

# Public Service Commission of West Virginia

## 2019 Management Summary Report and the Electric and Gas Utilities Supply-Demand Forecast Reports for 2020 - 2029

January 2020



Chairman Charlotte R. Lane  
Commissioner Renee A. Larrick  
Commissioner Brooks F. McCabe, Jr.

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# Public Service Commission of West Virginia

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



Charlotte R. Lane  
Chairman

January 8, 2020

To: The Honorable James C. Justice, II, Governor of West Virginia, and  
Distinguished Members of the 84th West Virginia Legislature:

It is our pleasure to submit to you the *2019 Management Summary Report and the Electric and Natural Gas Utilities Supply-Demand Forecasts for 2020-2029*. This report details how the Commission continues to meet its mission to ensure fair and prompt regulation of public utilities; provide for adequate, economical and reliable utility services throughout the state; and appraise and balance the interests of current and future utility service customers with the interests of the utilities and the general interest of the state's economy.

In 2019, the Commission adjudicated nearly 2,200 formal cases, many of which generated significant public attention and ranged from complex major rate cases and applications for multi-billion dollar projects to simple complaint cases. The Commission also processed nearly 8,400 informal cases last year, including complaints about inadequate service, payment issues, service restoration and billing problems. Commission Staff negotiated solutions, resolved communication problems or acted as a liaison between utilities and customers to mediate differences. Then, if their problem is not resolved, customers are assisted in filing a formal complaint with the Commission. Commission Staff was successful in resolving over 97% of these complaints at the informal level; 96.3% were resolved within 30 days, saving time and money for the utilities, customers and the Commission.

Last year the Commission hosted several training sessions sponsored by PJM, the regional transmission organization. Those sessions covered topics including Transmission Planning, Cyber Security and Resilience and were open to representatives of electric utility companies, attorneys who practice before the Commission, Governor's Office and West Virginia Legislative staff as well as Commission Staff.

The Commission also hosted a meeting of the Mid-Atlantic Conference of Regulatory Utilities Commissioners (MACRUC) in Charleston.

In a move that was enthusiastically received by many utility companies, the Commission increased the threshold of gross annual revenues from \$1 million to \$3 million for utilities to be able to file a 19A rate case. These cases are an accelerated and simplified procedure for smaller utilities to file for increased rates without being required to develop their own financial exhibits and rate requests. This process saves the utility the time and expense of preparing and filing a full rate case.

The Public Service Commission experienced a great deal of internal change in 2019, welcoming a new Commissioner and Chairman and new Directors of the Legal, Executive Secretary and Quality Assurance Divisions.

Some of the issues the Commission will be addressing in the coming year include continuing to address infrastructure needs and affordable rates in the face of declining customer bases and sales, more closely monitoring PJM and the Federal Energy Regulatory Commission (FERC) activities with carbon pricing and value capacity pricing in the PJM market, finding ways to increase electricity demand to assist in economic development, the possible abandonment of farm-tap customers by natural gas utility companies, continuing to assist Public Service Districts (PSD) and small municipal systems moving toward the consolidation of challenged systems; implementation of middle-mile broadband infrastructure expansion and action on the Frontier Focused Management Audit.

We hope you find this report informative and we look forward to continuing to work with you to serve the needs of West Virginia.

Respectfully submitted,



Charlotte R. Lane  
Chairman



Renee A. Larrick  
Commissioner



Brooks F. McCabe, Jr.  
Commissioner

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## **Meet the Commissioners**

### **Chairman Charlotte R. Lane**



Charlotte R. Lane was appointed to the Public Service Commission and as Chairman on July 1, 2019. She previously served on the Commission from 1985-1989 and 1997-2003, serving as Chairman from 1997-2001.

She has had a long career of public service in addition to her prior work on the Commission, having been elected to three terms in the West Virginia House of Delegates (1979-1980, 1991-1992 and 2017-2018) and serving on the U.S. International Trade Commission from 2003-2011, appointed by President George W. Bush. She has practiced law in State and Federal Courts in West Virginia for many years and has been admitted to practice in the Third and Fourth Circuit Courts of Appeals and the

Supreme Court of the United States.

Chairman Lane has served as President of the West Virginia Bar Association, MACRUC and the Charleston Rotary Club. She has also served on the Boards of Directors of the Rotary Foundation of Washington, D.C.; the National Association of Regulatory Utility Commissioners (NARUC); the Charleston Chamber of Commerce; the Board of Governors of the West Virginia State Bar and as a member of the West Virginia University College of Law Visiting Committee.

Chairman Lane graduated from Marshall University with a Bachelor of Arts in Journalism and Political Science and received her Doctorate of Jurisprudence from the West Virginia University College of Law. She has been awarded the Justitia Officium Award from the WVU College of Law, the Distinguished Alumnus Award from Marshall University and is a Fellow of the American Bar Foundation and the West Virginia Bar Foundation. She currently resides in Charleston. She has a daughter, son-in-law and two grandchildren living in South Carolina.

### **Commissioner Renee A. Larrick**



Renee A. Larrick was appointed to the Commission in July 2017 to a full term ending June 30, 2023. She is a member of the NARUC Water Committee and of MACRUC.

Prior to joining the Commission, she served as the Business Manager for a private law firm in Beckley, West Virginia. She has also taught on the college and high school levels in Raleigh County.

Commissioner Larrick has served on the Board of Directors of the United Way of Southern West Virginia and is the past President of the Raleigh County Garden Council, the Woodcliff Garden Club and the Black Knight Country Club Ladies Golf Association.

Commissioner Larrick is a graduate of Woodrow Wilson High School in Beckley and the University of Kentucky, where she earned a Bachelor's degree in Business and Economics with a concentration in Finance. She and her husband live in Daniels, West Virginia.

### **Commissioner Brooks F. McCabe, Jr.**



Brooks F. McCabe, Jr. was appointed to the Commission in November 2014 to fill an unexpired term and was reappointed to a full term ending June 30, 2021. He currently serves as President of MACRUC.

Prior to joining the Commission, he served as a State Senator representing Kanawha County from 1998-2014, and served on the Finance, Economic Development, Pensions, Banking and Insurance, Natural Resources and Transportation and Infrastructure Committees. His 40 years in business have focused on commercial real estate with a concentration in downtown redevelopment through West Virginia Commercial, LLC and similar business ventures.

Commissioner McCabe has served on the boards of the Charleston Renaissance Corporation, Chemical Alliance Zone, The Nature Conservancy's West Virginia Chapter, Charleston Area Medical Center, West Virginia State College Foundation, the University of Vermont and the GOW School, a private college preparatory school for dyslexic students.

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 reside in Charleston and have one daughter and two grandchildren.

## **What the Public Service Commission Regulates**

1. Electric utilities
2. Natural gas utilities
3. Landline services of telephone utilities
4. Certification of independent power producers or non-utility electric wholesale generation facilities in West Virginia, including wind, natural gas, landfill gas or other methane sources, solar, water, coal, renewable fuels and waste fuels
5. Gas and hazardous liquid intrastate transmission, regulated gathering and gas distribution
6. Private and publicly owned water and sewer utilities (limited jurisdiction over rates of municipal and larger public service district water and sewer utilities)
7. Intrastate solid waste carriers
8. Commercial solid waste facilities (landfills)
9. Allocation of Energy Intensive Industrial Consumers Revitalization Tax Credits
10. Some motor carrier operations, including economic regulation of intrastate transportation of passengers (taxis and limousines) and towing services not arranged by the owner of a towed vehicle (third-party tows)
11. 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
12. Transportation of hazardous materials, including identification, registration and permitting of commercial motor vehicles transporting such materials in and through the state
13. The Coal Resource Transportation System (CRTS)
14. Administration and enforcement of Federal and State railroad safety regulations



## 2019 Key Performance Accomplishment & Statistics

<b>Orders</b>	Orders Issued	5,005
	General Orders	11
<b>Hearings</b>	Commission Hearings	25
	Administrative Law Judge Hearings	78
	Hearings Held Outside Charleston	60
	Public Comment Hearings	25
<b>Mediation Program</b>	Cases in Mediation Process	46
	Mediation Meetings	41
	Cases Successfully Mediated	34
<b>Cases</b>	Formal Cases Processed	2,183
	Consumer Questions & Inquiries Processed	2,841
	Informal Complaint Cases	8,392
	Assistance to Water and Wastewater Utilities	1,012
	Utility Audits Conducted	89
	Utility Annual Report Reviews Performed	1,650
	WVIJDC Reviews Performed	58

	Water and Wastewater Seminars	11
	Gas Pipeline Safety Seminars	2
<b>Seminars and Presentations</b>	Transportation Safety Seminars*	11
	People Trained at Seminars	710
	Students Reached through Conservation Efforts	1,205
	Presentations to Outside Organizations	37
	CRTS Transactions Monitored	1,914,342
	CRTS Site Inspections	725
	Complaints to CRTS Hotline Investigated	106
<b>Highway Safety</b>	Accidents Attributed to Overweight Coal Trucks	<b>Zero</b>
	Trucks Inspected*	19,889
	Buses Inspected*	573
	Collected for DOH Transportation Fund	\$2.3 million
	Rail Cars and Locomotives Inspected	14,304
<b>Railroad Safety</b>	Defective Rail Cars Identified	2,134
	Miles Railroad Tracks Inspected	3,066
	Highway Rail-Grade Crossings Inspected	493
<b>Gas Pipeline Safety</b>	GPS Inspections Performed	178
	GPS Inspection Days	516

\* Calculated by fiscal year

## **2019 Significant Proceedings**

### **Electricity**

#### **Generation Cases**

##### **Black Rock Wind Force, LLC Application for a Siting Certificate**

Black Rock Wind Force, LLC filed an application for a siting certificate for the construction and operation of a wholesale electric generating facility and other necessary appurtenances in Grant and Mineral Counties (Case No. 19-0483-E-CS). The project will consist of up to 29 wind turbines, each with a nameplate capacity between 3.6 megawatts (MW) and 5.8 MW. The project, which will include access roads, an operation and maintenance facility, a new substation, an underground electrical collection system and a 138kV transmission line, is estimated to provide up to 376 new jobs during the construction phase and cost between \$146 million and \$165.6 million to build. The estimated tax revenues are between \$4.8 million and \$5.9 million during the construction phase, with a combined \$346,000 to \$384,000 in annual local revenues for Grant and Mineral Counties. Intervenors included the West Virginia State Building and Construction Trades Council, AFL-CIO (State Building and Trades Council) and two local landowners.

The Commission conducted an extensive tour of the project area with representatives of Staff, Black Rock and the State Building and Trades Council and held a public comment hearing at the Grant County Courthouse in Petersburg.

The Commission granted Black Rock's application, subject to certain conditions. This case is now closed.

##### **Longview's Application for New Siting Certificates**

Longview Power II, LLC (Longview II) and Longview Renewable Power, LLC (Longview Renewable) filed a Joint Petition to authorize the construction and operation of two wholesale electric generating facilities and one high-voltage electric transmission line in Monongalia County (Case No. 19-0890-E-CS-CN). Longview II plans to build a 1,200 MW natural gas-fired electric combined cycle gas turbine generating facility, a 70 MW utility scale solar facility and an associated high-voltage transmission line to be located in West Virginia and Pennsylvania.

The construction costs are estimated to be \$956 million. Both projects will be located on the site of the existing Longview coal-fired facility.

Intervenors include the State Building and Trades Council and the Sierra Club. This case is pending before the Commission.

### Longview Power Application for a Waiver of Material Modification

Longview Power, LLC filed a petition seeking a waiver of the Commission's material modification requirements or, in the alternative, modification of the citing certificate granted in Case Nos. 03-1860-E-CS-CN and 05-1467-E-CN (Case No. 19-0770-E-CS-PC). Longview planned to construct a pipeline to transport its finished water to a discharge point in the Monongahela River at Maidsville Landing.

Longview owns the necessary land and rights-of-way to construct the new pipeline. Longview was also seeking a modification to the West Virginia National Pollutant Discharge Elimination System permit to allow for the discharge. The Commission granted Longview's waiver request. This case is now closed.

### **Base Rate and Cost Recovery Cases**

#### APCo and WPCo Base Rate and Depreciation Rate Cases

Appalachian Power Company and Wheeling Power Company (APCo/WPCo) requested to increase their base rates by approximately \$114.6 million, or 7.85% and to increase their depreciation expenses by \$31.3 million annually (Case Nos. 18-0646-E-42T and 18-0645-E-D). Intervenors included the Commission's Consumer Advocate Division (CAD); West Virginia Energy Users Group (WVEUG); Steel of West Virginia (SWVA); The Kroger Company; Wal-Mart, Inc.; the City of Charleston and the Kanawha County & Cities Association.

CAD recommended a \$13.8 million decrease of base rates with a return on equity of 8.75% or a decrease of \$450,008 with a return on equity of 9.25%. Staff recommended a revenue increase of \$2.27 million, or 0.16% and a return on equity of 9.25%. Staff also recommended changes to correct an under-payment by low usage customers and over-payment by high usage customers such as winter heating customers. The Commission held public comment hearings in Princeton, Beckley, Wheeling, Huntington and Charleston.

The Companies, CAD, WVEUG, Kroger, Wal-Mart, the City of Charleston, the Kanawha County & Cities Association and Staff filed a Joint Stipulation and Agreement for Settlement, agreeing that base rates should be increased by approximately \$44.2 million, using a return on equity of 9.75% and an overall rate of return of 7.28%; the allocation of the costs between the rate classes should be adjusted to reduce the subsidies provided by certain classes; and, barring financial distress, the Companies would not file another base rate application before April 1, 2020. In February 2019, the Commission approved the Joint Stipulation and closed the case.

#### APCo and WPCo 2018 ENEC

APCo/WPCo filed a petition to initiate the annual review of their Expanded Net Energy Cost

(ENEC) rates (Case No. 18-0503-E-ENEC). The ENEC rate review is a narrow special purpose rate proceeding for electric utilities that allows recovery of certain prudently incurred costs for fuel, purchased power, purchased transmission costs and construction costs for specific projects. The Companies stated the ENEC deferral balance was under-recovered by approximately \$91.3 million through 2017, and the Construction Surcharge balance was projected to under-recover by approximately \$3.3 million during the forecast period of July 1, 2018 through June 30, 2019. In order to address the under-recovery balance, the Companies proposed either to offset the under-recovery balance with an equal amount of unprotected excess accumulated deferred income taxes resulting from the 2017 Tax Cuts and Jobs Act (TCJA) and to keep existing ENEC rates in effect for the forecast period, or to increase the ENEC rates to recover an additional \$91.3 million in annual revenues and increase the Construction Surcharge rates to recover an additional \$3.3 million in annual revenues. Intervenors included the Staff, CAD, WVEUG, SWVA and the Sierra Club.

Staff, CAD, WVEUG and SWVA filed a Joint Stipulation wherein they agreed that the ENEC under-recovery balance as of December 31, 2018, should be reduced to \$89.9 million; that an equal amount of TCJA funds should be used to offset the under-recovery balance and that new ENEC rates requested by the Companies should be reduced by \$6.4 million and placed in effect September 1, 2018; and that the ENEC rates should be redesigned to better recover each rate class's portion of the ENEC costs and reduce the likelihood that costs owed by certain classes would be under-recovered, while costs owed by other classes were over-recovered.

In March 2019, the Commission approved the terms of the Joint Stipulation and ordered the ENEC rates into effect. This case is now closed.

#### APCo and WPCo Vegetation Management Program

In their 2018 Vegetation Management Program (VMP) review and surcharge true-up, APCo/WPCo stated the VMP deferral balance was under-recovered by approximately \$37.1 million from the previous year (Case No. 18-0504-E-P). The VMP rates in effect were designed to recover approximately \$44.47 million annually. The Companies proposed two alternatives for the VMP rates, either offset the under-recovery balance with an equal amount of TCJA funds and continue the existing VMP rates for the forecast period of July 1, 2018 through June 30, 2019 or increase the VMP rates to recover an additional \$37.1 million during the forecast period. Intervenors included CAD, WVEUG and SWVA.

The parties filed a Joint Stipulation proposing \$18.5 million of TCJA funds be used to reduce the outstanding VMP balance as of December 31, 2017, by approximately one-half. The Stipulation also provided that APCo/WPCo would meet with Monongahela Power and Potomac Edison Power Company (Mon Power/PE) to investigate and discuss best practices for contractor evaluation and circuit selection to determine the length or percentage of a circuit to be completed in each year.

In March 2019, the Commission approved the Joint Stipulation. This case is now closed. The Companies provided a closed-case report that identified best VMP practices the Companies intend to implement concerning contractor monitoring and scoring.

### APCo and WPCo EE/DR Programs

APCo/WPCo filed a petition to initiate their 2019 Energy Efficiency and Demand Response (EE/DR) review proceeding (Case No. 19-0396-E-P). The Companies did not request an increase in the budgets of the programs designed to reduce electric sales, but did request an increase in EE/DR revenues by \$4.2 million to recover net lost revenues, consistent with the Commission Final Order in the most recent APCo/WPCo base rate case. Staff recommended that the Commission end those programs specifically designed to reduce electric sales. Intervenors included the CAD, WVEUG, Energy Efficient West Virginia (EEWV), West Virginia Citizens Action Group (WVCAG) and the Sierra Club.

At the evidentiary hearing, the parties advised the Commission they had settled all contested issues in the case and presented the Commission with a Settlement Term Sheet. The Parties recommended that five residential EE/DR programs be offered by the Companies in 2020 and 2021, that the Commission approve an EE/DR budget of \$3.2 million for each year and that the Commission use the Concurrent Recovery mechanism to recover the program costs incurred by the Companies. The Joint Stipulation reduced the program portfolio and program budgets while allowing programs to help low-income customers and to grow the electric load. The Commission approved the Joint Stipulation. This case is now closed.

### APCo and WPCo Economic Development Programs

APCo/WPCo requested Commission approval of an Economic Development Program (Case No. 19-0387-E-PC). Under the terms of the Joint Stipulation in the Company's most recent base rate case, the Companies agreed to work with the West Virginia Department of Commerce to create economic incentive programs that would provide funds to aid industrial customers in its West Virginia service territories to be funded by a combination of customer service fees and matching contributions from the Companies. The program would support four types of projects, including economic development agency support projects, workforce training, site development and marketing and promotional projects. The Companies proposed collecting \$670,000 through a surcharge of 12-cents per month per metered retail customer and matching that with Company contributions.

CAD and the WVEUG intervened in the case. Based on the Companies' 2018 customer accounts, the proposed meter charge would apply 84% of the charges to the residential class. CAD objected to the application of the meter charge to residential customers. Staff recommended that the customer contribution be collected on a more equitable basis; that the Companies be required to equally match or exceed customer contributions; and that the Companies be required to report on the amount of customer contributions, the Companies'

contributions and program results. WVEUG recommended that the request for customer contributions be denied and that the Companies be required to provide \$1 million of funding to match the \$1 million of TCJA money provided by the customers to fund the Companies' Economic Development Fund (EDF).

