Public Service Commission of West Virginia

Management Summary Report 2013

and the

Electric and Gas Utilities Supply-Demand Forecast Reports for the years 2014 - 2023

Chairman Michael A. Albert

Commissioner Jon W. McKinney

Commissioner Ryan B. Palmer

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Public Service Commission of West Virginia

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Charleston, West Virginia 25323

Michael A. Albert
Chairman

January 8, 2014

To the Members of the 81st Legislature,

It is our pleasure to submit the 2013 Management Summary Report and the 2014 – 2023 Electric and Gas Supply – Demand Forecast Reports for the Public Service Commission of West Virginia.

This report details how the Commission has met its mission of supporting and promoting a utility regulatory and transportation safety environment while balancing the interests of the citizens, the State and the regulated parties.

The year 2013 presented some interesting challenges and complex cases including both the Appalachian Power Company and Mon Power's petitions to increase the generation capacity to serve their West Virginia customers; finalizing the Appalachian Power Company Securitization Case; the West Virginia American Water Company general rate case; cases involving preserving the benefits of energy credits for West Virginia customers; cases involving claims for special electric rates for energy intensive customers; and several other contentious and complicated Formal Cases.

The Commission handles more than 2,000 formal cases each year, many of which directly affect the utility customers and industry of this State and generate significant public attention. The Staff of the Commission processed nearly 10,000 Informal Cases in 2013, cases in which a utility problem is fixed; a payment plan is arranged; utility service is restored; a billing problem is addressed; or significant water or sewer leaks are discovered and corrected. The Commission's skilled and professional consumer affairs technicians were able to assist the public and at the same time prevent 98% of these Informal Cases from developing into Formal Cases in 2013. The Staff continues to play a vital role to the public safety and economic well-being of all West Virginians. The Staff also participated in the Governor's Day to Serve, raising $6,100 to purchase science equipment, supplies and lessons for the students of Piedmont Elementary School in Charleston.

In 2014, the Commission anticipates the continuing efforts to deal with electric generating capacity, provide quality water and sewer service throughout the State and provide for safe and economic transmission and distribution of natural gas from the Marcellus Shale reserves. We also look forward to the building of a new weigh station on I-64 West near Winfield and renovations to the weigh station on I-64 East through an agreement with WV-DOT.

We look forward to continuing to work with you to serve the citizens of West Virginia.

Respectfully submitted,

Michael A. Albert
Jon W. McKinney
Ryan B. Palmer

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Roles and Responsibilities of the Public Service Commission of West Virginia

The Public Service Commission of West Virginia (Commission) is over 100 years old and was established in 1913 by an Act of the State Legislature for the purpose of regulating railroads, toll bridges and ferries. Today, the Commission supervises, regulates and, where appropriate, investigates the rates, service, operations, acts and practices, affiliated transactions and other activities of West Virginia public utilities and many common and contract motor carriers of passengers and property within West Virginia.

The Commission is supported in its work by a current staff of 259 employees, including many professionals, such as lawyers, engineers, economists and accountants. The professional staff is supported by skilled specialists in the areas of investigation of utility practices, safety issues and transportation operations.

What Does the Public Service Commission Regulate?

1. Electric Utilities;
2. Natural Gas Utilities;
3. Telephone Utilities (land line services);
4. Private and Publicly Owned Water and Sewer Utilities (limited jurisdiction over rates of municipal water and sewer utilities);
5. Gas Pipeline Safety – Natural Gas Interstate Transmission Lines - as an Agent of the Federal Government (DOT) – Natural Gas Intrastate Distribution Lines;
6. Solid Waste Carriers (intrastate);
7. Commercial Solid Waste facilities (landfills);
8. Public Storm Water Service Districts;
9. Certification of Independent Power Producer (IPP), or Non-Utility Electric Generation (NUG) facilities located in West Virginia. (These facilities could include generation from any energy source, including wind, natural gas, landfill gas or other methane sources, solar, water, coal, renewable fuels and waste fuels);
10. Administration of the Alternative and Renewable Energy Portfolio Act;
11. Allocation of the Energy Intensive Industrial Consumers Revitalization Tax Credits;
12. Some Motor Carrier Operations – including economic regulation of intrastate transportation of passengers (taxis and limousines), household goods movers, and towing services not arranged by the owner of a towed vehicle (third party tows);
13. Safety, weight and speed limit enforcement of all commercial motor vehicles (private fleet and common carrier vehicles) operating in West Virginia including motor carriers involved in interstate commerce, with particular emphasis on high accident areas;
14. Regulating transportation of hazardous materials including identification, registration and permitting of commercial motor vehicles transporting such materials in and throughout the state;
15. Coal Resource Transportation System (CRTS);
16. Railroad Safety - Administration and enforcement of Federal and State Railroad Safety regulations governing transportation of persons and property by rail;
17. Disbursement of E-911 funds to Counties, including approval of recommendations from the Tower Assistance Fund Committee regarding use of E-911 funds for Cell Tower construction; and,
18. Regulation of Fees and Charges for Setting and Care of Veterans Grave Markers.

Meet the Commission

Chairman Michael A. Albert

Michael A. Albert was appointed to the Commission in February 2007 to fill an unexpired term ending June 30, 2007. He was reappointed to two consecutive six-year terms expiring June 30, 2019. On July 1, 2007, he was appointed Chairman and continues to serve in that role. He previously served as a Manager and Member in the Business Law Department of Jackson Kelly, PLLC, in Charleston, West Virginia, focusing on public utilities and business and commercial transactions.

Chairman Albert currently serves as President of the Board of Directors of the Kanawha County Public Library. He has served on the Board and as Chairman of the Board of Directors of the Education Alliance; Junior Achievement of Kanawha Valley; the National Institute for Chemical Studies; and the WVU Law School Visiting Committee.

Chairman Albert graduated from West Virginia University with a B.S. in Business Administration, majoring in Accounting. Upon graduating, he served as an officer in the United States Navy, including a tour of duty in Vietnam. Following an Honorable Discharge, he attended West Virginia University College of Law where he was the Editor in Chief of the West Virginia Law Review and received his Doctorate of Jurisprudence, with honors. He is a fellow of both the West Virginia Bar Foundation and the American Bar Foundation and currently resides in Charleston with his wife, Laura Lee. They have three children, Michael, Jason and Melissa, six grandsons and a granddaughter.

Commissioner Jon W. McKinney

Jon W. McKinney was appointed to the Commission in August 2005. Previously, he had numerous assignments in manufacturing, research and development, and marketing with the Monsanto Company in various locations throughout the United States.

Commissioner McKinney is currently Chairman of the Clean Coal Subcommittee and on the Board of Directors for the National Association of Regulatory Utility Commissioners (NARUC) and the National Coal Council. He also serves on the Advisory Committee for the Electric Power Research Institute (EPRI), and as a member of the Eastern Interconnect States Planning Council. He is Past-President of the Organization of PJM States, Inc. (OPSI) and Past-President of the Mid-Atlantic Conference of Regulatory Utilities Commissioners (MACRUC). He has served on the Board of Directors of Thomas Memorial Hospital, St. Francis Hospital, United Way, Chamber of Commerce, West Virginia Manufacturing Association, West Virginia Roundtable and Chemical Manufacturing Association.

Commissioner McKinney is a graduate of the University of Kentucky, where he earned a Bachelor's Degree in Chemical Engineering, and the University of West Florida where he earned his Master's Degree in Business Administration. He resides in Charleston with his wife, Paula. They have two children, Lisa and Jason, and five grandchildren.

Commissioner Ryan B. Palmer

Ryan B. Palmer was appointed to the Commission in July 2010 to an unexpired term ending June 30, 2015. He previously served as Deputy General Counsel to West Virginia Governor Joe Manchin, III; as Attorney and Advisor to Commissioner Charlotte R. Lane of the United States International Trade Commission; and as Law Clerk to the Honorable W. Craig Broadwater of the United States District Court, Northern District of West Virginia.

Commissioner Palmer is currently the Chair of the Mid-Atlantic Conference of Regulatory Utilities Commissioners (MACRUC) Telecommunications Committee, a member of the Committee on Telecommunications, and the Committee on International Relations for National Association of Regulatory and Utility Commissioners (NARUC), and a member of the NARUC Presidential Task Force on Federalism and Telecommunications. He also serves on the Charleston East End Main Street Board of Advisors and has volunteered for Charleston Area Medical Center’s Challenged Sports Program, which sponsors a variety of statewide sporting competitions for athletes of all ages with physical disabilities.

Commissioner Palmer is a graduate of West Virginia University, where he earned a Bachelor of Arts Degree in English and a Doctorate of Jurisprudence from the West Virginia University College of Law. His professional certifications include the Fourth Circuit Court of Appeals, the United States District Courts for Northern and Southern West Virginia and the West Virginia State Bar. He also completed the European Union Law summer program through the Tulane University College of Law Summer School Abroad Program at the Tulane Center for European Union Law, University of Amsterdam, in the Netherlands. Born in Morgantown and raised in St. Albans, he and his wife Flavia currently reside in Charleston with their daughter, Lia Cristina.

