



CONSUMER ADVOCATE DIVISION
STATE OF WEST VIRGINIA
PUBLIC SERVICE COMMISSION
700 Union Building
723 Kanawha Boulevard, East
Charleston, West Virginia 25301
(304) 558-0526

CONSUMER ADVOCATE DIVISION 2018 ANNUAL REPORT

The Consumer Advocate Division (CAD) represents the interests of residential customers in all matters concerning West Virginia utilities. The information in this report is specific to residential rates and terms of service.

West Virginia's major utilities filed seventeen cases requesting rate changes during 2017. Fifteen of the filings increased rates and two of the filings decreased rates. Both rate decreases were requested by Mon Power/PE¹: one as a result of a surcharge true-up and the second as a result of the proposed Pleasants acquisition. The decrease associated with the Pleasants transaction (\$31 million) is misleading because it only reflects an expected rate reduction through December 2018. If approved by the Public

¹ American Electric Power's West Virginia electric operating utility is Appalachian Power Company. FirstEnergy's West Virginia electric operating utilities are Mon Power and PE.

Service Commission (Commission), the Pleasants transaction has the potential to create significant increases after 2018.

With the number of the cases lacking final orders, it is likely that customers will see increased rates in 2018. Appendix I, Table 1 of this report, summarizes the cases.

The Commission has proposed changes to tariffs governing consumer rights such as disconnection of service and the requirements for notifications for disconnections. While these tariff changes do not affect utility rates, the impact on customers can be devastating. In light of the recent and significant increases in rates, the CAD is particularly concerned that tariff changes will further disadvantage consumers.² The Commission is expected to rule on these proposed changes in 2018.

The CAD participated in several cases before the Federal Energy Regulatory Commission. These cases involved transmission and wholesale market costs that are paid by West Virginia customers.

The CAD prepared an annual study of utility rates.³ The study is attached to this report as Appendix I, Tables 1 through 10. The study examines current rates for 17 cities in West Virginia and compares them to the rates in cities of adjacent states.

² For example, the Commission is proposing the elimination of personal contact before service is terminated by substitution of automated telephone phone calls and would not require the utility to offer a payment plan unless requested by the customer.

³ Utility rates used in the study are based on average monthly usage by a residential customer of 13 MCF's of gas (MCF = 1,000 cubic feet), 1000 kWh of electricity (kWh = kilowatt hour), 4,500 gallons of water and a single line telephone with flat-rate service. Telephone rates also include the applicable federal subscriber line charge, federal universal service surcharge, federal universal service credit, and deaf relay service surcharge.

Year to Year Rate Comparison

Residential rates for the largest utilities in West Virginia are shown in Appendix I, Table 3. In 2017, the average monthly utility bill was \$307, an increase of more than 4% from the prior year average of \$295.

Appendix I, Table 4 shows an increase of 9% for the five year period ending January 2018. During this period, electric bills had the greatest increase of 25%, followed by water bill increases of 10%. Telephone bills increased only \$2 over the period, and natural gas bills fell by 2%.

Appendix I, Table 5 shows the January 2018 average monthly bills in four West Virginia cities. Of the four shown, the utility bills increased since 2014 by a low of 2% in Fairmont to a high of 14% in Charleston.

City to City Comparison

Appendix I, Table 3 shows the monthly change in utility costs to residents in the seventeen West Virginia cities in the survey, ranked from least expensive to most expensive. Of the seventeen cities included in Table 3, Morgantown residents have the lowest utility costs and Bluefield residents have the highest. Natural gas and water rates showed the greatest disparity with water rates ranging from \$23 in Morgantown to \$64

for cities served by West Virginia American Water.⁴ Natural gas rates ranged from \$110 to \$128.⁵

Comparison with Rates in Surrounding States

The average cost of residential utility service in West Virginia was lower than costs in all adjacent states (\$307 vs. an average of \$341).⁶ The monthly residential utility bills for out of state cities ranged from a high of \$378 (Pittsburgh, PA) to a low of \$310 (Columbus, OH).

Appendix I, Tables 6 – 10 compares the average monthly residential utility bills for each utility in West Virginia and selected cities in surrounding states. Electric costs for West Virginia are slightly lower than those in adjacent states (Table 6). The average water cost in West Virginia is comparable to that of cities in surrounding states (Table 9). Appendix I, Table 10 shows the total residential utility cost for West Virginia as compared to the total residential utility cost in surrounding states.

