

COMMONWEALTH OF VIRGINIA
STATE CORPORATION COMMISSION

AT RICHMOND, JUNE 16, 2016 SCC-CLERK'S OFFICE
DOCUMENT CONTROL CENTER

2016 JUN 16 P 3:17

APPLICATION OF
CENTRAL WATER COMPANY, INC.

CASE NO. PUE-2016-00065

For an increase in rates and fees

ORDER FOR NOTICE AND HEARING

On November 15, 2015, Central Water Company, Inc. ("Central Water" or "Company"), pursuant to the Small Water or Sewer Public Utility Act (§§ 56-265.13:1 *et seq.* of the Code of Virginia ("Code")), notified its customers and the State Corporation Commission's Division of Energy Regulation ("Division") of its intent to increase rates and fees effective for service rendered on and after January 1, 2016.

The Company proposes to increase its rates and fees as follows:

Existing Rates:

1. Service Connections

¾ inch service connection	\$750.00 plus a gross up for taxes
Service connection over ¾ inch	\$750.00 plus \$250.00 per ¼ inch, plus cost to Company greater than for taxes

2. Water Rates

For any portion of the first 3,000 gallons	\$20.00 (minimum charge)
For the next 1,000 gallons	\$5.50 per 1,000 gallons

3. Availability Charge

An availability charge of \$15.00 per month will be charged for all lots served by the Company that have no house or become vacant. This charge is to start six (6) months after the lot is purchased from the original land developer.

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Proposed Rates:

1. Service Connections

¾ inch service connection		\$1,500.00 plus a gross up for taxes
Service connection over ¾ inch		\$1,500.00 plus \$800.00 per ¼ inch, plus cost to Company greater than for taxes

2. Water Rates

Minimum charge		\$20.00
For each 1,000 gallons		\$6.00 per 1,000 gallons

3. Availability Charge

An availability charge of \$5,000 will be charged for all lots served by the Company that have no house or become vacant. The available water letter will be sent to the building department as soon as the availability charge has been paid. If any additional costs are incurred to extend the system to serve the property, costs will be assessed in addition to the availability charge in accordance with the Company's tariff.

On March 9, 2016, the Division received a petition signed by 85 of Central Water's customers opposing the proposed rate increase. The petition requested that the State Corporation Commission ("Commission") fully review the proposed rate increase. The number of customers objecting to the proposed rate increase represents approximately 27% of the Company's total customers.

NOW THE COMMISSION, having considered the matter, is of the opinion and finds as follows. Pursuant to § 56-265.13:6 of the Code:

Upon application to the Commission by at least 25 percent of all customers affected by a rate change or by 250 affected customers, whichever number is lesser, or by the small water or sewer utility itself, or by the Commission, upon its own motion, a hearing shall be held after at least 30 days' notice to the small water or sewer utility and to its customers. The Commission may order such improvements or changes in service, measurements, practices, acts, rates, charges, fees, and rules and regulations of such utility as are just and reasonable.

When a hearing is ordered, the Commission shall have the authority to suspend such rates, charges, fees, and rules and regulations for no more than 60 days or to declare them to be interim, or both. Interim rates, fees, and charges shall be subject to refund with interest until such time as the Commission has made its final determination in the proceeding. Upon completion of the hearing and decision, the Commission may order such public utility to refund, with interest at a rate set by the Commission, the portion of such rates, charges, or fees found not justified by its decision.

The provisions of § 56-265.13:6 of the Code are mandatory; that is, the Commission is required by this statute to set a hearing for a small water company rate increase if more than 25% of the affected customers request a hearing. Upon setting the matter for hearing, the Commission has the authority to make the rates interim, subject to refund. Thus, we find that a hearing should be scheduled on the Company's proposed rate increase and that the proposed rates should be made interim, subject to refund with interest, until such time as the Commission renders its final decision in this proceeding.

Accordingly, IT IS ORDERED THAT:

- (1) This matter shall be docketed and assigned Case No. PUE-2016-00065.
- (2) Pursuant to Rule 5 VAC 5-20-120 A of the Commission's Rules of Practice and Procedure ("Rules of Practice"), a Hearing Examiner is appointed to conduct all further proceedings in this matter.
- (3) Pursuant to § 56-265.13:6 of the Code, the Company's proposed rates are made interim, subject to refund with interest, until such time as the Commission has made a final decision in this proceeding.
- (4) A public hearing shall be convened on December 6, 2016, at 10 a.m., in the Commission's second floor courtroom located in the Tyler Building, 1300 East Main Street, Richmond, Virginia 23219, before a Hearing Examiner to receive into the record the testimony

under oath of public witnesses and the evidence of the Company, any respondents, and the Commission Staff ("Staff"). Public witnesses desiring to make statements at the hearing concerning this case need only appear in the Commission's second floor courtroom in the Tyler Building at the address set forth above fifteen (15) minutes before the starting time on the day of the hearing and identify himself or herself to the Commission's Bailiff.