Organization

The Public Service Commission of West Virginia consists of 12 divisions and the Consumer Advocate Division (CAD). The CAD is financially and departmentally independent from the Commission.

Commission

The Commission regulates those persons, firms or governmental units that provide certain public services, including electricity, natural gas, water, sewer, telecommunications, solid waste disposal (landfills), gas pipeline safety, and, to some extent, the transportation of persons and property for hire over the public highways of the State. Motor carriers regulated by the Commission include taxi service, specialized limousine service, solid waste, transportation service, third-party towing and household goods movers. In addition, the Commission sets statewide policies for utility regulation through rulemaking proceedings; investigates the acts and practices of regulated utilities; recommends statutory changes that affect utilities and the Commission; and sets the administrative policies for the agency.

The Office of the Commission includes the three Commissioners; the Quality Assurance, Communications and Government Relations staffs; and support personnel.

Administrative Division

The Administrative Division is comprised of the Budgets and Finance, Human Resources, Information Technology, Facilities Management and Training Sections.

The Budgets and Finance Section prepares Commission budgets; provides fiscal review and control; processes and monitors travel expenses, payables and receivables; oversees all procurement activities; and ensures fixed assets are properly recorded and funded through assessment of public utilities or from grants and other programs. This Section is also responsible for managing the Commission's annually appropriated special revenue budget, federal funds, non-appropriated special revenue funds and the E-911 fees for the State of West Virginia.

The Human Resources Section oversees employee hiring and separations, administers employee benefit programs and handles other personnel-related activities. This Section also administers the personnel budget by processing payroll, tax and benefit transactions for Commission employees.

The Information Technology Section is responsible for managing the Commission's technical assets. This includes overseeing the Commission's computer system and service desk needs in conjunction with the State Office of Technology by providing programming, database design, web design, training and support, and other technical assistance.

The Facilities Management Section oversees the maintenance and upkeep of the Commission's buildings, parking garage, vehicles and physical properties.

The Training Section is responsible for coordinating and providing education and skills training for Commission employees and for maintaining training records for the agency.

Administrative Law Judges Division

The Administrative Law Judges (ALJ) Division consists primarily of attorneys and support staff who act in an adjudicatory role under the auspices of the Commission. The ALJs issue Recommended Decisions within time periods prescribed by the Commission or set by statute in cases referred to the ALJ Division by the Commission. A Recommended Decision becomes the Commission's Final Order in a case unless modified by the Commission, based on exceptions filed by one of the parties or Staff of the Commission, or unless suspended on the Commission's statutory authority.

The ALJ Division works on a variety of cases involving public utilities, motor carriers, cable television, and coal hauling on the Coal Resource Transportation System (CRTS). The ALJs hold hearings and provide Recommended Decisions in cases involving complaints from consumers about utilities or motor carriers; rate change requests; applications for certificates of convenience and necessity to construct new or expand existing utility plants; and petitions for prior consent and approval for numerous utility transactions regulated by the Commission.

The ALJ Division also administers the Commission’s Billing Complaint mediation program. Throughout 2013, the Division successfully mediated all ten cases in the program, without the need for any of the cases to proceed to case processing, which saved resources of the Commission and those parties willing to engage in mediation. These numbers do not include a number of the more complex cases in 2013, which were the subject of mediation outside of the ALJ Division administered mediation program.

Engineering Division

The Engineering Division provides technical recommendations in cases before the Commission relating to rate requests; quality of service or billing disputes; engineering agreements; alternate main line extensions; certificates of convenience and necessity; mergers and acquisitions of utilities; service territory disputes; general investigations of utility operations; and other cases requiring engineering expertise. Engineering staff members provide technical assistance to customers and utility companies; supervise and certify utility meter tests; conduct water pressure tests; investigate voltage levels; investigate taste and odor problems in water; investigate odor and other problems for sewer; provide leak detection services and opinions on utility construction estimates; and undertake other technical tasks and studies as ordered by the Commission.

The Engineering Division also provides recommendations on the merits of proposed water and sewer projects to the Commission and to the West Virginia Infrastructure & Jobs Development Council (WVIJDC); technical comments and assistance on proposed rules and regulations; information and assistance to governmental entities around the State; and, technical training for public service districts board members and staff. The Engineering Division also assists in the preparation of the annual Gas and Electric Supply-Demand Forecast reports for the West Virginia Legislature.

Executive Secretary Division

The Executive Secretary Division maintains a complete record of all proceedings, acts, orders and judgments of the Commission and assures that documents and pleadings in cases are available in a timely fashion to the public on the Commission website at www.psc.state.wv.us. The Division receives, processes and maintains in safe custody all documents, maps and papers filed in formal cases on the Commission's docket, processes all orders and schedules statewide hearings for the Commission and the ALJ Division.

The Executive Secretary Division receives and maintains all annual reports from regulated utilities and reviews the reports for accuracy and compliance; processes all Freedom of Information Act requests; receives and processes all formal complaints filed with the Commission, either online or in person; issues all tariffs for rate cases; and when necessary, issues subpoenas at the direction of the Commission.

In addition to all Commission Orders, the entire web-docket of the Commission is available to any interested person, without cost, online. This database separately lists each case on the formal docket and contains PDF files of every document filed in each case. Documents filed in formal cases can be accessed, reviewed and copied within one hour of being docketed, scanned and "linked" to the Commission's website. The Executive Secretary Division also processes all electronic case subscriptions through the Commission website, allowing individuals to receive daily electronic notification of all activity, including Commission Orders, in any docketed case. The public hearing schedule and logistical information pertaining to docketed cases is also available online.

Gas Pipeline Safety Division

The Gas Pipeline Safety (GPS) Division, created in 2013, is responsible for the application and enforcement of pipeline safety regulations under Chapter 24B of the West

Virginia Code and 49 U.S.C Chapter 601, §60105(a), relating to certification with the U.S. Department of Transportation. The GPS Division oversees safety compliance by operators of intrastate and interstate pipeline facilities. The Commission inspects interstate facilities and operator compliance with federal regulations pursuant to an annual agreement with the U.S. Pipeline and Hazardous Materials Safety Administration (PHMSA). The findings of those inspections are forwarded to PHMSA which determines any enforcement action to be taken. The Commission has the responsibility to prescribe and enforce safety standards for intrastate pipeline facilities engaging in the transportation of natural gas or hazardous liquids as defined by statute.

Office of the General Counsel

The General Counsel acts as the chief legal advisor to the Commission on cases, policies and other issues facing the Commission. In addition to rendering legal advice to the Commission, the General Counsel represents the Commission in outside litigation and in other State and Federal court and agency proceedings such as the Federal District and Circuit Courts, Federal Energy Regulatory Commission (FERC) and the Federal Communications Commission (FCC).

The Office of the General Counsel includes law clerks, an employment attorney, and support personnel. The law clerks research regulatory matters involved in cases, prepare summaries of facts and issues in Commission deliberations and hearings, and draft orders that are reviewed, revised and approved by the Commission. The employment attorney assists in the development of policy, tracks court opinions in human resources and employment law, and researches and handles grievances and other employment issues.

Legal Division

The Legal Division provides legal assistance to the Divisions and represents the Staff of the Commission in proceedings brought before the Commission and Administrative Law Judges for adjudication and resolution. The Legal Division is bound by the rules regarding *ex parte* contact with the Commission and its immediate staff.

The Commission Staff is a formal party to Commission proceedings, and the Legal Division works with the technical and financial analysts to review the positions of all parties to the proceedings and present a recommendation in those proceedings to the Commission for disposition of the matter. The Commission's Legal Division represents the Staff, not individual complainants, in matters before the Commission.

As required, the Legal Division, in coordination with the General Counsel, represents the Commission before State and Federal Courts and other State and Federal agencies including the WVIJDC, FERC and the FCC. The Legal Division is also involved in defending Commission Orders that are appealed to the Supreme Court of Appeals of West Virginia. In addition to working on formal cases, the Legal Division assists other divisions within the Commission to develop responses to utility customers and utility company inquiries.

Transportation Administration Division

The Transportation Administration Division consists of three operating sections: Motor Carrier, Hazardous Material Registration and Coal Resource Transportation System.

The Motor Carrier Section conducts registration of intrastate and interstate motor carriers and collects intrastate and interstate assessments, registration fees, filing fees for intrastate authority, insurance fees and HazMat (hazardous materials) assessments. Most of the revenue is derived from Unified Carrier Registration (UCR)

The Hazardous Material Registration Section is responsible for registration of hazardous material transported in the State and is responsible for a multi-state project that provides for identification, registration and permitting of commercial motor vehicles carrying these materials in West Virginia.

Weight enforcement responsibility for all commercial motor vehicles on the roads of West Virginia is also the responsibility of the Commission. The Commission enforces the Coal Resource Transportation System (CRTS) for permitting vehicles on certain CRTS designated roads in 18 counties, primarily in the southern West Virginia coal fields. Coal haulers may purchase a permit through the Commission Transportation Administration Division that will allow for a Gross Vehicle Weight of up to 120,000 pounds depending on their truck configuration and the specific routes on which the truck will be operating. This Section is also responsible for imposing reporting requirements for coal shippers and receivers, especially on the CRTS roads.

