

COMMONWEALTH OF VIRGINIA
STATE CORPORATION COMMISSION

AT RICHMOND, AUGUST 4, 2009

CLERK'S OFFICE

2009 SEP -4 A 9: 58

DOCUMENT CONTROL

APPLICATION OF

MASSANUTTEN PUBLIC SERVICE
CORPORATION

CASE NO. PUE-2009-00041

For an increase in water
and sewer rates

ORDER FOR NOTICE AND HEARING

On August 6, 2009, Massanutten Public Service Corporation ("Massanutten" or the "Company") filed an Application with the State Corporation Commission ("Commission") for a general increase in water and sewer rates, together with certain schedules to the Application filed under seal, pursuant to 5 VAC 5-20-170 of the Commission's Rules of Practice and Procedure. The Company filed on August 6, 2009, a Motion for Entry of a Protective Order. On August 14, 2009, the Company filed revised rate case schedules to the Application. On August 27, 2009, the Company filed a Motion for Leave to Amend Filing ("Motion to Amend") with supplemental direct testimony of Burnice Dooley and certain revised rate case schedules, including one adjustment filed under seal.

According to the Application, Massanutten has applied for general increases in its water and sewer rates pursuant to 20 VAC 5-201-10 et seq. of the Commission's Rules Governing Utility Rate Increase Applications and Annual Informational Filings ("Rate Case Rules").¹ The Company seeks a rate increase that would produce additional annual revenues of \$905,250, consisting of \$526,250 in additional water revenues and \$379,000 in additional sewer revenues,

¹ The Application is deemed filed under Chapter 10 of Title 56 of the Code of Virginia ("Code").

representing an overall increase of approximately 47% above per book test-year revenues. The proposed increase is approximately 62% for water rates and 35% for sewer rates. The Company's witness, Burnice C. Dooley, explains the proposed rates, as compared to present rates, as follows:

The current monthly rate for water service for all customers includes a customer charge of \$10.00 and a usage charge of \$3.84 for each 1,000 gallons. Under the proposed rates, the minimum monthly base facilities charge for water service (based upon meter size) for both Single Family residential and General Service (defined as multifamily dwellings and nonresidential, nonindustrial business enterprises) would be \$16.18 and there would be a usage charge of \$6.19 for each 1,000 gallons. The monthly base facilities charge would increase as the size of the meter increases from \$16.18 for a meter of less than 1" to \$404.43 for a 4" meter.

With respect to the sewer rates, the current monthly rate for all metered customers includes a customer charge of \$12.50 and a usage charge of \$5.09 for each 1,000 gallons. Under the proposed rates, the minimum base facilities charge for sewer service to Single Family residential customers would be \$21.14 per month and there would be a usage charge of \$6.09 for each 1,000 gallons. For General Service, the minimum base facilities charge for sewer service (based upon meter size) would be \$21.14 per month and there would be a usage charge of \$6.09 for each 1,000 gallons. The monthly base facilities charge for General Service customers would increase as the size of the meter increases from \$21.14 for a meter of less than 1" to \$528.61 for a 4" meter. The charge for residential unmetered sewer service is currently \$36.99 per month and it is proposed that this be increased to \$50.35 per month.

(Dooley testimony, 5-6).

The Company requests that its proposed rate increase be allowed to go into effect on January 1, 2010.

NOW THE COMMISSION, having considered the Application with accompanying schedules, testimony and exhibits, finds that this Application for a general increase in water and sewer rates should be docketed and that, as required by §§ 56-237 and 56-237.1 of the Code,

notice of the Application should be given. The Commission further finds that a public hearing on the lawfulness of the proposed rates should be held. We will assign a hearing examiner to conduct the hearing and to file a report with the Commission. We will also direct the Commission Staff to investigate the Application and present its findings at the hearing. The Commission will also provide an opportunity for participation and representation of persons affected by the proposed changes in rates. The Commission finds that the response period to the Motion to Amend should be waived and that the Motion to Amend should be granted and the supplemental testimony and revised schedules should be received into the record.

