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## CONSUMER ADVOCATE DIVISION

### 2020 ANNUAL REPORT

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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. The CAD prepared its annual study of utility costs<sup>1</sup> which is attached to this report as Appendix I, Tables 1 through 10. The study examines current utility costs for 17 cities in West Virginia and compares them to the utility costs in cities of adjacent states.

### **State Utility Cases**

West Virginia's major utilities filed more than fourteen cases requesting rate increases during 2019. Only three of the filings proposed a decrease in rates (Table 1). One of the cases that will save ratepayers money in future years is the Commission approval of the FirstEnergy<sup>2</sup> buy-out of an above-market contract.<sup>3</sup>

### **Tax Cuts and Jobs Act (TCJA)**

In 2019, revenue credits from the TCJA reduced many of the requested rate increases. The TCJA impact is different for each utility. For example, \$15 million of TCJA savings from APCO<sup>4</sup> will assist low income customers. In 2019, over 5000 customers received financial help. In 2020, APCO's programs will expand to include assistance for

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<sup>1</sup> 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.

<sup>2</sup> FirstEnergy's West Virginia electric operating utilities are Mon Power and PE.

<sup>3</sup> A PURPA contract is entered into pursuant to the Public Utility regulatory Policies Act of 1978. PURPA required utilities to contract with power generators under defined conditions who were then paid an avoidable cost rate. Because rates have declined over the past 25 years, this contract was costing customers an additional \$18 million per year. The \$60 million buy-out will be offset by the \$18 million annual savings over the next five years.

<sup>4</sup> American Electric Power Company's West Virginia operating utilities are Appalachian Power and Wheeling Power.

summer arrearages and for life support customers. These programs will continue until the funds are exhausted.

### **Year to Year Rate Comparison**

Residential costs for the largest utilities in West Virginia are shown in Table 3. The average monthly utility bills are \$311, an increase of about 3% from the prior year average of \$302.

Table 4 shows an increase in utility costs of 8% for the five year period ending January 2020: water bills had the greatest increase (19%), followed by natural gas (8%) and electric bills (5%). Telephone bills did not change.

Table 5 shows average monthly bills in four West Virginia cities from 2016 to 2020. Utility bills increased the most in Charleston (13%) and the least in Martinsburg (0%).

### **City to City Comparison**

The change in utility costs for residents in seventeen West Virginia cities is shown in Table 3. Morgantown residents have the lowest utility costs and Bluefield residents have the highest. Water costs ranged from \$23 in Morgantown to \$73 for cities served by West Virginia American Water.<sup>5</sup> Natural gas costs ranged from \$108 to \$158.<sup>6</sup>

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<sup>5</sup> Appendix I, Table 3.

<sup>6</sup> Id.

## **Comparison with Costs in Surrounding States**

The monthly residential utility bills for out of state cities ranged from a high of \$381 (Pittsburgh, PA) to a low of \$287 (Lexington, KY). This compares to an average monthly West Virginia utility bill of \$311.<sup>7</sup>

The monthly utility bills in West Virginia and selected cities in surrounding states are shown in Tables 6-10. Only Lexington KY has a lower electric cost than West Virginia (Table 6). Lexington, KY and Columbus, OH have lower natural gas costs (Table 7). West Virginia's water cost is the third highest in the comparison (Table 9).<sup>8</sup> The total utility cost for West Virginia customers is compared to surrounding states in Table 10.

### **• Conclusion**

The CAD is concerned with the number of utility rate increases and will continue 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](http://www.cad.state.wv.us).

**FURTHER INFORMATION:  
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<sup>7</sup> The average West Virginia bills ranges from \$ 267 (Morgantown) to \$390 (Bluefield) monthly.

<sup>8</sup> Morgantown has the lowest water rates \$23/ month; Charleston and other WVAWC locations have the highest rates \$72/month.



