

PUBLIC SERVICE COMMISSION  
OF WEST VIRGINIA  
CHARLESTON

Entered: August 25, 2017



CASE NO. 17-0355-PWD-19A

CLAY-ROANE PUBLIC SERVICE DISTRICT,  
a public utility, Prociuous, Clay County.

Rule 19A application to increase water rates and charges.

RECOMMENDED DECISION

This Order approves the Staff-recommended tariff.

PROCEDURAL HISTORY

On March 23, 2017, the Applicant, Clay-Roane Public Service District ("Clay-Roane"), filed an application to increase its water rates and charges. The Applicant did not request a specific amount of increase.

On April 25, 2017, the Commission directed Clay-Roane to publish notice of rate increase request by publication and mailing to customers. Commission Staff was directed to submit a final report by July 3, 2017, and a decision due date was set for November 20, 2017.

On June 26, 2017, the Applicant filed a Tariff Form 6-A, showing that notice was mailed to customers on June 23, 2017.

On July 3, 2017, Commission Staff filed its Final Joint Staff Memorandum, recommending a two-step declining increase in rates. A set of alternative rates have been recommended which would be used instead once the project approved in Case No. 16-0473-PWD-CN is substantially complete.

On July 17, 2017, the undersigned issued a Procedural Order directing the District to publish the Staff-recommended rates.

On August 16, 2017, the District submitted a Tariff Form 6-B, indicating that publication was made in the *Clay County Free Press* on July 26 and August 2, 2017.

On August 21, 2017, the District submitted a further affidavit of publication, showing that publication was also made in the Roane County *Times Register* on July 27 and August 3, 2017.

No protests have been filed during the protest period.

### FINDINGS OF FACT

1. Clay-Roane Public Service District is authorized by the PSC to provide water operations in Clay and Roane Counties, West Virginia. It has approximately 850 customers. (Staff Report filed July 3, 2017, at Letter of Transmittal).
2. At going level, the District had a net income loss in its test year of \$45,400 and a cash deficit of \$59,422. (Staff Report filed July 3, 2017, at Statements A and F2).
3. The District has six outstanding long term debts, all of which require either a 110% or 115% debt service coverage. At going level, the District's current debt service coverage is 34.45%. (Staff Report filed July 3, 2017, at Letter of Transmittal and Statements C and F2).
4. The District's adjusted five-year average for plant additions is \$4,065. (Staff Report filed July 3, 2017, at Statement F2).
5. Staff recommends a two-step declining rate increase, with a supplemental pair of rates taking effect upon the substantial completion of a project approved in *Case No. 16-0473-PWD-CN*. Step 1 rates would be effective until June 1, 2024 and would generate a revenue increase of \$92,207 annually over rates existing prior to this case, or a 15.91% increase. This level of revenue would be sufficient to cover operating cash requirements of \$548,956 debt service requirements of \$90,446, and provide funds of \$15,624 related to Senate Bill 234, and provide a surplus of \$17,000. The resulting debt service coverage factor is 136.65%. (Staff Report filed July 3, 2017, at Revenue Requirements).
6. Step 2 rates would take effect on June 1, 2024 and would reduce rates by 2.47%, or \$16,578 annually, from step 1 rates, as the reserve buildup required by Senate Bill 234 will have been completed. It would still provide a surplus of \$16,634 annually, and debt service coverage of 118.90%. (Staff Report filed July 3, 2017, at Revenue Requirements).
7. Supplemental rate-Step 1 rates would take effect upon the substantial completion of a project approved in *Case No. 16-0473-PWD-CN*, and would be effective until June 1, 2024. These rates would generate a revenue increase of \$96,298 or 16.12% over rates approved in that case. This would be sufficient to cover the District's operating cash requirements of \$552,824, debt service requirements \$107,772 and to provide funds related to Senate Bill 234 of \$15,624 and provide a surplus of \$17,569 to cover the five year average for the funding of plant additions. The resulting debt service coverage is 133.22%. (Staff Report filed July 3, 2017, at Revenue Requirements).
8. Supplemental rate-Step 2 rates would take effect upon the substantial completion of a project approved in *Case No. 16-0473-PWD-CN*, and on June 1, 2024, and would reduce rates by \$16,022 or 2.31%, from Supplemental rate-Step 1. This would cover the District's operating cash requirements of \$552,796, debt service requirements of \$107,772 and provide a surplus of

\$17,200 for the funding of plant additions. Debt service coverage would be 118.11%. (Staff Report filed July 3, 2017, at Revenue Requirements).

