

COMMONWEALTH OF VIRGINIA  
STATE CORPORATION COMMISSION

AT RICHMOND, AUGUST 10, 2017

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APPLICATION OF

MASSANUTTEN PUBLIC SERVICE  
CORPORATION

CASE NO. PUR-2017-00069

For an increase in water  
and sewer rates

ORDER FOR NOTICE AND HEARING

On June 30, 2017, Massanutten Public Service Corporation ("Massanutten" or "Company") filed with the State Corporation Commission ("Commission") an application for a general increase in its water and sewer rates, together with certain schedules filed under seal pursuant to 5 VAC 5-20-170 of the Commission's Rules of Practice and Procedure ("Rules of Practice"),<sup>1</sup> and testimonies and exhibits ("Application").<sup>2</sup> The Company filed its Application pursuant to Chapter 10 of Title 56 of the Code of Virginia ("Code")<sup>3</sup> and the Commission's Rules Governing Utility Rate Applications and Annual Informational Filings.<sup>4</sup> Massanutten also filed a Motion for Entry of a Protective Order in accordance with 5 VAC 5-20-170 of the Commission's Rules of Practice.

The Company requests authority to increase its rates for water and sewer service to produce an increase in water revenues of \$63,939 and in wastewater revenues of \$658,268.<sup>5</sup>

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<sup>1</sup> 5 VAC 5-20-10 *et seq.*

<sup>2</sup> On July 14, 2017, the Company filed Schedule 40. On July 19, 2017, the Company filed supplements to Schedules 30 and 36. The Company's Application was deemed complete as of July 19, 2017.

<sup>3</sup> Code § 56-232 *et seq.*

<sup>4</sup> 20 VAC 5-201-10 *et seq.*

<sup>5</sup> Application at 2, Schedule 26.

The Company indicates that this rate request is based on a 9.25% return on equity.<sup>6</sup> Massanutton proposes to allocate the revenue increase for water and wastewater to its four customer classes producing the following revenue increase by class:<sup>7</sup>

<u>Class</u>	<u>Water Revenue Increase</u>	<u>Wastewater Revenue Increase</u>
Residential	3.76%	42.71%
Commercial	2.61%	41.60%
Hospitality	-0.78%	37.12%
Water Park	0.64%	38.91%

Currently the monthly base facilities charge applicable to water service for all customers ranges from \$13.82 to \$345.58 as the meter size increases from 5/8” to 4”. Under the proposed rates, the monthly base facilities charge would range from \$14.26 to \$364.36 as the meter size increases from 5/8” to 4”. Specifically, the Company proposes the following changes in water charges per 1,000 gallons to its four customer classes:

<u>Class</u>	<u>Current Charge</u>	<u>Proposed Charge</u>
Residential	\$8.47	\$8.93
Commercial	\$8.84	\$9.17
Hospitality	\$8.88	\$9.16
Water Park	\$9.23	\$9.57

Currently the monthly base facilities charge applicable to wastewater service for all customers ranges from \$13.37 to \$334.19 as the meter size increases from 5/8” to 4”. Under the proposed rates, the monthly base facilities charge would range from \$19.07 to \$484.41 as the meter size increases from 5/8” to 4”. Specifically, the Company proposes the following changes in wastewater charges per 1,000 gallons to its four customer classes:

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<sup>6</sup> Robert A. Guttormsen Direct Testimony at 2.

<sup>7</sup> *Id.* at 5-6; Application, Schedule 43. The Company calculated these percentage increases based in part on a reduction in customer consumption. See Application, Schedule 43; Steven Lubertozzi Direct Testimony at 8.

<u>Class</u>	<u>Current Charge</u>	<u>Proposed Charge</u>
Residential	\$7.59	\$11.00
Commercial	\$8.67	\$12.42
Hospitality	\$8.62	\$12.29
Water Park	\$9.56	\$13.68

Currently, the monthly availability fee is \$4.81 for water and \$4.65 for wastewater. This would increase to \$5.07 per month for water and \$6.74 per month for wastewater. These charges are billed semi-annually.<sup>8</sup>

The Company's Application reflects proposed rates with an effective date of November 1, 2017.<sup>9</sup>

NOW THE COMMISSION, having considered the Application, is of the opinion and finds that Massanutten should provide notice of its Application; a public hearing should be scheduled for the purpose of receiving testimony and evidence on the Company's Application; a procedural schedule should be established to allow interested persons an opportunity to file written or electronic comments on the Company's Application or to participate in this proceeding as a respondent; and the Commission's Staff ("Staff") should be directed to investigate the Application and file testimony and exhibits containing its findings and recommendations thereon. We also find that a Hearing Examiner should be appointed to conduct all further proceedings in this matter on behalf of the Commission and to file a final report.