## APPENDIX I

**Table 1**  
**WEST VIRGINIA 2019 RATE DECISIONS**  
Consumer Advocate Division: Annual Utility Rate Study 2020

	Requested (\$/Million)	Rate Impact (\$/Million)
<b>ELECTRICITY</b>		
<b>Appalachian and Wheeling Power Companies (APCO)</b>		
APCO Base Rate and Depreciation <sup>1</sup>	\$ 114.60	\$ 44.20
APCO ENEC <sup>2</sup>	91.30	9.00
APCO (EE/DR)	11.70	8.60
APCO VMS <sup>3</sup>	37.10	37.10
APCO Mitchell Base-rate Surcharge <sup>3</sup>	21.30	21.30
<b>Monongalia Power Company and Potomac Edison (First Energy)</b>		
Mon Power ENEC and PURPA Contract Termination <sup>4</sup>	-	-
Mon Power VMP	7.60	7.30
<b>Subtotal Electricity</b>	<b>\$ 283.60</b>	<b>\$ 127.50</b>
<b>GAS</b>		
Mountaineer Base Rate	\$ 19.30	\$ 12.40
Mountaineer (PGA)	(3.80)	(3.80)
Mountaineer 390	(5.40)	(5.20)
Dominion Energy (Hope) (PGA)	(6.40)	(6.40)
Dominion Energy (Hope) 390	3.10	3.10
Peoples (PGA)	0.50	0.50
Bluefield (Cardinal) (PGA)	0.08	0.08
Bluefield (Cardinal) 390	0.50	0.50
<b>Subtotal Gas</b>	<b>\$ 7.88</b>	<b>\$ 1.18</b>
<b>WATER</b>		
WVAWC DSIC	36.00	36.00
WVAWC (PSD Acquisition)	0.10	0.10
<b>Subtotal Water</b>	<b>\$ 36.10</b>	<b>\$ 36.10</b>
<b>TOTAL</b>	<b>\$ 327.58</b>	<b>\$ 164.78</b>

<sup>1</sup> Case is from 2018. Final Commission Order issued in 2019.

<sup>2</sup> Total increase offset by TCJA credit of Unprotected Excess Accumulated Deferred Income Tax (ADIT).

<sup>3</sup> Increase partially offset by TCJA credit of Unprotected Excess Accumulated Deferred Income Tax (ADIT).

<sup>4</sup> Per Commission Order, there were no changes in rates associated with these two cases.

**Table 2**  
**WV RESIDENTIAL CUSTOMERS:**  
**MONTHLY UTILITY COST JANUARY 2019 & 2020**  
Consumer Advocate Division: Annual Utility Rate Study 2020

		<u>January 2019</u>	<u>January 2020</u>	<u>% Change</u>
<b>Gas - 13 MCF of Gas</b>				
1. Mountaineer Gas	\$	119.00	\$ 119.90	0.8%
2. Bluefield Gas		152.55	157.93	3.5%
3. Peoples Gas		108.74	113.55	4.4%
5. Dominion Energy (Hope Gas)	\$	110.05	\$ 107.75	-2.1%
 <b>Electric - 1000 kWh of Electricity</b>				
1. Appalachian Power	\$	118.18	\$ 129.05	9.2%
2. Wheeling Power		118.18	129.05	9.2%
3. Potomac Edison		105.83	106.45	0.6%
4. Monongahela Power		105.83	106.45	0.6%
 <b>Telephone - Flat Rate, Single Party</b>				
1. Frontier/Verizon	\$	29.85	\$ 29.85	0.0%
 <b>Company or Municipality - 4,500 Gallons</b>				
1. West Virginia American Water	\$	64.24	\$ 73.28	14.1%
2. Municipal Systems (detail on Table 3)	\$	33.86	\$ 35.36	4.4%