Review of 2017 Regulatory Actions

Appendix I, Table 1 summarizes the major 2017 rate decisions, including the cases where decisions have yet to be rendered.

⁴ Appendix I, Table 3.

⁵ Appendix I, Table 3.

⁶ Appendix I, Table 3.

Electricity: The rates of West Virginia's two electric utilities, Appalachian Power Company and Mon Power/PE did not change in 2017. However, with six cases awaiting Commission orders rates will change in 2018.

Gas: In 2017, gas rates increased significantly from the prior year. Part of this increase results from surcharges for investments in infrastructure.

Water: In 2017, the Commission concluded the general investigation of the January 2014 chemical spill. A settlement was reached among the parties requiring West Virginia American Water Company to implement additional water quality measures, most importantly water monitoring at the intake and upstream of the intake. The CAD supports these measures that will protect customers in the event of another water contamination. Also, the Commission authorized WVAVWC to increase its investment in replacing old water pipes to improve system reliability.

Conclusion

While the full impact of the 2017 filings is unknown, it is likely that rates will increase. This is creating serious affordability issues for West Virginia residents. The CAD is concerned with the number of rate increases and the erosion of consumer protections authorized or proposed by the Commission. The CAD will continue its efforts to vigorously protect the interests of West Virginia residential customers.

The CAD's residential Rate Study is attached as Appendix I, and is also available on the CAD's web site at www.cad.state.wv.us.

**FOR FURTHER INFORMATION CONTACT:
JACKIE ROBERTS, DIRECTOR OF THE CONSUMER ADVOCATE DIVISION
304.558.0526.**

Table 1
WEST VIRGINIA 2017 RATE DECISIONS
Consumer Advocate Division: Annual Utility Rate Study

	Requested (\$/Million)	Granted (\$/Million)
ELECTRICITY		
AEP (EE/DR)*	9.94	Awaiting Commission Order
AEP VMS	-	-
AEP (Acquisition of wind facilities)	TBD in ENEC Surcharge Case	Awaiting Commission Order
AEP (Acquisition of solar facilities)	Case pending, filed 12/12/2017	-
Mon Power AMBIT**	8.20	Awaiting Commission Order
First Energy VMS***	(15.09)	Awaiting Commission Order
FirstEnergy (Coal plant acquisition)****	(31.49)	Awaiting Commission Order
Subtotal Electricity	\$ (28.44)	n/a
GAS		
Mountaineer (PGA)	10.40	10.40
Mountaineer 390	6.50	6.20
Dominion Energy (Hope) (PGA)	16.10	15.70
Dominion Energy (Hope) 390	2.08	1.52
Peoples (PGA)	0.33	0.33
Bluefield (PGA)	0.29	0.29
Bluefield 390	0.23	0.23
Bluefield Rate Case*****	1.23	Awaiting Commission Order
Subtotal Gas	\$ 37.15	\$ 34.67
WATER		
WVAWC DSIC*****	4.48	4.31
WVAWC (Westong to Webster Springs Improvements)	20.80	Awaiting Commission Order
Subtotal Water	\$ 25.28	n/a
TELEPHONE	n/a	n/a
TOTAL	\$ 33.99	n/a

* This represents an increase in expenditures for programs over 2 years, above the current \$7,500,000/year spending level.

** The \$8.2 million increase is calculated based upon the cost reduction that was to go into effect October 2017 under the current agreement.

*** This represents a credit for 2 years totaling \$30,460,595 which represents an *over collection* in the vegetation management surcharge.

**** First Energy estimated a decrease in rates for 16 months ending 12/18 from the acquisition of the generating station. The CAD believes customers will experience a significant increase in costs after this initial period. The Companies have declined to provide rate projections beyond December 2018 to confirm to disprove this belief.