9. The District has not objected to the Staff recommended rates. (Case file generally).

10. The District has complied with the notice requirements in this case. (Tariff Form 6-A filed June 26, 2017; Tariff Forms 6-B and Affidavits of publication filed August 16, 2017 and August 21, 2017).

11. There have been no public protests to the application. (Case file generally).

#### CONCLUSIONS OF LAW

1. The Staff-recommended rates and charges are sufficient, but not more than sufficient, to produce the level of revenue required by the Clay-Roane Public Service District to cover all operation and maintenance expenses, necessary capital additions and debt obligations.

2. Because the Staff-recommended tariffs attached to this Order as Appendices A, B, C, and D are reasonable, they will be adopted and approved for the Clay-Roane Public Service District's provision of water service on and after the date upon which this Recommended Decision becomes a final order of the Commission, to take effect as ordered below.

3. The Staff-recommended rates can be approved without a hearing, as the District has not disputed them, nor has any public protest been filed.

#### ORDER

IT IS, THEREFORE, ORDERED that the rates and charges recommended by the Commission Staff for the Clay-Roane Public Service District are hereby approved.

IT IS FURTHER ORDERED that the Staff-recommended rates and charges set forth in Appendix A be, and hereby are, approved for all service rendered on and after the date that this Order becomes final, to be effective until June 1, 2024.

IT IS FURTHER ORDERED that the Staff-recommended rates and charges set forth in Appendix B be, and hereby are, approved for all service rendered on and after June 1, 2024.

IT IS FURTHER ORDERED that the Staff-recommended rates and charges set forth in Appendix C be, and hereby are, approved for all service rendered after the date the project approved in *Case No. 16-0473-PWD-CN* is certified complete, up to June 1, 2024.

IT IS FURTHER ORDERED that the Staff-recommended rates and charges set forth in Appendix D be, and hereby are, approved for all service rendered after the date the project approved in *Case No. 16-0473-PWD-CN* is certified complete, on and after June 1, 2024.

IT IS FURTHER ORDERED that the Clay-Roane Public Service District file with the Commission's Tariff Office an original and no less than six (6) copies of a proper tariff reflecting the rates herein approved within thirty (30) days of the date that this Order becomes final.

IT IS FURTHER ORDERED that this matter be, and hereby is, removed from the Commission's docket of open cases.

IT IS FURTHER ORDERED that the Executive Secretary serve this Order upon Staff by hand delivery, upon all parties of record who have filed an e-service agreement with the Commission by electronic service and by United States Certified Mail, return receipt requested, upon all other parties.

Leave is granted to the parties to file written exceptions supported by a brief with the Executive Secretary of the Commission within fifteen days of the date of this Order. If exceptions are filed, the parties filing exceptions shall certify that all parties of record have been served the exceptions.

If no exceptions are filed, this Order shall become the Order of the Commission, without further action or order, five days following the expiration of the fifteen day time period, unless it is ordered stayed by the Commission.

Any party may request waiver of the right to file exceptions by filing an appropriate petition in writing with the Executive Secretary. No such waiver, however, will be effective until approved by order of the Commission.



Darren Olofson  
Administrative Law Judge

DO:s:kjs  
170355aa

CLAY-ROANE PUBLIC SERVICE DISTRICT  
CASE NO. 16-1579-PWD-19A

APPROVED TARIFF – STEP 1  
Effective until June 1, 2024

APPLICABILITY

Applicable within the entire territory served.

AVAILABILITY OF SERVICE

Available for general domestic, commercial, industrial and sale for resale sewer service.

