

COMMONWEALTH OF VIRGINIA
STATE CORPORATION COMMISSION

AT RICHMOND, OCTOBER 26, 2018 SCC-CLERK'S OFFICE
DOCUMENT CONTROL CENTER

APPLICATION OF
ROANOKE GAS COMPANY

2018 OCT 26 P 3: 52
CASE NO. PUR-2018-00013

For a general increase in rates

ORDER FOR NOTICE AND HEARING

On October 10, 2018, Roanoke Gas Company ("Roanoke Gas" or "Company") filed with the State Corporation Commission ("Commission") an application pursuant to Chapter 10 of Title 56 (§ 56-232 *et seq.*) of the Code of Virginia ("Code") requesting authority to increase its rates and charges, effective for service rendered on and after January 1, 2019, and to revise other terms and conditions applicable to its gas service ("Application").

Roanoke Gas advises in its Application that the proposed rates and charges are designed to increase the Company's annual operating revenues by approximately \$10.5 million per year.¹ The Company states further that its requested revenue requirement incorporates the impacts of the federal Tax Cuts and Jobs Act of 2017, which partially offset the requested revenue increase that the Company attributes, in part, to the capital investments the Company has made in recent years to improve the safety and reliability of the system, as well as other increases in the cost of service.²

According to the Company, its proposed rate increase is based on an overall weighted average cost of capital of 8.014%, including a return on common equity of 10.7%.³

¹ Application at 3.

² *Id.*

³ *Id.*; Pre-Filed Direct Testimony of Paul W. Nester at 2.

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Roanoke Gas also proposes various revisions to its Virginia tariff to reflect changes in business practice since its last rate case. Such tariff changes include updating the methods in which the Company communicates with its customers, updating the SAVE Plan year to align with the Company's fiscal year, and eliminating unnecessary internal approval language for distribution facility installations.⁴ Roanoke Gas also proposes to implement its proposed rates, on an interim basis and subject to refund, effective for service rendered on and after January 1, 2019, until the Commission issues its Final Order in this proceeding.⁵

NOW THE COMMISSION, having considered this matter, is of the opinion and finds that Roanoke Gas 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.

Pursuant to Code § 56-238, the Commission will direct the Company to provide a bond to insure prompt refund of any excess rates or charges.

⁴ Pre-Filed Direct Testimony of Niklas E. Banka at 10.

⁵ Application at 4-5. In the Commission's May 23, 2018 Order Granting Waiver in this docket, the Commission granted the Company's Motion for Waiver of Filing Requirements ("Motion") with regard to its 2017 Annual Informational Filing. The Company's Motion, in part, gave notice of the Company's intent to file a general rate case on or around September 28, 2018, and requested that the Commission permit the Company, following the filing of its general rate application, to implement interim rates effective for service rendered on and after January 1, 2019.

Accordingly, IT IS ORDERED THAT:

(1) As provided by § 12.1-31 of the Code and Rule 5 VAC 5-20-120, *Procedures before Hearing Examiners*, of the Commission's Rules of Practice and Procedure ("Rules of Practice"),⁶ a Hearing Examiner is appointed to conduct all further proceedings in this matter on behalf of the Commission and to file a final report.

(2) On or before December 14, 2018, Roanoke Gas shall file a bond with the Commission in the amount of \$10.5 million 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.

(3) A public hearing on the Application shall be convened at 10 a.m. on June 26, 2019, 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.

(4) The Company shall make copies of its Application, as well as a copy of this Order for Notice and Hearing, available for public inspection during regular business hours at each of the Company's business offices in the Commonwealth of Virginia. A copy also may be obtained by submitting a written request to counsel for Roanoke Gas, Timothy E. Biller, Esquire, Hunton Andrews Kurth LLP, 951 East Byrd Street, Richmond, Virginia 23219. If acceptable to the requesting party, the Company may provide the documents by electronic means. Copies of the

⁶ 5 VAC 5-20-10 *et seq.*

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>.

(5) On or before November 30, 2018, Roanoke Gas 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
ROANOKE GAS COMPANY'S APPLICATION
FOR A GENERAL INCREASE IN RATES
CASE NO. PUR-2018-00013

- **Roanoke Gas Company ("Roanoke Gas") has applied for approval of a general increase in rates.**
- **Roanoke Gas requests a total revenue requirement increase of \$10.5 million per year.**
- **A Hearing Examiner appointed by the Commission will hear the case on June 26, 2019, at 10 a.m.**
- **Further information about this case is available on the SCC website at: <http://www.scc.virginia.gov/case>.**

On October 10, 2018, Roanoke Gas Company ("Roanoke Gas" or "Company") filed with the State Corporation Commission ("Commission") an application pursuant to Chapter 10 of Title 56 (§ 56-232 *et seq.*) of the Code of Virginia requesting authority to increase its rates and charges, effective for service rendered on and after January 1, 2019, and to revise other terms and conditions applicable to its gas service ("Application").

Roanoke Gas advises in its Application that the proposed rates and charges are designed to increase the Company's annual operating revenues by approximately \$10.5 million per year. The Company states further that its requested revenue requirement incorporates the impacts of the federal Tax Cuts and Jobs Act of 2017, which partially offset the requested revenue increase that the Company attributes, in part, to the capital investments the Company has made in recent years to improve the safety and reliability of the system, as well as other increases in the cost of service.