Transportation Enforcement Division

The Transportation Enforcement Division consists of four operating sections: Railroad Safety, Safety Enforcement, Special Operations and Logistics.

The Railroad Safety Section is responsible for the administration and enforcement of federal and state safety regulations governing the transportation of persons and property by rail. Freight transportation is expected to double in the next 25 years. Amtrak predicts similar growth in rail ridership. Rail safety, through education, engineering and enforcement, has become increasingly important as rising numbers of people and freight moving on trains has resulted in more trains on more tracks going faster than ever before.

Officers in the Safety Enforcement Section perform vehicle safety inspections of motor vehicles operated by interstate and intrastate motor and private carriers, commercial motor vehicles and drivers. These inspections are performed on a routine basis in the enforcement officers' designated work areas and at regional road check sites throughout the State during the warmer months. During the winter months, the officers also inspect vehicles at the terminal facilities of intrastate carriers. Officers enforce compliance with U.S. Department of Transportation safety criteria adopted by the Commission. The Safety Enforcement Section also conducts compliance reviews on interstate and intrastate motor carriers in conjunction with Investigators of the Federal Motor Carrier Safety Administration located in West Virginia.

The Special Operations Section conducts safety audits on West Virginia motor carriers involved in interstate commerce. This Section is also responsible for the Special Patrol Unit charged with addressing high commercial vehicle accident areas within the State of West Virginia.

The Logistics Section is responsible for the procurement and inventory of all supplies and equipment to support the Transportation Enforcement Division. This Section also installs and maintains all electronic equipment used by the Transportation Enforcement Division.

Utilities Division

The Utilities Division, the largest division at the Commission, consists of accountants, auditors, analysts and economists, and provides accounting, audits, financial, economic and other technical analysis of Commission cases and processes and participates in rate and other filings made by electric, natural gas, telephone, water and wastewater utilities, solid waste carriers, taxis, limousine services, household goods movers, tow operators and commercial solid waste facilities.

This Division is also responsible for reviewing and making recommendations to the Commission regarding formal customer complaints filed against natural gas, electric, telephone, water, and wastewater utilities, regulated motor carriers and commercial solid waste facilities, and informal complaints or requests for assistance dealing with other regulated utility services. The Utilities Division staff also assists customers with quality of service complaints related to cable television and maintains a comparative database of motor carrier costs and rates and conducts both financial and management audits of motor carriers operating within the State.

Water and Wastewater Division

The Water and Wastewater Division provides financial advice and assistance to public service districts, Class III cities, Class IV towns or villages and homeowner associations. Assistance includes matters such as accounting; billing; delinquency collection; security deposits; funding; field operation problems; service extensions; long service lines; leak detection; budgeting; general rule and law interpretation; and conflict negotiations.

The Division also provides mandatory and optional training seminars to utility staffs located throughout the State; makes field visits; and, in collaboration with the Department of Environmental Protection (DEP), the Bureau for Public Health (BPH) and the Bureau of Risk and Insurance Management (BRIM), issues *The Pipeline*, a quarterly newsletter.

In 2013, the Water and Wastewater utility analysts provided technical assistance to water and wastewater utilities in 653 matters. The average completion time for resolving a technical assistance request during 2013 was approximately 1.3 days. The assistance staff is also charged with reviewing, from a financial perspective, the preliminary applications to the WVIJDC. During 2013, the Commission utility analysts conducted approximately 87 WVIJDC reviews. The Division also reviews Annual Reports filed by water and wastewater utilities for quality and accuracy. During 2013, approximately 1,361annual reports were reviewed by the Division.

Significant Proceedings

Each year the Commission considers a number of significant or novel proceedings. A few of those matters from 2013 are summarized below.

Electricity

Alternative and Renewable Energy Portfolio Standard Compliance Plan Cases

In March and April 2013, the electric utilities filed annual progress reports to their alternative and renewable energy portfolio standard compliance plans, pursuant to Rule 8 of the Commission's Rules Governing Alternative and Renewable Energy Portfolio Standard (150 C.S.R. 34) and W.Va. Code § 24-2F-1 *et seq.* for the Commission's review. Those cases are:

- Case No. 13-0412-E-P, Craig-Botetourt Electric Cooperative
- Case No. 13-0435-E-P, Monongahela Power Company and The Potomac Edison Company
- Case No. 13-0449-E-P, Harrison Rural Electrification Association, Inc.
- Case No. 13-0450-E-P, City of New Martinsville
- Case No. 13-0454-E-P, Appalachian Power Company and Wheeling Power Company, both dba American Electric Power
- Case No. 13-0466-E-P, Black Diamond Power Company
- Case No. 13-0468-E-P, City of Philippi

By Orders entered in July and August of 2013, the Commission accepted the progress reports filed by the electric utilities. These cases are now closed.

Electric Utility Vegetation Management Cases

On June 29, 2012, a powerful wind event, classified as a derecho, unexpectedly swept through the eastern United States leaving millions of people, including many in West Virginia, without power for extended periods of time. This event occurred during a period of extremely high temperatures that compounded the hardship. Another major weather event, Hurricane Sandy, caused major outages in West Virginia in late October 2012.

On July 20, 2012, the Commission initiated a general investigation regarding the summer storm events and resulting disrupted utility service (Case No. 12-0993-E-T-W-GI). The purpose of the proceeding was to examine utility preparedness, utility response and utility plans for future events. The Commission named several respondents including Appalachian Power Company, Wheeling Power Company, Monongahela Power Company, The Potomac Edison Company, Harrison Rural Electrification Association, Inc., Craig-Botetourt Electric Cooperative, Black Diamond Power Company, City of New Martinsville, City of Philippi, West Virginia American Water Company, Beckley Water Company and Frontier Communications.

On January 23, 2013, the Commission ordered all electric utility companies operating in West Virginia to file, within six months, a petition to propose a comprehensive vegetation trimming program to maintain all rights-of-way over a proposed period of time. The proposals were to cover all distribution and transmission lines on an "end-to-end, time-based cycle," based on the utility's specific operational and reliability targets; indicate how the program will be coordinated with other entities that have facilities in the rights-of-way or attached to the utility poles and that may also have an obligation to maintain the same rights-of-way; and include a proposed method for rate recovery of the increased costs that will be associated with the programs. The January 23, 2013 Final Order closed Case No. 12-0993-E-T-W-GI.

The following electric utilities filed petitions for approval of their proposed vegetation trimming program:

1) Appalachian Power Company (APCo) and Wheeling Power Company (WPCo), both dba American Electric Power (Case No. 13-0557-E-P). An evidentiary hearing was held on this matter in Charleston on September 24, 2013.

2) Monongahela Power Company (Mon Power) and The Potomac Edison (PE) Company (Case No. 13-1064-E-P). An evidentiary hearing was held on this matter in Charleston on December 3, 2013.

3) City of Philippi (Case No. 13-1066-E-P)

4) Harrison Rural Electrification Association, Inc. (Case No. 13-1067-E-P)

5) Craig-Botetourt Electric Cooperative (Case No. 13-1068-E-P)

6) City of New Martinsville (Case No. 13-1069-E-P)

7) Black Diamond Power Company (Case No. 13-1104-E-P)

All of these cases are pending before the Commission and orders are expected for the major utilities in the first quarter of 2014.

General Investigation into the use of Load Limiters by Electric Utilities in the event of Disconnection for Non-Payment

On January 24, 2013, the Commission initiated an investigation to address the use of, and need for, load limiters, particularly in the instances of arrearages owed by customers requiring electrical service because of critical medical conditions (General Order No. 184.29). Load limiters permit electric service, but prevent use of electric service beyond a limited consumption.

This investigation was prompted by the Commission's concern about complaint cases involving customers of electric utilities that had significant, repeated and growing arrearages. In some instances, these customers claim that health and financial problems preclude them from paying their past-due balances or even meeting commitments under voluntary deferred payment plans. Several utilities had installed load limiters as alternatives to disconnection of service. Theoretically, a customer with a load limiter would have enough electricity for basic use and for use of any electric powered life supporting devices. Given the delicate circumstances involved, the Commission wanted to know more about the use of load limiters by electric utilities, especially on meters of customers with critical medical conditions.

The Commission named all active electric utilities in the State of West Virginia as respondents in this matter. These respondents were required to submit responses to nine questions regarding load limiters.

Upon reviewing the companies' responses, the Commission issued a Final Order on November 26, 2013, in which they stated that, in appropriate circumstances, load limiters are a viable tool for use by electric utilities to help lower delinquencies without the need to resort to complete disconnection of service and that load limiters can be beneficial to utilities and customers alike. The Commission directed the utility companies to continue to exercise prudence and to implement the use of load limiters in a careful and cautious manner after appropriate consideration of the facts and circumstances in each instance where the use of a load limiter is indicated. This case is now closed.