RATES (Customers with metered water supply)

First 10,000 gallons used per month	\$20.62 per 1,000 gallons
Over 10,000 gallons used per month	\$13.47 per 1,000 gallons

MINIMUM CHARGE

No bill will be rendered for less than the following amounts, according to the meter installed:

5/8 inch meter	\$ 41.24	per month
3/4 inch meter	\$ 61.86	per month
1 inch meter	\$ 103.10	per month
1 1/2 inch meter	\$ 206.20	per month
2 inch meter	\$ 329.92	per month
3 inch meter	\$ 659.84	per month
4 inch meter	\$1,031.00	per month
6 inch meter	\$2,062.00	per month
8 inch meter	\$3,299.20	per month

DELAYED PAYMENT PENALTY

The above schedule is net. On all current accounts not paid in full when due, ten percent (10%) will be added to the net current amount unpaid. This delayed payment penalty is not interest and is to be collected only once for each bill where it is appropriate.

RECONNECTION- \$20.00

To be charged whenever the supply of water is turned off for violations of rules, nonpayment of bills or fraudulent use of water.

TAP FEE

The following charge is to be made whenever the utility installs a new tap to serve an applicant.

A tap fee of \$350.00 will be charged to customers applying for service outside of a certificate proceeding before the Commission for each new tap to the system.

LEAK ADJUSTMENT

\$4.00 per 1,000 gallons is to be used when the bill reflects unusual consumption which can be attributed to eligible leakage on the customer's side of the meter. This rate shall be applied to all such consumption above customer's historical average usage.

RETURNED CHECK CHARGE

A service charge equal to the actual bank fee assessed to the District, not to exceed \$25.00, will be imposed upon any customer whose check for payment of charges is returned by their bank due to insufficient funds.

SECURITY DEPOSIT

Not to exceed two-twelfths (2/12) of the average annual usage of the applicant's specific customer class or fifty dollars, whichever is greater. This fee may be changed by applicable statutory provisions.

CLAY-ROANE PUBLIC SERVICE DISTRICT  
CASE NO. 16-1579-PWD-19A

APPROVED TARIFF – STEP 2  
Effective on June 1, 2024

APPLICABILITY

Applicable within the entire territory served.

AVAILABILITY OF SERVICE

Available for general domestic, commercial, industrial and sale for resale sewer service.

RATES (Customers with metered water supply)

First 10,000 gallons used per month	\$20.12 per 1,000 gallons
Over 10,000 gallons used per month	\$13.14 per 1,000 gallons

MINIMUM CHARGE

No bill will be rendered for less than the following amounts, according to the meter installed:

5/8 inch meter	\$ 40.24	per month
3/4 inch meter	\$ 60.36	per month
1 inch meter	\$ 100.60	per month
1 1/2 inch meter	\$ 201.20	per month
2 inch meter	\$ 321.92	per month
3 inch meter	\$ 643.84	per month
4 inch meter	\$1,006.00	per month
6 inch meter	\$2,012.00	per month
8 inch meter	\$3,219.20	per month

DELAYED PAYMENT PENALTY

The above schedule is net. On all current accounts not paid in full when due, ten percent (10%) will be added to the net current amount unpaid. This delayed payment penalty is not interest and is to be collected only once for each bill where it is appropriate.

RECONNECTION- \$20.00

To be charged whenever the supply of water is turned off for violations of rules, nonpayment of bills or fraudulent use of water.

TAP FEE

The following charge is to be made whenever the utility installs a new tap to serve an applicant.

A tap fee of \$350.00 will be charged to customers applying for service outside of a certificate proceeding before the Commission for each new tap to the system.

LEAK ADJUSTMENT

\$4.00 per 1,000 gallons is to be used when the bill reflects unusual consumption which can be attributed to eligible leakage on the customer's side of the meter. This rate shall be applied to all such consumption above customer's historical average usage.

RETURNED CHECK CHARGE

A service charge equal to the actual bank fee assessed to the District, not to exceed \$25.00, will be imposed upon any customer whose check for payment of charges is returned by their bank due to insufficient funds.

SECURITY DEPOSIT

Not to exceed two-twelfths (2/12) of the average annual usage of the applicant's specific customer class or fifty dollars, whichever is greater. This fee may be changed by applicable statutory provisions.