Table 2
WV RESIDENTIAL CUSTOMERS:
MONTHLY UTILITY COST JANUARY 2017 & 2018

Consumer Advocate Division: Annual Utility Rate Study

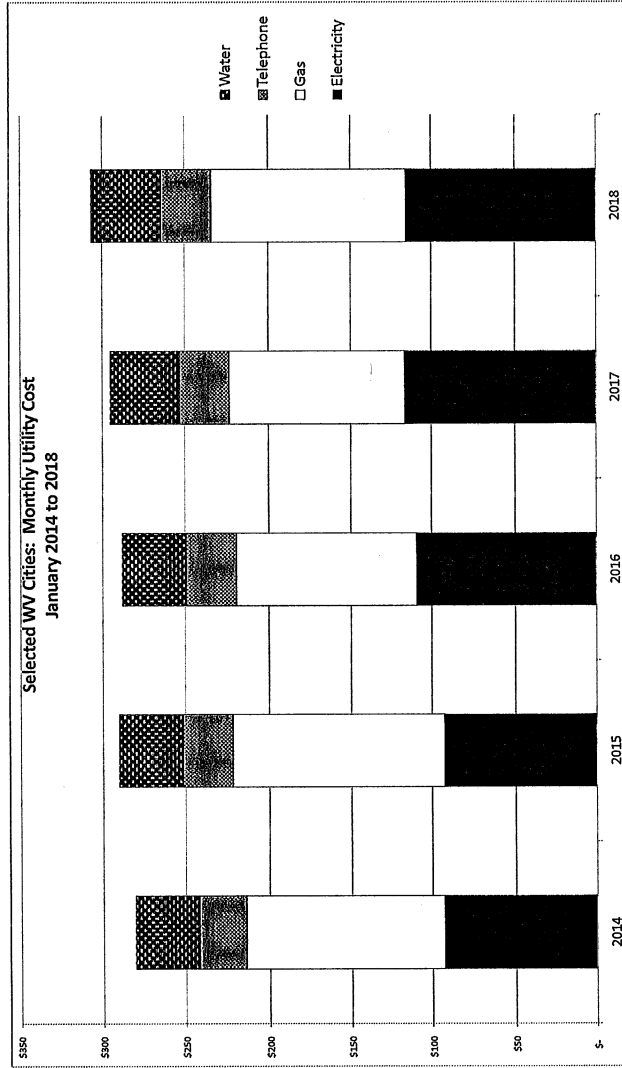
	<u>January 2017</u>	<u>January 2018</u>	<u>% Change</u>
Gas - 13 MCF of Gas			
1. Mountaineer Gas	\$ 111.76	\$ 120.73	8.0%
2. Bluefield Gas	113.75	128.05	12.6%
3. Peoples Gas	108.46	111.84	3.1%
5. Dominion Energy (Hope Gas)	\$ 91.50	\$ 110.18	20.4%
Electric - 1000 kWh of Electricity			
1. Appalachian Power	\$ 120.93	\$ 120.93	0.0%
2. Wheeling Power	120.93	120.93	0.0%
3. Potomac Edison	112.48	110.53	-1.7%
4. Monongahela Power	\$ 112.48	\$ 110.53	-1.7%
Telephone - Flat Rate, Single Party*			
1. Frontier/Verizon	\$ 29.64	\$ 29.82	0.6%
2. Frontier	\$ 29.64	\$ 29.82	0.6%
Company or Municipality - 4,500 Gallons			
1. West Virginia American Water	\$ 62.96	\$ 64.24	2.0%
2. Municipal Systems (detail on Table 3)	\$ 33.08	\$ 33.55	1.4%

* Includes \$6.50 federal subscriber line charge, federal universal service credit, federal universal service surcharge and \$0.10 deaf relay charge. Frontier/Verizon rate change of \$2.02 reflects the elimination of the federal universal service credit.

Table 3
RESIDENTIAL CUSTOMERS: SELECTED CITIES WV & SURROUNDING STATES
MONTHLY UTILITY COST JANUARY 2018
Consumer Advocate Division: Annual Utility Rate Study