Pursuant to §§ 56-237 and 56-240 of the Code, we will permit the Company to place its proposed rates into effect, subject to refund, with interest, on January 1, 2010. The proposed rates shall take effect subject to the power of the Commission to fix and to substitute just and reasonable rates and to order the utility to make refunds with interest.

The Commission finds that the response period to the Motion to Amend should be waived and that the Motion to Amend should be granted and the supplemental testimony and revised schedules should be received into the record.

Accordingly, IT IS ORDERED THAT:

(1) Massanutten's Application, as amended, shall be docketed as Case No. PUE-2009-00041 and all associated papers shall be filed in that docket, subject to the confidentiality provisions afforded by 5 VAC 5-20-170 of the Commission's Rules of Practice and Procedure.

(2) As provided by § 12.1-31 of the Code and 5 VAC 5-20-120 of the Commission's Rules of Practice and Procedure, *Procedure before hearing examiners*, a hearing examiner shall be appointed to conduct all further proceedings in this matter on behalf of the Commission,

including ruling on the Company's Motion for Entry of a Protective Order, and to file a final report.

(3) As provided by §§ 56-237 and 56-240 of the Code, Massanutten's proposed increase in rates may take effect on January 1, 2010, subject to the Commission's power to fix and order substituted just and reasonable rates, charges, terms, and conditions, and to order refunds or credits with interest.

(4) Within thirty (30) days of the date of this Order, the Company shall file with the Commission's Division of Energy Regulation appropriate tariff sheets showing all proposed changes for all schedules, terms, and conditions permitted to take effect as provided by Ordering Paragraph (3) above. The following caption shall appear at the foot of each sheet showing any change: "Effective January 1, 2010, subject to investigation and modification by the Virginia State Corporation Commission in Case No. PUE-2009-00041."

(5) A public hearing shall be held at 10:00 a.m. on February 18, 2010, in the Commission's Courtroom, Second Floor, Tyler Building, 1300 East Main Street, Richmond, Virginia, to receive evidence on the Application for a general increase in rates.

(6) Massanutten's Application and accompanying materials not subject to the confidentiality provisions of 5 VAC 5-20-170 of the Commission's Rules of Practice and Procedure may be viewed during regular business hours at the Commission's Document Control Center, Tyler Building, First Floor, 1300 East Main Street, Richmond, Virginia 23219. Interested persons may also access unofficial copies of the Application through the Commission's Docket Search portal at <http://www.scc.virginia.gov/case>. A copy of the Application and accompanying materials may also be obtained, at no cost, by making a request in writing to counsel for the Company, Donald G. Owens, Esquire, Troutman Sanders LLP,

Troutman Sanders Building, 1001 Haxall Point, P.O. Box 1122, Richmond, Virginia 23218-1122. The Company shall make a copy available on an electronic basis upon request.

(7) On or before September 21, 2009, Massanutten may file with Joel H. Peck, Clerk, State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218, an original and fifteen (15) copies of any additional testimony or exhibits by which it expects to establish its case.

(8) On or before October 19, 2009, any person who expects to participate as a respondent in this proceeding shall file with the Clerk at the address set out in Ordering Paragraph (7) an original and fifteen (15) copies of a notice of participation as a respondent, as required by 5 VAC 5-20-80 B of the Commission's Rules of Practice and Procedure, *Participation as a respondent*, and shall serve a copy on counsel to Massanutten at the address set out in Ordering Paragraph (6). The notice of participation shall be filed and served as required by 5 VAC 5-20-140, *Filing and service*, and 5 VAC 5-20-150, *Copies and format*, of the Commission's Rules of Practice and Procedure. Any organization, corporation, or government entity participating as a respondent must be represented by counsel as required by 5 VAC 5-20-30 of the Commission's Rules of Practice and Procedure, *Counsel*.

(9) Within five (5) business days of receipt of a notice of participation as a respondent, Massanutten shall serve upon each respondent a copy of this Order, a copy of the Application, and all nonconfidential materials filed with the Commission, unless these materials have already been provided to the respondent.