The parties filed a Joint Stipulation in which they agreed to utilize \$500,000 of remaining TCJA funds, which the Companies will match dollar for dollar, to fund the EDF; that the Fund will have program budgets of \$500,000 a year for 2020 and 2021; and that the Companies may make a filing to continue the EDF beyond 2021. This case is pending before the Commission.

#### APCo and WPCo Mitchell Surcharge

APCo/WPCo filed an application to apply a surcharge to recover an additional \$21.3 million associated with the Mitchell Power Plant (Case No. 19-0564-E-T). As part of a 2014 proceeding, the Commission granted WPCo approval to acquire a portion of the Mitchell Power Plant and to include 82.5% of the revenue requirement associated with the acquisition in rates for up to five years after the transfer. Beginning January 1, 2020, 100% of the costs associated with the Mitchell Plant were to be reflected in rates. Intervenor include CAD, WVEUG and SWVA.

APCo/WPCo, Staff, CAD and WVEUG submitted a Joint Stipulation to the Commission that proposed using \$10.7 million of the remaining TCJA funds to offset the costs associated with the remaining 17.5% of the revenue requirement of the Mitchell Plant through June 30, 2019. The Stipulating Parties agreed that for the period after the expiration of the offset until the Commission issues an Order in the Companies' next base rate case, moving cost recovery of the costs associated with the 17.5% portion of the Mitchell Plant into base rates, the Companies' customers will be responsible to pay those costs through the Mitchell Surcharge, without offset. The Stipulating Parties agreed to submit a subsequent recommendation on whether to use additional TCJA funds to offset the costs for the period after June 30, 2019. SWVA did not enter into the Joint Stipulation, but did not oppose it. The Commission approved the Joint Stipulation, closing the case.

#### Mon Power and PE 2018 ENEC

Mon Power/PE filed a petition to initiate the 2018 review of their ENEC rates (Case No. 18-1231-E-ENEC). The Companies proposed a \$100.9 million annual decrease in ENEC rates, effective January 1, 2019, of which \$25.6 million to be from TCJA funds; \$23.4 million was due to an over-recovery during the review period; and \$59.7 million was due to a projected over-recovery during 2019 and an increase for continued boiler modification capital costs for the U.S. Environmental Protection Agency (EPA) Mercury Air Toxic Standard/Cross State Air Pollution Rule (MATS/CSAPR) compliance. Intervenor included CAD and WVEUG.

The Commission approved a Joint Stipulation decreasing the ENEC rates by \$75.3 million, or 7.0%, and eliminating the Energy Efficiency and Conservation (EEC) Cost Recovery surcharge, resulting in a further rate reduction. The total rate decrease was \$77.47 million, or 7.2%. This case is now closed.

#### Mon Power and PE 2019 ENEC and Buyout of the MEA Contract

Mon Power/PE filed a petition to initiate the 2019 review of their ENEC rates (Case No. 19-0785-E-ENEC). The Companies proposed a \$6.1 million annual decrease in ENEC rates effective January 1, 2020, of which approximately \$29.4 million is due to an over-recovery during the review period; a projected under-recovery of \$16.7 million for 2020; a \$7.5 million increase for continued boiler modification capital costs for MATS/CSAPR compliance; and a \$1 million refund due to the elimination of the Energy Efficiency Rider Surcharge. Intervenors included CAD, WVEUG, EEWV and WVCAG.

Mon Power/PE later petitioned the Commission to supplement their ENEC filing so they could collect an additional \$60 million associated with the buyout of the Morgantown Energy Associate's (MEA) PURPA contract. Mon Power/PE stated the buyout would save ratepayers \$17 million in 2020 and more in following years. The Commission separated the MEA buyout into its own case (Case No. 19-1028-E-PC).

Mon Power/PE, Staff, CAD and WVEUG filed a Joint Stipulation that recommended the \$60 million associated with the MEA buyout be included in the 2019 ENEC filing, but recommended the ENEC rates not change on January 1, 2020.

The Commission approved the Joint Stipulation, providing for no change to the ENEC rates and approving Mon Power's termination of MEA's PURPA contract. The Commission also required MEA to provide six months notice prior to shutting down its coal-fired boilers and stopping the purchase of waste coal. These cases are now closed.

#### Mon Power and PE Vegetation Management Program

Mon Power/PE proposed an annual increase of \$7.6 million in their VMP rates to be effective January 1, 2020 (Case No. 19-0788-E-P). The Companies requested the increase because they are transitioning from a five-year vegetation management cycle to a four-year cycle. Intervenors included CAD and WVEUG.

The parties submitted a Joint Stipulation to the Commission recommending an increase of approximately \$7.3 million per year. The Commission approved the settlement and this case is now closed.



### Black Diamond Purchased Power Cost

Black Diamond Power Company filed an application with the Commission for an increase in its consolidated purchased power surcharge (Case No. 19-0723-E-P). If approved, it would increase annual revenues by \$167,370. The parties filed a Joint Stipulation agreeing to the Company's proposed purchase power rate. The Commission approved the Joint Stipulation, closing the case.

### Miscellaneous Electric Cases

#### APCo and WPCo Transfer of Interest in the Philip Sporn Plant

APCo/WPCo filed a petition, seeking permission to enter into an agreement with American Electric Power Generation Resources, Inc., (AEPGR), its affiliate, and Frontier Industrial Corp. (FIC) for the transfer of the Philip Sporn Plant in Mason County (Case No. 19-0063-E-PC). The Sporn Plant includes five retired generating units, of which APCo owns Units 1 and 3 and AEPGR owns Units 2, 4, and 5. APCo/WPCo proposed transferring its portion of the Sporn Plant to FIC, a company that buys, demolishes and remediates industrial and commercial properties. The proposed agreement required FIC to assume certain liabilities, including all environmental liabilities, pollution conditions and all liabilities and costs of remediation and compliance with all laws. Under the proposed agreement, the site could not be used in the future for the generation of electricity.

As part of the agreement, APCo and AEPGR would place funds in escrow to be transferred to FIC as FIC completed required work and satisfied conditions included in the agreement. The Companies requested Commission consent to certain accounting treatment associated with the proposed transfer. The Companies contended that the proposed transfer would benefit the state by making the finished Brownfield site available for use. CAD and Staff participated in the case.

The parties filed a Joint Stipulation in which they agreed that the generation of electricity would not be prohibited at either the Sporn Plant or Kanawha River Plant sites. The agreement was narrowed to prohibit or minimize disturbance of impoundments and underground systems. The Joint Stipulation also provided a corporate guarantee in addition to requirements for indemnification of APCo. The Commission adopted the Joint Stipulation, granting APCo approval to enter into the agreement. This case is now closed.

#### Harrison Rural Electrification Association Complaint Against Mon Power

Harrison Rural Electrification Association, Inc. (HREA) filed a formal complaint against Mon Power claiming it had consistently been providing electric service to a property in the Green Valley area since 2008 (Case No. 18-1450-E-C). Goff Connector, LLC, the current customer at that site, requested Mon Power provide service to a multi-megawatt gas compressor station it was in the process of building.

HREA argued that the new gas compressor station was the exclusive service territory of HREA. Mon Power argued the customer was in its service territory, or in a gray and overlapping territory; that HREA did not have the facilities in the area to serve the customer; and that the customer would be better off from a rate standpoint to be served by Mon Power.

The Commission determined that the compressor station was a new customer, in a gray and overlapping area, and thus subject to customer choice. This case is now closed.

### APCO Fresh Start Program

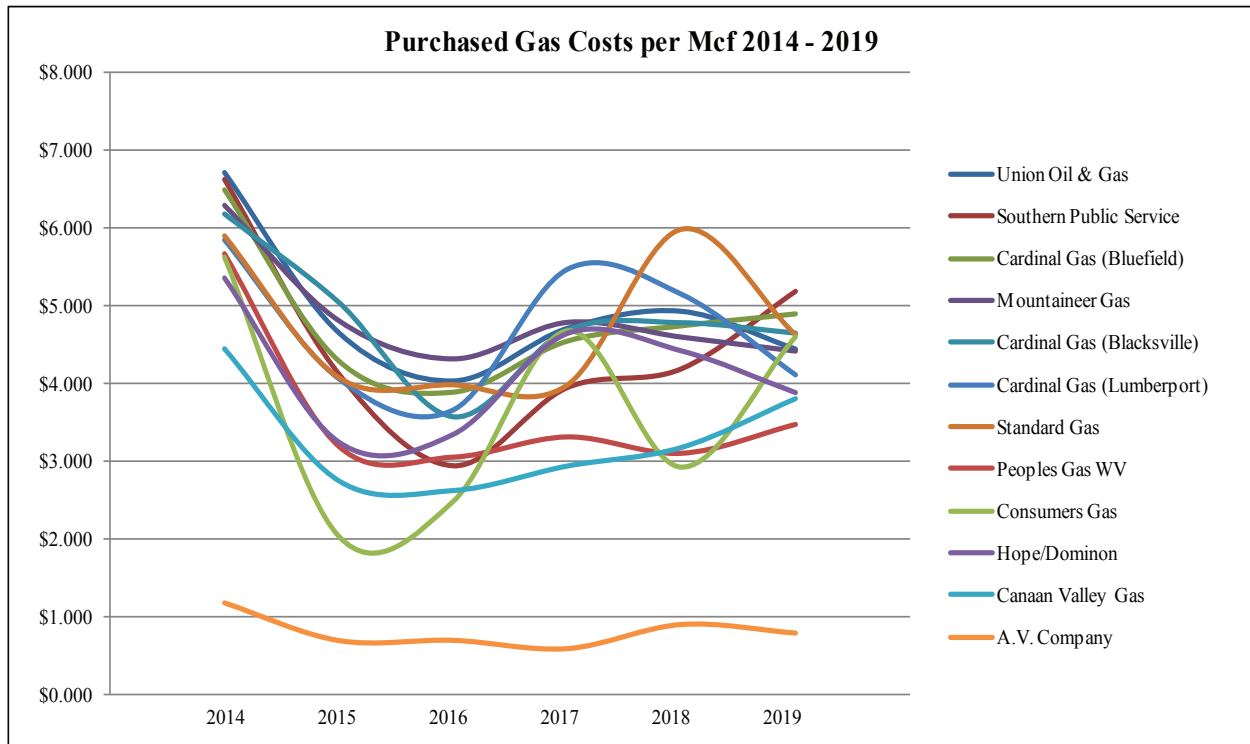
As part of the Joint Stipulation in the 2017 TCJA case, APCo agreed to use \$15 million of the amount saved as the result of the TCJA to provide assistance to low income residents on their electric bills. At the beginning of 2019, APCo agreed to use approximately \$2 million of those funds to eliminate the arrearage of certain low income customers to give them a “fresh start” on their electric service.

## **Natural Gas**

### **Purchased Gas Adjustment Cases**

Natural gas utilities are required to file 30C cases annually to reflect changes in the purchased gas component of their rates. The cost of purchased gas is, on average, slightly less than half of typical residential natural gas utility charges. The prices that natural gas utilities pay their suppliers for gas are not regulated by either the Commission or any Federal government agency, but are determined by the national market. During recent years, the market-driven price has been volatile, largely resulting from the availability of Marcellus and Utica gas in the market and other external factors. The Commission has ordered the following interim gas rates for the winter of 2019-2020.

Company	2014	2015	2016	2017	2018	2019
A.V. Company	\$1.193	\$0.705	\$0.708	\$0.60	\$0.913	\$0.802
Cardinal Natural Gas Southern (Bluefield)	\$6.5063	\$4.3082	\$3.9054	\$4.5609	\$4.7578	\$4.9119
Cardinal Natural Gas Northern (Blacksville)	\$6.176	\$5.041	\$3.569	\$4.681	\$4.778	\$4.644
Cardinal Natural Gas Northern (Lumberport)	\$5.862	\$4.071	\$3.664	\$5.481	\$5.161	\$4.119
Canaan Valley Gas	\$4.458	\$2.766	\$2.64	\$2.954	\$3.192	\$3.819
Consumers Gas Utility	\$5.64	\$2.05	\$2.494	\$4.692	\$2.939	\$4.617
Hope Gas/Dominion Energy WV	\$5.353	\$3.252	\$3.347	\$4.641	\$4.419	\$3.884
Mountaineer Gas	\$6.293	\$4.812	\$4.32	\$4.789	\$4.60	\$4.42
Peoples Gas WV	\$5.67	\$3.20	\$3.06	\$3.32	\$3.11	\$3.48
Southern Public Service	\$6.634	\$4.127	\$2.94	\$3.947	\$4.19	\$5.19
Standard Gas	\$5.915	\$4.09	\$3.996	\$3.992	\$5.999	\$4.64
Union Oil & Gas	\$6.727	\$4.66	\$4.036	\$4.714	\$4.935	\$4.448



## **Infrastructure Replacement and Expansion Plan Cases**

In 2015, the West Virginia Legislature passed Senate Bill (SB) 390 authorizing the Commission to approve Infrastructure Replacement and Expansion Plans (IREP), an expedited cost recovery for natural gas utility infrastructure projects through the use of a surcharge and outside the purview of a base rate case.

### Mountaineer Gas Company

Mountaineer Gas Company's 2020 IREP proposed investing \$222 million over five years, including \$41 million in 2020 (Case No. 19-0709-G-390P). The Company intends to increase its level of investment in the replacement of unprotected or inadequately protected bare steel to achieve a replacement rate of 20-30 years rather than the current replacement rate of 75 years.

The parties submitted a Partial Joint Stipulation recommending a \$3.6 million IREP revenue requirement, a reduction from the previous IREP rate of approximately \$5.2 million. The Commission approved the settlement and this case is now closed.

### Hope Gas, Inc., dba Dominion Energy West Virginia

Hope Gas, Inc. dba Dominion Energy West Virginia's (Hope/Dominion) 2020 IREP proposed

investments of \$29 million in 2019, and \$39.4 million in 2020 (Case No. 19-0540-G-390P). The Company intends to replace its bare steel piping over a 24-year period. The parties reached a settlement authorizing the Company to implement and collect the IREP rate as of November 1, 2019, based on a revenue requirement of \$10.5 million (inclusive of B&O taxes). The Commission approved the Joint Stipulation and this case is now closed.

#### Union Oil & Gas, Inc.

Union Oil & Gas, Inc.'s 2020 IREP proposed an increase in rates by \$428,515 to allow it to connect to TransCanada's Mountaineer Xpress Pipeline (MXP) (Case No. 19-0304-G-390P). The Company stated that connecting to the MXP would provide continued and enhanced safety and reliability of the Company's system, provide for more economic natural gas service and may lead to economic growth in the Company's service territory. The proposed IREP investment would result in an additional revenue requirement of \$256,509. The parties filed a Joint Stipulation agreeing to an additional revenue requirement of \$248,946. The Commission approved the Joint Stipulation and this case is now closed.

#### Cardinal Gas North

Cardinal Gas North's 2020 IREP proposed investing approximately \$1.25 million from September 2019 through August 2020 (Case No. 19-0397-G-390P). The investment was for Encoder Receiver Transmitter installation, main replacement and an expansion project into an unserved portion of the Kingwood area of Preston County. Staff objected to the Kingwood Project because the Company did not have firm commitments from anticipated customers that guaranteed new revenues, and no economic analysis had been provided beyond projected incremental revenue estimates. Staff also disagreed with issues related to capital structure, depreciation rates and uncollectible expenses. The Commission approved the Company's IREP rate increment. This case is now closed.

#### Cardinal Gas South

Cardinal Gas South's 2020 IREP proposed investing approximately \$3.9 million over the next two years, including approximately \$2.1 million from November 1, 2019 to October 31, 2020 (Case No. 19-0548-G-390P). Staff disagreed with the Company's capital structure, uncollectable expense and cost of debt. Staff acknowledged that the issues of capital structure and uncollectable expense were substantially the same as the issues in Case No. 19-0397-G-390P (Cardinal Gas North) and that the Commission had recently ruled on those issues. Staff did not see the need to further argue those issues and accepted the Commission's ruling on those issues from Case No. 19-0397-G-390P. The Commission approved the Company's IREP rate increment, including the Company's proposed cost of debt. This case is now closed.

## Miscellaneous Gas Cases

### Mountaineer Gas Company Base Rate Case

Mountaineer Gas Company requested an increase in its gas rates and charges, seeking an additional \$19.3 million in annual revenue, or approximately 9.08% (Case No. 19-0316-G-42T). This does not take into account the reduction in the Company's IREP rate that will occur at the same time the new base rates go into effect. Approximately \$94.7 million will be moved from the IREP rate base to the rate base in this case, reducing the rate increase to \$13.1 million, an increase of 6.15%. The rate increase is to be effective January 1, 2020. Intervenors included CAD, WVEUG and the Independent Oil and Gas Association of West Virginia (IOGA).

The parties entered into a Joint Stipulation, which provided that Mountaineer could implement an increase of \$12.4 million in base rates with a return on equity of 9.75%, which is expected to result in an overall increase in base rates of approximately 5.6 %, effective January 1, 2020. The Commission approved the Joint Stipulation. This case is now closed.

### Hope Gas/Dominion Acquisition of Facilities

Hope/Dominion filed an application to acquire select facilities from its affiliate, Dominion Gathering & Processing, Inc. (Case No. 19-0549-G-PC). The acquisition would be pursuant to the terms and conditions of the Asset Conveyance Agreement signed by the parties and for operation of part of the Company's regulated gas utility business. Hope/Dominion also requested approval of other rate-related relief. The Commission will hold an evidentiary hearing in early 2020. This case is pending before the Commission.

### Peoples Gas West Virginia, LLC and Aqua America, Inc.

Peoples Gas West Virginia, LLC (PGWV) and Aqua America, Inc. filed a Joint Petition seeking Commission consent and approval for Aqua to acquire indirectly all the issued and outstanding limited liability company membership interests of PGWV (Case No. 18-1475-G-PC). The proposed transaction would result in Aqua acquiring all the PGWV assets necessary to provide natural gas service to approximately 12,700 customers in 15 West Virginia counties. Intervenor status was granted to CAD, IOGA and Equitrans, LP.

Equitrans owned and operated a 70-year-old gathering system that was intertwined with the PGWV system. Equitrans had 15 transmission interconnections and seven current gas transmission agreements with PGWV. There were also 2,500 PGWV farm-tap customers being served directly from the Equitrans gathering system. Equitrans took the position that, as a condition of the sale, Aqua should be required to take ownership of its gathering system, which was fed by conventional wells with declining production. The Staff and CAD opposed Aqua being required to take ownership of the Equitrans system as part of the acquisition.