WEST VIRGINIA City	2018			2018			2018			2017 to 2018: % Change
	Electricity	Gas	Telephone	Water	Total					
1 Morgantown	\$ 110.53	\$ 110.18	\$ 29.82	\$ 23.18	\$ 273.71					6.6%
2 Clarksburg	110.53	110.18	29.82	34.79	285.32					6.3%
3 Grafton	110.53	111.84	29.82	34.11	286.30					0.6%
4 Parkersburg	110.53	110.18	29.82	37.85	288.38					7.4%
5 Fairmont	110.53	110.18	29.82	39.92	290.45					6.2%
6 Weirton	110.53	120.73	29.82	31.01	292.09					2.5%
7 Elkins	110.53	120.73	29.82	33.73	294.81					2.5%
8 Martinsburg	110.53	120.73	29.82	34.00	295.08					2.5%
9 Logan	120.93	120.73	29.82	28.95	300.43					4.5%
10 Wheeling	120.93	120.73	29.82	29.98	301.46					3.1%
11 Beckley	120.93	120.73	29.82	35.82	307.30					2.7%
12 Lewisburg	120.93	120.73	29.82	39.20	310.68					6.0%
13 Hinton	120.93	120.73	29.82	64.24	335.72					6.0%
14 Charleston	120.93	120.73	29.82	64.24	335.72					3.2%
15 Huntington	120.93	120.73	29.82	64.24	335.72					3.2%
16 Oak Hill	120.93	120.73	29.82	64.24	335.72					3.2%
17 Bluefield	120.93	128.05	29.82	64.24	343.04					4.8%
Average	\$ 116.04	\$ 118.16	\$ 29.82	\$ 42.57	\$ 306.58					4.1%
SURROUNDING STATES										
Columbus, OH	133.03	98.19	26.25	52.07	309.54					-12.0%
Richmond, VA	117.28	143.24	29.76	38.88	329.16					-6.0%
Lexington, KY	125.64	135.67	30.08	39.58	330.97					5.9%
Baltimore, MD	135.61	158.65	30.16	34.52	358.94					9.3%
Pittsburgh, PA	146.45	135.43	24.33	71.47	377.68					3.6%
Average	\$ 131.60	\$ 134.24	\$ 28.12	\$ 47.30	\$ 341.26					-0.1%

Table 4
RESIDENTIAL CUSTOMERS: SELECTED CITIES WV
MONTHLY UTILITY COST JANUARY 2014-2018
 Consumer Advocate Division: Annual Utility Rate Study



AVERAGE FOR SELECT WV CITIES*

	2014	2015	2016	2017	2018	2014-2018	Change
Electricity	\$ 93	\$ 93	\$ 110	\$ 117	\$ 116	116	25%
Gas	121	129	110	107	118	118	-2%
Telephone	28	30	30	30	30	30	8%
Water	39	39	39	42	43	43	10%
TOTAL	\$ 281	\$ 290	\$ 288	\$ 295	\$ 307	307	9%

* Cities included in average are shown on Table 3.

Table 5
MONTHLY UTILITY COST JANUARY 2014-2018
RESIDENTIAL CUSTOMERS: SELECTED CITIES WV
Consumer Advocate Division: Annual Utility Rate Study

	2014	2015	2016	2017	2018	2014 to 2018: % Chg
WHEELING						
Wheeling Power	\$ 93.83	\$ 93.77	\$ 109.82	\$ 120.93	\$ 120.93	29%
Mountaineer Gas	118.28	131.22	117.28	111.76	120.73	2%
Verizon/Frontier	27.62	29.64	29.73	29.64	29.82	8%
City Water	<u>29.98</u>	<u>29.98</u>	<u>29.98</u>	<u>29.98</u>	<u>29.98</u>	0%
Total	\$ 269.71	\$ 284.61	\$ 286.81	\$ 292.31	\$ 301.46	12%
CHARLESTON						
APCO	\$ 93.83	\$ 93.77	\$ 109.82	\$ 120.93	\$ 120.93	29%
Mountaineer Gas	118.28	131.22	117.28	111.76	120.73	2%
Verizon/Frontier	27.62	29.64	29.73	29.64	29.82	8%
WV-American	<u>54.07</u>	<u>54.07</u>	<u>54.07</u>	<u>62.96</u>	<u>64.24</u>	19%
Total	\$ 293.80	\$ 308.70	\$ 310.90	\$ 325.29	\$ 335.72	14%
FAIRMONT						
Mon. Power	\$ 92.62	\$ 92.38	\$ 109.54	\$ 112.48	\$ 110.53	19%
Dominion Energy (Hope)	121.17	114.86	87.82	91.50	110.18	-9%
Verizon/Frontier	27.62	29.64	29.73	29.64	29.82	8%
City Water	<u>44.35</u>	<u>44.35</u>	<u>39.92</u>	<u>39.92</u>	<u>39.92</u>	-10%
Total	\$ 285.76	\$ 281.23	\$ 267.01	\$ 273.54	\$ 290.45	2%
MARTINSBURG						
Potomac Edison	\$ 92.62	\$ 92.38	\$ 109.54	\$ 112.48	\$ 110.53	19%
Mountaineer Gas	118.28	131.22	117.28	111.76	120.73	2%
Verizon/Frontier	27.62	29.64	29.73	29.64	29.82	8%
City Water	<u>34.00</u>	<u>34.00</u>	<u>34.34</u>	<u>34.00</u>	<u>34.00</u>	0%
Total	\$ 272.52	\$ 287.24	\$ 290.89	\$ 287.88	\$ 295.08	8%

