

COMMONWEALTH OF VIRGINIA
STATE CORPORATION COMMISSION
AT RICHMOND, FEBRUARY 15, 2024

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APPLICATION OF

MASSANUTTEN PUBLIC SERVICE
CORPORATION

CASE NO. PUR-2024-00017

For an increase in water and
sewer rates

ORDER FOR NOTICE AND HEARING

On January 31, 2024, Massanutten Public Service Corporation ("Massanutten" 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"), and Rule 20 VAC 5-201-10 *et seq.*, requesting authority for a general increase in rates ("Application").¹ The Company requests that its new rates become effective, subject to refund, pending a final order in this matter, no later than 180 days after the Company's Application is deemed complete.²

Massanutten requests an increase in rates for water and wastewater service to produce an increase in water revenues of \$465,340 and an increase in wastewater revenues of \$438,819, for a combined increase of \$904,159.³ According to the Application, the requested increases constitute a 25.3% increase in water revenues and an 18.92% increase in wastewater revenues, for a combined increase of 21.74%.⁴

¹ Application at 1.

² *Id.* at 6. The Memorandum of Completeness in this case was filed on February 9, 2024, finding the Application complete as of the date of filing.

³ Application at 2.

⁴ *Id.*

For a comprehensive list of the Company's proposed rates, please see the rate schedule included in the notice section of this Order.

Massanutten states that the requested increase in base rate revenue is necessary in order to cover its annual operating costs and will allow the Company to earn a fair rate of return.⁵ The Company states that for the twelve months ending on October 31, 2023, Massanutten realized, on a per book basis, an overall rate of return on common equity ("ROE") of -0.61%, as compared to the 9.25% ROE it was last authorized in Case No. PUR-2020-00039.⁶ In its current Application, the Company is requesting an authorized ROE of 10.75%.⁷

Massanutten indicates that the proposed rate design is centered around a 75% parity between the customer classes, moving the classes towards 100% parity.⁸ As in prior rate cases, Massanutten proposes to use the debt-to-equity ratio of its parent company, Corix Regulated Utilities (US), Inc ("Corix").⁹

Massanutten states that it expects to accrue benefits related to a proposed merger of Corix and SW Merger Acquisition Corp., which, while approved by the Commission in Case No. PUR-2022-00203,¹⁰ has not yet been approved by another regulatory jurisdiction and

⁵ *Id.* at 1-2.

⁶ *Application of Massanutten Public Service Corporation, For an expedited increase in water and sewer rates*, Case No. PUR-2020-00039, 2021 S.C.C. Ann. Rept. 196, Final Order (Nov. 3, 2021).

⁷ Direct Testimony of Matthew R. Howard at 3.

⁸ Application at 4.

⁹ *Id.*

¹⁰ *Joint Petition of Massanutten Public Service Corporation, Corix Infrastructure, Inc., Corix Infrastructure (US) Inc., IIF Subway Investment LP, SW Merger Acquisition Corp., and Southwest Water Company, For Approval of Change in Control under Chapter 5 of Title 56 of the Code of Virginia*, Case No. PUR-2022-00203, Doc. Con. Cen. No. 230620133, Order Granting Approval (June 12, 2023).

accordingly has not been completed.¹¹ Massanutten requests permission to track and defer future benefits related to the merger, and any costs incurred to achieve those benefits.¹² Additionally, the Company requests that it be allowed to track and defer expenses related to an attempted condemnation of the Massanutten water and sewer systems by the County of Rockingham.¹³

Finally, in conjunction with the filing of its Application, the Company filed a Motion for Protective Order and a proposed protective order that establishes procedures governing the use of confidential information in this proceeding.

NOW THE COMMISSION, having considered this matter, 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 Application as well as public witness testimony; interested persons and the public should have an opportunity to file comments on the Application or participate as respondents in this proceeding; and the Commission Staff ("Staff") should be directed to investigate the Application and file testimony and exhibits containing its findings and recommendations thereon. We further find that a Hearing Examiner should be appointed to conduct further proceedings in this matter on behalf of the Commission, including ruling on Massanutten's Motion for Protective Order.

We note that the proposed revenue requirement, if approved, would result in an increase to customer bills. Pursuant to Code § 56-238, the Commission suspends Massanutten's proposed rates for a period of 180 days, the maximum allowed by law.