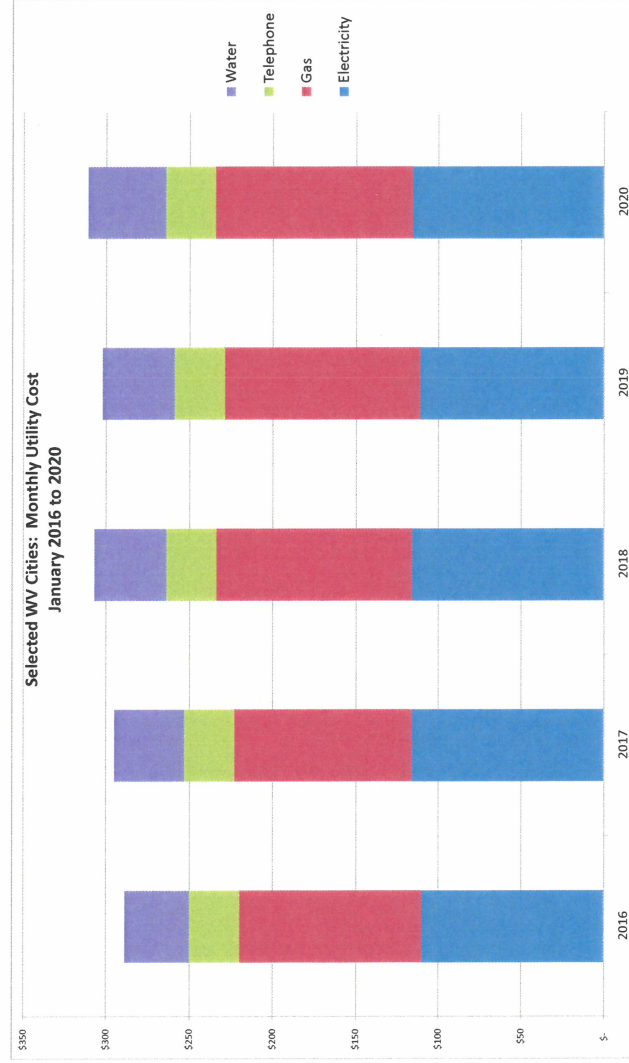
Table 3

**RESIDENTIAL CUSTOMERS: SELECTED CITIES WV & SURROUNDING STATES**  
**MONTHLY UTILITY COST JANUARY 2020**

Consumer Advocate Division: Annual Utility Rate Study 2020

WEST VIRGINIA City	2020				2020				2020	
	<u>Electricity</u>	<u>Gas</u>	<u>Telephone</u>	<u>Water</u>	<u>Electricity</u>	<u>Gas</u>	<u>Telephone</u>	<u>Water</u>	<u>Total</u>	<u>Total</u>
1 Morgantown	\$ 106.45	\$ 107.75	\$ 29.85	\$ 23.18	\$ 106.45	\$ 107.75	\$ 29.85	\$ 23.18	\$ 267.23	\$ 267.23
2 Clarksburg	106.45	107.75	29.85	34.79	106.45	107.75	29.85	34.79	278.84	278.84
3 Parkersburg	106.45	107.75	29.85	37.85	106.45	107.75	29.85	37.85	281.90	281.90
4 Grafton	106.45	113.55	29.85	34.11	106.45	113.55	29.85	34.11	283.96	283.96
5 Fairmont	\$ 106.45	107.75	29.85	39.92	\$ 106.45	107.75	29.85	39.92	283.97	283.97
6 Weirton	106.45	119.90	29.85	31.01	106.45	119.90	29.85	31.01	287.21	287.21
7 Martinsburg	106.45	119.90	29.85	34.00	106.45	119.90	29.85	34.00	290.20	290.20
8 Lewisburg	106.45	119.90	29.85	39.20	106.45	119.90	29.85	39.20	295.40	295.40
9 Logan	129.05	119.90	29.85	28.95	129.05	119.90	29.85	28.95	307.75	307.75
10 Elkins	106.45	119.90	29.85	51.75	106.45	119.90	29.85	51.75	307.95	307.95
11 Wheeling	129.05	119.90	29.85	29.98	129.05	119.90	29.85	29.98	308.78	308.78
12 Beckley	129.05	119.90	29.85	39.62	129.05	119.90	29.85	39.62	318.42	318.42
13 Hinton	106.45	119.90	29.85	73.28	106.45	119.90	29.85	73.28	329.48	329.48
14 Charleston	129.05	119.90	29.85	73.28	129.05	119.90	29.85	73.28	352.08	352.08
15 Huntington	129.05	119.90	29.85	73.28	129.05	119.90	29.85	73.28	352.08	352.08
16 Oak Hill	129.05	119.90	29.85	73.28	129.05	119.90	29.85	73.28	352.08	352.08
17 Bluefield	\$ 129.05	\$ 157.93	\$ 29.85	\$ 73.28	\$ 129.05	\$ 157.93	\$ 29.85	\$ 73.28	\$ 390.11	\$ 390.11
<b>Average</b>	<b>\$ 115.76</b>	<b>\$ 118.90</b>	<b>\$ 29.85</b>	<b>\$ 46.52</b>	<b>\$ 115.76</b>	<b>\$ 118.90</b>	<b>\$ 29.85</b>	<b>\$ 46.52</b>	<b>\$ 311.03</b>	<b>\$ 311.03</b>
<b>SURROUNDING STATES</b>										
Lexington, KY	\$ 105.14	\$ 113.45	\$ 29.72	\$ 38.40	\$ 105.14	\$ 113.45	\$ 29.72	\$ 38.40	\$ 286.71	\$ 286.71
Columbus, OH	122.00	94.18	27.92	54.14	122.00	94.18	27.92	54.14	298.24	298.24
Richmond, VA	116.39	155.57	29.79	36.53	116.39	155.57	29.79	36.53	338.28	338.28
Baltimore, MD	130.00	147.50	29.96	32.51	130.00	147.50	29.96	32.51	339.97	339.97
Pittsburgh, PA	156.46	128.92	24.13	71.47	156.46	128.92	24.13	71.47	380.98	380.98
<b>Average</b>	<b>\$ 126.00</b>	<b>\$ 127.92</b>	<b>\$ 28.30</b>	<b>\$ 46.61</b>	<b>\$ 126.00</b>	<b>\$ 127.92</b>	<b>\$ 28.30</b>	<b>\$ 46.61</b>	<b>\$ 328.84</b>	<b>\$ 328.84</b>