Accordingly, IT IS ORDERED THAT:

- (1) This matter is docketed and assigned Case No. PUR-2017-00069.
- (2) As provided by Code § 12.1-31 and Rule 5 VAC 5-20-120, *Procedures before hearing examiners*, of the Commission's Rules of Practice, a Hearing Examiner is appointed to

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<sup>8</sup> Application at 2-3.

<sup>9</sup> *Id.* at 3; Robert A. Guttormsen Direct Testimony at 6.

conduct all further proceedings in this matter on behalf of the Commission and to file a final report.

(3) Massanutten's proposed rates are suspended for a period of 150 days, and the Company may implement its proposed rates on an interim basis, subject to refund with interest on or after December 16, 2017.

(4) On or before November 8, 2017, Massanutten shall file a bond with the Commission in the amount of \$722,207 payable to the Commission and conditioned to insure the prompt refund by the Company to those entitled thereto of all amounts the Company shall collect in excess of such rates and charges as the Commission may finally fix and determine.

(5) A public hearing on the Application shall be convened at 10 a.m. on March 27, 2018, in the Commission's second floor courtroom located in the Tyler Building, 1300 East Main Street, Richmond, Virginia 23219, to receive into the record the testimony of public witnesses and evidence of the Company, any respondents, and the Staff. Any person desiring to offer testimony as a public witness need only appear at the hearing location fifteen (15) minutes before the starting time of the hearing and identify himself or herself to the Commission's Bailiff.

(6) Within ten (10) days of entry of this Order, 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. Interested persons also may obtain a copy by submitting a written request to counsel for Massanutten, Brian R. Greene, Esquire, GreeneHurlocker, PLC, 1807 Libbie Avenue, Suite 102, Richmond, Virginia 23226. If acceptable to the requesting party, the Company may provide the documents by electronic means. Copies of the public version of all documents filed in this case also shall be available for interested persons to review

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. Interested persons also may download unofficial copies from the Commission's website: <http://www.scc.virginia.gov/case>.

(7) On or before September 8, 2017, Massanutten shall cause the following notice to be published as display advertising (not classified) on one (1) occasion in newspapers of general circulation throughout the Company's Virginia service territory:

NOTICE TO THE PUBLIC OF  
MASSANUTTEN PUBLIC SERVICE CORPORATION'S  
APPLICATION FOR A GENERAL INCREASE IN WATER  
AND SEWER RATES  
CASE NO. PUR-2017-00069

- **Massanutten Public Service Corporation has applied for approval to increase its water and sewer rates to produce an increase in water revenues of \$63,939 and in wastewater revenues of \$658,268.**
- **A Hearing Examiner appointed by the Commission will hear the case on March 27, 2018, at 10 a.m.**
- **Further information about this case is available on the SCC website at: <http://www.scc.virginia.gov/case>.**

On June 30, 2017, Massanutten Public Service Corporation ("Massanutten" or "Company") filed with the State Corporation Commission ("Commission") an application for a general increase in its water and sewer rates, together with certain schedules filed under seal pursuant to 5 VAC 5-20-170 of the Commission's Rules of Practice and Procedure ("Rules of Practice"), and testimonies and exhibits ("Application"). The Company filed its Application pursuant to Chapter 10 of Title 56 of the Code of Virginia and the Commission's Rules Governing Utility Rate Applications and

Annual Informational Filings. Massanutten also filed a Motion for Entry of a Protective Order in accordance with 5 VAC 5-20-170 of the Commission's Rules of Practice.

The Company requests authority to increase its rates for water and sewer service to produce an increase in water revenues of \$63,939 and in wastewater revenues of \$658,268. The Company indicates that this rate request is based on a 9.25% return on equity. Massanutten proposes to allocate the revenue increase for water and wastewater to its four customer classes producing the following revenue increase by class:

<u>Class</u>	<u>Water Revenue Increase</u>	<u>Wastewater Revenue Increase</u>
Residential	3.76%	42.71%
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Water Park	0.64%	38.91%

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Water Park	\$9.56	\$13.68

Currently, the monthly availability fee is \$4.81 for water and \$4.65 for wastewater. This would increase to \$5.07 per month for water and \$6.74 per month for wastewater. These charges are billed semi-annually.