¹¹ *Id.* at 5. The Applicant states that, as of the filing of the Application, the parties to the proposed merger are waiting for an order addressing a settlement agreement before the Public Utilities Commission of California. *See* Direct Testimony of Steven Lubertozi ("Lubertozi Direct") at 3.

¹² Application at 5; Lubertozi Direct at 5-8.

¹³ Application at 5-6.

In the Memorandum of Completeness filed on February 9, 2024, Staff noted that the Company has no non-jurisdictional customers and therefore did not file a jurisdictional study with its Schedule 40. For purposes of making the Application complete and commencing this proceeding, the Commission waives the requirement for a non-jurisdictional study to the extent necessary.

To promote administrative efficiency and timely service of filings upon participants, the Commission will, among other things, direct the electronic filing of testimony and pleadings unless they contain confidential information, and require electronic service on parties to this proceeding.

Accordingly, IT IS ORDERED THAT:

(1) This matter is docketed and assigned Case No. PUR-2024-00017.

(2) All pleadings in this matter shall be submitted electronically to the extent authorized by 5 VAC 5-20-150, *Copies and format*, of the Commission's Rules of Practice. Confidential and Extraordinarily Sensitive Information shall not be submitted electronically and should comply with 5 VAC 5-20-170, *Confidential information*, of the Rules of Practice. Any person seeking to hand deliver and physically file or submit any pleading or other document shall contact the Clerk's Office Document Control Center at (804) 371-9838 to arrange the delivery.

(3) Pursuant to 5 VAC 5-20-140, *Filing and service*, of the Rules of Practice, the Commission directs that service on parties and Staff in this matter shall be accomplished by electronic means. Concerning Confidential or Extraordinarily Sensitive Information, parties and Staff are instructed to work together to agree upon the manner in which documents containing such information shall be served upon one another, to the extent practicable, in an electronically

protected manner, even if such information is unable to be filed in the Office of the Clerk, so that no party or the Staff is impeded from preparing its case.

(4) As provided by Code § 12.1-31 and 5 VAC 5-20-120, *Procedure before hearing examiners*, of the Rules of Practice, a Hearing Examiner is appointed to conduct further proceedings in this matter on behalf of the Commission, including ruling on Massanutten's Motion for Protective Order, and to file a final report. A copy of each filing made with the Commission's Clerk's office in this matter shall also be sent electronically to the Office of the Hearing Examiners.¹⁴

(5) Pursuant to Code § 56-238, Massanutten may, but is not required to, implement its proposed rates on an interim basis, subject to refund with interest, for service rendered on and after July 29, 2024.

(6) On or before June 28, 2024, Massanutten shall file a bond with the Commission in the amount of \$904,159 payable to the Commission and conditioned to ensure 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.

(7) The Commission hereby schedules a telephonic portion of the hearing for the receipt of testimony from public witnesses on the Application, as follows:

(a) The portion of the hearing for the receipt of testimony from public witnesses on the Application shall be convened telephonically on October 9, 2024.

(b) To promote fairness for all public witnesses, each witness will be allotted five minutes to provide testimony.

(c) On or before October 2, 2024, any person desiring to offer testimony as a public witness shall provide to the Commission (a) your name, and (b) the telephone number that you wish the Commission to call during the hearing to receive your testimony. This information may be provided to the Commission in three ways: (i) by filling out

¹⁴ Such electronic copies shall be sent to: OHEParalegals@scc.virginia.gov.

a form on the Commission's website at scc.virginia.gov/pages/Webcasting; (ii) by completing and emailing the PDF version of this form to SCCInfo@scc.virginia.gov; or (iii) by calling (804) 371-9141.

(d) Beginning at 10 a.m. on October 9, 2024, the Hearing Examiner appointed to this case will telephone sequentially each person who has signed up to testify as provided above.

(e) This public witness portion of the hearing will be webcast at scc.virginia.gov/pages/Webcasting.

(8) The evidentiary portion of the hearing shall be convened at 10 a.m., on October 9, 2024, or at the conclusion of the public witness portion of the hearing, whichever is later, in the Commission's second floor courtroom located in the Tyler Building, 1300 East Main Street, Richmond, Virginia 23219, to receive testimony and evidence of Massanutten, any respondents, and Staff on the Application.

(9) An electronic copy of the public version of the Application may be obtained by submitting a written request to counsel for the Company: Brian R. Greene, GreeneHurlocker, PLC, 4908 Monument Avenue, Suite 200, Richmond, Virginia, 23232, BGreene@GreeneHurlocker.com. Interested persons also may download unofficial copies from the Commission's website: scc.virginia.gov/pages/Case-Information.