The parties filed a Joint Stipulation in which Aqua agreed: (i) under Aqua ownership, PGWV will maintain both emergency and non-emergency response times and report them to the Commission for each of the next five years; (ii) to support the West Virginia Dollar Energy Fund Special Reduced Residential Rate Service and Low-Income Energy Assistance Program; (iii) to maintain the existing PGWV leadership, a West Virginia office, West Virginia employees and the PGWV union contracts and pension plans; (iv) (a) to not record an acquisition premium or any amounts above the net book value on the utility accounts, (b) to not seek rate recovery of any transaction or transition costs, (c) to honor a pre-existing agreement for a seven-year moratorium on rate case filings, and (d) to include any acquisition premium or mark-up above net book value in the capital structure it proposed in future Rule 42T rate applications; (v) to maintain the PGWV records in accordance with the Uniform System of Accounts; (vi) to the Commission regulatory requirements concerning affiliate agreements, including affiliate debt; (vii) to maintain an in-house gas supply department and continue all efforts to supply West Virginia customers with natural gas produced in West Virginia; and (viii) to comply with the conditions established by the Commission in Case Nos. 14-1988-G-T, 07-0098-GT-G-PC, 10-1385-G-GI and 13-0438-G-PC.

The Commission approved the proposed transaction and the Joint Stipulation. The Commission additionally directed Equitrans, Aqua, and PGWV to file a separate petition on or before April 30, 2020, to address the continuation of service to farm-tap customers served from the Equitrans gathering system. This case is now closed.

### Farm Tap Cases

The Commission initiated a General Investigation to consider proposals for consumer protections, farm taps and filing requirements for IREP cases filed by natural gas utility companies (Case No.19-0004-G-GI). The Parties, including Mountaineer Gas Company; Hope/Dominion; Cardinal Natural Gas Company; Union Oil & Gas, Inc.; WVEUG; CAD and Staff, filed a Joint Proposal, which was approved with modifications by the Commission. This case is now closed.

Staff filed a petition to open a General Investigation into the continuation of natural gas utility service to farm tap customers and areas supplied by and dependent on conventional natural gas production field taps (Case No. 19-0467-G-GI). In its Order opening the General Investigation, the Commission required each gas utility to provide information on its farm tap customers, including the total number, whether any customer would lose gas service in 2019 and solutions for serving farm tap customers. Parties include all natural gas companies operating in West Virginia, IOGA, Staff and CAD. This case is pending before the Commission.

## Gas Pipeline Safety

The Gas Pipeline Safety (GPS) Division oversees pipeline safety compliance for 97 gas companies with approximately 14,000 miles of pipeline.

Type of Pipeline Miles in West Virginia						
Year	Hazardous Liquid <sup>(1)</sup>	Gas Transmission (Intrastate)	Regulated Gas Gathering <sup>(2)</sup>	Gas Distribution		Total
				Mains	Services	
2018	151	168	399	10,961	2,282	13,974
2017	164	170	388	10,906	2,280	13,908
2016	230	170	399	10,883	2,262	13,944
2015	322	221	414	10,850	2,431	14,238
2014	204	280	438	10,732	2,424	14,078
<sup>(1)</sup> Mileage includes both transmission and gathering <sup>(2)</sup> Reported mileage may not represent all regulated gathering						

Yearly variations in mileage occur as operators re-evaluate their pipelines according to regulations, changes in ownership, new construction and abandonment of old pipeline. Not all production and gathering operators fall under GPS oversight and some operators do not understand the requirement to review their lines and determine changes in regulatory status. The continued surplus of natural gas in the state continues to cause problems. There have been over 35 operator name changes in the past three years due to changes of ownership and operators changing philosophy regarding gathering and midstream assets. Proposed Federal gathering line regulations may drastically increase both the mileage and number of operators for gathering pipelines.

Commission Regulated Pipeline Operators					
Year	Hazardous Liquid	Gas Transmission	Gas Gathering	Gas Distribution	Master Meters
2018	5	12	29	16 *	35
2017	5	16	27	16	35
2016	6	12	19	21	36
2015	5	10	28	21	36
* Includes Liquid Propane operator					

In 2019, the GPS Division performed 178 scheduled inspections that included operations and maintenance, integrity management, operator qualification and drug and alcohol plans. The GPS Division investigated one reportable accident and one safety related condition during the year. In addition to scheduled inspections, the GPS Division inspects construction

activities to ensure compliance with the design and construction regulations. In 2019, GPS inspectors spent 516 days performing inspections.

Inspection Performance			
Year	Inspections	Inspectors	Inspection Days
2019	178	4 full time	516
2018	137	2 full, 3 part time	439
2017	120	4 full, 2 part time	547

### Funding

The GPS Division is funded by a pipeline assessment fee paid by operators as outlined in Chapter 24B, and by a Federal Pipeline Safety Grant provided under 49 USC §60105 by the U.S. Department of Transportation, Pipeline and Hazardous Material Safety Administration (PHMSA), Office of Pipeline Safety (OPS). The money available for Federal funding for state pipeline safety programs was established by the PIPES Act of 2016. The amount of money available to states is reduced from previous years. As a requirement of the Federal grant, the GPS Division must follow the 2019 Guidelines for States Participating in the Pipeline Safety Program that provides the requirements for the types of inspections, reporting requirements, staffing levels and other criteria. By participating in the Federal Pipelines Safety grant program, GPS is subjected to an annual review, the results of which affect the amount of Federal funding it receives. The program is subject to a three-year audit to insure monies are spent appropriately.

### Training

All Commission inspectors receive training on Federal pipeline regulations at the PHMSA Training Facility, in Oklahoma City, Oklahoma. Six initial classes must be completed within three years in order for an inspector to be considered a minimally trained pipeline safety inspector. Inspectors must meet minimum requirements prior to being allowed to inspect pipelines. There are also advanced level courses, including integrity management, control room management and root cause analysis. The GPS Division is required to have inspectors trained in all classes. The training costs approximately \$2,000 per class per inspector and is paid primarily by a Federal pipeline safety grant. The total cost to send an inspector to all classes is approximately \$60,000.

### Staffing

PHMSA guidelines state GPS should have seven inspectors in order to provide adequate inspection and oversight of the current number of operators and miles of regulated gas and hazardous liquid pipelines in West Virginia. GPS continues to struggle to meet that staffing



level. Although the Division hired two additional inspectors late in 2018, those inspectors are still completing their initial training. GPS is in the process of filling additional positions. It is difficult for the Division to maintain appropriate levels of staffing because of the state of the oil and gas industry and low State salary guidelines. Once inspectors become trained, they are frequently hired by private companies at a 50-100% salary increase. Additional Federal mandates and regulatory changes will require additional inspectors in the near future.

### One-Call Program

PHMSA issued new Federal damage prevention regulations to strengthen the protection of underground pipeline facilities by allowing PHMSA to take enforcement actions against contractors violating the One-Call regulations. GPS continues to work with WV811 to educate the public and ensure compliance with the State One-Call laws.

New state damage prevention enforcement regulations became effective July 1, 2018, creating the 10-member Underground Facilities Damage Prevention Board to review violations of the State One-Call law. While the appointed board is working on guidelines for enforcement, no enforcement actions have yet taken place. Because of the lack of enforcement actions, PHMSA has determined that West Virginia damage prevention enforcement is still inadequate. Although the Commission has no authority over the board and damage prevention enforcement, the lack of enforcement action could hurt the GPS Division's Federal funding levels.

### Siting of Pipelines

GPS is prohibited from participating in the siting and locating of any pipelines. Interstate pipelines, including the Mountain Valley and Atlantic Coast Pipelines, are certificated by the Federal Energy Regulatory Commission (FERC) and do not fall under state or Commission jurisdiction. GPS does not have a role in siting intrastate pipelines and has no oversight of non-regulated gathering pipelines.

### Farm Taps

In 2017, PHMSA passed new regulations regarding "farm taps," defining them as service pipelines. Taps on both regulated and unregulated pipelines will become regulated and inspected periodically. Farm tap operators will be required to report the number of taps annually. There was concern that the new regulations could lead to the abandonment of taps and the loss of gas service in underserved areas if operators choose not to adhere to the regulations.

In 2019, PHMSA issued a stay of enforcement regarding farm taps and allowed operators to inspect taps under either the new regulations or existing integrity management requirements.

While PHMSA continues to examine the farm tap regulation, the GPS Division worked with industry to meet the December 31, 2019 compliance date.

### Working with Industry

The Commission has approved new pipeline replacement rates through the 390P IREP cases for several distribution operators, increasing the rate of bare pipe replacement from up to 75 years to 20-25 years. This dramatic increase in construction activities will require additional inspectors to provide the necessary oversight.

GPS personnel continue to work with the oil and gas industry, providing guidance on proposed changes to pipeline safety regulations. GPS provided two educational seminars for industry representatives in Charleston and Bridgeport in 2019. GPS personnel also participated in West Virginia Oil and Natural Gas Association (WVONGA) and IOGA meetings to discuss Federally proposed changes that could increase both the number of regulated miles of pipelines and the number of regulated operators in the state. GPS personnel also participated with industry organizations to create and update industry standards.

## **Water and Wastewater**

### West Virginia American Water Company Rates and Charges

West Virginia American Water Company (WVAWC) applied for base rate increases of approximately \$32.7 million or 24.04% for its water operations, and \$218,000 or 23.94% for its wastewater operations (Case Nos. 18-0573-W-42T and 18-0576-S-42T). The proposed water rate increase would impact 166,000 customers in 19 counties and eight other entities that purchase water from the Company. The proposed sewer rate increase would impact 1,000 customers in Fayette County.

WVAWC also applied for an updated Distribution System Improvement Charge program (DSIC) and implementation of an associated cost recovery component in its base rates (Case No. 18-0960-W-DSIC). WVAWC proposed investing \$24.8 million in 2019 and that all DSIC investment projected to be placed into service as of February 24, 2019, be removed from the 2019 DSIC Component and incorporated into the base rates beginning February 25, 2019. The DSIC case was processed with WVAWC's base rate cases.

Intervenors included CAD, the City of Charleston, and the Kanawha County & Cities Association. Public comment hearings were held in Bluefield, Fayetteville, Weston, Huntington and Charleston.

WVAWC, CAD and Staff filed a Joint Stipulation agreeing that the Company would be allowed to implement a \$23 million increase in water base rates and a \$152,650 increase

in sewer base rates. The stipulating parties also agreed that all costs associated with the DSIC filing would be rolled into base rates and the DISC surcharge would be reset to zero. The City of Charleston and the Kanawha County & Cities Association did not sign the stipulation, but did not oppose it.

In February 2019, the Commission approved the Joint Stipulation, closing the base rate case. Because existing water rates include a DSIC increment of approximately \$4.3 million, the overall increase to water customer rates was approximately \$18.7 million or 14%.

In June 2019, WVAWC filed its DSIC for 2020 (Case No. 19-0614-W-DSIC). The Company proposed accelerated rate recovery for approximately \$36 million in capital investments to be made in 2020, resulting in a DSIC rate of 2.77%. The parties submitted a Joint Stipulation. The Commission approved the Joint Stipulation, closing the case.

#### Boone-Raleigh PSD, Boone County Commission and West Virginia American Water

The Boone-Raleigh PSD, the Boone County Commission and WVAWC requested approval of an Interim Water Sales and Asset Purchase Agreement (Case No. 19-0038-W-PWD-PC). Boone-Raleigh was experiencing numerous issues providing water service to its customers. The system was located relatively close to the end of WVAWC's lines in Boone County. The parties were seeking to establish an interconnection between WVAWC's line and the Boone-Raleigh system. Under the joint proposal, WVAWC agreed to design, construct, install and own the facilities necessary to establish the interconnection; WVAWC would purchase Boone-Raleigh's water distribution system through a cash payment of \$115,000; Boone-Raleigh and Boone County Commission would repay any grants and loans previously entered into by Boone-Raleigh using the proceeds from the \$115,000 payment; Boone-Raleigh would continue to operate its water distribution plant until WVAWC completed the interconnection; and Boone-Raleigh's customers would pay WVAWC's current water rates charged to its other customers.

WVAWC, Boone-Raleigh, the Boone County Commission, Staff and CAD entered into a Joint Stipulation adopting the initial proposal. The Commission approved the Joint Stipulation authorizing WVAWC to enter into an Interim Water Sales and Asset Purchase Agreement with Boone-Raleigh and the Boone County Commission. This case is now closed.

#### Page-Kincaid PSD Certificate and Rate Cases

Page-Kincaid PSD filed an application for a certificate of convenience and necessity for a water treatment rehabilitation project (Case No. 19-0609-PWD-CN). Page-Kincaid, which provides water service to approximately 639 water customers in Fayette County, stated in the application that the project would replace old equipment, improve water quality and ensure proper functioning of the water treatment system. The \$3.18 million project was

approved by the West Virginia Infrastructure and Jobs Development Council (WVIJDC). Page-Kincaid proposed rates and charges related to the project that would produce approximately \$40,546 in additional annual revenue, an increase of 10.05%. Intervenor status was granted to WVAWC and CAD.

After the Commission held a Public Comment Hearing in Fayetteville, Page-Kincaid requested to withdraw the application and to pursue an agreement with WVAWC. Page-Kincaid filed a status update with the Commission in which it stated WVAWC will make a formal proposal by January 31, 2020, and Page-Kincaid will respond by February 18, 2020. The Commission granted the petition to withdraw the application, but required Page-Kincaid to file water quality reports going forward. This case is now closed.

Page-Kincaid also filed a 19A rate case requesting increased rates and charges for its sewer operations (Case No. 19-0594-PSD-19A). Page-Kincaid, which provides sewer service to approximately 403 customers in Fayette County, has annual operating revenues of \$221,960. The last increase in sewer rates became effective on July 8, 2014.

Staff recommended a two-step rate adjustment with Step 1 rates effective when the case is final for a period of 24 months, generating an additional \$67,077 or 30.01%. Step 2 rates would be effective after the 24 month period ends and will generate an annual increase in revenue of \$47,385, or 21.20%, a decrease of \$19,692 annually, or 6.78% from the Step 1 rates. Page-Kincaid stated it did not object to Staff's recommended rates. The Commission ordered the District to provide notice of the proposed rate change to its customers. An Administrative Law Judge (ALJ) entered a Recommended Decision approving Staff's recommended rates. This case is now closed.

#### West Virginia American Water Company and the Town of Glasgow

WVAWC and the Town of Glasgow filed a Joint Petition for approval of an asset purchase agreement for the water utility assets of Glasgow to WVAWC (Case No. 19-0863-W-PC). Glasgow serves 300 customers, receives its water from the Town of Cedar Grove and is struggling both operationally and financially to provide reliable water service to its customers. When Glasgow experienced widespread service outages in February 2019, resulting in the loss of service to 90 customers, WVAWC assisted in providing water to the impacted residents and helped repair crews find and address system leaks.

WVAWC agreed to provide water in the interim from its Kanawha Valley Water Treatment plant, to purchase Glasgow's system for \$200,000 and charge a phase-in rate, with the customers paying WVAWC's full rate starting on December 31, 2023.

The Commission approved the asset purchase agreement. This case is now closed.

### Timberline Four Seasons Utilities, Inc.

The Commission initiated a General Investigation into the practices of Timberline Four Seasons Utilities (TFSU) to determine whether the Company should be placed into receivership (Case No. 18-0674-WS-GI). This action followed numerous and increasingly strident complaints that included customers being required to boil water before using it; not having a licensed operator working for the utility; inconsistent billing of customers and affiliates; the utility phone being disconnected; payroll checks to staff being refused for insufficient funds; failure to collect the ordered repayment for improper affiliate transfers of cash; failure to satisfy multiple years of Federal and State tax liabilities; and the utility not paying its bills, including bills to Canaan Valley Public Service District (CVPSD) for sewage treatment. The parties entered into a Settlement Agreement requiring TFSU to turn over its bank routing numbers to CVPSD and authorizing CVPSD to periodically sweep funds from the TFSU sewer accounts until the outstanding debt to CVPSD was satisfied. The Commission stressed that no cross-utility subsidization was to occur. TFSU serves approximately 743 sewer customers and 428 water customers in Tucker County.

The Commission also directed TFSU to hire a Class 2 Operator to operate its water system and dispatched a financial analyst and engineer to TFSU to review additional financial information and assess the physical system.

An ALJ held an evidentiary hearing in Tucker County. The ALJ issued a Recommended Decision, recommending that the Commission petition the Circuit Court of Tucker County to place TFSU into receivership with the receiver being CVPSD. The Commission adopted the Recommended Decision and authorized Staff to immediately seek an Order from the Circuit Court of Tucker County, attaching the assets of TFSU and placing them under the sole control and responsibility of CVPSD as receiver. The Commission case is now closed, although the related Circuit Court case is pending.

### Jefferson Utilities, Inc. Request for an Emergency Certificate

In 2018, the Commission granted Jefferson Utilities, Inc. (JUI) an emergency certificate to build a waterline extension to serve a manufacturing facility planned by ROXUL USA, Inc. The project was deemed an emergency project by the WVIJDC (Case No. 18-0657-W-ECN). The project was estimated to cost \$4.85 million and was to be financed through a loan from the WVIJDC, secured by the Jefferson County Development Authority (JCDA). The JCDA would own the line and lease it to JUI for a period of 40 years, at which time JUI would purchase the line for \$1.00.

In January 2019, the Commission received requests from Staff and JUI ratepayer David Tabb to reopen the certificate case because the financial arrangement and project costs had changed. Two additional complaint cases were filed against JUI for failure to reopen the certificate proceeding due to the change in costs and financing. JUI provided an affidavit signed by its certified public accountant that the change in cost and financing would not impact rates.

The Commission denied the request to reopen the matter, explaining that projects approved by WVIJDC are not reopened due to changes in costs or financing when those changes do not impact rates. The Commission also dismissed the two complaint cases. The Commission case is closed, but the dismissal of those complaints is currently on appeal before the West Virginia Supreme Court of Appeals.

#### Jefferson Utilities, Inc. Petition to Acquire Fox Glen Utilities

JUI filed a petition to acquire the utility assets of Fox Glen Utilities, Inc. (Case No. 19-0404-W-PC). Fox Glen operates and maintains a water treatment and distribution system in Jefferson County serving approximately 250 customers. JUI requested to charge the Fox Glen customers the JUI rate immediately upon acquisition so JUI could start much needed maintenance on the Fox Glen system. Intervenors include JUI ratepayer David Tabb, and three Fox Glen ratepayers.

The ALJ assigned to this matter issued a Recommended Decision granting JUI's petition. One of the Intervenors filed exceptions. The Commission denied the exceptions and adopted the ALJ decision. This case is now closed.

#### Huttonsville PSD Rates and Charges

Huttonsville PSD filed an application to increase its sewer rates and charges through a two-step increase (Case No. 19-0423-PSD-42T). Step 1 rates would increase annual revenues by \$98,573, or 13.06%; Step 2 rates would increase annual revenues by approximately \$29,000, or 3.86%. Staff recommended Step 1 rates would generate additional annual revenue of \$73,744, or 10.15%, and would be in effect from November 14, 2019, through November 14, 2021. Step 2 would generate an additional \$46,125, or 6.35% over Huttonsville's then-current rates and would go into effect after November 14, 2021.