Table 6
MONTHLY UTILITY COST JANUARY 2018: ELECTRICITY
RESIDENTIAL CUSTOMERS: SELECTED CITIES WV & SURROUNDING STATES
 Consumer Advocate Division: Annual Utility Rate Study

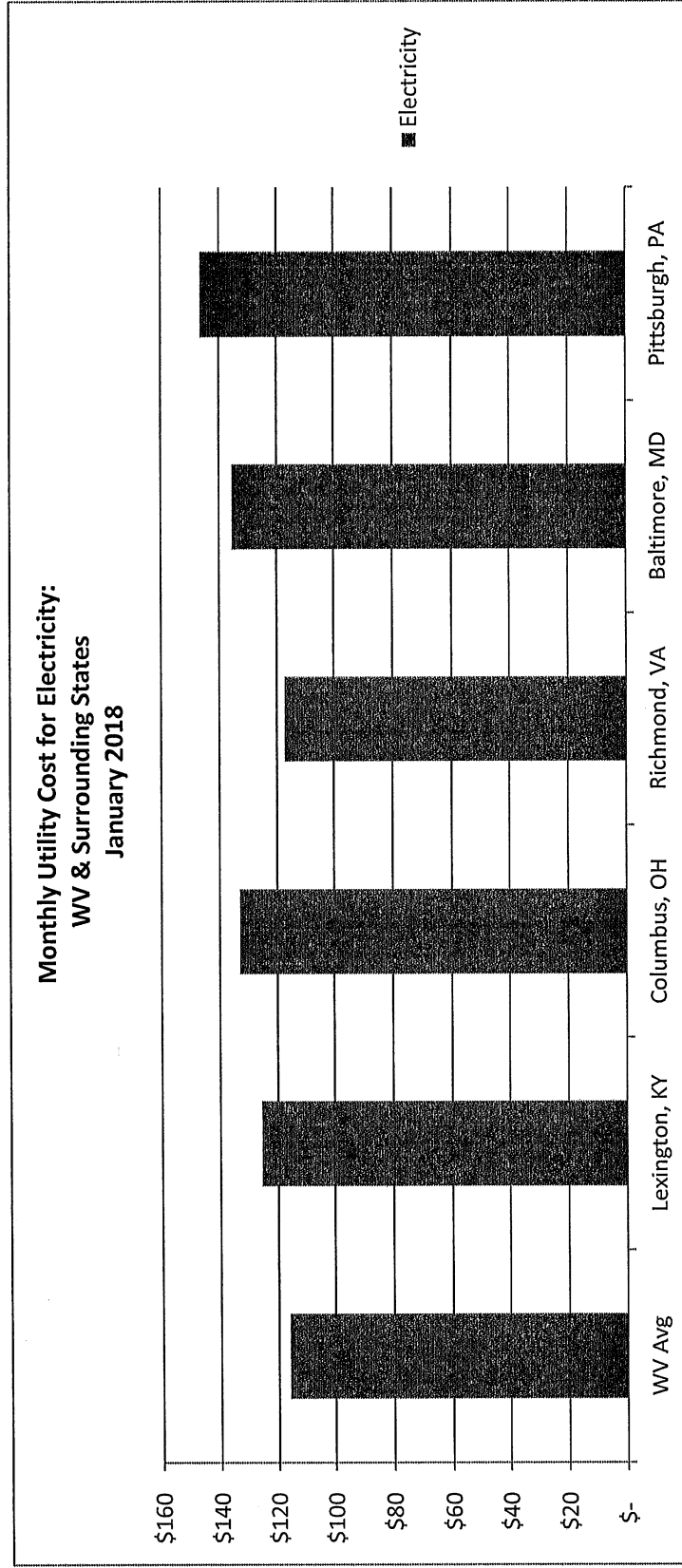


Table 7
RESIDENTIAL CUSTOMERS: SELECTED CITIES WV & SURROUNDING STATES
MONTHLY UTILITY COST JANUARY 2018: GAS
 Consumer Advocate Division: Annual Utility Rate Study

