

COMMONWEALTH OF VIRGINIA  
STATE CORPORATION COMMISSION

AT RICHMOND, AUGUST 28, 2018

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APPLICATION OF

APPALACHIAN NATURAL GAS  
DISTRIBUTION COMPANY

CASE NO. PUR-2018-00015

For a general increase in rates

ORDER FOR NOTICE AND HEARING

On August 1, 2018, Appalachian Natural Gas Distribution Company ("ANGD" or "Company") filed an application with the State Corporation Commission ("Commission") for a general increase in rates together with direct testimony, exhibits, and schedules ("Application")<sup>1</sup> as prescribed by the Commission's Rules Governing Utility Rate Applications and Annual Informational Filings, 20 VAC 5-201-10 *et seq.*<sup>2</sup> In its Application, the Company seeks to increase its annual base rate revenues by approximately \$370,501 and proposes that this increase in rates be placed into effect for service rendered on and after December 1, 2018, on an interim basis, and subject to refund, until the Commission issues a final order in this proceeding.<sup>3</sup>

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<sup>1</sup> ANGD filed a corrected Schedule 40 and certain revised schedules on August 7, 2018, and August 13, 2018, respectively. On August 22, 2018, ANGD filed the summaries of the testimonies of its witnesses which noted that the revised schedules decreased the revenue requirement requested in the Application.

<sup>2</sup> The Company also filed a Motion for Protective Ruling ("Motion") and a proposed protective ruling that establishes procedures governing the use of confidential information in this proceeding.

<sup>3</sup> Direct Testimony of John W. Ebert at summary page; Application at revised Schedule 21.

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The Commission last granted ANGD an adjustment to its rates on May 22, 2013.<sup>4</sup> The Company indicates that its proposed increase in rates is based on a return on equity of 11.5%.<sup>5</sup> ANGD represents that it is filing this Application to incorporate the impacts of the Tax Cuts and Jobs Act of 2017 ("TCJA") in accordance with the Commission's Order in Case No. PUR-2018-00005<sup>6</sup> as well as to reflect the capital investments and other changes in its cost of service that have occurred since its last rate case.<sup>7</sup> In its Application, ANGD notes that although the Company is seeking an increase in rates, the impacts of the TCJA partially offset the increase that would otherwise be required to incorporate the Company's capital investments and other increases in its cost of service.<sup>8</sup>

ANGD proposes to increase the monthly customer charge for its Appalachian and Bluefield customers as follows:<sup>9</sup>

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<sup>4</sup> *Id.* at 2. See *Application of Appalachian Natural Gas Distribution Company, For an expedited increase in rates and Approval of a Firm Transportation Tariff*, Case No. PUE-2012-00011, 2013 S.C.C. Ann. Rept. 237, Final Order (May 22, 2013) ("2012 Rate Case").

<sup>5</sup> Application at 3.

<sup>6</sup> See *Commonwealth of Virginia, ex rel. State Corporation Commission, Ex Parte: Regulatory Accounting related to the federal Tax Cuts and Jobs Act of 2017*, Case No. PUR-2018-00005, Doc. Con. Ctr. No. 180110073, Order (Jan. 8, 2018) ("Tax Reform Order").

<sup>7</sup> Application at 3.

<sup>8</sup> *Id.*

<sup>9</sup> *Id.* at 4.

Appalachian		
Class	Current Charge (\$)	Proposed Charge (\$)
Residential	\$7.00	\$9.23
Commercial	\$28.00	\$36.93
Industrial	\$80.00	\$105.50
Negotiated Service	\$190.00	\$250.57
FTS	\$80.00	\$105.50

Bluefield		
Class	Current Charge (\$)	Proposed Charge (\$)
Residential	\$11.50	\$13.35
GS-1	\$30.00	\$34.83
GS-2	\$65.00	\$75.47
ISS	\$350.00	\$406.40
ITS	\$450.00	\$450.00

ANGD represents that the proposed increases to the monthly customer charges shown above, together with the proposed volumetric increase, will result in average increases to typical customer bills as follows:<sup>10</sup>

Appalachian	
Class	Approximate Average Percentage Increase Per Customer (%)
Residential	22.86%
Commercial	20.79%
Industrial	14.56%
Negotiated Service	0.24%
FTS	0%

  