Substantial protests were received from customers. An evidentiary hearing held in Mill Creek was attended by approximately 20 customers. An ALJ approved Staff's recommended rates and charges. The Recommended Decision became a Final Order of the Commission. This case is now closed.

#### Colfax PSD Application for a Sewer System Improvement and Upgrade

Colfax PSD filed an application for a certificate of convenience and necessity for a sewer system improvement and upgrade project (Case No. 18-1593-PSD-P-CN). Colfax PSD serves approximately 129 customers in Marion County. In response to the application, a protest petition with over 90 signatures was filed with the Commission.

Staff recommended that the District's application for a certificate be granted subject to certain conditions. Staff also recommended approval of a wastewater treatment agreement

without specifically approving the terms and conditions. A hearing was held at the Marion County Courthouse.

The Commission granted the certificate, approving the proposed financing, rates recommended by Staff and the wastewater treatment agreement without approving its specific terms and conditions. This case is now closed.

### West Virginia Infrastructure and Jobs Development Council

The Public Service Commission is a voting member of the West Virginia Infrastructure and Jobs Development Council (WVIJDC). The WVIJDC serves as the funding clearinghouse for West Virginia's water, wastewater and economic development projects and streamlines support for needed infrastructure projects. Commission Staff serve as members of the Technical Review Committees (both water and sewer), the Funding Committee, the Consolidation Committee and the full Council.

Staff performs financial and engineering reviews for water and sewer filings brought before the WVIJDC. The engineering review takes into account the likely impact of any proposed project on the short and long term operations and maintenance costs of the utility. These estimates serve as a useful measure of the project's cost effectiveness and efficiency. Staff works closely with the applicants and their project teams to correct errors and fill in data gaps in the preliminary applications filed with the WVIJDC. In 2019, Staff reviewed 58 WVIJDC applications.

The Commission also assists the Council when questions arise about utility practice, ratemaking and regulation of public utilities. No other agency completes an independent review of the proposed utility rates, nor does any other agency have the extensive organizational knowledge of utilities and their service territories to identify opportunities for consolidation, merger or other opportunities to increase efficiencies and lower the cost of providing utility service.

Various State agencies, including the West Virginia Department of Health and Human Resources, Bureau for Public Health and the West Virginia Department of Environmental Protection (DEP), rely on the Commission review of WVIJDC filings and incorporate those reviews in their final recommendations.

### Water and Sewer Certificate Cases

During 2019, the Commission approved 24 cases totaling more than \$93.5 million in investments to extend water or sewer service to 852 new customers. Municipalities, public service districts and water or sewer associations must obtain certificates of convenience and necessity from the Commission to expand, upgrade or replace water and sewer infrastructure within their service territories. The utility seeking a certificate of convenience and necessity submits an application, 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 an increase in rates to support project costs.

The filing is reviewed to determine the adequacy of the supporting data. 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 for design, cost and rate impact. 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 the project costs. A public hearing is held and evidence is submitted by the utility, Staff and any intervenors about the need for the project, any modifications to the project and the proper rate levels required to support it. The Commission uses this evidence to determine if the project should be granted a certificate and the appropriate rates.

Following is a table summarizing those projects for which certificates of convenience and necessity were approved during 2019.

Utility-Project	Estimated Cost	Pre-Project Customers	Customers Added	Date Approved
Century Volga PSD	\$4,150,000	1,021	52	4/30/19
Town of Chapmanville	\$7,677,269	786	0	1/24/19
Colfax PSD	\$2,348,685	131	0	6/17/19
Culloden PSD	\$1,712,148	1,200	0	7/22/19
Davis Municipal Water Dept.	\$2,335,000	443	0	12/10/19
Town of Durbin	\$2,860,000	3,445	40	10/22/19
Town of Elizabeth	\$3,386,500	422	0	9/29/19
Elkins Road PSD	\$6,500,000	1,112	82	7/18/19
Town of Ellenboro	\$1,845,000	162	0	11/25/19
Town of Farmington	\$1,410,000	252	0	7/18/19
Town of Gilbert	\$2,229,000	715	36	9/30/19
Gilmer County PSD	\$1,400,000	768	0	3/7/19
Hardy County PSD	\$3,028,000	1,999	38	9/30/19
Corp. of Harpers Ferry	\$6,300,000	814	0	9/17/19
Jefferson Utilities, Inc.	\$4,850,000	2,772	1	5/3/19
Lashmeet PSD	\$4,541,778	—	40	10/29/19
Mannington PSD	\$2,933,000	546	0	2/26/19
McDowell County PSD	\$6,330,000	376	240	8/10/19
City of McMechen	\$6,650,000	949	0	5/22/19



Utility	Estimated Cost	Pre-Project Customers	Customers Added	Date Approved
Midland PSD	\$5,000,000	1,469	117	4/21/19
Town of Nutter Fort	\$4,691,500	9,403	0	10/31/19
Town of Pax	\$2,291,000	1,884	52	3/27/19
Webster Springs PSD	\$2,692,500	632	61	10/20/19
City of Welch	\$6,359,116	851	93	12/10/19

### Public Water and Sewer Rate Cases

The Commission has rate jurisdiction over public service districts with fewer than 4,500 customers or annual gross revenues under \$3 million. Those water and sewer utilities under Commission jurisdiction with revenues in excess of \$3 million and fewer than 4,500 customers are required to file full financial support for their requested rates. The proposed rates are published, and Staff undertakes a full review of the utility's books and records.

Following its review, Staff recommends new rates. If the utility does not object to Staff's proposed rates and if there is not 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. Based on testimony and the evidence presented at the hearing, the Commission determines a reasonable level of rates.

In 2019, the Commission completed 13 public water and sewer rate cases. Others are in progress. The results of those completed cases are summarized below.

Utility	Amount Requested	Percent Requested	Amount Granted	Increase/Decrease	Customers	Date Approved
Adrian PSD Step 1	\$220,403	15.40%	\$157,745	11.72%		
Adrian PSD Step 2	\$158,947	12.21%	\$123,943	9.21%	2,085	2/26/2019
Central Hampshire PSD, Step 1			\$34,068	2.47%		
Central Hampshire PSD, Step 2	N/A	N/A	\$16,547	1.21%	1,600	6/26/2019
Crab Orchard-MacArthur PSD, Step 1	\$407,388	17.36%	\$368,690	15.78%		
Crab Orchard-MacArthur PSD, Step 2	\$202,982	8.65%	\$191,603	8.20%	4,207	7/9/2019
Craigsville PSD, Step 1			\$50,315	4.92%		
Craigsville PSD, Step 2	\$83,616	8.21%	-\$34,340	-3.20%	2,062	10/13/2019
Gauley River PSD	N/A	N/A	\$77,607	5.56%	1,289	4/29/2019
Huttonsville PSD, Step 1	\$98,573	13.06%	\$73,744	10.15%		
Huttonsville PSD, Step 2	-\$29,000	-3.86%	-\$27,619	-3.45%	946	10/7/2019
Lavelette PSD, Step 1			\$361,896	17.51%		
Lavelette PSD, Step 2	\$505,609	25.00%	\$261,823	12.67%	3,766	5/30/2019
Mingo County PSD, Step 1			\$275,720	10.99%		
Mingo County PSD, Step 2	\$336,887	13.20%	\$37,593	1.50%	4,301	1/31/2019

Utility	Amount Requested	Percent Requested	Amount Granted	Increase/Decrease	Customers	Date Approved
Nettie-Leivasy PSD, Step 1	\$97,860	7.20%	\$47,205	5.49%	1,369	9/19/2019
Nettie-Leivasy PSD, Step 2			\$797	0.09%		
North Beckley PSD, Step 1	\$337,707	15.25%	\$212,621	9.55%	3,873	7/17/2019
North Beckley PSD, Step 2			\$294,339	13.22%		
Pleasant Valley PSD, Step 1	\$127,666	34.38%	\$151,886	22.80%	950	2/6/2019
Pleasant Valley PSD, Step 2	\$9,256	-7.25%	\$158,460	30.20%		
Shady Spring PSD	\$328,983	12.49%	\$186,039	6.91%	4,387	10/1/2019
Southwestern Water District Step 1	\$228,424	20.40%	\$199,062	17.75%	2,166	9/26/2019
Southwestern Water District Step 2			-\$136,172	-10.30%		

### **Rule 19A Rate Cases**

The Commission uses an accelerated and simplified procedure for smaller utilities to file for increased rates without requiring these utilities to develop their own financial exhibits and rate requests. In those instances, Staff performs all of the financial analyses required to establish appropriate rates. In most cases, the utility does not request specific rates or a given level of increase and the Staff recommends new rates for the utility based on its review. This process, called a 19A rate case, saves the utility the time and expense of preparing and filing a full rate case.

Previously, utilities with gross annual revenues less than \$1 million were able to file a 19A rate case. In 2019, the Commission changed the criteria, stating a 19A proceeding would now be available to utilities with fewer than 4,500 customers and annual gross revenue less than \$3 million, making the optional procedure available to more utilities.

In 2019, 36 19A rate filings were completed. Those cases are summarized below.

Utility	Amount Granted	Increase/Decrease	Customers	Date Approved
Big Bend PSD, Step 1	15,251	41.60%	605	9/10/2019
Big Bend PSD, Step 2	-10,153	-19.56%		
Bingamon PSD, Step 1	89,985	28.07%	532	10/10/2019
Bingamon PSD, Step 2	-22,923	-5.74%		
Boone-Raleigh PSD	63,699	34.75%	429	1/7/2019
Boone-Raleigh PSD, Step 1	34,919	14.83%	429	3/14/2019
Boone-Raleigh PSD, Step 2	-3,708	-1.39%		
Cheat View PSD, Step 1	\$166,024	13.80%	4,025	2/26/2019
Cheat View PSD, Step 2	-105,150	-7.70%		

Utility	Amount Granted	Increase/ Decrease	Customers	Date Approved
Chestnut Ridge PSD, Step 1	182,663	27.48%		
Chestnut Ridge PSD, Step 2	-122,930	-16.97%	1,175	11/28/19
Cool Ridge-Flat Top PSD, Step 1	122,945	13.02%		
Cool Ridge-Flat Top PSD, Step 2	-85,492	8.01%	1,805	4/16/2019
Crum PSD, Step 1	159,915	17.50%		
Crum PSD, Step 2	86,307	9.51%	1,367	10/13/2019
East View PSD, Step 1	2,372	1.60%		
East View PSD, Step 2	-4,059	-2.70%	362	8/14/2019
Elkins Road PSD, Step 1	46,421	8.28%		
Elkins Road PSD, Step 2	-26,213	-4.32%	1,095	4/23/2019
Glen Rogers PSD, Step 1	15,638	29.10%		
Glen Rogers PSD, Step 2	-5,216	-9.70%	95	2/17/2019
Greater Marion PSD, Step 1	0	0.00%		
Greater Marion PSD, Step 2	-23,124	-7.91%	434	8/19/2019
Hamlin PSD	9,337	4.14%	691	8/6/2019
Hundred Littleton PSD, Step 1	72,955	70.72%		
Hundred Littleton PSD, Step 2	-25,219	-14.32%	191	6/25/2019
Ice's Run Route 250 PSD	Case Dismissed			
Mineral Wells PSD, Step 1	\$70,242	4.45%		
Mineral Wells PSD, Step 2	\$65,794	4.47%	2,559	11/27/2019
Mineral Wells PSD, Step 1	\$86,692	7.94%		
Mineral Wells PSD, Step 2	-\$42,438	-3.60%	1,761	
Ministers Run Water Assoc.	\$79,707	3.20%	131	12/26/2019
Mount Hope Water Assoc.	\$37,287	6.08%	1,188	8/1/2019
Mountain Top PSD, Step 1	\$8,832	6.22%		
Mountain Top PSD, Step 2	-\$1,408	-0.99%	300	8/28/2019
Mt. Zion PSD, Step 1	\$5,409	1.27%		
Mt. Zion PSD, Step 2	\$3,417	4.82%	495	5/24/2019
New Creek PSD, Step 1	\$239,189	36.17%		
New Creek PSD, Step 2	-\$159,891	17.75%	1,060	10/24/2019
Norton-Harding-Jimtown PSD, Step 1	\$18,958	3.72%		
Norton-Harding-Jimtown PSD, Step 2	-\$17,824	-3.37%	691	4/30/2019
Oakland PSD	\$36,194	7.38%	922	1/24/2019

Utility	Amount Granted	Increase/Decrease	Customers	Date Approved
Page-Kincaid PSD, Step 1	\$67,077	30.01%	403	12/16/2018
Page-Kincaid PSD, Step 2	-\$19,692	-6.78%		
Pendleton County PSD	\$29,871	6.87%	762	8/12/2019
Pleasant Hill PSD	Case Withdrawn			
Pocahontas County PSD	-\$375,000	-15.48%	622	2/6/2019
Shenandoah Junction Public Sewer	\$24,927	34.18%	165	4/30/2019
Short Line PSD, Step 1	\$71,584	10.89%	1,168	8/19/2019
Short Line PSD, Step 2	-\$64,323	-8.82%		
Sissonville PSD, Step 1	\$76,074	7.21%	1,643	3/16/2019
Sissonville PSD, Step 2	-\$38,036	-3.36%		
Spring Valley Home Owners Assoc., Step 1	\$11,312	20.11%	100	7/25/2019
Spring Valley Home Owners Assoc., Step 2	-\$2,264	-20.01%		
Summit Park PSD, Step 1	\$17,820	8.06%	521	7/31/2019
Summit Park PSD, Step 2	-\$8,134	-3.68%		
Sunny View Acres Water Project	\$5,659	89.75%	28	12/31/2018
Tennerton PSD, Step 1	\$60,129	12.64%	884	2/11/2019
Tennerton PSD, Step 2	-\$35,452	-6.61%		
Walton PSD, Step 1	\$63,201	14.47%	840	7/1/2019
Walton PSD, Step 2	\$35,329	7.07%		

### **Rule 30B Pass-Through Cases**

The Commission allows smaller water and sewer utilities that purchase finished water for resale or that have the sewage they collect treated at a plant operated by another utility to file to recover rate increases on an expedited basis for resale rates charged to them. In these cases, the Commission allows the purchasing utility to increase rates to its customers enough to make them whole for the increased cost of purchased water or sewage treatment services. The utility is required to publish the new rates and to provide an opportunity for public protest.

Because the amount of the pass-through rate is largely a mathematical calculation, there is usually little dispute between the utility and Staff as to the rates. If no significant public protest is received, the rates are approved, usually quickly and without the need for public hearing. If 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, develop a remediation plan and report the results of steps taken prior to approving the interim rate increases as final rates. Eight 30B pass-through rate filings were completed in 2019.

## **Telecommunications**

### Frontier and Citizens Telecommunications Copper Network and Quality of Service

In 2018, the Communications Workers of America filed a Petition with the Commission requesting a General Investigation into the status of Frontier West Virginia Inc. and Citizens Telecommunications Company of West Virginia dba Frontier Communications of West Virginia's copper network in West Virginia and the service quality issues related to the network (Case No. 18-0291-T-PC).

After receiving numerous and increasing complaints regarding Frontier's quality of service, the Commission ordered a focused management audit of Frontier to determine if Frontier was operating efficiently, utilizing sound management practices and to identify those areas where Frontier was operating inefficiently. The Commission determined it did not have adequate staff to conduct a management audit in a timely manner and ordered that the audit be conducted by a qualified outside auditing firm and paid for by Frontier. The audit was to focus on the current status of the copper network, adequacy of staffing levels dedicated to the copper network, adequacy of capital investment in the copper network since 2010, adequacy of policies and procedures impacting the quality of service, adequacy of metrics currently in place to measure quality of service, impact of the declining customer base on internal cash flow from operations relative to historic and current copper infrastructure maintenance and capital investment and the impact of the current bargaining agreement and ongoing relations between management and labor on customer service quality and response timing. The audit was to make appropriate recommendations for addressing those areas that need to be improved.

The Commission directed Frontier to issue a request for proposals to identify qualified firms interested in conducting the audit. Frontier's original choice of auditing firms was rejected by the Commission because it was determined that Frontier had placed too high a value on the cost of the audit and too little weight on the bidding firms' resources, experience, audit planning, audit methodology, audit standards and report writing ability. The Commission reviewed the bid package information submitted by the audit candidates and determined that Schumaker and Associates was a well qualified candidate and presented the most comprehensive audit plan and resources for conducting the focused management audit.

Shumaker is currently collecting data and information, including interviewing Frontier management personnel and technicians in the field. The final report with recommendations is due to the Commission by February 14, 2020. This case is pending before the Commission.

### Lincoln County 911 v. Frontier WV Inc.

Lincoln County 911 filed a Formal Complaint against Frontier West Virginia Inc., stating it had experienced a 911 outage on July 17, 2019, that also affected Mason County (Case No.

19-0702-T-C). Lincoln County 911 stated it had never been given an explanation as to what caused the outage, and that when it began operations in 1991 the circuits were carefully designed to prevent a single point failure that could cause the outage of all four 911 trunks. Lincoln County 911 requested the Commission direct Frontier to provide details of what caused the outage, take actions to prevent it from happening in the future and direct Frontier to provide a detailed diagram of all circuits relating to 911 services.

In its response, Frontier stated thieves cut the Company's cable while attempting to steal copper from three different sections of cable between Hurricane and Milton, causing one side of the ring to go down. Frontier immediately dispatched a crew that began splicing a new section of cable. Frontier noted that while the cable was down a transmitter failed on the other side of the ring and it immediately began routing Lincoln 911 traffic to the Boone County WV PSAP, in accordance with protocol.

Lincoln County 911 informed the Commission it did not object to the dismissal of this Formal Complaint and having the issues addressed as part of the focused management audit in Case No. 18-0291-T-P. The Commission issued an Order dismissing this matter and closing the case.

#### Hampshire County 911 v. Frontier WV Inc.

Hampshire County 911 filed a complaint against Citizens Telecommunications Company of West Virginia dba Frontier Communications of West Virginia, alleging that Frontier continues to have outages affecting the 911 system (Case No. 19-0506-T-C). During a recent outage, service was not reinstated for over 12 hours. The cause of that outage was a defective card that caused the Reconfigurable Optical Add-Drop Multiplier (ROADM) to go down in the Romney area. Frontier had to wait until a card was shipped before repairs could be made. Hampshire County 911 stated Frontier should ensure that proper parts are locally stocked so that repairs can be made quickly.