The Company requests that its proposed rate increase be allowed to go into effect on November 1, 2017.

Interested persons are encouraged to review the Application and supporting documents for the details of these and other proposals. While the total revenue that may be approved by the Commission is limited to the amount produced by the Company's proposed rates, TAKE NOTICE that the Commission may approve revenues and adopt rates, fees, charges, tariff revisions, and terms and conditions of service that differ from those appearing in the Application and supporting documents and may apportion revenues among customer classes and/or design rates in a manner differing from that shown in the Application and supporting documents.

The Commission entered an Order for Notice and Hearing that, among other things, permits the Company to place its proposed rates, charges, and terms and conditions of service into effect on an interim basis, subject to refund, effective for service rendered on and after December 16, 2017.

The Commission's Order for Notice and Hearing scheduled a public hearing at 10 a.m. on March 27, 2018, in the Commission's second floor courtroom located in the Tyler Building, 1300 East Main Street, Richmond, Virginia 23219, to receive the testimony of public witnesses and the evidence of the Company, any respondents, and the Commission's Staff. Any person desiring to testify as a public witness should appear at the hearing location fifteen (15) minutes prior to the starting time of the hearing and contact the Commission's Bailiff.

Copies of the public version of all documents filed in this case are available for interested persons to review 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. Interested persons also may download unofficial copies from the Commission's website: <http://www.scc.virginia.gov/case>.

Copies of the Company's Application and the Commission's Order for Notice and Hearing also may be inspected

at the following location during regular business hours, Monday through Friday: Massanuttan Public Service Corporation, 1550 Resort Drive, McGaheysville, Virginia 22840. Copies of these documents also may be obtained, at no charge, by submitting a written request to counsel for the Company: Brian R. Greene, Esquire, GreeneHurlocker, PLC, 1807 Libbie Avenue, Suite 102, Richmond, Virginia 23226. If acceptable to the requesting party, the Company may provide the documents by electronic means.

On or before March 20, 2018, any interested person may file written comments on the Company's Application with Joel H. Peck, Clerk, State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218-2118. Interested persons desiring to submit comments electronically may do so on or before March 20, 2018, by following the instructions found on the Commission's website: <http://www.scc.virginia.gov/case>. Compact disks or any other form of electronic storage medium cannot be filed with the comments. All such comments shall refer to Case No. PUR-2017-00069.

Any person or entity may participate as a respondent in this proceeding by filing a notice of participation on or before December 1, 2017. If not filed electronically, an original and fifteen (15) copies of a notice of participation shall be filed with the Clerk of the Commission at the address set forth above. A copy of the notice of participation shall be sent to counsel for Massanutten at the address set forth above. Pursuant to Rule 5 VAC 5-20-80, *Participation as a respondent*, of the Commission's Rules of Practice, 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. Any organization, corporation, or government body participating as a respondent shall be represented by counsel as required by Rule 5 VAC 5-20-30, *Counsel*, of the Rules of Practice. All filings shall refer to Case No. PUR-2017-00069. For additional information about participation as a respondent, any person or entity should obtain a copy of the Commission's Order for Notice and Hearing.

The Commission's Rules of Practice may be viewed at the Commission's website: <http://www.virginia.scc.gov/case>. A printed copy of the Commission's Rules of Practice 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.

MASSANUTTEN PUBLIC SERVICE CORPORATION

(8) Massanutten shall include the text of the public notice prescribed in Ordering Paragraph (7) 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. Alternatively, Massanutten may send the text of the public notice by a separate mailing to customers, with such mailing being made no later than September 8, 2017.

(9) On or before September 8, 2017, Massanutten shall serve a copy of its Application and 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 (or equivalent official) and city or town attorney of every city and town in which Massanutten provides service in the Commonwealth of Virginia. Service shall be made by either personal delivery or first class mail to the customary place of business or residence of the person served.

(10) On or before September 29, 2017, Massanutten shall file proof of the notice and service required by Ordering Paragraphs (7), (8) and (9), including the name, title, and address of each official served, with Joel H. Peck, Clerk, State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218-2118.