(10) On or before March 27, 2024, 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 AN APPLICATION BY
 MASSANUTTEN PUBLIC SERVICE CORPORATION,
 FOR AN INCREASE IN WATER AND SEWER RATES
CASE NO. PUR-2024-00017

- **Massanutten Public Service Corporation ("Massanutten") has applied for approval to increase its water and sewer rates to produce an increase in water revenues of \$465,340 and an increase in wastewater revenues of \$438,819, for a combined increase of \$904,159.**
- **A Hearing Examiner appointed by the Commission will hear the case on October 9, 2024.**
- **Further information about this case is available on the State Corporation Commission's website at: scc.virginia.gov/pages/Case-Information.**

On January 31, 2024, Massanutten Public Service Corporation ("Massanutten" 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"), and Rule 20 VAC 5-201-10 *et seq.*, requesting authority for a general increase in rates ("Application").

Massanutten requests an increase in rates for water and wastewater service to produce an increase in water revenues of \$465,340 and an increase in wastewater revenues of \$438,819, for a combined increase of \$904,159. According to the Application, the requested increases constitute a 25.3% increase in water revenues and an 18.92% increase in wastewater revenues, for a combined increase of 21.74%.

Massanutten's water and sewer rates are billed on a per meter basis and consist of a base facilities charge based on meter size, and a separate charge for each 1,000 gallons of usage for residential, commercial, hospitality, and water park customers. The current and proposed water base facilities charges are as follows:

Base Facilities Charges – Water

Meter Size	Current Monthly Charge	Proposed Monthly Charge
5/8"	\$15.50	\$17.47
3/4"	\$23.25	\$26.20
1"	\$38.74	\$43.66
1.5"	\$77.49	\$87.33
2"	\$123.98	\$139.72
3"	\$232.47	\$261.98
4"	\$387.45	\$463.63
6"	\$774.90	\$873.25
8"	\$1,239.83	\$1,397.20
10"	\$1,782.26	\$2,008.48

The current and proposed wastewater base facilities charges are as follows:

Base Facilities Charges – Wastewater

Meter Size	Current Monthly Charge	Proposed Monthly Charge
5/8"	\$16.78	\$18.36
3/4"	\$25.18	\$27.54
1"	\$41.96	\$45.90
1.5"	\$83.92	\$91.80
2"	\$134.28	\$146.88
3"	\$251.77	\$275.41
4"	\$419.62	\$459.01
6"	\$839.24	\$918.03
8"	\$1,342.78	\$1,468.85
10"	\$1,930.25	\$2,111.47

The current proposed charges for 1,000 gallons of water usage are as follows:

Each 1000 Gallons of Usage – Water

<u>Customer Class:</u>	<u>Current Charge:</u>	<u>Proposed Charge:</u>
Residential	\$13.990	\$18.233
Commercial	\$6.060	\$8.442
Hospitality	\$9.058	\$11.622
Water Park	\$3.999	\$7.093

The current proposed charges for 1,000 gallons of wastewater usage are as follows:

Each 1000 Gallons of Usage – Wastewater (Metered)

<u>Customer Class:</u>	<u>Current Charge:</u>	<u>Proposed Charge:</u>
Residential	\$17.201	\$24.222
Commercial	\$9.498	\$12.334
Hospitality	\$13.333	\$14.522
Water Park	\$11.879	\$12.141

Additionally, unmetered residential and hospitality customers pay a fixed monthly charge for wastewater service. The Company states the current unmetered residential rate is \$86.47 and the hospitality rate is \$76.46. According to the Application, these would increase to \$116.50 per month for residential and \$83.36 per month for hospitality. Currently, the monthly availability fee is \$32.36 for water and \$35.51 for wastewater. These would increase to \$36.46 per month for water and \$38.85 per month for sewer. These charges are billed semi-annually.

Massanutten states that the requested increase in base rate revenue is necessary in order to cover its annual operating costs and will allow the Company to earn a fair rate of return. The Company states that for the twelve months ending on October 31, 2023, Massanutten realized, on a per book basis, an overall rate of return on common equity ("ROE") of -0.61%, as compared to the 9.25% ROE it was last authorized in Case No. PUR-2020-00039. In its current Application, the Company is requesting an authorized ROE of 10.75%.