In its response, Frontier stated that it was investigating a ROADM ring in this area to allow for full redundancy by being capable of switching traffic in an alternate direction. The estimated cost is \$2.9 million and would require fiber, ROADM and Synchronous Optical NETWORK placement. Hampshire County 911 filed an update stating that Hampshire County had experienced another 911 outage for approximately 2.5 hours. The outage was caused by the planned fiber splice by Frontier for maintenance purposes.

Frontier notified the Commission that the parties have started negotiations and are working to find a solution to the issues. An evidentiary hearing before a Commission ALJ is scheduled for February 6, 2020. This case is pending before the Commission.

#### Grant County 911 v. Frontier WV Inc.

Grant County Office of Emergency Service and 911 filed a Formal Complaint against Frontier,

stating it experienced a 911 outage in the areas of Patterson Creek Road, Lahmansville, Medley and Knobley Road, which impacted several hundred customers from May 24, 2019 through May 29, 2019. (Case No. 19-0555-T-C). Grant County 911 noted this is a public safety issue, as much of this area does not have cell service and people have to drive 20-30 minutes to obtain a cell service signal. Grant County 911 requested the Commission order Frontier to maintain and replace its equipment.

Frontier responded to the complaint, stating at no time were the Grant County's E911 trunks or Frontier's inter-office 911 facilities out of service. Grant County's 911 center's service was totally unaffected. Frontier did state that on May 24, 2019, lightning strikes and severe storms created widespread damage affecting four remote terminals providing service to the impacted areas. The lightning strikes also damaged cables servicing these remote terminals and computer cards in the Petersburg Central Office, impacting 400 customers. The Company dispatched technicians, who immediately made repairs to the damaged equipment, restoring service on May 29, 2019. Frontier asserted that the damage impacting service in Grant County was an act of God; completely outside the Company's control.

The Commission determined service had been restored to Grant County 911 and all the issues raised had been addressed. This case is now closed.

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

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 the Telecommunication Act of 1934. The Commission initiated a General Investigation regarding the use of Federal Universal Service Funding by Eligible Telecommunications Carriers in West Virginia (Case No. 19-0374-T-GI).

A Recommended Decision was issued directing a certification be issued to the FCC and the Universal Service Administration Company stating that the carriers appropriately utilized Federal high-cost and other universal service support. This case is now closed.

#### Enhanced 911 Wireless Tower Access Assistance Fund

Revenue for the Wireless Tower Access Assistance Fund (WTAAF) comes from a fee collected each month from cell phone subscribers. On July 1, 2019, this fee increased from \$3.34 per cell number to \$3.86 per cell number. The Commission administers this fund, but it passes all monies to recipients, as required by law. The Commission does not charge for its services in collecting the fees or administering the grants. A monthly deposit of \$83,333.33 is made to this fund. The fund began 2019 with a balance of \$583,488.

In 2019, Doddridge County (TAF Doddridge 18A) was awarded a grant of \$628,450 and

Lincoln County (TAF Lincoln 18A) was awarded a grant of \$565,000. As of December 31, 2019, the WTAAF had a balance of uncommitted funds of \$390,038.

## **Transportation Safety Enforcement**

### **Special Initiatives**

The Commission's Transportation Division works with the Commercial Vehicle Safety Alliance (CVSA) and the Federal Motor Carrier Safety Administration (FMCSA) to increase safety enforcement for commercial motor vehicles on interstate highways and heavily traveled roadways in order to reduce commercial vehicle and passenger carrier incidents. In 2019, Transportation Enforcement Officers worked with FMCSA to increase the number of passenger carrier inspections and on other special initiatives, including the annual 72 consecutive hour International Roadcheck, Brake Safety Week, Hazardous Materials Road Blitz and Operation Safe Driver.

Transportation Enforcement Officers also teamed up with the Governor's Highway Safety Program (GHSP) to increase seatbelt use in passenger and commercial motor vehicles through a "Click It or Ticket" campaign. The initial blitz occurred in October 2019, and will be followed by three additional blitzes in 2020. In 2020, Officers will also participate in the GHSP Speed Enforcement campaign.

The Commission's Transportation Enforcement Division also participated in a multi-state inspection operation on I-77 on August 1, 2019. Other states that participated included South Carolina, North Carolina, Virginia and Ohio.

Officers partnered with CVSA for a "Truckers Against Trafficking" training in May 2019. Enforcement Supervisors and Officers distributed materials throughout the state at truck stops, rest areas and weigh stations.

### **Working with Law Enforcement**

Transportation Enforcement Officers participate in many joint activities with the West Virginia State Police (WVSP), including assisting with firearms training during Basic and Cadet Classes at the WVSP Academy, assisting with annual firearms training for current Troopers, DUI checkpoints and the combined efforts on I-64 in Kanawha, Putnam and Cabell counties. Transportation Enforcement Officers also work with local law enforcement on DUI, seatbelt and speed control activities.

Enforcement Officers worked with the WVSP and the Kanawha County Sheriff's Office on I-79 to increase safety enforcement during the busy road construction season. The Commission also added an additional patrol officer on the West Virginia Turnpike and



increased the combined patrols on the Turnpike with other law enforcement agencies.

### Upgrading Facilities

The Commission continues efforts to upgrade its I-77 Southbound Weigh Station in Mineral Wells to a state-of-the-art facility featuring the IIS Smart Roadside System. This system will include an automated license plate reader, an automated USDOT number reader, an automated vehicle camera and an automated thermal inspection system. In addition, plans are underway to install one virtual roadside inspection facility on Route 50 in Wood County. These systems will be purchased with the assistance of a USDOT Commercial Vehicle Inspection System Network grant.

### Electronic Logging Devices

In 2018, new Federal regulations became effective that require most motor carriers to utilize electronic logging devices. Transportation Enforcement Officers have been involved in various outreach and training programs for motor carrier companies and drivers about the new regulations and devices.

### Coal Resource Transportation Division

The Coal Resource Transportation System (CRTS) has significantly increased public safety while allowing coal producers to efficiently transport coal in 19 West Virginia counties and into surrounding states. Coal facilities and transporters now work together to haul increased weights on over 2,100 miles of West Virginia's roads designated by the West Virginia Department of Highways (DOH) as CRTS routes. Coal haulers may purchase a permit that will allow for a gross vehicle weight of up to 120,000 pounds, depending on the truck configuration and the specific routes on which the truck will be operating. 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 (NOV) are initiated through audits conducted by CRTS inspectors and supervisors or by uniform traffic citations issued by Transportation Enforcement Officers. In 2019, there were 374 NOVs issued, one Petition for Waiver was processed and the Commission collected \$325,931 for CRTS violations.

In 2019, the CRTS Permitting Unit registered 450 transport companies in five states and issued 1,294 permits. Over the past 12 months, the CRTS Reporting Unit had 157 mines, plants, load outs and other coal facilities registered to operate in West Virginia and report coal shipments to the Commission. Daily electronic files were submitted to the Commission containing unique tracking information for approximately 1.9 million transactions, representing over 945,700 loads, or approximately 34.6 million tons of coal

being transported over CRTS roads during the last 12 months. Each electronic 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 and are reviewed by Staff to detect non-compliance. Staff conducts onsite inspections and audits and initiates administrative violations to companies. The CRTS Program generated \$2.3 million in 2019 dedicated for improvements and repairs to CRTS roads and bridges.

Complaints about coal trucks operating on the CRTS highways can be made through the Commission's 1-866-SEE-TRUX hotline. In 2019, CRTS officers received and processed 106 complaints from the CRTS hotline, ranging from speeding and overweight trucks to impaired drivers.

### Railroad Safety

During 2019, Railroad Safety Section Inspectors conducted 1,037 inspections, inspected over 3,000 miles of track, citing 922 defective conditions. They inspected 493 highway-rail grade crossings and 14,304 rail cars and locomotives, citing 2,134 defects.

Two of our Railroad Safety Inspectors were federally certified in November 2019 and an additional inspector will receive the certification in January 2020.

We maintain a comprehensive Hazardous Materials Inspection Program and our Operating Practices Inspectors constantly monitor railroad operations. An intensive inspection program, coupled with the fact that most of the Commission's Railroad Safety Inspectors are also Operation Lifesaver volunteers, has made West Virginia's railroads among the safest in the nation.

## **Motor Carriers**

### Fuel Surcharges

The Commission continues to respond to the volatility of fuel costs for motor carriers by reviewing and adjusting fuel surcharges for regulated motor carriers. This series of surcharges was initiated in MC GO 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, 2020 through June 30, 2020.

The average price for unleaded regular gasoline is forecasted to be \$2.75 per gallon and the price of diesel is forecasted to be \$3.26 per gallon. This forecast reflects decreases of \$0.15 per gallon for regular grade gasoline and \$0.07 per gallon for diesel fuel over the

previously forecasted average prices for July 1, 2019 through December 31, 2019. Staff concluded that these forecasted changes were *de minimus* as related to the cost for carriers to reprogram computers and meters for billing purposes. The Commission, therefore, extended the current surcharges.

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 unless they have filed a Fuel Surcharge Supplement to their tariffs with the Commission Tariff Office.

Staff will continue to monitor fuel prices, and the Commission will continue to make adjustments in its semi-annual General Orders. If there is a 20% or greater increase or decrease in the price of regular grade gasoline, diesel fuel or both between its semi-annual Orders, Staff will file a further memorandum requesting a reopening of the case and will recommend adjustments to the fuel surcharges based on that increase or decrease in price.

### **Motor Carrier Rate Cases**

The Commission completed seven applications to increase motor carrier rates in 2019.

Utility and Certificate Numbers	Amount Granted	Percent Increase	Customers	Date Approved
American Disposal Service of West Virginia, Inc., dba Republic Services of West Virginia (F-7356)	\$25.75	17.05%	3,715	2/3/2019
Hizer Trucking, Inc. (F-4647, F-5959)	\$23.57 Residential	25.04%	1,367	3/13/2019
	15% Commercial			
Jochum Refuse Service, LLC (F-4604, F-4605, F-6417)	\$16.00	33.00%	1,460	5/14/2019
Knobley Mountain Hauling, Inc. (F-4837)	Case dismissed without prejudice			
Mannington Refuse, LLC (F-5859)	\$20.00	5.54%	1,695	5/26/2019
S & K Sanitation, Inc. (F-4955)	\$20.95	14.17%	3,430	9/30/2019
Tygarts Valley Sanitation, Inc. (F-5088, F-5614, F-5751, F-5978, F-7033, F-7163, F-7306)	\$21.70	8.00%	4,659	4/16/2019

## **Solid Waste Facilities/Landfills**

### Boone County Transfer

Boone County Transfer, LLC filed a Petition for authority to reopen and operate two solid waste transfer stations formerly operated by the Boone County Commission, and closed in 2016 (Case No. 19-0501-SWF-CN). The application included a petition signed by over 300 individuals supporting reopening the transfer stations. The application was later amended to open only one of the transfer stations.

The Commission issued a certificate of need to operate the existing Rock Creek Transfer Station as a Class C Solid Waste Facility contingent upon the issuance by WVDEP of the appropriate permit. This case is now closed.

### Tucker County Solid Waste Authority

As a result of Commission action in Case No. 05-1379-SWF-42A, the Tucker County Solid Waste Authority (TCSWA) was required to establish and fund two separate limited access escrow accounts, one for future closure and post closure costs and one for the funding of the construction of future cells and/or the purchase or replacement of equipment. TCSWA was ordered to seek Commission approval in order to release funds from those escrow accounts.

In November 2019, Staff filed a Petition to institute a General Investigation into withdrawals totaling \$923,345 made by the TCSWA from the construction escrow account without Commission permission (Case No. 19-1136-SWF-P). This case is pending before the Commission.

## **Rulemaking Proceedings**

### Rules for the Construction and Filing of Tariffs

#### Rules of Practice and Procedure

SB 234 became effective in June 2015, making widespread changes to the jurisdiction and authority of the Commission over certain municipal utilities and public service districts. Soon after, the Commission issued an Order requesting proposed revisions to the Rules for the Construction and Filing of Tariffs, 150 C.S.R. Series 2, to incorporate the changes in the law while maintaining applicability of the current Tariff Rules to electric, gas, telephone, private water and sewer utilities (Case No. 15-1255-PSWD-WS-GI). Additionally, the Commission requested proposed rule changes to accommodate the changes made by SB 234 in the Commission's Rules of Practice and Procedure, 150 C.S.R. Series 1, governing the issuance of certificates of convenience and necessity. Staff and the West Virginia Rural

Water Association (WVRWA) submitted proposed rules.

Further statutory changes to the jurisdiction and authority of the Commission, similar to the provisions of SB 234, took effect in July 2017, by the enactment of House Bill (HB) 3096, and in March 2018, by the enactment of SB 10.

The Commission promulgated proposed amendments to the Tariff Rules (GO No. 183.09) and Procedural Rules (GO No. 182.13). The proposed changes consist of comments received in Case No. 15-1255-PSWD-WS-GI and Commission proposals to implement changes required by SB 234, HB 3096 and SB 10. Comments were filed by Staff, West Virginia Municipal Water Quality Association and WVRWA. Final Tariff Rules and Procedural Rules were issued by the Commission in January 2019 and filed with the Secretary of State's Office in February 2019. These cases are now closed.

#### Rules Governing Electric Utility Net Metering Arrangement and Interconnections

In 2015, the Commission created a Net Metering Task Force to review the net metering issues that needed to be developed in West Virginia, studies that should occur and possible revisions to the current Net Metering Rules (Case No. 15-0682-E-GI). Commission's Staff chaired the Task Force, which included members of the Commission's Legal, Utilities and Engineering Divisions; CAD; APCo/WPCo; Mon Power/PE; Alliance for Solar Choice; Solar Holler; Mountain View Solar; WVCAG; West Virginia Environmental Council; Solar United Neighbors of West Virginia (WVSUN); WVEUG and the WVU College of Law.

In September 2018, the Commission initiated a rulemaking proceeding to propose revisions to Rules Governing Electric Utility Net Metering Arrangements and Interconnections, 150 C.S.R. Series 33, necessitated by the repeal of §1-7 and 9-12 of Article 2F of Chapter 24 of the West Virginia Code and the revision of §8 of that same Article, necessitating revisions to the Net Metering Rules (GO 258.3).

Comments were filed by Staff; CAD; APCo/WPCo; Mon Power/PE; WVSUN; WVCAG; and WVCAG; Mountain View Solar, LLC; WVEUG and numerous individuals.

Final Rules were issued by the Commission and filed with the Secretary of State's Office in October 2019. The Rules became effective in November 2019. This case is now closed.

#### Rules for the Government of Pole Attachments

The Commission initiated a General Investigation into the implementation of the requirements of W.Va. Code §31G-4-4 to adopt the rates, terms and conditions of access to and use of poles, ducts, conduits and rights-of-way as provided in 47 U.S.C. §224 and 47 C.F.R. §§1.1401 - 1.1415, the FCC pole attachment regulations Case No. 19-0551-T-GI). Comments were filed by the West Virginia Broadband Council; ExteNet Systems, Inc.; APCo/WPCo; Mon Power/PE (joint filing referred to as the Electric Companies); Lumos

Networks LLC dba Segra and Lumos Networks of West Virginia, Inc. dba Segra (joint filing); Crown Castle Fiber LLC; City of New Martinsville, City of Philippi and Craig-Botetourt Electric Cooperative (joint filing referred to as the Public Systems); Frontier West Virginia, Inc. and Citizens Telecommunications Company of West Virginia, dba Frontier Communications of West Virginia; CTIA, the Wireless Association; the West Virginia Cable Telecommunications Association and Staff.

The Commission closed the General Investigation and initiated a rulemaking, GO No. 261, to propose Rules for the Government of Pole Attachments, 150 C.S.R. Series 38. The Commission considered all comments and issued Final Rules to be effective February 2020.

### Rules Governing Siting Certificates for Exempt Wholesale Generators

The Commission opened a General Investigation regarding the Commission's Rules Governing Siting Certificates for Exempt Wholesale Generators, 150 C.S.R. Series 30 (19-0311-EG-GI). The Commission solicited input from gas and electric utilities operating in West Virginia, current exempt wholesale generation (EWG) operators in West Virginia, CAD and from the general public.

Comments were filed by Staff; Lee Feinberg and Susan Riggs (Developers Counsel); Longview Power, LLC; IOGA; the State Building and Trades Council and Hope Gas/Dominion. This case is pending before the Commission.

## The Courts

### Supreme Court of Appeals of West Virginia

#### *Sierra Club v. The Public Service Commission of West Virginia*

In 2017, American Bituminous Power Partners, L.P. (AmBit) and Mon Power filed a Joint Petition with the Commission to reopen Case No. 87-0669-E-P and to modify an existing Electric Energy Purchase Agreement (EEPA) between AmBit and Mon Power. The Joint Petitioners requested the Commission allow Mon Power to recover any incremental purchased power costs associated with the amended EEPA in Mon Power's annual ENEC proceeding. The rates governed the purchase of power from AmBit's electric generation facility in Grant Town, which costs in turn were passed through to retail customers of Mon Power. The petitioners testified that AmBit was in financial distress; that without increased revenues, new ownership of the project was not viable; and that reorganization through bankruptcy would not work without increased revenues to cover the operational costs. The petitioners argued that the project provided many benefits to the state and local economy and without rate relief the project would cease operations. The Commission granted the petition to reopen the case (Case No. 17-0631-E-P).

The Commission approved a pass-through to retail customers of a capacity rate of \$34.25/MWh until the EEPA expires in 2035. The Sierra Club appealed the Commission decision to the West Virginia Supreme Court. Following oral arguments, the Court issued its decision affirming the Commission Order.

*Trulargo, LLC v. Public Service Commission of West Virginia; and Allied Waste Services of North America, LLC, doing business as Republic Services of West Virginia*

Allied Waste Services of North America, LLC dba Republic Services of West Virginia (Republic) filed a complaint with the Commission stating Trulargo was collecting solid waste without having authority from the Commission to do so (Case No. 18-1130-MC-FC). Republic alleged that Trulargo picked up construction and demolition waste, deposited it in a Monongalia County transfer station and advertised this service to the public. The Commission ordered Trulargo to cease and desist from operating as a common carrier providing solid waste service in the state until it obtained a certificate of convenience and necessity from the Commission as required by W.Va. Code Chapter 24A. Trulargo appealed the Commission decision to the Supreme Court.

The Court heard oral arguments in the matter and affirmed the Commission decision. This case is now closed.

*Jefferson County Vision v. Public Service Commission of West Virginia and Jefferson Utilities, et al.*

The Commission granted Jefferson Utilities, Inc. (JUI) a certificate of convenience and necessity to extend potable water service to Jefferson Orchards to serve a manufacturing facility planned by ROXUL USA, Inc. and future commercial customers (Case No. 19-0059-W-C). The Commission granted the certificate, contingent on certain conditions. Jefferson County Vision, Inc. (JCV) filed a Petition to Intervene and a Petition for Reconsideration of the Commission decision, stating it had an interest in the certificate case because changes to the proposed project would likely increase JUI customer rates and that the project scope and plans had changed. The Commission dismissed the formal complaint because substantially similar issues were raised in the certificate case and the Commission had fully evaluated those issues. JVC appealed the Commission decision to the Supreme Court.