(10) On or before October 19, 2009, each respondent shall file with the Clerk of the Commission an original and fifteen (15) copies of the testimony and exhibits by which it expects to establish its case and shall serve a copy of the testimony and exhibits on counsel to

Massanutten and on all other parties. Respondents shall comply with 5 VAC 5-20-140, *Filing and service*, 5 VAC 5-20-150, *Copies and format*, and 5 VAC 5-20-240, *Prepared testimony and exhibits*, of the Commission's Rules of Practice and Procedure.

(11) Interested persons may file written comments on the Application with the Clerk of the State Corporation Commission at the address set forth above in Ordering Paragraph (7). Comments should refer to Case No. PUE-2009-00041 and should be filed by February 11, 2010. Those desiring to submit comments electronically may do so by following the instructions available at the Commission's website: <http://www.scc.virginia.gov/case>.

(12) The Commission Staff shall investigate the Application and, on or before January 20, 2010, shall file with the Clerk of the Commission the testimony and exhibits that it intends to present at the hearing and copies of any work papers that support the recommendations made in its testimony. Copies of the testimony and exhibits shall be served on all parties.

(13) On or before February 3, 2010, Massanutten may file with the Clerk of the Commission an original and fifteen (15) copies of all testimony and exhibits that it expects to offer in rebuttal to testimony and exhibits of the respondents and the Commission Staff and shall serve one copy on all parties.

(14) On or before September 18, 2009, Massanutten shall serve by first class mail a copy of this Order on all officials previously served as required by 20 VAC 5-201-10 J of the Commission's Rate Case Rules.

(15) On or before September 18, 2009, Massanutten shall make available for inspection copies of the Application and this Order at the following office during regular business hours, Monday through Friday:

Massanutten Public Service Corporation
1550 Resort Drive
McGaheysville, Virginia 22840

(16) Massanutten shall publish as display advertising the following notice once a week for two consecutive weeks in a newspaper or newspapers of general circulation in Rockingham County, Virginia. Publication shall be completed by October 12, 2009.

NOTICE TO CUSTOMERS OF
MASSANUTTEN PUBLIC SERVICE CORPORATION
OF A GENERAL INCREASE IN WATER AND SEWER RATES
CASE NO. PUE-2009-00041

Massanutten Public Service Corporation ("Massanutten" or "Company") has filed with the Virginia State Corporation Commission ("Commission") an amended Application for a general increase in water and sewer rates. The Application has been docketed as Case No. PUE-2009-00041. The Company is seeking additional annual jurisdictional revenues of \$905,250, consisting of additional annual water revenues of \$526,250, and additional annual sewer revenues of \$379,000. This amount would represent an overall increase in annual revenues of approximately 47 percent.

The present and proposed rates are as follows:

Water	Present	Proposed
	Customer Charge	Base Facilities Charge
	\$10.00	\$16.18
	Usage Charge	Usage Charge
	(per 1000 gal.)	(per 1000 gal.)
	\$ 3.84	\$ 6.19

The monthly base facilities charge would increase as the size of the meter increases from \$16.18 for a meter of less than 1" to \$404.43 for a 4" meter.

Sewer	Present	Proposed
	Customer Charge	Base Facilities Charge
	\$12.50	(Single Family)
		\$21.14
	Usage Charge	Usage Charge
	(per 1000 gal.)	(per 1000 gal.)
	\$ 5.09	\$ 6.09

The Monthly base facilities charge for General Service customers would increase as the size of the meter increases from \$21.14 for a meter of less than 1" to \$528.61 for a 4" meter.

		Base Facilities Charge (General Service)
		\$21.14
		Usage Charge (per 1000 gal.)
		\$ 6.09
	Present	Proposed
	Residential Unmetered	Residential Unmetered
	Sewer Service	Sewer Service
	Customer Charge	Customer Charge
	\$36.99	\$50.35

While the total revenue that may be approved by the Commission is limited to the amount produced by the Company's proposed rates, PLEASE TAKE NOTICE that the individual rates and charges approved may be either higher or lower than those proposed by the Company.