CLAY-ROANE PUBLIC SERVICE DISTRICT  
CASE NO. 16-1579-PWD-19A

APPROVED TARIFF – STEP 1

Effective upon certification of substantial completion of the project  
approved in Case No. 16-0473-PWD-CN until June 1, 2024

APPLICABILITY

Applicable within the entire territory served.

AVAILABILITY OF SERVICE

Available for general domestic, commercial, industrial and sale for resale sewer service.

RATES (Customers with metered water supply)

First	10,000 gallons used per month	\$21.14 per 1,000 gallons
Over	10,000 gallons used per month	\$13.87 per 1,000 gallons

MINIMUM CHARGE

No bill will be rendered for less than the following amounts, according to the meter installed:

5/8	inch meter	\$ 42.28	per month
3/4	inch meter	\$ 63.42	per month
1	inch meter	\$ 105.70	per month
1 1/2	inch meter	\$ 211.40	per month
2	inch meter	\$ 338.24	per month
3	inch meter	\$ 676.48	per month
4	inch meter	\$1,057.00	per month
6	inch meter	\$2,114.00	per month
8	inch meter	\$3,382.40	per month

DELAYED PAYMENT PENALTY

The above schedule is net. On all current accounts not paid in full when due, ten percent (10%) will be added to the net current amount unpaid. This delayed payment penalty is not interest and is to be collected only once for each bill where it is appropriate.

RECONNECTION- \$20.00

To be charged whenever the supply of water is turned off for violations of rules, nonpayment of bills or fraudulent use of water.

TAP FEE

The following charge is to be made whenever the utility installs a new tap to serve an applicant.

A tap fee of \$350.00 will be charged to customers applying for service outside of a certificate proceeding before the Commission for each new tap to the system.

LEAK ADJUSTMENT

\$4.00 per 1,000 gallons is to be used when the bill reflects unusual consumption which can be attributed to eligible leakage on the customer's side of the meter. This rate shall be applied to all such consumption above customer's historical average usage.

RETURNED CHECK CHARGE

A service charge equal to the actual bank fee assessed to the District, not to exceed \$25.00, will be imposed upon any customer whose check for payment of charges is returned by their bank due to insufficient funds.

SECURITY DEPOSIT

Not to exceed two-twelfths (2/12) of the average annual usage of the applicant's specific customer class or fifty dollars, whichever is greater. This fee may be changed by applicable statutory provisions.

CLAY-ROANE PUBLIC SERVICE DISTRICT  
CASE NO. 16-1579-PWD-19A

APPROVED TARIFF – STEP 1

Effective upon certification of substantial completion of the project  
approved in Case No. 16-0473-PWD-CN and on June 1, 2024

APPLICABILITY

Applicable within the entire territory served.

AVAILABILITY OF SERVICE

Available for general domestic, commercial, industrial and sale for resale sewer service.

RATES (Customers with metered water supply)

First	10,000 gallons used per month	\$20.66 per 1,000 gallons
Over	10,000 gallons used per month	\$13.55 per 1,000 gallons

MINIMUM CHARGE

No bill will be rendered for less than the following amounts, according to the meter installed:

5/8	inch meter	\$ 41.32	per month
3/4	inch meter	\$ 61.98	per month
1	inch meter	\$ 103.30	per month
1 1/2	inch meter	\$ 206.60	per month
2	inch meter	\$ 330.56	per month
3	inch meter	\$ 661.12	per month
4	inch meter	\$1,033.00	per month
6	inch meter	\$2,066.00	per month
8	inch meter	\$3,305.60	per month

DELAYED PAYMENT PENALTY

The above schedule is net. On all current accounts not paid in full when due, ten percent (10%) will be added to the net current amount unpaid. This delayed payment penalty is not interest and is to be collected only once for each bill where it is appropriate.

RECONNECTION- \$20.00

To be charged whenever the supply of water is turned off for violations of rules, nonpayment of bills or fraudulent use of water.

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SECURITY DEPOSIT

Not to exceed two-twelfths (2/12) of the average annual usage of the applicant's specific customer class or fifty dollars, whichever is greater. This fee may be changed by applicable statutory provisions.