Oral arguments before the Court are scheduled for January 2020.

*City of Kenova v. Public Service Commission of West Virginia and Rebecca Lynn Florczak*

Ms. Florczak filed a Formal Complaint against the City of Kenova alleging the City wrongfully denied her a leak adjustment on her sewer bill. The Commission ordered the City to allow the adjustment. The City appealed the Commission Decision to the Supreme Court. Oral arguments are scheduled before the Court for February 2020.

### **State Circuit Court**

*State of West Virginia ex. Rel. Public Service Commission of West Virginia v. Timberline Four Season Utilities, Inc.*

After a thorough investigation, the Commission filed a Petition with the Circuit Court of Tucker County in February 2019 to place Timberline Four Seasons Utilities, Inc. (TFSU) into receivership; (see details on corresponding PSC Case No. 18-0674-WS-GI on page 27 of this report). The Commission requested that the Circuit Court attach the assets and place TFSU under the sole control and responsibility of Canaan Valley Public Service District (CVPSD).

On March 13, 2019, the Circuit Court entered an order finding that sufficient facts were brought forth pursuant to W. Va. Code §24-2-7 to support appointing a receiver for TFSU because the utility was unable or unwilling to adequately serve its customers. The Circuit Court further found that CVPSD was uniquely qualified to carry out the responsibilities of the receivership of TFSU. The Circuit placed TFSU in receivership and appointed CVPSD as the receiver. CVPSD has since filed two reports of receivership pursuant to the Court's bench order. This case is pending in Circuit Court.



## Informal Complaint Cases

Each year the Commission hears from customers having issues paying or reconciling a utility bill or experiencing service problems or difficulties in a variety of other areas. These cases are called Informal Complaint cases and are routed to Consumer Affairs Technicians in the Commission's Utilities and Water and Wastewater Divisions. The Commission received nearly 8,400 Informal Complaints in 2019.

The Consumer Affairs Technicians assist customers in negotiating payment plans, resolving communication problems or acting as liaisons between utilities and customers to resolve differences. If the customers' problems are not resolved, customers have the option of filing a Formal Complaint with the Commission; however, Formal Complaint proceedings are much more time consuming and usually 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 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 complaints at the Informal level, further lessening the need to file Formal Complaints. Both of these goals were met in 2019.

Type of Utility	Number of Informal Complaints filed in 2019	Percentage of Informal Complaints that closed within 30 days	Number that became Formal Complaint Cases	Percentage of Informal Complaints that did <u>not</u> become Formal Complaint Cases
Electric	2,237	96.88%	56	97.47%
Gas	481	98.3%	12	97.45%
Water	2,267	98.5%	78	96.46%
Wastewater	906	99.7%	31	96.52%
Telephone	1,961	92.6%	33	98.25%
Cable	504	90.67%	2	99.58%
<b>Totals</b>	<b>8,392</b>	<b>96.34%</b>	<b>212</b>	<b>97.4%</b>

## **APPENDIX A**

### **Table of Abbreviations**

AEP	American Electric Power Company
ALJ	Administrative Law Judge
APCo	Appalachian Power Company
CAD	Consumer Advocate Division
CRTS	Coal Resource Transportation System
DEP	West Virginia Department of Environmental Protection
DOH	West Virginia Department of Highways
DSIC	Distribution System Improvement Charge
EIA	U.S. Energy Information Administration
ENEC	Expanded Net Energy Cost
EPA	U.S. Environmental Protection Agency
FCC	Federal Communications Commission
FE	FirstEnergy Corporation
FERC	Federal Energy Regulatory Commission
FMCSA	Federal Motor Carrier Safety Administration
GPS	Gas Pipeline Safety
HB	House Bill
ICAP	Installed Capacity
IOGA	Independent Oil and Gas Association
IREP	Infrastructure Replacement and Expansion Plans
JUI	Jefferson Utilities, Inc.
MACRUC	Mid-Atlantic Conference of Regulatory Commissioners

Mcf	One thousand cubic feet
Mon Power	Monongahela Power Company
MW	Megawatt
NARUC	National Association of Regulatory Utilities Commissioners
NOV	Notice of Violation
OPS	Office of Pipeline Safety
PE	Potomac Edison West Virginia
PGWV	Peoples Gas West Virginia
PHMSA	Pipeline and Hazardous Materials Safety Administration
PJM	Pennsylvania, Jersey, Maryland Power Pool
PSD	Public Service District
SB	Senate Bill
SWVA	Steel of West Virginia
TCJA	2017 Tax Cut and Jobs Act
UCAP	Unforced Capacity
US DOT	U.S. Department of Transportation
VMP	Vegetation Management Plan
WPCo	Wheeling Power Company
WVAWC	West Virginia American Water Company
WVCAG	West Virginia Citizens Action Group
WVEUG	West Virginia Energy Users Group
WVIJDC	West Virginia Infrastructure and Jobs Development Council
WVONGA	West Virginia Oil and Natural Gas Association
WVSUN	Solar United Neighborhoods of West Virginia

## **APPENDIX B**

### **PSC Organization and Functions**

The Public Service Commission of West Virginia consists of 13 divisions and the Consumer Advocate Division. The CAD is physically separate and financially independent of the Commission and acts as an independent party representing residential customers in Commission proceedings.

The Commission is supported in its work by a current staff of 224 employees, including many professionals, such as lawyers, engineers, economists and accountants.

#### **Commission**

The Commission regulates the rates, charges, acts and practices of those persons, firms and governmental subdivisions that provide public utility services, including electricity, natural gas, water, sewer, telephone landlines, 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. 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. Motor carriers regulated by the Commission include taxi service, specialized limousine service, solid waste transportation service and third-party towing.

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

#### **Administration 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 and non-appropriated special revenue funds. It also acts as the processing conduit for the collection and distribution of E-911 fees for the State of West Virginia.

The Human Resources Section oversees employee hiring and separations, administers employee benefit programs, State grievance procedures and 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 manages 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 and web design, training, support and other technical assistance. It also oversees the webcasts of the Commission hearings in Charleston.

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

The Training Section coordinates and provides education and skills training for Commission employees and maintains training records for the agency.

### **Administrative Law Judges Division**

The ALJ Division consists 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 or suspended by the Commission based on exceptions filed by one of the parties or Staff of the Commission or suspended on Commission statutory authority.

The ALJ Division reviews a variety of cases involving public utilities, motor carriers, cable television and coal hauling on CRTS roads. The ALJs hold hearings and provide Recommended Decisions in cases involving quality of 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 numerous utility transactions regulated by the Commission. The ALJs are bound by the rules regarding *ex parte* contact with parties in proceedings before the Commission.

### **Engineering Division**

The Engineering Division, which is considered part of Commission Staff in formal cases, 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 and other electrical complaints, investigate water taste and odor problems, investigate odor and other problems for sewer utilities, provide leak detection services, review utility construction estimates and undertake other technical tasks and studies as ordered by the Commission.

The Engineering Division provides recommendations to the Commission and the WVIJDC on the merits of proposed water and sewer projects, technical comments and assistance on proposed rules and regulations, information and assistance to governmental entities around the state and technical training for public service district board members and staff. The Engineering Division also assists in the preparation of the annual *Electric and Gas Supply-Demand Forecasts* for the West Virginia Legislature.

### **Executive Secretary Division**

The Executive Secretary Division is the public face of the Commission and maintains a complete record of all proceedings, acts, orders and judgments of the Commission and ensures that documents and pleadings in cases are available to the public in a timely fashion on the Commission website at [www.psc.state.wv.us](http://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 statutory records required for the Commission, including annual reports from regulated utilities; reviews utility reports for accuracy and compliance; processes all Commission Freedom of Information Act (FOIA) requests; receives and processes all formal complaints filed with the Commission, either online, by US Mail or in person; issues all tariffs for rate cases; and, when necessary, issues subpoenas at the direction of the Commission.

The Executive Secretary maintains and updates the Commission's Web Docket, provides copies of all orders, filings and case documents maintained by the Executive Secretary Division, all of which are available online without cost. This database separately lists each case on the formal docket and contains PDF files of every non-confidential document filed in each case. Documents filed in formal cases are docketed and scanned throughout the day and can be accessed within one hour of being received and linked to the Commission's website. The Executive Secretary Division processes all electronic case subscriptions through the Commission website, allowing individuals to track progress in cases and receive daily electronic notification of all activities in any docketed case. Public hearing schedules and logistical information pertaining to docketed cases are also available online.

### **Gas Pipeline Safety Division**

The GPS Division is responsible for the application, oversight and enforcement of pipeline

safety regulations under W.Va. Code §24B and is certified annually under 49 USC §60105 by the USDOT, PHMSA, OPS. The GPS Division oversees safety compliance with 49 CFR 191, 192, 195 and 199 for 97 regulated pipeline operators who operate approximately 14,000 miles of intrastate natural gas and hazardous liquid transmission and regulated gathering pipelines and natural gas distribution pipelines. The GPS Division is certified to inspect interstate transmission pipelines as an agent for and at the request of PHMSA.

GPS inspectors perform regularly scheduled (approximately every 18-24 months) inspections of all operators of intrastate natural gas and hazardous liquid transmission and regulated gathering pipelines, natural gas distribution pipelines and master meter systems to determine compliance with Federal and State regulations. The GPS Division has developed a multiyear master plan for the scheduling of routine inspections.

The GPS Division may conduct additional inspections based on complaints from the public, reports from other State agencies or as a follow up to previous inspections. Inspectors may lead or assist with accident investigations to determine the cause of the accident and to evaluate adherence to the required regulations. Unsatisfactory inspections may result in a variety of enforcement actions that are available to ensure compliance with pipeline safety regulations.

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

### **Office of the General Counsel**

The Commission 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, FERC and the 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 General Counsel and law clerks are bound by the rules regarding *ex parte* contact with parties in proceedings before 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 other Divisions and represents the Staff of the Commission in proceedings 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. The Legal Division works with the technical and financial analysts to review the positions of all parties to the proceedings to the Commission. The 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 in State and Federal courts and before other state and federal agencies including the WVIJDC, FERC and the FCC. The Legal Division assists in defending Commission Orders that are appealed to the West Virginia Supreme Court. In addition to working on formal cases, the Legal Division helps other Divisions within the Commission develop responses to utility customers and utility company inquiries.

## **Transportation Division**

The Transportation Division consists of seven operating sections. The Safety Enforcement Section performs safety inspections of motor vehicles operated by interstate and intrastate motor and private carriers, commercial motor vehicles and drivers. Officers enforce compliance with U.S. Department of Transportation safety criteria adopted by the Commission.

The Special Operations Section conducts safety audits on newly-established motor carriers involved in interstate commerce and compliance reviews on interstate and intrastate motor carriers with lower than average safety ratings in conjunction with investigators of the FMCSA located in West Virginia. This Section also monitors intrastate taxi carriers, but not Uber or Lyft, which are Transportation Network Companies monitored by the West Virginia Department of Motor Vehicles.

The Motor Carrier Section conducts registration of intrastate and interstate motor carriers, collects registration fees, filing fees, insurance fees and hazardous materials assessments.

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

The Coal Resource Transportation System (CRTS) Section is responsible for permitting vehicles on designated CRTS roads in 19 counties, for imposing reporting requirements for coal shippers and receivers, imposing administrative sanctions for violations and collecting the five-cents per ton fee for shipments of coal in excess of 88,000 pounds on CRTS roads.



The Railroad Safety Section is responsible for the administration and enforcement of Federal and State regulations governing transportation of persons and property by rail.

The Logistics Section is responsible for commercial vehicle enforcement on the West Virginia Turnpike, the scheduling of special patrols to high accident areas and the procurement and inventory of all supplies and equipment to support the Transportation Division, including all electronic equipment.

### **Utilities Division**

The Utilities Division consists of accountants, auditors, financial analysts and economists, and provides accounting, audit, financial, economic and other technical assistance and analysis in Commission cases and processes. It is considered part of Commission Staff in formal cases. The Division participates in rate and other filings made by electric, natural gas, landline telephone, water and wastewater utilities, solid waste carriers, taxis, limousine services, tow operators and commercial solid waste facilities.

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

### **Water and Wastewater Division**

The Water and Wastewater Division provides assistance in the areas of technical support, operations, engineering, design, financial analysis, accounting, ratemaking, Commission rules and policies and other regulatory matters to political subdivisions of the State that operate a water or sewer utility. The Division also provides assistance to private utilities with Commission rules and policies.

The Division provides mandatory and optional training seminars on topics including safety, regulatory and legal requirements, project financing, personnel issues, terminations, customer service and basic accounting. The Division also makes field visits and, in collaboration with the DEP and the Bureau for Risk and Insurance Management, publishes *The Pipeline*, a quarterly newsletter, available on the Commission's website: [www.psc.state.wv.us](http://www.psc.state.wv.us).

The Division is charged with reviewing, from a financial perspective, the preliminary applications to WVIJDC. It also reviews annual reports filed by water and wastewater utilities for quality and accuracy.

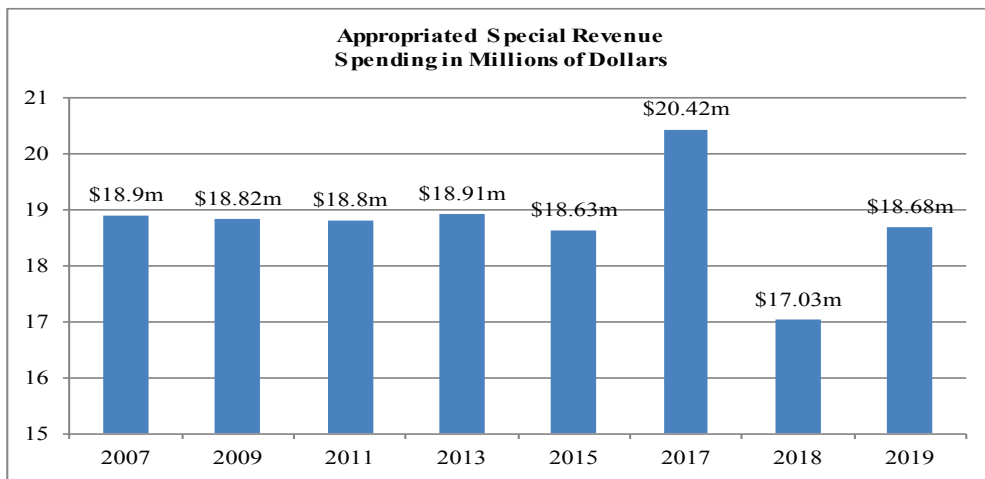
## APPENDIX C

### Budget & Human Resources

The Commission is committed to being a prudent steward of its stakeholder dollars and actively pursues and implements savings initiatives. Since 2007, the Commission has documented dozens of savings initiatives and projects that have resulted in annualized savings in excess of \$1 million.

After a large spending reduction from 2006 to 2007, the Commission maintained its appropriated special revenue funds expenditures flat for the next seven years. Spending increased from 2015-2017 because of the necessary building façade replacement project. The Commission's 2019 spending for all of its appropriated special revenue funds was approximately \$2 million less than in 2018.

**Public Service Commission of West Virginia**



Administration Division Staff utilizes the wvOASIS and KRONOS systems for budgeting, financial transactions and recordkeeping, personnel transactions, timekeeping and payroll processing.

This was a big year for the Commission's Procurement Officer. She successfully completed the WV Procurement Advanced Certification program and final examination; making her one of only 12 State employees to hold this advanced procurement designation (seven of the 12 currently work for the State Purchasing Division). She was named Agency Procurement Officer of the Year by the State Purchasing Division and was profiled in their newsletter Buyers Network.

By supporting staff's professional development, the Administration Division develops employees who are skilled at continuously reviewing processes and contracts and monitoring tasks that impact procurement activities. In return, these skilled professionals identify savings opportunities for the Commission.

## APPENDIX D

### Comparison of Change in West Virginia Residential Utility Rates

The following charts present a summary of the change in the rates paid by residential utility customers for electricity, natural gas and water in West Virginia over the past 10 years. The rate of change in the utility residential rates is compared to the rate of inflation as measured by the Consumer Price Index (CPI) for the same period of time.

The first chart shows the change in residential bills reflecting representational usage levels for residential customers. The average bills shown represent the bills for a residential customer of the various utilities at the tariff rates in effect on January 1 of each of the years 2009 through 2019, and reflect usage at 1,000 kWh of electricity usage per month, 13 Mcf of natural gas consumption per month and 4,500 gallons of water usage per month.

The second chart depicts the average rates of the selected utilities by industry sector serving the vast majority of the utility customers in West Virginia for the period. The calculated rates of change on a compounded annual basis are presented by measure of utility service, *i.e.*: per kWh for electricity, per Mcf for natural gas service and per 1,000 gallons of water for the water utility sector. For the electricity rate, this is the unweighted average residential rates for APCo, WPCo, Mon Power and PE, which combined serve over 95% of the state's population. The natural gas rates are the average unweighted residential rates for Mountaineer Gas and Hope Gas, which together serve approximately 90% of the natural gas customers in West Virginia. The water rates are the unweighted residential rates for customers in nine of the largest cities in West Virginia. The detail for the individual utilities is provided on the second chart.

On average, the rates for electricity and water have increased at a slower rate than the rate of inflation for the past 10 years at 3.6%, 3.7% and 4.1%, respectively. The average change in the rate per Mcf for natural gas decreased over the past 10 years for residential customers in West Virginia, largely reflecting a dramatic decrease in the commodity cost of natural gas.