**Table 4**  
**RESIDENTIAL CUSTOMERS: SELECTED CITIES WV**  
**MONTHLY UTILITY COST JANUARY 2016-2020**  
 Consumer Advocate Division: Annual Utility Rate Study 2020



**AVERAGE FOR SELECT WV CITIES\***

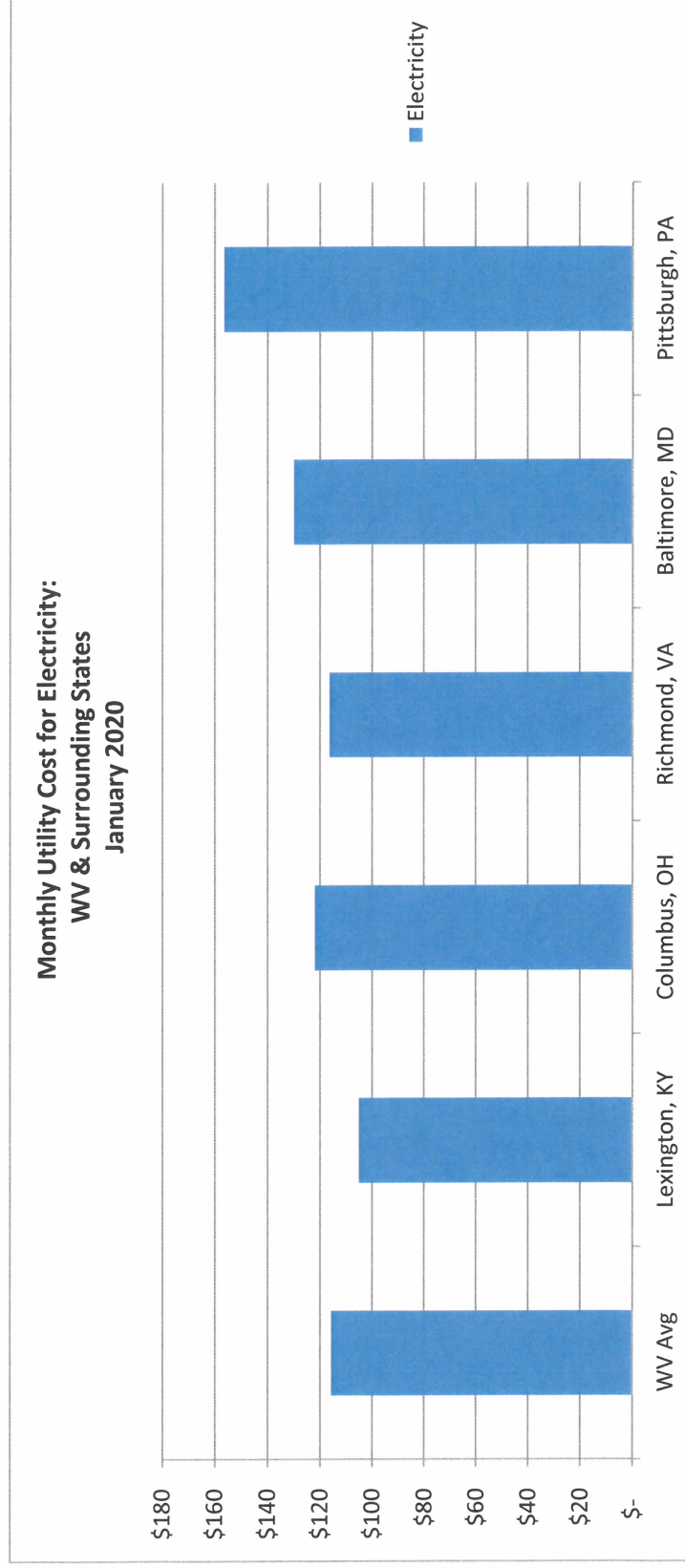
	2016	2017	2018	2019	2020	2016 -2020	Change
Electricity	\$ 110	\$ 116	\$ 116	\$ 111	\$ 116	116	5%
Gas	110	107	118	118	119	119	8%
Telephone	30	30	30	30	30	30	0%
Water	39	42	43	43	47	47	19%
<b>TOTAL</b>	<b>\$ 289</b>	<b>\$ 295</b>	<b>\$ 307</b>	<b>\$ 302</b>	<b>\$ 311</b>	<b>\$ 311</b>	<b>8%</b>