Bluefield	
Class	Approximate Average Percentage Increase Per Customer (%)
Residential	8.09%
GS-1	9.15%
GS-2	6.09%
ISS	5.40%
ITS	0%

<sup>10</sup> *Id.*

ANGD represents that it used the same class allocation methodology that the Commission approved in the 2012 Rate Case.<sup>11</sup>

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds that this matter should be docketed; ANGD should provide public notice of its Application; a public hearing should be scheduled for the purpose of receiving testimony and evidence on the Application; interested persons should have an opportunity to file comments on the Application or participate as a respondent in this proceeding; 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 assigned to conduct all further proceedings in this matter on behalf of the Commission, including ruling on the Company's Motion and filing a final report containing the Hearing Examiner's findings and recommendations.

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

Accordingly, IT IS ORDERED THAT:

(1) As provided by § 12.1-31 of the Code and Rule 5 VAC 5-20-120, *Procedure before Hearing Examiners*, of the Commission's Rules of Practice and Procedure ("Rules of Practice"),<sup>12</sup> a Hearing Examiner is appointed to conduct all further proceedings in this matter on behalf of the Commission.

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<sup>11</sup> *Id.* at 5.

<sup>12</sup> 5 VAC 5-20-10 *et seq.*

(2) ANGD may place its proposed rates into effect on an interim basis, subject to refund with interest, for service rendered on and after December 1, 2018.

(3) On or before November 27, 2018, ANGD shall file a bond with the Commission in the amount of \$370,501 payable to the Commission and conditioned to insure the prompt refund by the Company to those entitled thereto of all amounts that the Company shall collect in excess of such rates and charges as the Commission may finally fix and determine.

(4) A public hearing on the Application shall be convened on March 26, 2019, 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 the testimony of public witnesses and the evidence of the Company, any respondents, and the Staff. Any person desiring to offer testimony as a public witness at this hearing should appear in the Commission's courtroom fifteen (15) minutes prior to the starting time of the hearing and identify himself or herself to the Commission's Bailiff.

(5) The Company shall make copies of the public version 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. Copies also may be obtained 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. Copies of the public version of all documents 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>.

(6) On or before October 30, 2018, the Company shall cause the following notice to be published as display advertising (not classified) on one occasion in newspapers of general circulation throughout the Company's service territory in Virginia:

NOTICE TO THE PUBLIC OF AN APPLICATION BY  
APPALACHIAN NATURAL GAS DISTRIBUTION  
COMPANY, FOR A GENERAL INCREASE IN RATES  
CASE NO. PUR-2018-00015

- **Appalachian Natural Gas Distribution Company ("ANGD") has applied for approval of a general increase in rates.**
- **ANGD requests a total revenue requirement of \$370,501.**
- **A Hearing Examiner appointed by the Commission will hear the case on March 26, 2019, at 10 a.m.**
- **Further information about this case is available on the State Corporation Commission's website at: <http://www.scc.virginia.gov/case>.**

On August 1, 2018, Appalachian Natural Gas Distribution Company ("ANGD" or "Company") filed an application with the State Corporation Commission ("Commission") for a general increase in rates together with direct testimony, exhibits, and schedules ("Application") as prescribed by the Commission's Rules Governing Utility Rate Applications and Annual Informational Filings, 20 VAC 5-201-10 *et seq.* In its Application, the Company seeks to increase its annual base rate revenues by approximately \$370,501 and proposes that this increase in rates be placed into effect for service rendered on and after December 1, 2018, on an interim basis, and subject to refund, until the Commission issues a final order in this proceeding.

The Commission last granted ANGD an adjustment to its rates on May 22, 2013. The Company indicates that its proposed increase in rates is based on a return on equity of 11.5%. ANGD represents that it is filing this Application to incorporate the impacts of the Tax Cuts and Jobs Act of 2017 ("TCJA") in accordance with the Commission's Order in Case No. PUR-2018-00005 as well as to reflect the capital investments and other changes in its cost of service that have occurred since its last rate case. In its Application, ANGD notes that although the Company is seeking an increase in rates, the impacts of the TCJA partially offset the increase that would otherwise be required to incorporate the Company's capital investments and other increases in its cost of service.