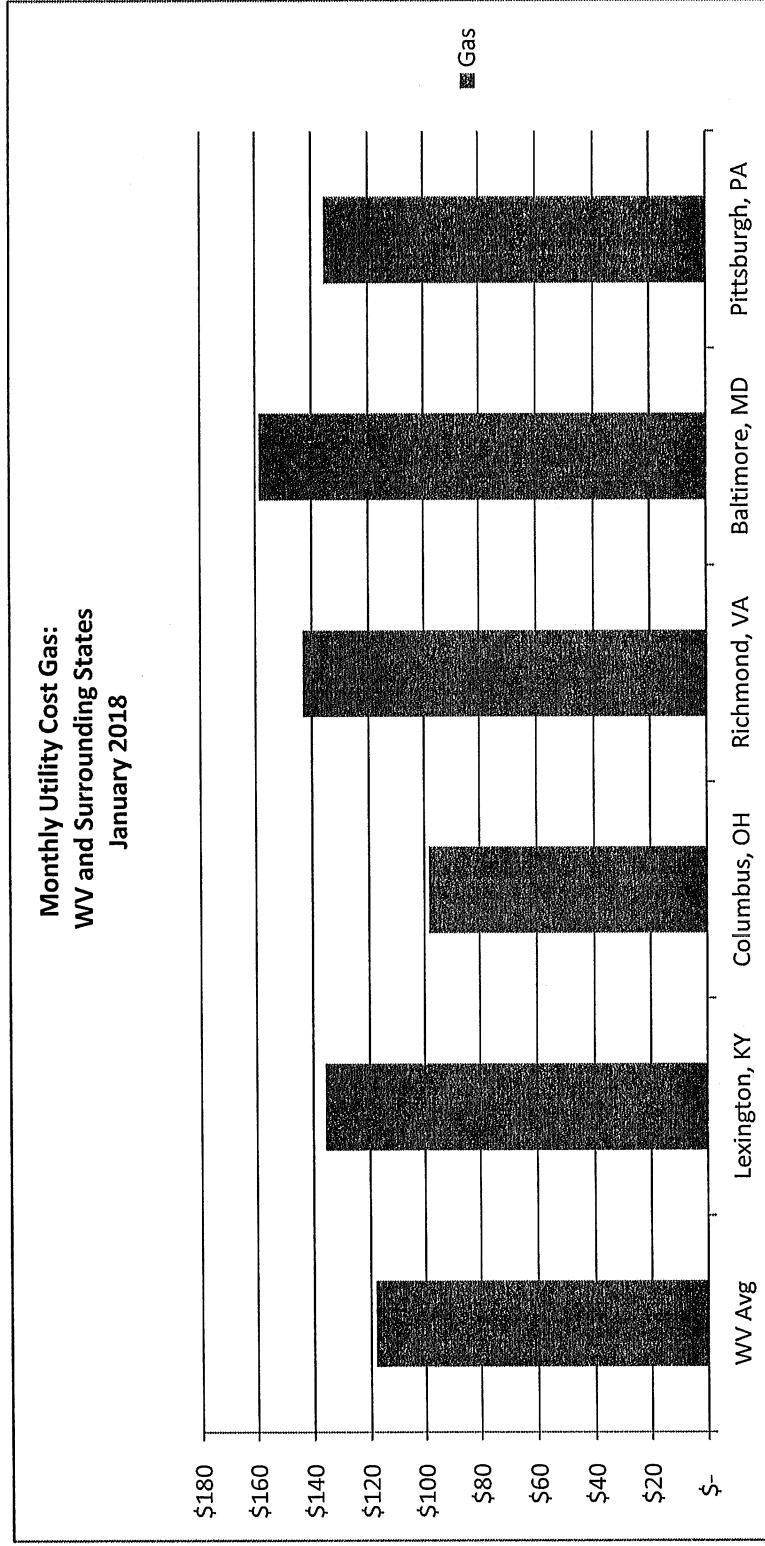


Table 8
RESIDENTIAL CUSTOMERS: SELECTED CITIES WV & SURROUNDING STATES
MONTHLY UTILITY COST JANUARY 2018: TELEPHONE

Consumer Advocate Division: Annual Utility Rate Study