The proposed rates shall take effect on an interim basis for service rendered on and after January 1, 2010. The proposed rates shall take effect subject to the power of the Commission to fix and to substitute just and reasonable rates and to order the utility to make refunds or give credits with interest.

The Application and related filings may be inspected in the Document Control Center, Tyler Building, First Floor, 1300 East Main Street, Richmond, Virginia, between 8:15 a.m. and 5:00 p.m., Monday through Friday, excluding holidays. The Application may also be inspected during regular business hours at Massanutten's business office located at 1550 Resort Drive, McGaheysville, Virginia. Interested persons may also access unofficial copies of the Application through the Commission's Docket Search portal at: <http://www.scc.virginia.gov/case>. A copy of the Application and accompanying materials may also be obtained, at no cost, by making a request in writing to counsel for the Company, Donald G. Owens, Esquire, Troutman Sanders LLP, Troutman Sanders Building, 1001 Haxall Point, P.O. Box 1122, Richmond, Virginia 23218-1122. The Company will also make a copy available on an electronic basis upon request.

Interested persons may file written comments on the Application with Joel H. Peck, Clerk, State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218. Comments should refer to Case No. PUE-2009-00041 and should be filed by February 11, 2010. Those desiring to submit comments electronically may do so by following the instructions available at the Commission's website: <http://www.scc.virginia.gov/case>.

Any interested person may participate as a public witness at the hearing on February 18, 2010. Interested persons should arrive at the Commission's Courtroom by 9:45 a.m. and tell the Commission's Bailiff that they wish to offer testimony as a public witness.

On or before October 19, 2009, any person who expects to present evidence, to cross-examine witnesses, and to otherwise participate as a respondent in this proceeding, as provided by 5 VAC 5-20-80 B of the Commission's Rules of Practice and Procedure, *Participation as a respondent*, shall file with the Clerk, at the address set forth above, an original and fifteen (15) copies of a notice of participation as a respondent and an original and fifteen (15) copies of the testimony and exhibits by which the respondent expects to establish its case. Copies of a respondent's notice of participation, testimony, and exhibits shall be served on counsel to Massanutten at the address set forth above. The notice of participation shall be filed and served as required by 5 VAC 5-20-140, *Filing and service*, and 5 VAC 5-20-150, *Copies and format*, of the Commission's Rules of Practice and Procedure. Any organization, corporation, or government entity participating as a respondent must be represented by counsel as required by 5 VAC 5-20-30 of the Commission's Rules of Practice and Procedure, *Counsel*.

The unofficial text of the Commission's orders in Case No. PUE-2009-00041 may be viewed at <http://www.scc.virginia.gov/case>. The Commission's Rules of Practice and Procedure and other information may also be viewed at <http://www.scc.virginia.gov/case>.

MASSANUTTEN PUBLIC SERVICE CORPORATION

(17) Massanutten shall include the text of the public notice prescribed in Ordering Paragraph (16) on one (1) occasion as a bill insert for its customers. Including the bill insert

shall commence as soon as practicable and shall continue until all customers have received the insert.

(18) On or before November 18, 2009, Massanutten shall file with the Clerk of the Commission proof of the posting, mailing, and publication required by Ordering Paragraphs (14), (16), and (17).

AN ATTESTED COPY hereof shall be sent by the Clerk of the Commission to:
Donald G. Owens, Esquire, Troutman Sanders LLP, Troutman Sanders Building, 1001 Haxall Point, P.O. Box 1122, Richmond, Virginia 23218-1122; C. Meade Browder, Jr., Senior Assistant Attorney General, Division of Consumer Counsel, Office of Attorney General, 900 East Main Street, 2nd Floor, Richmond, Virginia 23219; and a copy shall be delivered to the Commission's Office of General Counsel and Divisions of Energy Regulation, Economics and Finance, and Public Utility Accounting.