(11) On or before March 20, 2018, any interested person may file written comments on the Application with the Clerk of the Commission at the address set forth in Ordering Paragraph (10). Any interested person desiring to file comments electronically may do so on or before March 20, 2018, by following the instructions found on the Commission's website: <http://www.scc.virginia.gov/case>. Compact disks or any other form of electronic storage

medium may not be filed with the comments. All comments shall refer to Case No. PUR-2017-00069.

(12) On or before December 1, 2017, any person or entity may participate as a respondent in this proceeding by filing a notice of participation. If not filed electronically, an original and fifteen (15) copies of a notice of participation shall be filed with the Clerk of the Commission at the address in Ordering Paragraph (10), and each respondent shall serve a copy of the notice of participation on counsel to Massanutten at the address set forth in Ordering Paragraph (6). Pursuant to Rule 5 VAC 5-20-80 B, *Participation as a respondent*, of the Commission's Rules of Practice, 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. Any organization, corporation, or government body participating as a respondent shall be represented by counsel as required by 5 VAC 5-20-30, *Counsel*, of the Rules of Practice. All filings shall refer to Case No. PUR-2017-00069.

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

(14) On or before January 10, 2018, each respondent may file with the Clerk of the Commission and serve on the Staff, the Company, and all other respondents, any testimony and exhibits by which the respondent expects to establish its case, and each witness's testimony shall include a summary not to exceed one page. If not filed electronically, an original and fifteen (15) copies of such testimony and exhibits shall be filed with the Clerk of the Commission at the

address set forth in Ordering Paragraph (10). In all filings, respondents shall comply with the Commission's Rules of Practice, including, but not limited to: 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*. All filings shall refer to Case No. PUR-2017-00069.

(15) The Staff shall investigate the Application. On or before February 13, 2018, the Staff shall file with the Clerk of the Commission an original and fifteen (15) copies of testimony and exhibits concerning the Application, and each Staff witness's testimony shall include a summary not to exceed one page. The Staff shall serve a copy thereof on counsel to the Company and all respondents.

(16) On or before March 6, 2018, Massanutzen shall file with the Clerk of the Commission: (a) any rebuttal testimony and exhibits that it expects to offer, and each rebuttal witness's testimony shall include a summary not to exceed one page; and (b) a summary not to exceed one page of each direct witness's testimony if not previously included therewith. The Company shall serve a copy thereof on the Staff and all respondents. If not filed electronically, an original and fifteen (15) copies of such rebuttal testimony and exhibits shall be filed with the Clerk of the Commission at the address set forth in Ordering Paragraph (10).

(17) The Commission's Rule of Practice 5 VAC 5-20-260, *Interrogatories to parties or requests for production of documents and things*, shall be modified for this proceeding as follows: responses and objections to written interrogatories and requests for production of documents shall be served within seven (7) business days after receipt of the same. In addition to the service requirements of 5 VAC 5-20-260 of the Rules of Practice, on the day that copies are filed with the Clerk of the Commission, a copy of the interrogatory or request for production shall be served electronically, or by facsimile, on the party to whom the interrogatory or request

for production is directed or the assigned Staff attorney, if the interrogatory or request for production is directed to the Staff.<sup>10</sup> Except as modified above, discovery shall be in accordance with Part IV of the Commission's Rules of Practice, 5 VAC 5-20-240 *et seq.*

(18) This matter is continued.

AN ATTESTED COPY hereof shall be sent by the Clerk of the Commission to:

Brian R. Greene, Esquire, Eric W. Hurlocker, Esquire, and William T. Reisinger, Esquire, GreeneHurlocker, PLC, 1807 Libbie Avenue, Suite 102, Richmond, Virginia 23226; and

C. Meade Browder, Jr., Senior Assistant Attorney General, Division of Consumer Counsel, Office of the Attorney General, 202 N. 9th Street, 8th Floor, Richmond, Virginia 23219-3424.

A copy also shall be delivered to the Commission's Office of General Counsel and Divisions of Public Utility Regulation and Utility Accounting and Finance.

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<sup>10</sup> The assigned Staff attorney is identified on the Commission's website, <http://www.scc.virginia.gov/case>, by clicking "Docket Search," then "Search Cases," and entering the case number, PUR-2017-00069, in the appropriate box.