ANGD proposes to increase the monthly customer charge for its Appalachian and Bluefield customers as follows:

Appalachian		
Class	Current Charge (\$)	Proposed Charge (\$)
Residential	\$7.00	\$9.23
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Bluefield	
Class	Approximate Average Percentage Increase Per Customer (%)
Residential	8.09%
GS-1	9.15%
GS-2	6.09%
ISS	5.40%
ITS	0%

ANGD represents that it used the same class allocation methodology that the Commission approved in the 2012 Rate Case.

Interested persons are encouraged to review the Application and supporting documents for the details of these and other proposals.

TAKE NOTICE that the Commission may apportion revenues among customer classes and/or design rates in a manner differing from that shown in the Application and supporting documents and thus may adopt rates that differ from those appearing in the Company's Application and supporting documents.

The Commission entered an Order for Notice and Hearing that, among other things, scheduled a public hearing on March 26, 2019, 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 testimony from members of the public and evidence related to the Application from the Company, any respondents, and the Commission's Staff. Any person desiring to testify as a public witness at this hearing should appear fifteen (15) minutes prior to the starting time of the hearing and contact the Commission's Bailiff.

The public version of the Company's Application, as well as the Commission's Order for Notice and Hearing, are available for public inspection during regular business hours at each of the Company's business offices in the Commonwealth of Virginia. Copies also may be obtained 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.



Copies of the public version of the Application and other documents filed in this case also 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>.

On or before March 19, 2019, any interested person wishing to comment on the Company's Application shall 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 23218-2118. Any interested person desiring to file comments electronically may do so on or before March 19, 2019, by following the instructions 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-2018-00015.

On or before September 18, 2018, any person or entity wishing to participate as a respondent in this proceeding may do so by filing a notice of participation. 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 above. A copy of the notice of participation as a respondent also must be sent to counsel for the Company at the address set forth above. Pursuant to Rule 5 VAC 5-20-80 B, *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 must 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-2018-00015.

On or before January 29, 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-2018-00015.

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 <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 above.

APPALACHIAN NATURAL GAS DISTRIBUTION COMPANY

(7) On or before October 30, 2018, the Company 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.

(8) On or before November 13, 2018, the Company shall file proof of the notice and service required by Ordering Paragraphs (6) and (7), 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.

(9) On or before March 19, 2019, any interested person may file written comments on the Application with the Clerk of the Commission at the address shown in Ordering Paragraph (8). Any interested person desiring to submit comments electronically may do so on or before March 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-2018-00015.

(10) On or before September 18, 2018, any person or entity wishing to participate as a respondent in this proceeding may do so by filing a notice of participation. 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 (8). The respondent simultaneously shall serve a copy of the notice of participation on counsel to the Company at the address in Ordering Paragraph (5). 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 must 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-2018-00015.

(11) Within five (5) business days of receipt of a notice of participation as a respondent, the Company shall serve upon each 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.

(12) On or before January 29, 2019, each respondent may file with the Clerk of the Commission at the address set forth in Ordering Paragraph (8) 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 submitted to the Clerk of the Commission. In all filings, the respondent 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-2018-00015.

(13) The Staff shall investigate the Application. On or before February 26, 2019, the Staff shall file with the Clerk of the Commission an original and fifteen (15) copies of its testimony and exhibits, 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 ANGD and all respondents.

(14) On or before March 12, 2019, ANGD 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 of the testimony and exhibits on the Staff and all respondents. If not filed electronically, an original and fifteen (15) copies of such rebuttal testimony and exhibits shall be submitted to the Clerk of the Commission at the address set forth in Ordering Paragraph (8).

(15) 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.

(16) 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, 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>13</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.*

(17) This matter is continued.

AN ATTESTED COPY hereof shall be sent by the Clerk of the Commission to:  
 Brian R. Greene, Esquire, and William T. Reisinger, Esquire, GreeneHurlocker, PLC, 1807 Libbie Avenue, Suite 102, Richmond, Virginia 23226; John D. Jessee, Esquire, Appalachian Natural Gas Distribution Company, 220 Valley Street NW, Abingdon, Virginia 24210; John. W. Ebert, President, Appalachian Natural Gas Distribution Company, 220 Valley Street NW, Abingdon, Virginia 24210; and C. Meade Browder, Jr., Senior Assistant Attorney General,

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<sup>13</sup> The assigned Staff attorney is identified on the Commission's website: <http://www.scc.virginia.gov/case>, by clicking "Docket Search," and clicking "Search Cases," and entering the case number, PUR-2018-00015, in the appropriate box.

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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