(5) Central Water shall forthwith make copies of its proposed changes to its rates and fees and a copy of this Order for Notice and Hearing available for public inspection during regular business hours at the Company's business office at 1410 16th Street S.E., Roanoke, Virginia 24014. In addition, interested persons may review copies in the Commission's Document Control Center located on the first floor of the Tyler Building, 1300 East Main Street, Richmond, Virginia 23219, between the hours of 8:15 a.m. and 5 p.m., Monday through Friday, excluding holidays, or download unofficial copies from the Commission's website: <http://www.scc.virginia.gov/case>.

(6) On or before July 22, 2016, the Company shall cause the following notice to be sent to each of its customers by first class mail, postage prepaid (bill inserts are acceptable):

NOTICE TO THE PUBLIC OF A HEARING
ON THE PROPOSED CHANGE IN WATER RATES AND FEES
OF CENTRAL WATER COMPANY, INC.
CASE NO. PUE-2016-00065

On November 15, 2015, Central Water Company, Inc. ("Central Water" or "Company"), pursuant to the Small Water or Sewer Public Utility Act (§§ 56-265.13:1 *et seq.* of the Code of Virginia ("Code")), notified its customers and the State Corporation Commission's Division of Energy Regulation ("Division") of its intent to increase rates and fees effective for service rendered on and after January 1, 2016.

The Company proposes to increase its rates and fees as follows:

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3. Availability Charge

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Proposed Rates:

- 1. Service Connections
 - ¾ inch service connection \$1,500.00 plus a gross up for taxes
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- 2. Water Rates
 - Minimum charge \$20.00
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On March 9, 2016, the Division received a petition signed by 85 of Central Water's customers opposing the proposed rate increase. The petition requested that the State Corporation Commission ("Commission") fully review the proposed rate increase. The number of customers objecting to the proposed rate increase represents approximately 27% of the Company's total customers.

The Commission has issued an Order for Notice and Hearing docketing the proceeding; making the proposed rates interim, subject to refund with interest upon a final determination by the Commission in this proceeding; and scheduling a hearing on the proposed increase in rates and fees.

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

A public hearing before a Hearing Examiner is scheduled to commence on December 6, 2016, at 10 a.m., in the Commission's second floor courtroom located in the Tyler Building, 1300 East Main Street, Richmond, Virginia 23219, to receive evidence related to the proposed changes in rates and fees. Any person desiring to testify as a public witness should appear at the hearing location fifteen (15) minutes before the starting time on the day of the hearing and contact the Commission's Bailiff. Individuals with disabilities who require an accommodation to participate in the hearing should contact the Commission at least seven (7) days before the scheduled hearing date at 1-800-552-7945 (voice).

A copy of the Company's proposed changes to its rates and fees and a copy of the Commission's Order for Notice and Hearing are available for public inspection during regular business hours at the Company's business office at 1410 16th Street S.E., Roanoke, Virginia 24014. In addition, interested persons may review copies in the Commission's Document Control Center located on the first floor of the Tyler Building, 1300 East Main Street, Richmond, Virginia 23219, between the hours of 8:15 a.m. and 5:00 p.m., Monday through Friday, excluding holidays, or download unofficial copies from the Commission's website: <http://www.scc.virginia.gov/case>.

On or before November 22, 2016, any interested person may file an original and fifteen (15) copies of any written comments on the proposed increase in rates and fees with Joel H. Peck, Clerk, State Corporation Commission, c/o Document Control Center, 1300 East Main Street, Richmond, Virginia 23219. Interested persons desiring to submit comments electronically may do so on or before November 22, 2016, by following the instructions on the Commission's website: <http://www.scc.virginia.gov/case>. All comments shall refer to Case No. PUE-2016-00065.

Any interested person may participate as a respondent in this proceeding by filing, on or before September 27, 2016, a notice of participation with the Clerk of the Commission. If not filed electronically, an original and fifteen (15) copies of the notice of participation shall be submitted to the Clerk of the Commission at the address set forth above. A copy of the notice of participation simultaneously shall be served on the Company at the address set forth above. All notices of participation shall refer to Case No. PUE-2016-00065. Interested persons should obtain a copy of the Commission's Order for Notice and Hearing for further details on participation as a respondent.