Massanutten indicates that the proposed rate design is centered around a 75% parity between the customer classes, moving the classes towards 100% parity. As in prior rate cases, Massanutten proposes to use the debt-to-equity ratio of its parent company, Corix Regulated Utilities (US), Inc ("Corix").

Massanutten states that it expects to accrue benefits related to a proposed merger of Corix and SW Merger Acquisition Corp., which, while approved by the Commission in Case No. PUR-2022-00203, has not yet been approved by another regulatory jurisdiction and accordingly has not been completed. Massanutten requests permission to track and defer future benefits related to the merger, and any costs incurred to achieve those benefits. Additionally, the Company requests that it be allowed to track and defer expenses related to an attempted condemnation of the Massanutten water and sewer systems by the County of Rockingham.

The details of these and other proposals are set forth in the Company's Application. Interested persons are encouraged to review the Company's Application, testimony and supporting exhibits for the details of these proposals.

TAKE NOTICE that the Commission may adopt rates, charges and/or terms and conditions that differ from those appearing in the Company's 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 in this proceeding that, among other things, scheduled a public hearing on the Application. The Commission noted that the proposed revenue requirement, if approved, would result in an increase to customer bills. Pursuant to Code § 56-238, the Commission suspended Massanutten's proposed rates for a period of 180 days, the maximum allowed by law, and permitted the rates to go into effect on an interim basis, subject to refund, on July 29, 2024.

On October 9, 2024, at 10 a.m., a Hearing Examiner will hold a telephonic portion of the hearing, for the purpose of receiving the testimony of public witnesses. On or before October 2, 2024, any person desiring to offer testimony as a public witness shall provide to the Commission (a) your name, and (b) the telephone number that you wish the Hearing Examiner to call during the hearing to receive your testimony. This information may be provided to the Commission in three ways: (i) by filling out a form on the Commission's website at scc.virginia.gov/pages/Webcasting; (ii) by completing and emailing the PDF version of this form to SCCInfo@scc.virginia.gov; or (iii) by calling (804) 371-9141. This public witness portion of the hearing will be webcast at scc.virginia.gov/pages/Webcasting.

On October 9, 2024, at 10 a.m., or at the conclusion of the public witness portion of the hearing, whichever is later, in the Commission's second floor courtroom located in the Tyler Building, 1300 East Main Street, Richmond, Virginia 23219, the Hearing Examiner will convene a hearing to receive testimony and evidence related to the Application from Massanutten, any respondents, and the Commission's Staff.

To promote administrative efficiency and timely service of filings upon participants, the Commission has directed the electronic filing of testimony and pleadings, unless they contain confidential information, and has required electronic service on parties to this proceeding.

An electronic copy of the public version of the Application may be obtained by submitting a written request to counsel for the Company: Brian R. Greene, GreeneHurlocker, PLC, 4908 Monument Avenue, Suite 200, Richmond, Virginia, 23232, BGreene@GreeneHurlocker.com. Interested persons also may download unofficial copies from the Commission's website: scc.virginia.gov/pages/Case-Information.

On or before October 2, 2024, any interested person may submit comments on the Application electronically by following the instructions on the Commission's website: scc.virginia.gov/casecomments/Submit-Public-Comments. Those unable, as a practical matter, to submit comments electronically may file such comments with the Clerk of the State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218-2118. All comments shall refer to Case No. PUR-2024-00017.

On or before June 12, 2024, any person or entity wishing to participate as a respondent in this proceeding may do so by filing a notice of participation with the Clerk of the Commission at: scc.virginia.gov/clk/efiling. Those unable, as a practical matter, to file a notice of participation electronically may file such notice by U.S. mail to the Clerk of the Commission at the address listed above. Notices of participation shall include the email address of the party or its counsel. The respondent shall serve a copy of the notice of participation on counsel to Massanutten. Pursuant to 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-2024-00017.

On or before July 24, 2024, each respondent may file electronically with the Clerk of the Commission at scc.virginia.gov/clk/efiling any testimony and exhibits by which

the respondent expects to establish its case. Any respondent unable, as a practical matter, to file testimony and exhibits electronically may file such by U.S. mail to the Clerk of the Commission at the address listed above. Each witness's testimony shall include a summary not to exceed one page. All testimony and exhibits shall be served on the Commission's Staff, Massanutten, and all other respondents. In all filings, respondents shall comply with the Commission's Rules of Practice, as modified by the Commission's Order for Notice and Hearing, 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-2024-00017.