FirstEnergy Generation Asset Swap

On November 16, 2012, Monongahela Power Company (Mon Power) and The Potomac Edison Company (PE) or (FirstEnergy) filed a joint petition for approval of a generation resource transaction (Case No. 12-1571-E-PC). First Energy anticipated a large deficit in generation capacity needed to serve their customers. They proposed this transaction to increase Mon Power's installed capacity by 1,476 megawatts. The main piece of the transaction was Mon Power's acquisition of the 79.46% ownership interest in the Harrison Power Station held by Allegheny Energy Supply Company, LLC (AE Supply). In exchange, AE Supply would acquire Mon Power's 7.69% interest in the Pleasants Power Station.

As proposed by First Energy, the net investment of this transaction for Mon Power was to be over $1.1 billion. FirstEnergy requested a temporary transaction surcharge be implemented at the closing of the transaction that would remain in place until new base rates were implemented. The rate impact of the surcharge, in combination with the rate decrease from the last ENEC proceeding, would result in a net decrease of 1.3% in rates.

The West Virginia Consumer Advocate Division (CAD); the West Virginia Citizens Action Group (WVCAG); the West Virginia Energy User Group (WVEUG); the Utility Workers Union of America, AFL-CIO (UWUA), and its Local 304; the Sierra Club; the West Virginia State Building and Construction Trades Council, AFL-CIO; the International Brotherhood of Electrical Workers, AFL-CIO (IBEW) and its Local 2357; and the West Virginia Coal Association were granted intervenor status in this matter.

On May 29-31, 2013, the Commission conducted an evidentiary hearing in Charleston. On August 21, 2013, FirstEnergy, along with the CAD, Commission Staff, WVEUG, the Sierra Club, the UWUA, the Building and Construction Trades Council, the IBEW and the Coal Association submitted a Joint Stipulation and Agreement for Settlement to the Commission. WVCAG opposed the stipulation. The stipulation recommended the Companies be allowed to purchase the Harrison Power Station for less than originally requested. The reduced purchase cost, coupled with other measures that reduced the rate impact of the transaction, resulted in no immediate rate increase. Additionally, the Companies agreed to increase their commitment to energy efficiency/demand response measures, and the parties to the stipulation recommended the Companies not file an Expanded Net Energy Cost (ENEC) proceeding this year.

The Commission conducted a further hearing on September 13, 2013, to take evidence related to the stipulation. On October 7, 2013, the Commission entered an Order that modified and adopted the Joint Stipulation.

On November 6, 2013, the WVCAG filed an appeal of the Commission's Final Order before the Supreme Court of Appeals of West Virginia. The Supreme Court has scheduled the matter for oral argument on March 5, 2014.

<u>FirstEnergy Expanded Net Energy Cost</u>

As part of the stipulation in Case No. 12-1571-E-PC, the parties to the Joint Stipulation agreed First Energy would not file an ENEC proceeding this year. The ENEC rate review is a special purpose rate proceeding for electric utilities that allows cost recovery for the prudently incurred costs for obtaining fuel, purchased power costs, purchased transmission costs, and construction costs for specific projects. The Companies filed a petition to request the Commission excuse the Companies from the yearly ENEC filing requirement (Case No. 13-1272-E-PW).

On October 7, 2013, the Commission entered an Order in Case No. 12-1571-E-PC that adopted the Joint Stipulation and excused the Companies from the yearly ENEC filing requirement. This case is pending before the Commission.

<u>FirstEnergy Meter Reading, Billing and Customer Service General Investigation</u>

On June 7, 2013, the Commission initiated a General Investigation into the meter reading, billing and customer service practices of Monongahela Power Company (Mon Power) and the Potomac Edison Company (PE) (Case No. 13-0830-E-GI). The Commission initiated the General Investigation after receiving more than 750 informal and almost 70 formal complaints concerning the meter reading and billing practices of Mon Power and PE.

At the time, it appeared Mon Power and PE had issued a number of consecutive estimated bills to many of their customers that then resulted in large "true up" bills for those customers. The Commission posed multiple questions to Mon Power and PE and ordered a response by July 1, 2013.

On July 19, 2013, the Commission issued an Order denying FirstEnergy's request to dismiss this matter and directing a monthly filing of statistical data showing a number of items, including the number of customers that received two consecutive estimated readings and the number of complaints relating to meter readings. The Commission Staff noted the number of estimated reading and complaints appeared to be trending downward, but stated that further investigation was needed. Staff also stated concern that problems could arise during the upcoming winter heating season.

The Commission conducted public comment hearings in Shepherdstown and Fairmont on October 23-25, 2013 and an evidentiary hearing in Charleston on December 17-18, 2013. This case is pending before the Commission and should be decided in the first quarter of 2014.

<u>Appalachian Power Company and Wheeling Power Proposed Merger and Generation Resource Transaction</u>

Appalachian Power Company (APCo) and Wheeling Power Company (WPCo) originally filed a petition for an evaluation of a possible APCo/WPCo merger on December 6, 2011 (Case No. 11-1775-E-P). In an April 2, 2013 Order, the Commission concluded that considerable uncertainty existed with respect to a future merger and power supply to meet the needs of both APCo and WPCo customers. The Commission held the matter in abeyance, and directed the Companies to make a future filing addressing power supply options and their costs.

On December 18, 2012, APCo filed a petition seeking consent and approval for APCo to acquire 1647 MW of generating capacity owned by Ohio Power Company (OPCo), an affiliate, and enter into related affiliated agreements as required by <u>W. Va. Code</u> § 24-2-12 (Case No. 12-1655-E-PC). APCo proposed an arrangement whereby it would acquire a two-thirds interest in Unit No. 3 of the John E. Amos plant at St. Albans from OPCo, and one-half interest of the Mitchell plant at Moundsville. APCo would gain 867 MW of capacity by acquiring the two-thirds interest in Amos Unit 3 and 780 MW by acquiring a one-half interest in the Mitchell plant. APCo did not propose a cost recovery mechanism in this transaction filing; instead, they made its rate request in the separately filed ENEC recovery proceeding (Case No. 13-0467-E-PC).

APCo operates and serves customers in both West Virginia and Virginia and sought consent and approval for the merger and the proposed acquisition from both the Commission and the Virginia State Corporation Commission (VSCC). The CAD, WVCAG, the WVEUG, and the Sierra Club intervened in this matter.

On June 6, 2013, the Commission issued an Order consolidating this proposed generation resource transaction filing with the pending case considering the merger of APCo and WPCo (Case No. 11-1775-E-P).

The Commission held an evidentiary matter in both the proposed acquisition and the merger cases on July 16-18, 2013. The parties testified that the Commission should approve the APCo/WPCo merger, but presented conflicting evidence as to the most reasonable means for obtaining the capacity to serve WPCo and the cost to do so.

On July 31, 2013, the VSCC entered an Order approving the transfer of Amos Unit 3 and the APCo/WPCo merger, but denying the transfer of the Mitchell Plant. This Commission subsequently entered an Order on August 8, 2013, noting that as a result of the VSCC decision, APCo would experience a deficit of more than 400 MW relative to its PJM capacity after the planned retirement of older generation plants. The Commission required APCo to file a status report addressing whether the Commission should reopen the evidentiary record in the consolidated cases. APCo indicated that it did not need to reopen the hearing, urging the Commission to approve its pending petitions and indicating it was exploring options for additional capacity. The CAD also filed a status report stating the Commission did not need to reopen the evidentiary proceeding and indicated that APCo could obtain sufficient capacity until May 2015 under a "Bridge Agreement."

On December 13, 2013, the Commission issued a Final Order approving the acquisition by APCo of two-thirds of the John E. Amos 3 generating unit. The Commission, however, deferred ruling on the acquisition by APCo of one-half of the Mitchell Power Plant. Similarly, the Commission deferred ruling on a request to merge WPCo into APCo, pending APCo filing and receiving approval from this Commission of a capacity resource plan that includes sufficient capacity to serve the WPCo load.

Case 12-1655-E-PC is now closed, but Case No 11-1775-E-P remains pending before the Commission.

Appalachian Power Company and Wheeling Power Company Securitization

On August 22, 2012, APCo and WPCo (the Companies) filed a petition seeking approval to finance their unrecovered expanded net energy costs (ENEC) through a securitization financing mechanism, as permitted by W. Va. Code § 24-24f, and permission to enter into affiliated agreements, pursuant to W. Va. Code § 24-2-12 (Case No. 12-1188-E-PC). The Companies sought permission to issue consumer rate relief bonds for unrecovered ENEC costs, including the under-recovery balance as of December 31, 2011, in the amount of $311,872,391; transmission costs in the amount of $1,925,000; deferred bonus coal payments in the amount of $26,022,676; unrecovered ENEC costs related to Century Aluminum of West Virginia, Inc., (Century) in the amount of $22,695,371; carrying charges on the under-recovery through February 5, 2013, in the estimated amount of $36,965,878; deferred costs related to the Dresden plant in the amount of $10,837,893; costs related to a cap on rate increases for certain special contract customers during a limited time period in the amount of $4,879,622; upfront financing costs associated with the securitization; and certain other costs. The costs sought to be securitized exceeded $415 million.

The CAD, WVEUG, Century, and SWVA intervened in the proceeding.