\* Cities included in average are shown on Table 3.

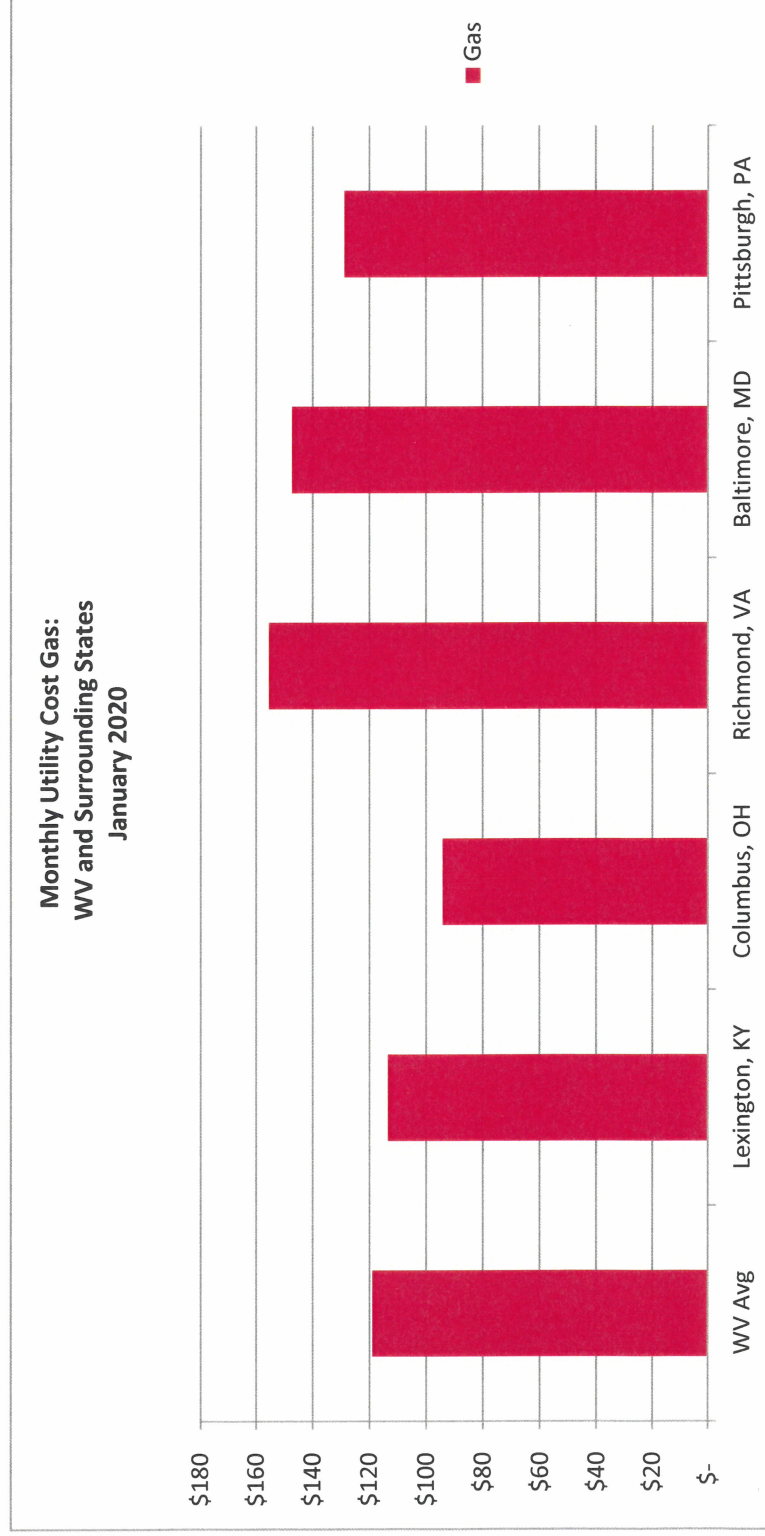
**Table 5**  
**MONTHLY UTILITY COST JANUARY 2016-2020**  
**RESIDENTIAL CUSTOMERS: SELECTED CITIES WV**  
Consumer Advocate Division: Annual Utility Rate Study 2020