Comparison of Growth in WV Residential Utility Rates to Changes in the CPI				
	Average Rate (A)		Total Increase	Compound Annual Growth Rate
	1/1/2009	1/1/2019		
Electricity per kWh	\$ 0.0778	\$ 0.1104	41.9%	3.6%
Gas per Mcf	\$ 14.94	\$ 8.81	-41.0%	-5.1%
Water per 1,000 Gal.	\$ 6.70	\$ 9.61	43.3%	3.7%
Composite CPI (B)	\$ 168.80	\$ 251.71	49.1%	4.1%
Note:				
(A) The rate data is an unweighted average of the monthly bills of the selected utilities and usage levels reflected on Electric, Gas, and Water Rate Comparisons."				
(B) U.S. Department of Labor, Consumer Price Index for All Urban Customers, CPI-U, 1982-84 = 100				

## Comparison of Growth in West Virginia Residential Utility Rate to Changes in the Consumer Price Index (CPI)

	1/1/09	1/1/10	1/1/11	1/1/12	1/1/13	1/1/11	1/1/12	1/1/14	1/1/15	1/1/16	1/1/17	1/1/18	1/1/19	Compound Annual Change % 2009-2019
<b>1000 kWh - Residential Schedule</b>														
APCo	\$72.13	\$80.39	\$86.31	\$96.39	\$96.75	\$55.82	\$62.25	\$93.99	\$93.99	\$109.82	\$120.93	\$120.93	\$115.04	4.78%
WPCo	\$72.13	\$80.39	\$86.31	\$96.39	\$96.75	\$55.82	\$62.25	\$93.99	\$93.99	\$109.82	\$120.93	\$120.93	\$115.04	4.78%
Mon Power	\$83.55	\$91.38	\$95.88	\$99.35	\$94.31	\$59.53	\$61.38	\$93.71	\$92.62	\$109.54	\$112.02	\$110.53	\$105.83	2.39%
PE	\$83.55	\$91.38	\$95.88	\$99.35	\$94.31	\$59.53	\$61.38	\$93.71	\$92.62	\$109.54	\$112.02	\$110.53	\$105.83	2.39%

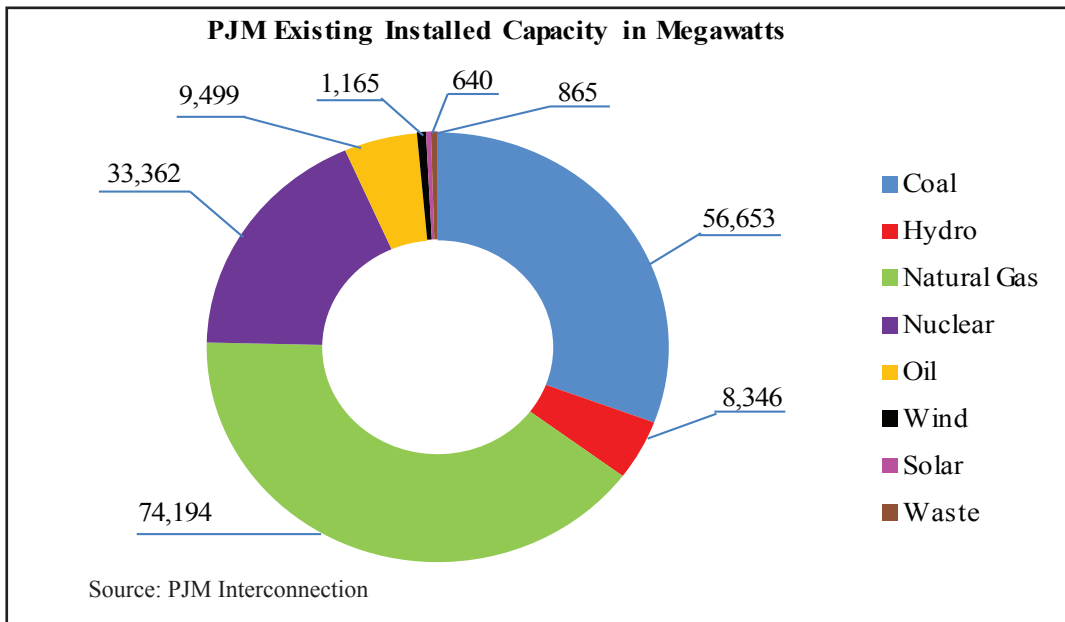
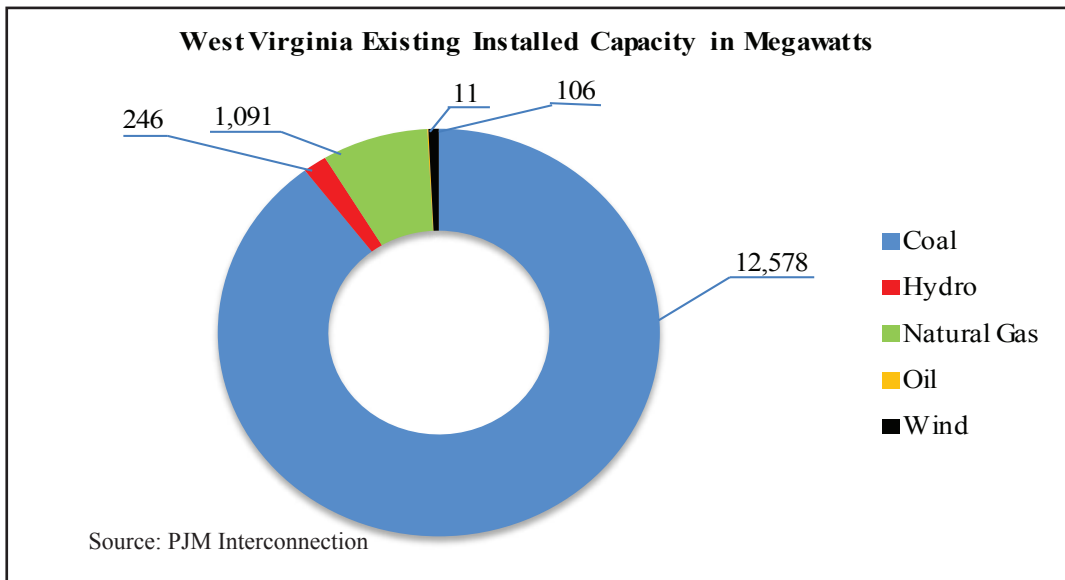
<b>13 Mcf Gas - Residential Schedule</b>														
Mountaineer Gas	\$201.46	\$149.98	\$134.92	\$126.72	\$113.13	\$300.89	\$281.96	\$118.29	\$131.22	\$117.29	\$111.76	\$120.73	\$119.00	-5.13%
Hope/Dominion	\$187.07	\$120.65	\$117.12	\$138.78	\$125.50	\$258.53	\$308.51	\$121.17	\$114.86	\$87.82	\$91.50	\$114.64	\$110.05	-5.17%

<b>4.5 Thousand Gallons Water - Residential Schedule</b>														
Beckley	\$26.54	\$30.17	\$30.17	\$30.17	\$33.35	\$30.17	\$33.35	\$33.35	\$33.35	\$36.85	\$36.85	\$36.85	\$39.62	4.09%
Charleston	\$46.28	\$48.36	\$48.36	\$50.50	\$50.50	\$48.36	\$50.50	\$54.07	\$54.07	\$54.07	\$62.96	\$64.24	\$64.24	3.33%
Clarksburg	\$26.55	\$26.55	\$31.32	\$32.67	\$33.71	\$31.32	\$32.67	\$34.79	\$34.79	\$34.79	\$34.79	\$34.79	\$34.79	2.74%
Huntington	\$46.28	\$48.36	\$48.36	\$50.50	\$50.50	\$48.36	\$50.50	\$54.07	\$54.07	\$54.07	\$62.96	\$64.24	\$64.24	3.33%
Martinsburg	\$28.33	\$28.33	\$28.33	\$28.33	\$28.33	\$28.33	\$28.33	\$34.00	\$34.00	\$34.00	\$34.00	\$34.00	\$34.00	1.84%
Montgomery	\$46.28	\$48.36	\$48.36	\$50.50	\$50.50	\$48.36	\$50.50	\$54.07	\$54.07	\$54.07	\$62.96	\$64.24	\$64.24	3.33%
Morgantown	\$8.98	\$8.98	\$8.98	\$17.42	\$17.42	\$8.98	\$17.42	\$17.42	\$17.42	\$17.42	\$23.18	\$23.18	\$23.18	9.94%
Parkersburg	\$23.80	\$23.80	\$29.93	\$33.18	\$34.98	\$29.93	\$33.18	\$34.98	\$34.98	\$34.98	\$34.98	\$34.98	\$34.98	3.93%
Wheeling	\$18.51	\$18.51	\$19.44	\$19.44	\$19.44	\$19.44	\$19.44	\$29.98	\$29.98	\$29.98	\$29.98	\$29.98	\$29.98	4.94%

## APPENDIX E

### Electric Generating Capacity in West Virginia and PJM by Fuel Source

The following charts illustrate the existing installed electric generating capacity by fuel source in West Virginia and within PJM as of January 1, 2019. PJM is a regional transmission organization that coordinates the movement of wholesale electricity in all or parts of 13 states and the District of Columbia, including all of West Virginia. Coal fired generation represents about 89.6% of the installed capacity in the West Virginia territory, while natural gas represents approximately 7.8%. Overall in PJM, coal represents about 30.7% of installed capacity with natural gas representing approximately 40.2%.



## APPENDIX F

### Electric Utilities Supply – Demand Forecast 2020 - 2029

#### Executive Summary

The major generation-owning electric utility systems in West Virginia have modified their capacity resources and capacity planning in the last 10 years. During that same time period, older coal-fired generating facilities have been retired and cancellation of long-standing capacity agreements with affiliates have occurred, contributing to the need for alternative capacity resources. APCo and WPCo will have marginally adequate capacity for summer requirements. Mon Power and PE also have diminishing reserve margins, becoming negative during the forecast period. The general conclusions reached in preparing this report are:

- APCo/WPCo projected electrical demand will continue to decrease slightly, mainly due to a shrinking residential customer base. Lower industrial load is also expected due to reduced coal production in southern West Virginia.
- For Mon Power/PE we expect a modest growth rate in electrical demand, influenced by increased load related to natural gas activity in its operating territory.
- As in our 2018 report, we believe that instead of using Installed Capacity (ICAP) to represent utility available capacity, it is appropriate to use the reduced capacity value, referred to as Unforced Capacity (UCAP), assigned annually to each generation unit by PJM.
- Because PJM also calculates a peak load that includes both diversity and reserves for each utility, it is appropriate to use the increased PJM assigned peak load, referred to as UCAP load, in the *Electric Utilities Supply-Demand Forecast Report*.
- Until recently, the Commission measured reserve margins as a percentage of total installed generation capacity in excess of unadjusted internal peak load requirements. Using that calculation, when reserve margins dropped below 16% we anticipated a need to acquire new capacity to meet new load and for reliability. In this and other recent reports, an Excess Reserve Margin is calculated as a percentage of generation plant UCAP in excess of UCAP load. Using this approach, there are reserves already built into UCAP and UCAP load. Therefore, lower reserve margins than those historically presented in the annual *Electric Utilities Supply-Demand Forecast Report* are expected. For reliability, UCAP capacity over UCAP load well below our historical reserve margin targets of 16% is no longer indicative of a need to plan new capacity resources. PJM has implemented new Capacity Performance Rules that require enhanced levels of availability of capacity resources and that increase penalties for nonperformance during certain peak load conditions. These rules affect both APCo and Mon Power. A major result of these rules is to reduce the UCAP of solar, hydro, pumped storage and wind resources.

- Both APCo and Mon Power face declining reserve margins above their PJM UCAP. As these margins approach zero capacity, additions or reductions in demand will be required.

## **General Discussion**

Under the provisions of W. Va. Code § 24-1-1(d)(3), the Commission is required to report to the Legislature annually on the 10-year supply and demand balance for the electric utilities in West Virginia. Commission Staff conducts an annual examination of long-term demand forecasts and resource plans of the major electric utilities in West Virginia. Staff evaluates the plans and underlying assumptions and reasonableness of the forecasts when preparing the annual *Electric Utilities Supply-Demand Forecast*. In addition, we compare actual experience to prior projections and trends in demand to prepare our own independent forecast, which may deviate from the utility projections. These staff-adjusted forecasts are reflected in this report.

The four largest regulated electric utilities in West Virginia are APCo, WPCo, Mon Power and PE. APCo and WPCo are affiliate companies of American Electric Power (AEP). Mon Power and PE are affiliate companies of First Energy (FE). These four electric utilities account for approximately 96% of West Virginia residential sales and 98% of West Virginia commercial and industrial sales. APCo, WPCo and Mon Power are regulated electric distribution utilities, which also own generation facilities. For purposes of this report, APCo and WPCo data are combined, providing the supply and demand forecast as a single entity based on their combined supply resources and projected demand. Mon Power and the PE West Virginia operations data are similarly combined. Reference to APCo includes the total company supply resources and load of APCo, including Virginia data plus the total company supply resources and load of WPCo, which operates only in West Virginia. Reference to Mon Power includes supply resources and load of Mon Power, which operates only in West Virginia, plus the load of the PE West Virginia operations.

Five independent non-generation electric utilities in West Virginia currently operate distribution systems providing power to local residential, commercial and industrial customers at retail rates. Those utilities are:

- Harrison Rural Electrification Association, Inc.
- Black Diamond Power Company
- Craig-Botetourt Electric Cooperative
- City of New Martinsville
- City of Philippi

These companies purchase power requirements from various generators operating in the regional area served by PJM. They have historically relied on medium to long-term contracts with wholesale providers, but can also purchase available energy and capacity in the PJM

markets when planning their power supply requirements. The PJM organization manages the bulk-power transmission system and a competitive capacity and energy market. This market has become the major source of power supply for many customers and load-serving entities in the PJM Region.

The *Electric Utilities Supply-Demand Forecast* is based on a review of supply resources and load forecasts provided by AEP and FE as well as Staff review of actual data compared to prior forecasts and trends in load.

AEP and FE companies prepare an Integrated Resource Plan (IRP). An IRP considers supply options to economically meet 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. An IRP also considers possible future demand impacts of energy-saving technologies and equipment installed by customers that will also control or reduce demand. Staff reviews this information and its own independent projections to compare capacity to the projected loads.

### **EPA Affordable Clean Energy Rule**

On August 21, 2018, the EPA issued a new proposed rule, which it referred to as the Affordable Clean Energy Rule (ACE). Unlike the previous EPA Clean Power Plan, which set carbon dioxide limits on a statewide basis and required both inside- and outside-the-plant carbon-reducing technologies, the ACE Rule:

- Defines the “best system of emission reduction” for existing power plants as onsite, heat-rate efficiency improvements;
- Provides states with a list of “candidate technologies” that can be used to establish standards of performance and be incorporated into State plans;
- Updates the New Source Review permitting program to further encourage efficiency improvements at existing power plants;
- Aligns regulations under CAA §111(d) to give states adequate time and flexibility to develop their State plans; and
- Gives states flexibility to consider unit-specific factors, including a particular unit’s remaining useful life, when it comes to standards of performance.

West Virginia is currently considering a State plan to implement the ACE Rules. It is premature to estimate or model how the ACE Rules will affect the future supplies of electricity in West Virginia. No assumptions regarding the impact of the ACE Rules on West Virginia’s electricity supply or demand are made in this report.



## **Summer versus Winter Peaks**

PJM incurs its peak capacity requirements in the summer and plans its capacity resources accordingly. APCo and Mon Power are required to acquire enough capacity to meet their load obligation based on the PJM summer peak, even though their individual internal peak demands occur during the winter. Because of the requirement to have enough capacity to meet their summer peak loads and because of the availability of energy from the PJM market to meet their expected higher winter loads, the Commission now evaluates the APCo and Mon Power supply and demand during the summer months. For the forecast period of summer 2019 through 2029:

- We expect APCo/WPCo electrical demand to decrease slightly, but at a lower rate of decrease than reflected in our 2018 report.
- We expect Mon Power demands to increase.
- Based on existing capacity resources, both APCo and Mon Power face declining excess reserve margins above their net UCAP capacity supply values and UCAP load obligations.
- Since APCo has elected an exclusive self-supply option under PJM rules, it should meet UCAP load obligations and maintain a small and declining excess reserve margin with company-owned capacity and purchased power contracts.
- Mon Power faces reserve margins declining below zero, which means it must acquire additional capacity or control load to meet its PJM UCAP load obligation.
- Unlike APCo, which has elected an exclusive self-supply option, Mon Power has
- elected to have the PJM market available for meeting shortfalls in UCAP to meet UCAP load obligations. Thus, the Mon Power negative excess reserve margins reflected in this report can be covered by either self-supply or market purchases.

## **Appalachian Power Company and Wheeling Power Company**

APCo is the largest, in terms of population served, number of customers and area of service territory, of the operating companies that comprise the AEP East System. The APCo service territory covers southern West Virginia and adjacent portions of Virginia. WPCo owns generation facilities as well as transmission and distribution facilities providing service in Marshall and Ohio Counties in the Northern Panhandle of West Virginia. 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. The Commission sets the same tariff rates, by class of customer, for both companies.

APCo's current internal electricity supply sources include coal-fired steam power plants, natural gas-fired power plants employing either solely combustion turbine technology or combined combustion turbine and steam technology (combined cycle), hydroelectric facilities and purchased power contracts. APCo also has existing purchased power contracts from

renewable resources, and potential future additions include additional capacity and energy supplies from renewable energy sources.

APCo has historically reached its annual peak demands during the winter months. Historically, the Commission has projected the APCo supply and demand balances at the time of the annual winter peaks. Because PJM peaks in the summer, for PJM planning purposes the adequacy of APCo self-supply capacity to meet UCAP load obligations is measured during the summer months and the supply and demand data used in this report reflect summer peaks. Thus, it is possible that APCo's projected excess reserve margins in any year will be less, and possibly even negative, when APCo reaches its winter internal peaks. Because of the availability of capacity and energy from the PJM market after meeting its summer self-supply obligations, any additional capacity and energy required during APCo's winter peak periods should be available from the PJM market.

A summary of the combined projected capacity supply and demand (at PJM UCAP level) for APCo and WPCo is represented in the following table.

<b>Appalachian Power Company / Wheeling Power Company</b>								
<b>Projected Supply and Demand – 2020 through 2029</b>								
<b>Based on summer internal load and PJM UCAP load obligations and capacity (1)</b>								
	<b>Internal UCAP Load Obligation (2)</b>			<b>UCAP Capacity (3)</b>			<b>Excess Reserve Margin and margins already built into UCAP</b>	
	<b>APCo</b>	<b>WPCo</b>	<b>APCo/ WPCo</b>	<b>APCo</b>	<b>WPCo</b>	<b>APCo/ WPCo</b>	<b>APCo/WPCo</b>	
<b>Year</b>	<b>MW</b>	<b>MW</b>	<b>MW</b>	<b>MW</b>	<b>MW</b>	<b>MW</b>	<b>MW</b>	<b>Percent</b>
2020	6,100	635	6,735	6,400	670	7,070	335	4.7%
2021	6,075	633	6,708	6,400	670	7,070	362	5.1%
2022	6,050	630	6,680	6,400	670	7,070	390	5.5%
2023	6,020	630	6,650	6,400	670	7,070	420	5.9%
2024	5,990	627	6,617	6,400	670	7,070	453	6.4%
2025	5,960	624	6,583	6,400	670	7,070	487	6.9%
2026	5,930	624	6,554	6,000	670	6,670	116	1.7%
2027	5,900	624	6,524	5,900	670	6,570	46	0.7%
2028	5,870	625	6,495	5,800	670	6,470	-25	-0.4%
2029	5,840	622	6,462	5,700	670	6,370	-92	-1.4%

Notes:

(1) Includes APCo total company (WV and VA) UCAP capacity resources and UCAP load obligations

(2) Includes PJM adjustments to measured load to reflect diversity and reserve requirements

(3) Includes APCo-owned generation and long-term power contracts and WPCo-owned generation

### **Monongahela Power and Potomac Edison Power Company West Virginia**

Mon Power and PE are regulated subsidiaries of 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 the combined FE service territory in West Virginia.