On March 13, 2013, the Companies, Commission Staff, and all of the intervening parties filed a Joint Stipulation and Agreement for Settlement with the Commission that reflected the amount to be securitized would include upfront financing costs and $376,024,583, consisting of: the Adjusted ENEC balance as of December 31, 2011 in the amount of $311,872,391; the ENEC under-recovery attributable to Century in the amount of $8,775,015; the Century Bank as of December 31, 2011 in the amount of $13,920,356; the 2011 carrying charges on the uncollected ENEC balance in the amount of $25,465,878; the Dresden Plant deferral, from the Dresden Plant's in-service date until July 31, 2012, in the amount of $10,837,893; and, the deferral related to the 7.5% cap for LCP, IP, and Special Contract customers, from January 1, 2012 through July 31,2012, in the amount of $5,153,050. The amount to be securitized would not include transmission costs of approximately $1.9 million, bonus coal payments of approximately $26 million, and post-December 31, 2011 carrying charges estimated at $11.5 million. The Stipulating Parties agreed that the upfront financing costs would include the cost of the Commission's Financial Advisor plus the lesser of $5.75 million or the actual aggregate amount of other upfront financial costs.

The Commission issued a Final Order on September 20, 2013, granting the Companies' Petition. In its order, the Commission approved the securitization of $376,024,583, plus upfront financing costs requested by the Stipulating Parties; authorized the issuance of consumer rate relief bonds; set forth the financing structure for the securitization; and approved and authorized the imposition, charging, and collection of consumer rate relief charges. The Commission determined that the issuance of consumer rate relief bonds and the imposition of consumer rate relief charges were just and reasonable, and are reasonably expected to achieve the lowest reasonably attainable cost in order to produce cost savings to electric utility customers and to mitigate rate impacts on electric utility customers, as compared to traditional financing mechanisms or traditional cost recovery methods available to the electric utility, thereby satisfying the requirements of W. Va. Code § 24-2-4f(e)(4).

On November 7, 2013, the Final Issuance Advice letter was filed in this matter, showing that the savings resulting from the securitization over traditional financing have a present value of approximately $105.6 million. This case is now closed.

Appalachian Power Company and Wheeling Power Expanded Net Energy Cost Case

Appalachian Power Company and Wheeling Power Company, dba American Electric Power, (the Companies) filed their annual ENEC filing on April 1, 2013 (Case No. 13-0467-E-PC). The Companies proposed overall ENEC rates also included Consumer Rate Relief Charges associated with the Companies' request for securitization (Case No. 12-1188-E-PC); Merger Costs associated with the request to merge APCo and

WPCo (Case No. 11-1775-E-P) and Asset Transfer Costs associated with APCo's request to acquire a one-half interest in the Mitchell Plant and a two-thirds interest in Unit 3 of the Amos Plant (Case No. 12-1655-E-PC); an increase to the Construction Surcharge in the amount of $6,798,148 to reflect costs associated with the Dresden Plant and Flue Gas Desulfurization facilities at the Amos Plant; and a decrease in ENEC costs. The Companies experienced an over-recovery of approximately $74.9 million in 2012 and were projecting an over-recovery of $168.7 million for 2013.

The CAD and the WVEUG intervened in the case.

The parties reached a settlement on the main disputes involved in the ENEC filing and reflected their settlement in a written Joint Stipulation and Agreement for Settlement. The proposed stipulation of this matter was premised on the Commission granting the Companies' petition to securitize unrecovered costs in the amount of $376,024,583, plus up-front financing costs associated with the securitization. The stipulating parties agreed that ENEC rates should be reduced by $56.26 million annually, effective September 1, 2013; that the Construction Surcharge component of ENEC rates should be increased by $6.26 million annually, effective September 1, 2013; that APCo should be allowed to accrue carrying charges on the portion of the ENEC under-recovery associated with Century Aluminum in the amount of $8,775,015, the Century Bank balance of $13,920,356, and the December 31, 2012 under-recovery balance of $227,808,507; that coal purchasing costs associated with certain low-sulfur inventories in the amount of $20,528,481 should be removed from the ENEC recovery balance and deferred in a separate account, to be restored as ENEC costs in one-twelfth increments when the low-sulfur inventory at the Amos Plant is at or below 625,000 tons; that the Companies will present a review of their coal purchasing practices and any proposed changes as part of the 2014 ENEC filing; and that the Companies will file a base rate case no later than June 2014, in which they will propose that existing Construction Surcharge costs will be merged into base rates.

The Commission issued a Final Order on August 30, 2013, adopting the Joint Stipulation and indicating that the Commission intended to grant the Companies' request for securitization upon which the Joint Stipulation was premised. The Commission subsequently entered an Order in the securitization case, granting the Companies permission to securitize unrecovered costs in the amount of $376,024,583, plus up-front financing costs. These two Orders resolved the issues that were raised in this matter. Case Nos. 12-1188-E-PC and 13-0467-E-PC are now closed.

Appalachian Power Company Energy Efficiency/Demand Response Programs

On April 1, 2013, APCo filed a petition for review of its energy efficiency/demand response (EE/DR) program rates (Case No. 13-0462-E-P). The CAD, CAG and WVEUG were granted intervenor status.

APCo proposed continuing its current EE/DR programs and adding two additional programs aimed at improving efficiency of food service equipment, heat pump upgrade incentives and residential weatherization measures. APCo also proposed to recover costs associated with EE/DR programs through a financial incentive based on the avoided capacity and energy costs produced by the programs. Staff proposed to continue the current programs but change the funding mechanism to allow APCo to earn a return on revenue invested in EE/DR programs. The CAD advocated higher energy efficiency targets for APCo of 0.7%, proposed APCo recover costs of the EE/DR programs through a RFP process and an end to the current surcharge mechanism. The WVEUG opposed APCo's proposed financial incentive but did not propose an alternative.

The Commission held an evidentiary hearing on August 13, 2013. This case is pending before the Commission and an Order will be entered in the first quarter of 2014.

Appalachian Power Company and Wheeling Power Company v. Frontier West Virginia, Inc.

On March 2, 2012, Appalachian Power Company and Wheeling Power Company (both APCo) filed a formal complaint against Frontier West Virginia, Inc. (Frontier) alleging that Frontier refused to fairly compensate APCo for the use of its poles (Case No. 12-0284-E-T-C). Subsequently, Frontier filed a case before the Federal Communication Commission (FCC) addressing the same issue.

On November 1, 2012, the Commission petitioned to intervene in the complaint Frontier filed at the FCC and requested that the FCC remand the matter to the Commission. In a March 25, 2013 Order, the FCC announced it would hold the complaint pending before it in abeyance, pending a resolution before the Commission. The parties were directed to update the FCC on the progress being made every three months.

On October 28, 2013, APCo and Frontier filed with the Commission a motion for approval of a settlement agreement and joint use amendment among APCo, WPCo and Frontier. On November 19, 2013, the Commission issued a Final Order which consented to two amendments to a pole attachment agreement and accepted the settlement between APCo and Frontier. The case before the Commission is now closed, however the complaint before the FCC is still pending.

AEP Transmission Cases

Throughout 2013, West Virginia AEP Transmission Company (WV Transco) has filed nine certificate applications to make upgrades to the AEP transmission system in West Virginia. The upgrades have been mandated by the operator of the regional transmission grid, PJM, to maintain and enhance the reliability of the region's transmission system. The total investment in transmission upgrades will exceed $480 million. The Commission has granted certificates in three of the filings. (Case Nos. 13-0612E-CN, 13-1106-E-CN and 13-1174-E-CN), which are now closed. The others are pending before the Commission.

Felman Production, LLC

Felman Production, LLC owns and operates a plant in New Haven, West Virginia that uses submerged arc furnaces to make silicomanganese (SiMi). SiMi is used in steel production as an additive to make the steel more pure and stronger. Felman Production, LLC (Felman) filed a Petition with the Commission on August 30, 2013, asking the Commission to order APCo to serve Felman at a special rate for electricity (Case No. 13-1325-E-PC). This Petition was filed in accordance with West Virginia Code § 24-21j (the Special Rate Statute). Felman stated in its Petition that the cost of electric power was the largest cost in the production of SiMi and that without a special rate for electricity, it could no longer justify producing SiMi at their New Haven Plant.

The CAD, the WVEUG and Steel of West Virginia (SWVA) all intervened in the case. After a thorough review of the financial information, the Commission Staff and intervening parties argued that there was not sufficient information to justify APCo granting a special rate and recommended the Commission deny Felman's Petition for a special rate for electricity.

An evidentiary hearing was held December 9-11, 2013. This case is pending before the Commission and an Order is expected in the first quarter of 2014.

Appalachian Power Company's Clinch River Power Plant

APCo filed an application for a certificate of convenience and necessity to convert two of the three units at the Clinch River Power Plant from coal-fired to natural gas-fired units (Case No. 13-0764-E-CN). The Clinch River Power Plant is located in Virginia near Wytheville and consists of a three coal-fired generation facility with a capacity of 242 MW. Although not part of the application, a gas pipeline to supply natural gas to the plant would have to be constructed. To fund the project, APCo proposed a new construction surcharge that would be added onto their yearly ENEC costs.