	2016	2017	2018	2019	2020	2016 to 2020: % Chg
<b>WHEELING</b>						
Wheeling Power	\$ 109.82	\$ 120.93	\$ 120.93	\$ 118.18	\$ 129.05	18%
Mountaineer Gas	117.28	111.76	120.73	119.00	119.90	2%
Verizon/Frontier	29.73	29.64	29.82	29.85	29.85	0%
City Water	29.98	29.98	29.98	29.98	29.98	0%
Total	\$ 286.81	\$ 292.31	\$ 301.46	\$ 297.01	\$ 308.78	8%
<b>CHARLESTON</b>						
APCO	\$ 109.82	\$ 120.93	\$ 120.93	\$ 118.18	\$ 129.05	18%
Mountaineer Gas	117.28	111.76	120.73	119.00	119.90	2%
Verizon/Frontier	29.73	29.64	29.82	29.85	29.85	0%
WV-American	54.07	62.96	64.24	64.24	73.28	36%
Total	\$ 310.90	\$ 325.29	\$ 335.72	\$ 331.27	\$ 352.08	13%
<b>FAIRMONT</b>						
Mon. Power	\$ 109.54	\$ 112.02	\$ 110.53	\$ 105.83	\$ 106.45	-3%
Dominion Energy (Hope)	87.82	91.50	110.18	110.05	107.75	23%
Verizon/Frontier	29.73	29.64	29.82	29.85	29.85	0%
City Water	39.92	39.92	39.92	39.92	39.92	0%
Total	\$ 267.01	\$ 273.08	\$ 290.45	\$ 285.65	\$ 283.97	6%
<b>MARTINSBURG</b>						
Potomac Edison	\$ 109.54	\$ 112.02	\$ 110.53	\$ 105.83	\$ 106.45	-3%
Mountaineer Gas	117.28	111.76	120.73	119.00	119.90	2%
Verizon/Frontier	29.73	29.64	29.82	29.85	29.85	0%
City Water	34.34	34.00	34.00	34.00	34.00	-1%
Total	\$ 290.89	\$ 287.42	\$ 295.08	\$ 288.68	\$ 290.20	0%

**Table 6**  
**MONTHLY UTILITY COST JANUARY 2020: ELECTRICITY**  
**RESIDENTIAL CUSTOMERS: SELECTED CITIES WV & SURROUNDING STATES**  
 Consumer Advocate Division: Annual Utility Rate Study 2020

