prices will still remain relatively low. In its Short-Term Energy Outlook, released in November 2014, the EIA indicated that it expects prices to stay basically flat through 2015 and remain relatively low. EIA expects the Henry Hub price will average $3.97 per MMBtu in the 2014/2015 heating season compared to $4.53 in 2013/14.

Local and Regional Concerns

The Marcellus drilling activity is creating some concerns on the supply side in terms of what is happening to conventional local production supplies and the midstream gathering pipelines that carry it, as well as some interstate pipelines upon which local distribution companies rely for supply deliveries.

There are several issues for consideration. Much of the Marcellus gas is "wet" and contains high levels of heavier hydrocarbons and water vapor. Higher pressures are being used in existing and new pipelines carrying Marcellus gas. Existing conventional production is declining and new conventional drilling is slowing as producers focus on what is perceived to be the more lucrative Marcellus production.

Wet gas has special handling and treatment needs. The heavier hydrocarbons, such as propane, butane, ethane, etc., cause the gas to have significantly higher Btu content, which is sometimes not tolerated well, or is even unusable, in today's modern high-efficiency appliances. This requires more stripping to make the gas useable in normal consumer gas using appliances. Because the hydrocarbons often condense out of the gas and collect in the pipelines and other gas handling equipment, the pipelines must be cleaned frequently. This causes planned and occasional unplanned outages. Drier gas from conventional production fields is more likely to be useable by customers upstream of drying facilities. Marcellus gas customers along the gathering pipelines and transmission upstream of compression and drying equipment must take precautions to accommodate the wetter gas and may even have to abandon their traditional field-line-quality sources of supply.

Continued availability of natural gas to many rural customers may also be affected by the higher pressures typically used in pipelines transporting Marcellus gas to facilitate the production and transportation of much higher gas volumes. Producers and transporters are reluctant to allow customers on higher pressure pipelines for liability and operational reasons. Additional pressure regulating equipment may be necessary at a substantial cost.

Conventional production from existing wells is declining in some areas of the state as producers focus on the higher value Marcellus production. Many of the conventional wells are marginal producers and are not worth reworking or even maintaining. As a result, those wells are left to produce what they can in their remaining life and then are capped and eventually plugged. Volumes in field lines from those depleting existing wells will be reduced and pipelines will be increasingly in danger of being abandoned. This is having, and will continue to have, the effect of local pockets of field-line customers being abandoned. Some distribution areas served by local distribution companies are in danger of losing access to sufficient quantities of gas. Additionally, large amounts of capital that would normally be used to fund new conventional drilling are being redirected to the Marcellus and other shale formations, leaving conventional gas in the ground in various parts of the state, primarily southern West Virginia.

One other area of concern is the uncertainty regarding governmental actions that could affect hydraulic fracturing (fracking). Even after there is a complete review by the EPA, there will likely be continued opposition to fracking. EPA fracking studies will likely conclude in 2014, and no final report has been issued as of this writing. In the meantime, there will be continuing concern expressed by many groups concerned that fracking can impact water supply sources. In December 2012, the EPA issued a progress report on its detailed, multifaceted study that includes data gathered from hundreds of natural gas and oil wells across the U.S. In its progress report, the EPA listed major areas of the fracking water cycle that it is studying. They include the impact of large water supply withdrawals to provide the fracking water, the possible impacts of surface spills on drinking-water sources, the effects of injection and the fracturing process on drinking-water supplies, how fracking wastewater could affect water supplies and the possible effects of inadequate treatment of fracking wastewater. To date, there is no significant evidence of contamination of groundwater due to the practice.

Natural Gas Utility Company Positions

As with past years' Reports, the largest natural gas utilities operating in the state were surveyed and asked for information regarding their long-term (10 year) supply and demand projections. Their responses show that very little change is expected in demand over what was reported last year. However, two disclaimers should be noted. First, electric generation operators are studying the economic and environmental feasibility of either switching to natural gas as the sole fuel or using some combination of natural gas and coal in existing plants. They are also factoring in the use of natural gas in planning new generation plants. Second, is the possibility of using more natural gas as feedstock for the production of ethylene and other byproducts, which would in turn be used primarily for chemical manufacturing and production of plastics. This activity is in the early to mid-stages of study, and it is not certain whether the suppliers would be the public gas utilities or some other entities in the private gas industry. At this point, it is difficult to estimate (or guess) what volumes would be involved in these activities and therefore, this Report will only state that the utilities support the use of basically flat numbers in their demand forecasts for the next 10 years. These issues will be addressed in future reports when further developments emerge.

Conclusion

Based on the information reviewed by the Commission Staff, the United States and West Virginia have more than sufficient supplies of natural gas available to meet demand for the next 10 years (2015-2024) and well beyond. The State's natural gas utilities predict ample supplies for their systems and, at this point, basically flat demand for the coming decade, although they are keeping a watchful eye on possible developments in the electric and chemical industries for what could create large increases in demand. Though system upgrades would be necessary if this occurs, there is high confidence that the available supply will be more than enough to meet that demand.

References and Additional Information

Federal Government:

- National Petroleum Council (NPC)
  Balancing Natural Gas Policy (2003) www.npc.org

- Energy Information Administration (EIA) http://www.eia.gov/naturalgas/

Producers:

- Natural Gas Supply Association (NGSA)Winter Outlook www.ngsa.org

Interstate Pipelines:

- Interstate Natural Gas Association of America (INGA) www.ingaa.org

Local Distribution Companies:

- American Gas Association (AGA) www.aga.org

Research:

- National Regulatory Research Institute (NRRI) www.nrri.org
- Colorado School of Mines Potential Gas Committee www.potentialgas.org