All written communications to the Commission concerning Central Water's proposed increase in rates and fees shall be directed to Joel H. Peck, Clerk, State Corporation Commission, c/o Document Control Center, 1300 East Main Street, Richmond, Virginia 23219, and shall refer to Case No. PUE-2016-00065.

The Commission's Rules of Practice and Procedure may be viewed at <http://www.scc.virginia.gov/case>. A printed copy of the Commission's Rules of Practice and Procedure and an official copy of the Commission's Order for Notice and Hearing in this proceeding may be obtained from the Clerk of the Commission at the address set forth above.

CENTRAL WATER COMPANY, INC.

(7) On or before July 22, 2016, the Company shall serve a copy of this Order for Notice and Hearing on the chairman of the board of supervisors and county attorney of each county and upon the mayor or manager of every city and town (or upon the equivalent officials in counties, towns, and cities having alternate forms of government) in which the Company provides service. Service shall be made by personal delivery or first class mail to the customary place of business or residence of the person served.

(8) On or before August 19, 2016, the Company shall file with Clerk of the Commission proof of the notice and service required by Ordering Paragraphs (6) and (7) herein.

(9) On or before July 29, 2016, the Company shall file with the Clerk of the Commission the testimony and exhibits that the Company intends to present at the public hearing. The testimony shall include a balance sheet, income statement, statement of cash flows, and rate of

return statement. If not filed electronically, an original and fifteen (15) copies of the testimony and exhibits shall be submitted to Joel H. Peck, Clerk, State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218-2118. All testimony and exhibits shall refer to Case No. PUE-2016-00065.

(10) On or before November 22, 2016, any interested person may file with the Clerk of the Commission at the address in Ordering Paragraph (9) any written comments on the Company's proposed changes in its rates and fees. Any interested person desiring to submit comments electronically may do so on or before November 22, 2016, by following the instructions found on the Commission's website: <http://www.scc.virginia.gov/case>. Interested persons shall refer in their comments to Case No. PUE-2016-00065.

(11) Any interested person may participate as a respondent in this proceeding by filing, on or before September 27, 2016, a notice of participation with the Clerk of the Commission. If not filed electronically, an original and fifteen (15) copies of the notice of participation shall be submitted to the Clerk of the Commission at the address set forth in Ordering Paragraph (9). A copy of the notice of participation simultaneously shall be served on the Company at the address set forth in Ordering Paragraph (5) above. Pursuant to Rule of Practice 5 VAC 5-20-80 B, *Participation as a respondent*, any notice of participation shall set forth: (i) a precise statement of the interest of the respondent; (ii) a statement of the specific action sought to the extent then known; and (iii) the factual and legal basis for the action. Interested persons shall refer in all of their filed papers to Case No. PUE-2016-00065.

(12) Within three (3) business days of receipt of a notice of participation as a respondent as required by Ordering Paragraph (11), the Company shall serve upon the respondent a copy of

this Order and a copy of the proposed changes to its rates and fees, unless these materials have already been provided to the respondent.

(13) On or before September 27, 2016, each respondent may file with the Clerk of the Commission any testimony and exhibits by which it expects to establish its case. If not filed electronically, an original and fifteen (15) copies of the testimony and exhibits shall be submitted to the Clerk of the Commission at the address set forth in Ordering Paragraph (9). Each respondent shall serve copies of the testimony and exhibits on the Company and on all other respondents.

(14) On or before November 1, 2016, the Commission Staff shall investigate the Company's proposed increase in rates and fees and shall file with the Clerk of the Commission an original and fifteen (15) copies of testimony and exhibits regarding its investigation and shall promptly serve a copy on the Company and all respondents.

(15) On or before November 15, 2016, the Company may file with the Clerk of the Commission any rebuttal testimony and exhibits that it expects to offer and shall serve a copy on the Commission Staff and all respondents. If not filed electronically, an original and fifteen (15) copies of the rebuttal testimony and exhibits shall be submitted to the Clerk of the Commission at the address set forth in Ordering Paragraph (9).

(16) The Company and all respondents shall respond to interrogatories and requests for production of documents within seven (7) calendar days after receipt of same. Except as modified above, discovery shall be in accordance with the Commission's Rules of Practice.

(17) This matter is continued generally.

AN ATTESTED COPY hereof shall be sent by the Clerk of the Commission to:
Stephen C. Rossi, President, Central Water Company, Inc., 1410 16th Street S.E., Roanoke,

Virginia 24014; and C. Meade Browder, Jr., Senior Assistant Attorney General, Division of Consumer Counsel, Office of the Attorney General, 202 North Ninth Street, Richmond, Virginia 23219. A copy also shall be delivered to the Commission's Office of General Counsel and Divisions of Energy Regulation and Utility Accounting and Finance.

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