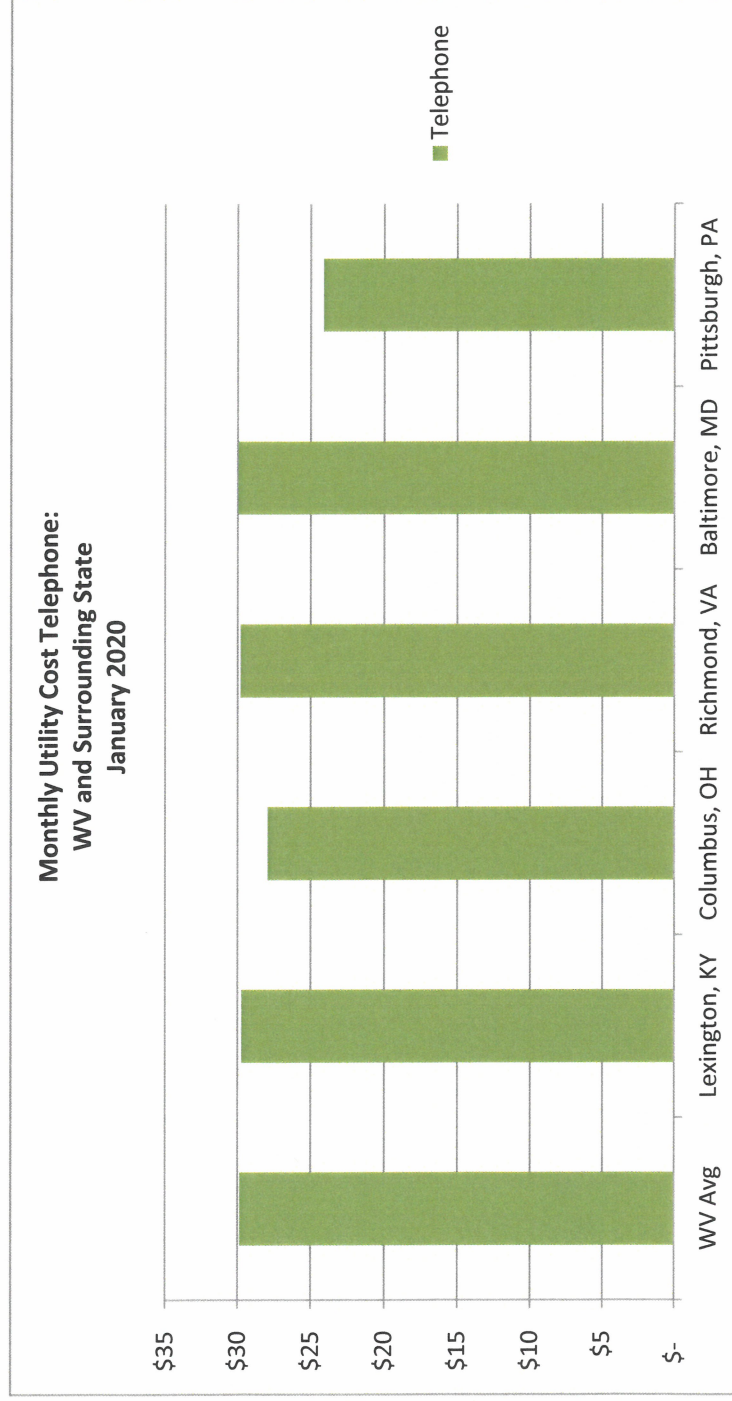


**Table 7**  
**RESIDENTIAL CUSTOMERS: SELECTED CITIES WV & SURROUNDING STATES**  
**MONTHLY UTILITY COST JANUARY 2020: GAS**  
 Consumer Advocate Division: Annual Utility Rate Study 2020