The Parties reached a settlement whereby the certificate of convenience and necessity would be granted in exchange for the withdrawal of the construction surcharge request. A Joint Stipulation and Agreement for Settlement was submitted to the Commission on November 12, 2013. This case is pending before the Commission and an Order will be issued in the first quarter of 2014.

Beech Ridge II

In 2005, Beech Ridge Energy LLC (Beech Ridge) applied to the Commission for a siting certificate for a 186 MW wind-powered generating facility consisting of 124 wind turbine generators of 1.5 MW each, and an approximately 13.8 miles 138kV transmission line to connect the generating facility to Allegheny Power's Grassy Falls substation near Nettie in Nicholas County (Case No. 05-1590-E-CS). The Commission granted that siting certificate in 2006. Construction began in the summer of 2009 and 67 wind turbine generators representing 100.5 MW were completed and have been placed in service.

Opponents of the project brought a civil action in the United States District Court for the District of Maryland seeking to enjoin the project from construction, alleging that the project would kill Indiana bats in violation of Section 9 of the Endangered Species Act. In 2010, the Court approved a settlement between Beech Ridge and the plaintiffs that prohibited construction beyond 67 wind turbine generators until Beech Ridge had secured an Incidental Take Permit. As part of a settlement and an amended Order in the federal case in 2010, Beech Ridge was allowed to construct 33 additional wind turbine generators provided they were generally on the western side of the original Ridge footprint or on additional land to the west of the original footprint.

On August 24, 2012, Beech Ridge Energy II LLC (Beech Ridge II) filed an application with the Commission for a siting certificate and request for expedited consideration to authorize the construction and operation of a wholesale electric generating facility and other necessary appurtenances in Greenbrier County (Case No. 12-1196-E-CS). Beech Ridge II, which is owned by Invenergy Wind Development North America LLC, proposed to construct an approximate 53.46 (but not to exceed 85.5) MW wind turbine electric generating facility consisting of up to 33 wind turbines each with a rated capacity of 1.62 (but not to exceed 2.5) MW, and certain ancillary facilities on a tract of land located in Greenbrier County.

The Project will deliver energy to an existing substation, and no transmission lines will need to be constructed. Beech Ridge II estimated that construction would cost approximately $115 million and asserted that the Project is not a utility providing service to the public, and there will be no impact to West Virginia ratepayers. Rates charged for electricity sold by the facility will be subject to regulation by the Federal Energy

Regulatory Commission. Beech Ridge II's anticipated project schedule called for project construction to be completed by December 2013, in order to attain project economics. In order to meet this completion date, the company stated construction needed to begin no later than July 2013.

The WV State Building and Construction Trades Council, AFL-CIO (Trades Council) intervened in support of the project.

On January 10, 2013, the Commission conducted a view of the area in and around the proposed wind project and held a public comment hearing in Rainelle, West Virginia. On February 27, 2013, the parties submitted a Joint Stipulation and Agreement for Settlement to the Commission recommending the certificate be granted. The Commission held a hearing on February 28, 2013, to take evidence concerning the Stipulation filed by the parties.

On June 19, 2013, the Commission entered an Order granting Beech Ridge permission to build up to 33 wind turbines, subject to certain conditions. This case is now closed.

Black Diamond Power Company's Purchased Power Cost

On November 14, 2012, the Commission initiated a general investigation into a review of Black Diamond Power Company's Black Diamond's purchased power cost Case No. 12-1449-E-GI). The Commission believed Black Diamond and its customers would benefit from a review of its purchased power costs.

The Commission directed Staff to develop a final rate recommendation regarding the procedural aspects of future purchased power filings by Black Diamond and a substantive recommendation regarding a total purchased power rate. Staff was to quantify any necessary credits to base rates to assure that all projected purchased power costs (including an amortization of any over- or under-recovery balances recommended by Staff) were included in the purchased power rate increment, and that there was no duplication in base rates. Furthermore, the Staff-recommended purchased power rate implement was to include any current over- or under-recoveries that Staff believes are properly chargeable or recoverable pursuant to Rule 30B and/or Rule 30D. Staff was to quantify what portion of the base rates of Black Diamond has, under the Staff recommendation, been moved into the purchased power recovery rate, and provide the new net base rates for Black Diamond's tariff and a separate purchased power rate recovery component. This case is pending before the Commission.

Natural Gas

Natural Gas-Purchased Gas Cost Cases

Under the Commission's Rule 30C procedure, natural gas utilities can file annually to adjust the purchased gas component of their rates. This purchased gas adjustment procedure (PGA) allows the utility to recover the costs it pays suppliers for the gas it delivers to gas customers. The PGA cost of purchased gas is the major cost for gas utilities and typically comprises two-thirds (2/3) of a customer's winter heating bill. The prices that a natural gas utility pays its suppliers for gas are not regulated by either the Commission or any federal government agency, but are determined by a national market. Over the years, the market-driven price has been extremely volatile, largely resulting from the availability of Marcellus gas in the market, and influenced by any number of external factors.

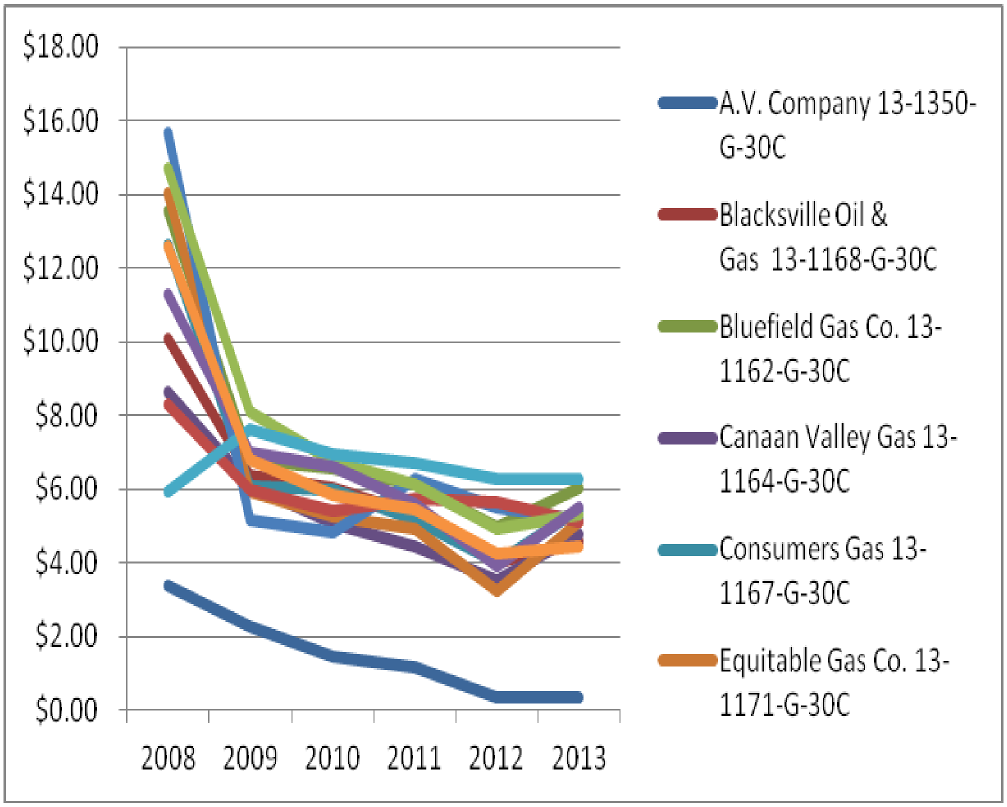
Following several years of record low gas prices and a review of rate filings by natural gas utilities, the Commission ordered that gas rates to recover the cost of purchased gas across the state be adjusted as follows for the Winter of 2013-2014:

Interim Purchase Gas Cost Rates Winter 2013-2014

Company and Case No.	2008 PGA $ per McF	2009 PGA $ per McF	2010 PGA $ per McF	2011 PGA $ per Mcf	2012 PGA $ per Mcf	2013 PGA $ per Mcf
A.V. Company 13-1350-G-30C	$3.39	$2.29	$1.44	$1.16	$0.33	$0.33
Blacksville Oil & Gas 13-1168-G-30C	$10.07	$6.36	$6.01	$5.29	$3.98	$4.594
Bluefield Gas Co. 13-1162-G-30C	$13.53	$6.79	$6.56	$6.13	$4.99	$6.013
Canaan Valley Gas 13-1164-G-30C	$8.61	$6.14	$5.08	$4.45	$3.50	$4.787
Consumers Gas 13-1167-G-30C	$12.63	$6.07	$5.97	$5.18	$4.00	$5.437
Equitable Gas Co. 13-1171-G-30C	$14.05	$5.93	$5.28	$4.90	$3.24	$5.09
Hope Gas, Inc. * 13-1154-G-30C	$15.68	$5.15	$4.83	$6.25	$5.48	$5.145
Lumberport-Shinnston 13-1166-G-30C	$8.31	$5.99	$5.39	$5.74	$5.63	$5.113
Mountaineer Gas * 13-1138-G-30C	$14.69	$8.09	$6.74	$6.11	$4.91	$5.298
Southern Public Service District 13-1163-G-30C	$11.30	$6.98	$6.59	$5.61	$3.89	$5.50
Standard Gas Company 13-1165-G-30C	$5.92	$7.60	$6.94	$6.68	$6.28	$6.26
Union Oil & Gas 13-1169-G-30C	$12.60	6.80	$5.83	$5.43	$4.24	$4.421

*Rate information is for residential and commercial. Rate schedules for other customers, such as large industrial or sale for resale, may have different rates and/or charges.