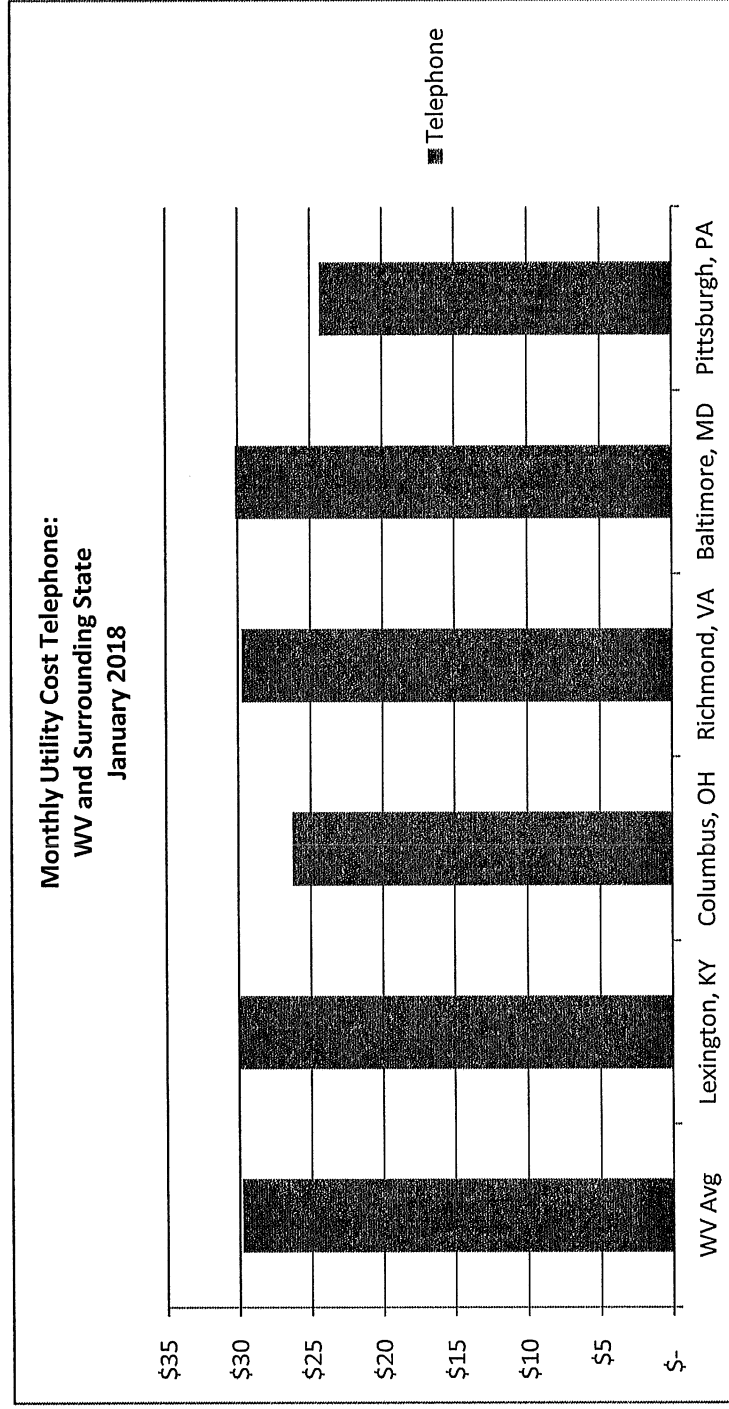


Table 9
RESIDENTIAL CUSTOMERS: SELECTED CITIES WV & SURROUNDING STATES
MONTHLY UTILITY COST JANUARY 2018: WATER

Consumer Advocate Division: Annual Utility Rate Study