According to the Company, its proposed rate increase is based on an overall weighted average cost of capital of 8.014%, including a return on common equity of 10.7%.

Roanoke Gas also proposes various revisions to its Virginia tariff to reflect changes in business practice since its last rate case. Such tariff changes include updating the methods in which the Company communicates with its customers, updating the SAVE Plan year to align with the Company's fiscal year, and eliminating unnecessary internal approval language for distribution facility installations. Roanoke Gas also proposes to implement its proposed rates, on an interim basis and subject to refund, effective for service rendered on and after January 1, 2019, until the Commission issues its Final Order in this proceeding.

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 into effect on an interim basis, subject to refund, effective for service rendered on and after January 1, 2019.

The Commission's Order for Notice and Hearing scheduled a public hearing at 10 a.m. on June 26, 2019, 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 during regular business hours at each of the Company's business offices in the Commonwealth of Virginia. Copies of these documents also may be obtained, at no charge, by submitting a written request to counsel for the Company: Timothy E. Biller, Esquire, Hunton Andrews Kurth LLP, 951 East Byrd Street, Richmond, Virginia 23219. If acceptable to the requesting party, the Company may provide the documents by electronic means.

On or before June 19, 2019, 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 June 19, 2019, by following the instructions found on the Commission's website: <http://www.scc.virginia.gov/case>. Compact discs or any other form of electronic storage medium may not be filed with the comments. All such comments shall refer to Case No. PUR-2018-00013.

Any person or entity may participate as a respondent in this proceeding by filing a notice of participation on or before February 13, 2019. 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 also must be sent to counsel for Roanoke Gas 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 and Procedure ("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-2018-00013. 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.

On or before May 1, 2019, each respondent may file with the Clerk of the Commission, and serve on the Commission's 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 submitted to the Clerk of the Commission at the address above. In all filings, respondents shall comply with the Commission's Rules of Practice, including 5 VAC 5-20-140, *Filing and service*, and 5 VAC 5-20-240, *Prepared testimony and exhibits*. All filings shall refer to Case No. PUR-2018-00013.

All documents filed with the Office of the Clerk of the Commission in this docket may use both sides of the paper. In all other respects, all filings shall comply fully with the requirements of 5 VAC 5-20-150, *Copies and format*, of the Commission's Rules of Practice.

The Commission's Rules of Practice may be viewed at the Commission's website: <http://www.scc.virginia.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.

ROANOKE GAS COMPANY

(6) On or before November 30, 2018, Roanoke Gas shall serve a copy of this Order for Notice and Hearing on the following officials, to the extent the position exists, in each county, city, and town in which the Company provides service in the Commonwealth of Virginia: the chairman of the board of supervisors of each county; the mayor or manager (or equivalent

official) of every city and town; and the county, city, or town attorney. Service shall be made by either personal delivery or first class mail to the customary place of business or residence of the person served.

(7) On or before December 14, 2018, Roanoke Gas shall file proof of the notice and service required by Ordering Paragraphs (5) and (6), 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.

(8) On or before June 19, 2019, any interested person may file written comments on the Application with the Clerk of the Commission at the address set forth in Ordering Paragraph (7). Any interested person desiring to file comments electronically may do so on or before June 19, 2019, by following the instructions found on the Commission's website:

<http://www.scc.virginia.gov/case>. Compact discs or any other form of electronic storage medium may not be filed with the comments. All comments shall refer to Case No. PUR-2018-00013.

(9) On or before February 13, 2019, 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 (7), and each respondent shall serve a copy of the notice of participation on counsel to Roanoke Gas at the address set forth in Ordering Paragraph (4).

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-2018-00013.

(10) 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 for Notice and Hearing, a copy of the public version of the Application, and a copy of the public version of all materials filed by the Company with the Commission, unless these materials already have been provided to the respondent.

(11) On or before May 1, 2019, each respondent may file with the Clerk of the Commission at the address set forth in Ordering Paragraph (7) 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 (7). 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*; and 5 VAC 5-20-240, *Prepared testimony and exhibits*. All filings shall refer to Case No. PUR-2018-00013.

(12) The Staff shall investigate the Application. On or before May 22, 2019, 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.

(13) On or before June 12, 2019, Roanoke Gas 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 (7).

(14) All documents filed with the Office of the Clerk of the Commission in this docket may use both sides of the paper. In all other respects, all filings shall comply fully with the requirements of 5 VAC 5-20-150, *Copies and format*, of the Commission's Rules of Practice.

(15) The Commission's Rule of Practice 5 VAC 5-20-260, *Interrogatories 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) calendar 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.⁷ 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.*

(16) Roanoke Gas may place its proposed rates into effect on an interim basis, subject to refund with interest, for service rendered on and after January 1, 2019.

(17) This matter is continued.

⁷ 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-2018-00013, in the appropriate box.

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

Timothy E. Biller, Esquire, and A. Christopher Alderman, Esquire, Hunton Andrews Kurth LLP, 951 East Byrd Street, Richmond, Virginia 23219; 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. A copy also shall be delivered to the Commission's Office of General Counsel and Divisions of Public Utility Regulation, Utility Accounting and Finance, and Utility and Railroad Safety.