Any documents filed in paper form with the Office of the Clerk of the Commission in this docket may use both sides of the paper. In all other respects, except as modified by the Commission's Order for Notice and Hearing, 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, the Commission's Order for Notice and Hearing, the Application and other documents filed in this case may be viewed on the Commission's website at: scc.virginia.gov/pages/Case-Information.

MASSANUTTEN PUBLIC SERVICE CORPORATION

(11) On or before March 27, 2024, Massanutten shall serve a copy of the notice prescribed in Ordering Paragraph (10) of this Order directly on the Company's customers in accordance with the provisions of Code § 56-237.1 B. Service shall either be made by first-class mail to the customary place of business or residence of the person served or may be included as a prominent and legible bill insert in each customer's respective bill. For those customers who have expressly approved service of bills and other correspondence by electronic means, the notice prescribed in Ordering Paragraph (10) of this Order may be sent electronically.

(12) On or before March 27, 2024, Massanutten shall serve a copy of this Order for Notice and Hearing on the following local 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 and county attorney of each county, and the mayor or manager (or equivalent official) and city or town attorney of every city and town.

Service shall be made electronically where possible; if electronic service is not possible, service shall be made by either personal delivery or first-class mail to the customary place of business or residence of the person served.

(13) On or before April 17, 2024, Massanutten shall file proof of the notice and service required by Ordering Paragraphs (10), (11) and (12), including the name, title, and address of each official served, with the Clerk of the Commission by filing electronically at scc.virginia.gov/clk/efiling.

(14) On or before October 2, 2024, any interested person may file comments on the Application by following the instructions found on the Commission's website: scc.virginia.gov/casecomments/Submit-Public-Comments. Those unable, as a practical matter, to submit comments electronically may file such comments by U.S. mail to the Clerk of the State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218-2118. All comments shall refer to Case No. PUR-2024-00017.

(15) On or before June 12, 2024, any person or entity wishing to participate as a respondent in this proceeding may do so by filing a notice of participation at scc.virginia.gov/clk/efiling. Those unable, as a practical matter, to file a notice of participation electronically may file such notice by U.S. mail to the Clerk of the Commission at the address listed in Ordering Paragraph (14). Such notice of participation shall include the email addresses of such parties or their counsel. The respondent shall serve a copy of the notice of participation on counsel to Massanutten. Pursuant to 5 VAC 5-20-80 B, *Participation as a respondent*, of the 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-2024-00017.

(16) Within five (5) business days of receipt of a notice of participation as a respondent, Massanutten shall serve upon the respondent a copy of the Application and supporting materials, unless these materials already have been provided to the respondent.

(17) On or before July 24, 2024, each respondent may file, with the Clerk of the Commission at scc.virginia.gov/clk/efiling, any testimony and exhibits by which the respondent expects to establish its case. Any respondent unable, as a practical matter, to file testimony and exhibits electronically may file such by U.S. mail to the Clerk of the Commission at the address in Ordering Paragraph (14). Each witness's testimony shall include a summary not to exceed one page. All testimony and exhibits shall be served on the Staff, the Company, and all other respondents simultaneous with its filing. In all filings, respondents shall comply with the Rules of Practice, as modified herein, 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-2024-00017.

(18) Staff shall investigate the Application. On or before August 21, 2024, Staff shall file with the Clerk of the Commission its testimony and exhibits, and each Staff witness's testimony shall include a summary not to exceed one page. Staff shall serve a copy thereof on counsel to Massanutten and all respondents.

(19) On or before September 11, 2024, Massanutten shall file with the Clerk of the Commission 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. Massanutten shall serve a copy of its rebuttal testimony and exhibits on Staff and all respondents.

(20) All documents filed in paper form 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.

(21) The Rules 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 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.¹⁵ Except as modified herein, discovery shall be in accordance with Part IV of the Rules of Practice, 5 VAC 5-20-240 *et seq.*

(22) Massanutten is granted a waiver from the requirement to file a non-jurisdictional study as part of its Schedule 40.

(23) This matter is continued.

¹⁵ The assigned Staff attorney is identified on the Commission's website, scc.virginia.gov/pages/Case-Information, by clicking "Docket Search," then clicking "Search by Case Information," and entering the case number, PUR-2024-00017, in the appropriate box.

Commissioner James C. Dimitri participated in this matter.

A COPY hereof shall be sent electronically by the Clerk of the Commission to all persons on the official Service List in this matter. The Service List is available from the Clerk of the Commission.