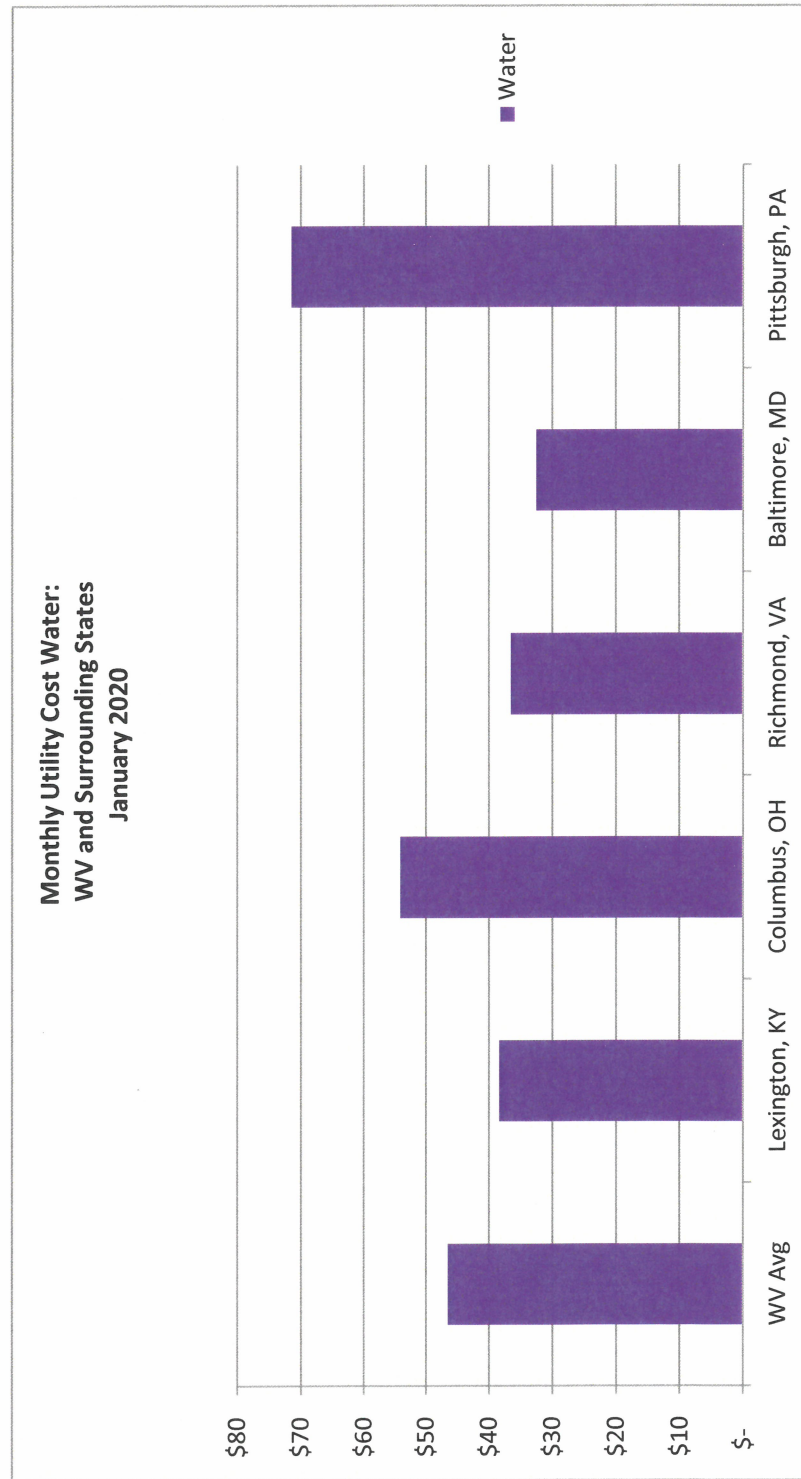




**Table 8**  
**RESIDENTIAL CUSTOMERS: SELECTED CITIES WV & SURROUNDING STATES**  
**MONTHLY UTILITY COST JANUARY 2020: TELEPHONE**  
 Consumer Advocate Division: Annual Utility Rate Study 2020



**Table 9**  
**RESIDENTIAL CUSTOMERS: SELECTED CITIES WV & SURROUNDING STATES**  
**MONTHLY UTILITY COST JANUARY 2020: WATER**  
 Consumer Advocate Division: Annual Utility Rate Study 2020



**Table 10**  
**RESIDENTIAL CUSTOMERS: SELECTED CITIES WV & SURROUNDING STATES**  
**MONTHLY UTILITY COST JANUARY 2020: ALL UTILITIES**  
 Consumer Advocate Division: Annual Utility Rate Study 2020