Mon Power's current internal electricity supply sources include coal-fired steam plants and purchased power contracts. The purchased power contracts include coal- and gas-fired generation and both run-of-river and pump storage hydro generation. Potential future changes in the Mon Power supply sources include acquisition of additional generating capacity and additional purchases from the PJM market.

Like APCo, Mon Power has historically reached its annual peak demands during the winter months. Because PJM peaks in the summer, for PJM planning purposes the adequacy of Mon Power capacity is measured during the summer months. Although on a stand-alone basis it would be normal to project the Mon Power supply and demand balances at the time of the annual winter peaks, for purposes of this report the Commission is using the summer demand levels that are used for PJM planning purposes. It is likely that projected excess reserve margins will be less or projected negative. Excess reserve margins will be greater in the winter when Mon Power reaches its internal peaks. Because it has not elected an exclusive self-supply option, if Mon Power requires more capacity at any time, that capacity should be available from the PJM market.

A summary of the Mon Power/PE projected capacity supply and demand for the forecast period is reflected in the following chart. The Mon Power data reflects a sharp decline in the calculated excess reserve margin, reaching a deficit capacity early in the forecast period.

Unlike APCo, Mon Power can use purchases from the PJM market to meet incremental increases in its capacity efficiency. For resource planning, Mon Power will have to consider either continuing to rely on the PJM market to meet its total UCAP load obligations or adding new company-owned or contracted capacity. The following table reflects current existing capacity resources.

<b>Monongahela Power Company and Potomac Edison West Virginia Operations Projected Supply and Demand – 2020 through 2029 Based on summer internal load and PJM UCAP load obligations and capacity (1)</b>								
	<b>Internal UCAP Load Obligation (2)</b>			<b>UCAP Capacity (3)</b>			<b>Excess Reserve Margin and margins already built into UCAP</b>	
	<b>Mon Power</b>	<b>PE</b>	<b>Mon Power/ PE</b>	<b>Mon Power</b>	<b>PE</b>	<b>Mon Power/ PE</b>	<b>Mon Power/PE</b>	
<b>Year</b>	<b>MW</b>	<b>MW</b>	<b>MW</b>	<b>MW</b>	<b>MW</b>	<b>MW</b>	<b>MW</b>	<b>Percent</b>
2020	2,400	780	3,180	3,250	0	3,250	70	2.2%
2021	2,450	785	3,235	3,200	0	3,200	-35	-1.1%
2022	2,500	790	3,290	3,145	0	3,145	-145	-4.6%
2023	2,550	794	3,344	3,145	0	3,145	-199	-6.3%
2024	2,615	797	3,412	3,145	0	3,145	-267	-8.5%
2025	2,635	799	3,434	3,145	0	3,145	-289	-9.2%
2026	2,650	800	3,450	3,145	0	3,145	-305	-9.7%
2027	2,678	801	3,479	3,145	0	3,145	-334	-10.6%
2028	2,680	803	3,483	3,145	0	3,145	-338	-10.7%
2029	2,685	805	3,490	3,145	0	3,145	-345	-11.0%

Notes:

(1) Includes Mon Power UCAP capacity resources and combined Mon Power/PE WV UCAP load obligations

(2) Includes Mon Power owned generation and long-term power contracts

### **PJM Interconnection LLC**

PJM is a regional transmission organization 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 PJM grid is made up of the major transmission facilities owned by a large number of integrated electric 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 load levels, geographic locations and the ability of the transmission lines to move energy within the grid, PJM evaluates potential grid transmission bottlenecks and reliability issues. The end result of the evaluation and planning process is the identification of transmission upgrades and construction necessary to ensure reliably delivered power now and over the long-term planning horizon. PJM notifies the transmission owners of the need for system upgrades. For local, lower voltage upgrades, transmission owners are then responsible for implementing the necessary upgrades. Under FERC rules,

larger upgrades needed for reliability purposes and subject to PJM-wide cost allocation may be subject to competitive bidding.

PJM 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 prices for delivery into the market on the next day. Those energy bids are matched to the energy requirements of load-serving entities on the next day (day-ahead market). PJM matches generation and load requirements on a regional basis and determines the hourly prices at which power will enter (clear) the market. The market price for power can vary based on location and time of day. In addition, PJM manages a real-time power market to price power necessary to serve hourly supply and demand fluctuations from the day-ahead market commitments.

PJM also operates a capacity market. The capacity market is based on the PJM long-term Reliability Pricing Model (RPM). Along with capacity buyers and sellers, the RPM takes into consideration the continued use of self-supply and bilateral contracts by load-serving entities electing to generate or contract for their own capacity requirements. Annual capacity auctions obtain the remaining capacity that is needed after Fixed Resource or Self Supply market participants have committed the resources they will supply themselves or obtain through contracts. PJM receives bids for annual capacity from suppliers three years in the future. Through this bidding process, the price that will be paid for that future capacity is established based on the price of the last unit of capacity that clears the market. All successful bidders receive the marginal market clearing price, and all load pays that price.

FERC recently determined that the PJM Capacity Market bidding rules were unjust and unreasonable (June 29, 2018 FERC Order in Docket Nos. EL16-49-000, ER18-1314-000, ER18-1314-001 and EL18-178-000, Consolidated). To address its perceived deficiencies in the PJM Capacity Market, FERC initiated a hearing process seeking input on its preliminary findings that PJM should expand the Minimum Offer Price Rule to cover all capacity resources, existing and planned, receiving out-of-market support (subsidies); and implement a new, resource-specific construct that allows subsidized resources to remain on the system but outside the capacity market. Proposals and comments have been submitted to FERC, but it has not yet issued a decision on the future rules for the PJM capacity market. Due to the FERC delay in approving new “just and reasonable” capacity market rules, the 2019 capacity auction that would have locked-in capacity volumes and prices for 2023/24 did not take place.

## **Conclusion**

Based on the information provided to and reviewed by the Commission Staff, it is the conclusion of the Commission that West Virginia will have an adequate supply of electricity available to meet demand for the next 10 years (2020-2029). Any shortfall in supply that is not filled by purchased capacity or utility-owned generation will be met through purchases from the PJM capacity market.

## APPENDIX G

### **Natural Gas Utilities Supply – Demand Forecast 2020-2029**

This report presents information about the current natural gas supply and demand conditions in West Virginia and the future natural gas supply and demand over the next 10 years.

The *Natural Gas Utilities Supply-Demand Forecast 2020-2029* is similar to previous reports to the Legislature, primarily because: (i) the actual flowing supplies match all demand in the state at all times (except for minimal unplanned outages); (ii) the capacity of unrestrained production far exceeds the current and future projected demand; (iii) shale gas development is still occurring and; (iv) there have been no significant identified additions to current or projected demands on utility systems in the state or power production fuel switching involving natural gas public utilities. Therefore, the only changes made are to update the forecast date range, comment on the likely effects of SB 390 and update market price forecasts.

Prior to 1979, 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 because some believed wholesale gas prices were artificially low and unprofitable. The Legislature, concerned about these factors and interested in learning more about the natural gas production industry in West Virginia and what role the Legislature might play in it, directed the Commission as part of an annual *Management Summary Report*, to 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 10 years.

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 establishing 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, as a major gas producing state, exports far more native production gas than it consumes. The state also has multiple access points to interstate gas from other production areas and major gas storage areas. This report focuses on the physical availability of supplies of natural gas and the outlook for the next 10 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. Included again in this year's report are some concerns regarding peripheral issues related to general supply and demand and some more localized concerns relating to certain trends.

Natural gas public utilities buy gas based primarily on a national market price basis and

recover those costs through rates that contain additional storage and transportation costs and adjustments due to past period over- or under-recoveries of gas costs.

### **History of Natural Gas Pricing**

Prior to the passage of the NGPA 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, to continue to maintain wells that had already been put into production, therefore increasing 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.

Congress passed the Industrial Fuel Use Act of 1978, which 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 natural gas-fired boilers to fuel oil and reduced natural gas use in industrial boilers.

Congress then passed the Natural Gas Utilization Act of 1987, which 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.

Since 2007, huge new supplies of gas have become available and recoverable due to advances in deep well and horizontal drilling technology and economic feasibility, along with the accompanying hydraulic fracturing process. Estimates by industry, government and academia show there is more than ample supply for the long term, with most saying there is a recoverable supply in North America to cover needs for 100 years or more. The abundance has driven the price of natural gas to near record low levels as compared to prices in the 1980s and 1990s. There continues to be a growing increase in the use of gas for electric generation and other industrial applications and the exporting of liquefied natural gas to other countries has begun.

### **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 14 years. Gas has long been known to exist in the formation, but until improvements in deep well and horizontal drilling capabilities were made, the resource was not attractive to producers and consumers. Since 2006, the supply has grown to such an extent that wellhead

prices have dropped to a level where new drilling is slowing.

Recently, new drilling 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 other non-traditional formations. As producers develop oil-bearing formations, gas that coexists with the oil must also be produced.

Because demand has significantly lagged behind the increases in 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, including in West Virginia, Ohio and Pennsylvania.

There remain expectations of continued low prices in the short term, including decreased prices in 2020. In its *Short-Term Energy Outlook*, released in November 2019, the EIA reported that Henry Hub natural gas spot price averaged \$2.33 per million British thermal units (MMBtu) in October, which was down 23-cents/MMBtu from September. EIA forecast Henry Hub prices to average \$2.73/MMBtu for the final two months of 2019, but then dropping in 2020. EIA forecasts Henry Hub spot prices to average \$2.48/MMBtu in 2020 as compared to the 2019 average of \$2.61/MMBtu and the 2018 average of \$3.01/MMBtu. The projected lower prices were attributed to a decline in U.S. natural gas demand and slowing U.S. natural gas export growth.

### **Natural Gas Utility Positions**

We expect little change in natural gas utility load over what was reported last year. The passage of SB 390, designed to encourage the expansion of the gas industry and the availability of natural gas to unserved or underserved areas of the state, will almost certainly lead to expansion of gas utility infrastructure. At this point, however, it is difficult to estimate what additional load volumes these activities might produce. It is noted that certain areas of the state may experience declines in gas demand due to shrinking populations and certain industrial declines.

### **Conclusion**

West Virginia and the United States have more than enough natural gas available to meet demand for the next 10 years (2020-2029) and well beyond. This gas will likely be available in the near term at continuing commodity price levels near or even below \$3.00/MMBtu plus transport and storage fees. The state’s natural gas utilities will have ample supplies for their systems and relatively flat demand for the coming decade.



## **APPENDIX H**

### **Utility Discount Program**

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:

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

During the 2018-2019 program year, 39,139 electric customers received more than \$5.37 million in discounts, 13,715 natural gas customers received more than \$1.12 million in discounts and 5,974 eligible WVAWC customers received \$610,925 in discounts.

Following is a report on the 20% discount program for the billing months of November 2018 through April 2019 for the gas and electric utilities and for the billing months of June 2018 through May 2019 for WVAWC. A summary by type of utility, including the percentage changes from last year and individual utility information is detailed on the following pages.

## 20% Discount Program for Electric Utilities

	<u>APCo</u>	<u>Black Diamond Power</u>	<u>Mon Power</u>	<u>PE</u>	<u>WPCo</u>
<b>Applications Received</b>	20,038	248	14,217	3,533	1,165
<b>Applications Approved</b>	18,178	248	13,153	3,267	1,112
<b>Percent Approved</b>	90.72%	100.00%	92.52%	92.47%	95.45%
<b>Residential Customers</b>	423,905	5,323	391,875	142,818	41,599
<b>Customers Given Discount</b>	18,178	248	13,153	3,267	1,112
<b>Percent Given Discount</b>	4.29%	4.66%	3.36%	2.29%	2.67%
<b>SSI Customers</b>	10,341	169	6,837	1,221	504
<b>WV Works Customers</b>	1,242	16	631	234	67
<b>SNAP (Age 60 Plus) Customers</b>	6,595	63	5,685	1,812	541
<b>Bills at Non-Discounted Rates</b>	\$13,321,948.10	\$169,595.00	\$6,953,748.46	\$2,477,193.45	\$575,330.30
<b>Bills at Discounted Rates</b>	\$10,657,558.48	\$135,676.00	\$5,563,000.93	\$1,981,754.61	\$460,264.24
<b>Revenue Decrease</b>	\$2,664,389.62	\$33,919.00	\$1,390,747.53	\$495,438.84	\$115,066.06
<b>Adjustment for B&amp;O Tax Reduction</b>	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
<b>Revenue Deficiency Certified</b>	\$2,664,389.62	\$33,919.00	\$1,390,747.53	\$495,438.84	\$115,066.06

Data for November 2018 - April 2019

## 20% Discount Program for Natural Gas Utilities

	Cardinal Natural Gas (Blacksville)	Cardinal Natural Gas (Bluefield)	Cardinal Natural Gas (Lumberport)	Consumers Gas Utility	Hope/Dominion	Megan Oil & Gas
	Did not report		Did not report			
Applications Received		104		444	4,986	27
Applications Approved		104		442	4,878	27
Percent Approved		100.00%		99.55%	97.83%	100.00%
Residential Customers		3,302		8,379	111,550	197
Customers Given Discount		104		442	4,878	27
Percent Given Discount		3.15%		5.28%	4.37%	13.71%
SSI Customers		46		236	2,599	14
WV Works Customers		6		24	312	0
SNAP (Age 60 Plus) Customers		52		182	2,075	13
Bills at Non-Discounted Rates		\$71,246.96		\$166,713.48	\$1,716,909.20	\$16,814.88
Bills at Discounted Rates		\$56,997.58		\$132,179.61	\$1,373,527.36	\$13,451.76
Revenue Decrease		\$14,249.38		\$34,533.87	\$343,381.84	\$3,363.12
Adjustment for B&O Tax Reduction		\$611.30		\$1,481.50	\$14,731.08	\$144.28
Revenue Deficiency Certified		\$13,638.08		\$33,052.37	\$328,650.76	\$3,218.84

Data for November 2018 - April 2019

## 20% Discount Program for Natural Gas Utilities

	<u>Mountaineer Gas</u>	<u>PG&amp;W</u>	<u>Southern Public Service</u>	<u>Standard Gas</u>	<u>Union Oil &amp; Gas</u>
Applications Received	7,478	337	246	9	84
Applications Approved	7,478	330	246	9	82
Percent Approved	100.00%	97.92%	100.00%	100.00%	97.62%
Residential Customers	215,647	12,774	6,283	415	6,335
Customers Given Discount	7,478	330	246	9	82
Percent Given Discount	3.47%	2.58%	3.92%	2.17%	1.29%
SSI Customers	3,677	161	134	6	41
WV Works Customers	536	17	14	0	34
SNAP (Age 60 Plus) Customers	3,265	152	98	3	7
Bills at Non-Discounted Rates	\$3,581,015.95	\$168,504.54	\$92,805.45	\$3,750.70	\$31,610.50
Bills at Discounted Rates	\$2,864,812.76	\$134,803.63	\$74,244.36	\$3,000.77	\$25,183.76
Revenue Decrease	\$716,203.19	\$33,700.91	\$18,561.09	\$749.93	\$6,426.74
Adjustment for B&O Tax Reduction	\$30,725.12	\$1,445.77	\$796.27	\$32.17	\$275.71
Revenue Deficiency Certified	\$685,478.07	\$32,255.14	\$17,764.82	\$717.76	\$6,151.03

Data for November 2018 - April 2019

## 20% Discount Program Summary Data

	Electric Utilities			Natural Gas Utilities			WVAWC		
	2018-2019	2017-2018	Change	2018-2019	2017-2018	Change	2018-2019	2017-2018	Change
Applications Received	39,201	39,139	0.16%	13,715	13,149	4.13%	1,255	1,147	8.61%
Applications Approved	35,958	36,274	-0.88%	13,596	13,060	3.94%	936	782	16.45%
Percent Approved	91.73%	92.68%		99.13%	99.32%		74.58%	68.18%	
Residential Customers	1,005,520	1,004,764	-0.88%	364,882	368,863	-1.09%	166,760	166,760	0.00%
Customers Given Discount	35,985	36,274	0.08%	13,596	13,060	5.00%	5,974	5,488	8.14%
Percent Given Discount	3.58%	3.61%		3.73%	3.54%		3.58%	3.29%	
SSI Customers	19,072	21,132	-10.80%	6,914	6,635	4.04%	2,676	2,498	6.65%
WV Works Customers	2,190	2,718	-24.11%	943	917	2.76%	1,061	779	26.58%
SNAP (Age 60 +) Customers	14,696	15,285	-4.01%	5,847	5,508	5.80%	2,237	2,211	1.16%
Bills at Non-Discounted Rates	\$23,497,815.31	\$26,898,846.82		\$5,849,371.66	\$5,912,447.50		\$3,196,530.00	\$2,517,321.00	
Bills at Discounted Rates	\$18,798,254.26	\$21,519,080.72		\$4,678,201.59	\$4,729,956.75		\$2,557,487.00	\$2,013,413.00	
Revenue Decrease	\$4,699,561.05	\$5,379,766.10	-14.47%	\$1,171,170.07	\$1,182,490.75	-0.97%	\$639,043.00	\$503,908.00	21.15%
Adjustment for B&O Tax Reduction	\$0.00	\$0.00		\$50,243.20	\$50,728.85		\$28,117.89	\$22,171.00	
Revenue Deficiency Certified	\$4,699,561.05	\$5,379,766.10	-14.47%	\$1,120,926.87	\$1,131,761.90	-0.97%	\$610,925.11	\$481,737.00	21.15%

Gas and electric utility data for November 2018 - April 2019  
West Virginia American Water Company data for June 2018 - May 2019

## APPENDIX I

### **Tel-Assistance Service Telephone Rate Discount Program**

Tel-Assistance Service provides reduced rates for qualified low-income residential customers of telephone utilities through 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 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, Low Income Home Energy Assistance Program (LIHEAP) or SNAP if the recipient is age 60 or older.

The telephone utilities may recover their certified revenue deficiency as a credit against the carrier's income tax. 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.

Frontier, West Virginia Inc. and Citizens Telecommunications Company of West Virginia, dba Frontier Communications of West Virginia, are the only companies that filed a Tel-Assistance report for certification of revenue deficiency for 2019.

Frontier requested the Commission certify \$66,384.89 as its revenue deficiency associated with the Tel-Assistance Program for the 2018 program year (Case No. 19-0348-T-P). Citizens requested the Commission certify \$19,603.80 as its revenue deficiency for the 2018 program year (Case No. 19-0347-T-P). The Commission approved these revenue deficiencies. These cases are now closed.