Cost/MCF 2008 - 2013



PNG Companies, LLC's Acquisition of Equitable Gas Company, LLC

On March 27, 2013, PNG Companies, LLC (PNG) and Equitable Gas Company, LLC (Equitable) filed a Joint Petition for consent and approval to transfer all of the issued and outstanding limited liability company membership interests of Equitable to PNG; to contribute Equitable's West Virginia assets to a new entity expected to be known as Peoples WV, LLC (Peoples); and to transfer certain assets between Equitable and EQT Corporation (EQT) and/or its affiliates (Case No. 13-0438-G-PC). The Proposed Transaction was part of a larger transaction in which PNG is also acquiring Equitable's retail natural gas operations in Pennsylvania and Kentucky. Consideration for the total transaction included payment by PNG of $720 million cash, transfer of certain natural gas assets to EQT, and transfer of specified assets between EQT and Equitable.

The CAD and the Independent Oil and Gas Association of West Virginia, Inc. (IOGA) intervened in this case.

On October 16, 2013, the Commission held an evidentiary hearing in the case. On October 17, 2013, the Commission reconvened the evidentiary hearing at which time the parties advised the Commission that they had entered into a Joint Stipulation and Agreement for Settlement. The Commission conducted a further hearing about the Proposed Transaction described in the Joint Petition, as modified by the Joint Stipulation.

On November 8, 2013, the Commission issued a Final Order that, without approving the underlying terms and conditions of the Proposed Transaction, granted its consent, pursuant to W. Va. Code § 24-2-12, for PNG and Equitable to enter into the Proposed Transaction and amended by the terms of the Joint Stipulation. This case is now closed.

United Gas Pipeline Company, LLC

On June 12, 2013, United Gas Pipeline Company, LLC (UGP) filed an application with the Commission pursuant to the Commission's Gas Transportation Rules seeking a certificate of convenience and necessity to bypass a utility and construct and operate approximately 200 feet of natural gas pipeline to the South Charleston Stamping Plant currently operated by Gestamp North America, Inc. in South Charleston, West Virginia (Case No. 13-0857-G-CN). Mountaineer Gas Company (Mountaineer), the utility that owns the utility facilities that would be bypassed if the application was approved, protested the application along with Commission Staff. Both Mountaineer and Staff filed motions to dismiss the petition, noting that the application was deficient in details relating to the construction and operation of the proposed gas line, failed to include information on other facilities needed to supply gas to Gestamp and failed to state a specific gas transportation rate as required by the Commission's Rules.

On October 31, 2013, an Administrative Law Judge issued a Recommended Decision dismissing the application without prejudice for failing to comply with the requirements of W.Va. Code §24-2-11 and the Gas Transportation Rules.

On November 15, 2013, UGP filed exceptions to the Recommended Decision. A Status Hearing was conducted by the Commission on November 25, 2013. The parties have agreed to a resolution and on December 27, 2013, UGP requested a Voluntary Dismissal Without Prejudice. A decision is expected in the first quarter of 2014.

Consumers Gas Company

On March 4, 2013, Consumers Gas Company requested an increase in its base rate revenues of $306,550, or 5.4% (Case No. 13-0324-G-42T). On March 8, 2013, the

Company lowered its request to $273,180, or 4.8%, to reflect an adjustment to its B & O Tax calculation in the original filing.

No petitions for intervention were filed. Commission Staff recommended that Consumer's rates be increased by $197,751, or 3.4%. On October 2, 2013, Commission Staff and Consumers Gas filed a Joint Stipulation and Agreement for Settlement which resolved two cost of service issues and prohibited the Company from filing a base rate case before January 1, 2016.

On October 25, 2013, a Recommended Decision was issued by an Administrative Law Judge adopting the Joint Stipulation as filed. No exceptions to the decision were filed within the applicable time frame. The decision became a Final Order of the Commission on November 14, 2013. This case is now closed.

Water and Wastewater

Regional Development Authority of Charleston-Kanawha County, West Virginia Metropolitan Region, *et al.* v. West Virginia-American Water Company

On October 3, 2011, the Regional Development Authority of Charleston-Kanawha County, West Virginia Metropolitan Region, Lewis County Economic Development Authority, Oakvale Road Public Service District, Lashmeet Public Service District, New Haven Public Service District, Putnam County Building Commission, Jumping Branch-Nimitz Public Service District, and Webster County Economic Development Authority (jointly the Complainants) filed a complaint against West Virginia-American Water Company (WVAWC) (Case No. 11-1451-W-C). The Complainants had each received a "decommitment" letter from WVAWC wherein WVAWC had indicated it would no longer financially support public/private investments; may not provide operation and maintenance services for future extensions; and may serve new projects through a master meter using WVAWC's wholesale tariff rates or operate and maintain such projects subject to a detailed project cost evaluation. The Complainants were concerned about WVAWC's plans to discontinue direct investment in, and possibly discontinue operation and maintenance services for, future expansions of their systems.

The Commission issued an Order on May 24, 2012, accepting a settlement between the parties that resolved a portion of the complaint and established a framework for further negotiations and stayed the proceedings through 2012. Under the settlement agreement, the parties agreed to immediately pursue seven pending extension projects while continuing to work to resolve a further group of projects. The Commission stated that its acceptance of the May 23, 2012 settlement did not bind the Commission with regard to any final decisions that may need to be made in the proceeding. The

Commission directed the parties to file status reports on or before October 1, 2012 and January 2, 2013.

Because a complete settlement could not be reached between the parties, a procedural schedule was set and an evidentiary hearing was held before the Commission on September 16-18, 2013. This case is pending before the Commission.

West Virginia-American Water Company Rate Cases

On December 14, 2012, West Virginia-American Water Company (WVAWC) made a combined tariff filing seeking to increase both its sewer and water rates (Case Nos. 12-1648-S-42T and 12-1649-W-42T, respectively). WVAWC sought an additional $24,073,446 in annual water revenue that would result in an approximate 19.7% increase over its existing water rates for its sewer operations in Fayetteville. Additionally, WVAWC sought an additional $476,000 in annual sewer revenue that would result in an approximate 63% increase over its existing sewer rates for its sewer operation serving Fayetteville. The CAD, Steel of West Virginia, Inc. (SWVA), and the Utility Workers Union of America, AFL-CIO (UWUA) and UWUA Local 537 intervened in this case.

On July 8, 2013, the Commission held an evidentiary hearing in both cases. During the hearing, WVAWC advised the Commission that it had entered into a Joint Stipulation and Agreement for Settlement with Commission Staff and CAD. The Joint Stipulation outlined an agreement for an $8,356,151, or 7.1%, increase in revenue for water services, a $106,261, or 14.37%, increase in revenue for sewer services, and an agreement by WVAWC to not file another general water or waste water rate case before January 1, 2015. Neither UWUA nor SWVA opposed the Joint Stipulation and UWUA presented testimony with respect to its issues.

On September 26, 2013, the Commission entered a Commission Order approving the Joint Stipulation.

On October 4, 2013, the UWUA filed a Petition for Reconsideration regarding the issues of WVAWC's minimum staffing levels and filing of quarterly reports. A decision on the Petition for Reconsideration is expected in the first quarter of 2014.

Pocahontas County Public Service District

On August 16, 2010, several landowners in the service territory of the Pocahontas County Public Service District (District) filed a Petition and Complaint asserting the District had failed to complete, in a timely manner, the construction of a new regional wastewater treatment facility, and that the failure to do so imperiled project financing and exposed the District to potential fines and other adverse consequences (Case No. 10-1279-PSD-C). The Petitioners requested the Commission require the District to build the regional facility and/or appoint a receiver who will build the facility.

Intervenors in this case include the Snowshoe Property Owners Council and the Pocahontas County Commission.

On November 22, 2010, the District informed the Commission it no longer desired to construct the project that had been approved and that it was in the process of obtaining a new engineering firm to design a new project.

On January 10, 2011, the District filed a petition for consent and approval of an engineering agreement between the District and Waste Water Management, Inc. (Case No. 11-0028-PSD-PC). The Commission consolidated the two cases and set an evidentiary hearing. On May 10, 2011, the Commission issued an Order granting the District permission to enter into the engineering agreement for the Phase I, Preliminary Engineering Report and Preliminary Design, contingent upon the West Virginia Department of Environmental Protection's approval. Subsequently, the Commission entered an Order directing the District to adopt a plan to build one centralized sewer treatment plant and the District filed an updated Facilities Plan that included only one centralized plant.

On February 7, 2013, the District filed a petition for approval of an engineering agreement to enter into Phase II with Waste Water Management, Inc. That request has been re-docketed as Case No. 13-0329-PSD-PC. The Commission granted that request and ordered the District to file a certificate of convenience and necessity for the project within six months. On November 1, 2013, the District filed a motion for a 120-day extension of time to make a certificate filing.