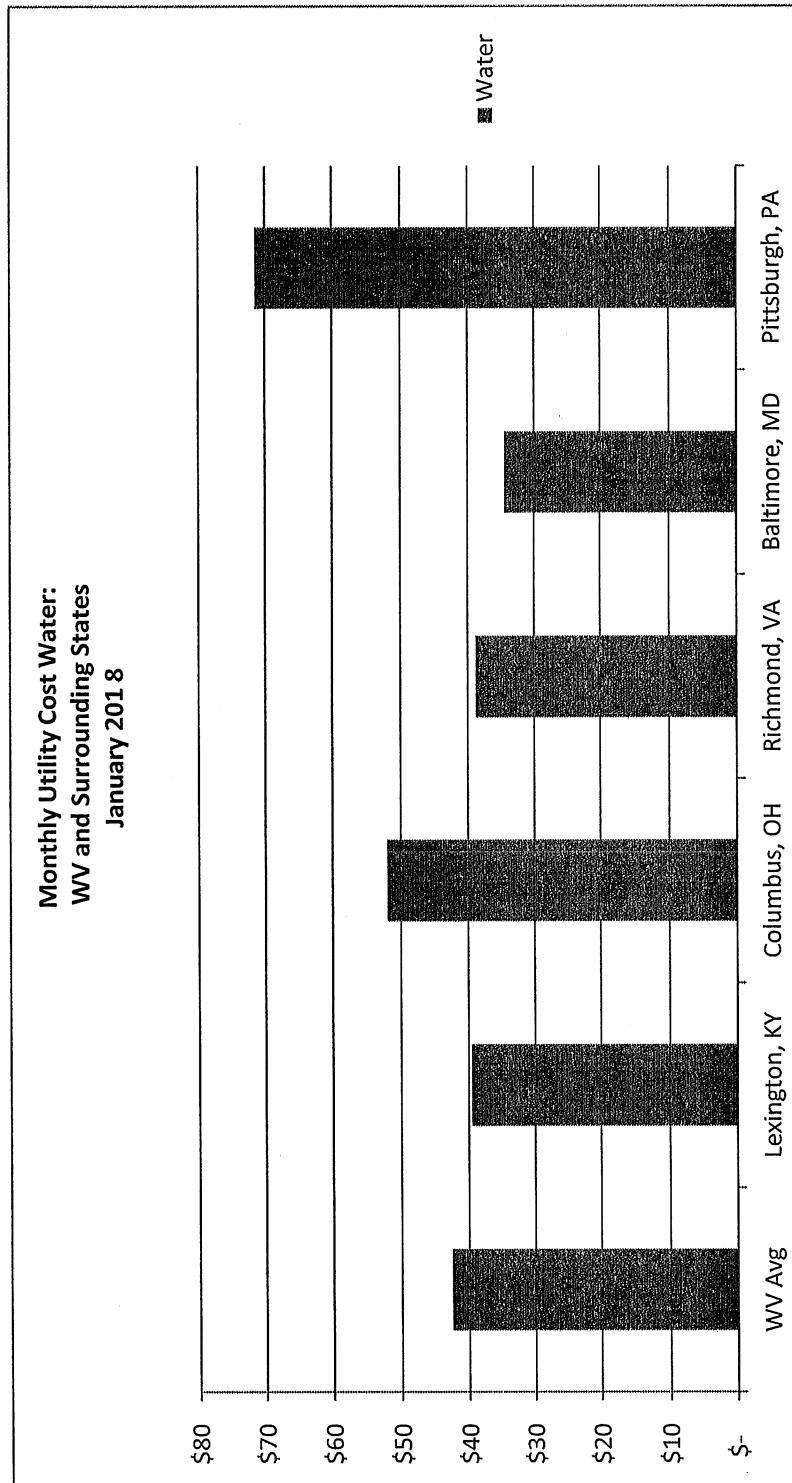


Table 10
RESIDENTIAL CUSTOMERS: SELECTED CITIES WV & SURROUNDING STATES
MONTHLY UTILITY COST JANUARY 2018: ALL UTILITIES
 Consumer Advocate Division: Annual Utility Rate Study