At the present time the final design of the single, centralized treatment facility, various sewage pumping stations and associated sewer lines and force mains are nearing completion. The plans and specifications have been sent to WV DEP for their review. A certificate filing should occur in the first-quarter of 2014 with construction anticipated to be completed in approximately two years. Case No. 13-0329-PSD-PC is now closed and Case No. 10-1279-PSD-C is pending before the Commission.

Martinsburg and Romney EPA-Mandated Chesapeake Bay Sewer Projects

On May 12, 2009, President Barack Obama signed an Executive Order that recognized the Chesapeake Bay as a national treasure and called on the federal government to lead a renewed effort to restore and protect the nation's largest estuary and its watershed. West Virginia has 13 wastewater facilities that need to be upgraded to meet nutrient limits and new pollution reduction goals that are part of the federal "pollution diet" for the Chesapeake Bay and its rivers.

On May 13, 2013, the City of Martinsburg (City) filed an application for a certificate of convenience and necessity to construct a new state of the art treatment facility to comply with the Chesapeake Bay Initiative (Case No. 13-0666-S-CN). The estimated cost for the U.S. Environmental Protection Agency (EPA) mandated project was $51,396,665, to be funded by a Chesapeake Bay grant (S.B. 245 funding) in the amount of $16,448,102; and a $34,948,563 loan from the WV DEP Clean Water State Revolving Fund (SRF) payable over 20 years.

On September 23, 2013, the Commission entered an Order granting Martinsburg's sewer project funded by a loan from DEP SRF not to exceed $34,948,563; provided that, if the proceeds of the Chesapeake Bay Grant are not available at the time of the closing of the SRF Loan, the City of Martinsburg may enter into an interim financing agreement for the Project with the West Virginia Infrastructure and Jobs Development Council (WVIJDC) for an Interim Loan. The WVIJDC Interim Loan shall be structured as a drawdown loan to be drawn on only after all of the proceeds of the SRF Loan and other available Project funds have been exhausted. Chesapeake Bay Grant funds will be used first to repay any outstanding draws made from the WVIJDC Interim Loan.

On May 8, 2013, the City of Romney filed an application for a certificate of convenience and necessity to construct additions and improvements to its existing sewer system, also to comply with the Chesapeake Bay Initiative (Case No. 13-0651-S-CN). Romney's estimated cost was $16,172,768, to be financed by a $5,232,026 Chesapeake Bay grant (S.B. 245 funding); a $3,600,000 SRF deferred; a $300,000 grant from the U.S. Corps of Engineers; a $100,000 contribution from the Hampshire County Commission; a $1,000,000 Small Cities Block Grant: a $2,000,000 SRF forgivable loan; a $2,203,768 loan from the WVIJDC; a $500,000 State Tribal Assistance Grant; and $1,236,974 WVIJDC grant. The Commission conducted a hearing on this matter on October 4, 2013.

On December 11, 2013, the Commission entered a Final Order granting approval of Romney's certificate application. Both these cases are now closed.

Two additional Chesapeake Bay Initiative cases were filed in December 2013 by Berkeley County Public Service Sewer District (Case No. 13-1836-PSD-CN) and the City of Keyser (Case No. 13-1853-S-CN). These cases are pending before the Commission.

Jefferson County Sewer Rate Case

On April 23, 2012, Jefferson County Public Service District (District) filed an application to increase its current sewer rates by approximately $355,995 or 14.9% annually, to become effective on May 24, 2012 (Case No. 12-0513-PSD-42T-PC). The District also requested that an 8.6% sewer rate increase be approved on an interim basis.

The District contended it required the increases to fulfill its contractual obligation to pay Pentree, Inc. for years of engineering services on the District's Flowing Springs wastewater treatment plant project (which did not receive Commission approval) and to finance a loan of $413,000 payable over 10 years with an interest rate not to exceed 5%. This $413,000 loan was to pay for a strategic study of the District's sewer system, an upgrade to a pump station, the purchase of a new vehicle and the relining of a wet well.

On November 16, 2012, the Administrative Law Judge entered a Recommended Decision which denied the proposed increase in rates and charges and revised tariff sheets filed on April 23, 2012; decreased the current rates and charges by approximately 2.87% to reflect a decrease in annual revenue of $61,476; and approved the request to borrow $413,000.

Exceptions were filed to the Administrative Law Judge's Recommended Decision by Pentree, Inc. and the District.

On March 29, 2013, the Commission entered a Final Order adopting the Joint Stipulation approving a 3% rate increase; authorizing Jefferson County PSD to issue bonds not to exceed $1,720,000 payable over a period not to exceed 15 years; reducing the District's obligation to Pentree, Inc.; and, approving the rate increase for service rendered by the District on and after April 2, 2013. This case is now closed.

Water and Sewer Certificate Cases

During 2013, the Commission processed 35 cases in which municipalities, public service districts and water or sewer associations sought certificates of convenience and necessity to expand, upgrade or replace water and sewer infrastructure within their service territories. These projects totaled investments of over $254 million and gave water and/or sewer service to more than 1,000 new customers. Typically, the utilities seeking certificates of convenience and necessity for proposed projects submit an application along with an engineering study describing the scope of the project, specifications for physical infrastructure to be constructed, estimated costs and the benefits to be provided by the project. The filing also describes the sources of funding for the project such as loans and grants and contains detailed financial statements regarding the impact of the project in terms of any additional customer revenue, changes in operating expenses and annual debt service requirements related to the project. The utility may request increased rates to support project costs.

The filing is reviewed to determine the adequacy of the supporting data, and additional information may be requested to assure that the Commission has all of the information required to determine the reasonableness of the request. Staff reviews the engineering specifications to determine reasonableness of design and cost. Staff also reviews and analyzes the financial and operational data to determine appropriate rate levels, if the utility's current rates will not generate adequate revenue to support project costs.

A public hearing is frequently held at which evidence is taken from the utility, Staff and any interveners with regard to the need for the project; any need for modifications to the project and proper rate levels required to support it, if required. The Commission uses this evidence to determine if the project should be granted a certificate and the appropriate rates as required

Following are tables summarizing those projects for which certificates of convenience and necessity were approved during 2013.

Utility – Project	Case Number	Date Filed	Estimated Cost	Pre-Project Customers	Customers Added	Date Approved
Town of Meadow Bridge - Wastewater Treatment Facility Upgrade (Petition to Reopen)	11-1674-S-CN	November 14, 2011	$1,452,500 (Revised upward from $997,000)	270	None	January 15, 2013
Town of Junior - Wastewater Treatment Facility Upgrade	12-1347-S-CN	September 25, 2012	$2,900,000	199	265	January 17, 2013
Town of Matewan – Water System Additions and Improvements	12-1263-W-CN	September 10, 2012	$2,650,000	900	122	January 20, 2013
Sanitary Board of the City of Bluefield - Wastewater Treatment Facility Upgrade	12-1355-S-CN	September 26, 2012	$1,537,866	8,042	None	January 29, 2013
City of Point Pleasant - Sewer System Additions and Improvements	12-0893-S-CN	June 28, 2012	$4,430,000	2,193	None	February 20, 2013
City of Lewisburg - Waterworks System Additions and Improvements	12-1177-W-CN	August 21, 2012	$3,066,000	4,704	None	February 20, 2013
City of War – Construction of Sanitary Sewer System Extensions to Shop Hollow and Centerville	12-1320-S-CN	September 19, 2012	$2,275,000	447	60	February 20, 2013
City of Charleston Sanitary Board - Waterworks System Improvements in Lick Branch / South Ruffner area	12-1374-S-CN	September 28, 2012	$11,613,300	23,911	None	February 20, 2013
City of Salem - Water Line Replacement to reduce overall water loss	12-1537-W-CN	November 2, 2012	$1,500,000	802	None	March 6, 2013
Town of Reedsville - Sewer System Additions and Improvements (Petition to Reopen)	11-0424-S-CN	March 28, 2011	$3,423,700	251	54 (Original Case) No Change	March 14, 2013
Town of Capon Bridge - Waterworks System Additions and Improvements	12-1557-W-CN	October 1, 2012	$2,582,000	301	None	March 17, 2013
City of Logan - Extension of Sanitary Sewer System to Route 10, DeJournette Street, Ember Alley and Desert Star Road	12-1057-S-CN	July 30, 2012	$812,000	2,154	25	March 19, 2013
Jane Lew PSD - Sewer System Additions and Improvements (Petition to Reopen)	09-1043-PSD-42T-PC-PW-CN	June 24, 2009	$8,167,000 (Revised upward from $6,867,000)	600	300 (Original Case) No Change	March 26, 2013
City of Parsons – Water System Additions and Improvements	12-1644-W-CN	December 13, 2012	$1,500,000	774	54	April 10, 2013

Utility – Project	Case Number	Date Filed	Estimated Cost	Pre-Project Customers	Customers Added	Date Approved
City of Welch – Construction of a Wastewater Distribution System.	12-1651-S-CN	December 17, 2012	$4,044,347	924	None	April 15, 2013
City of Elkins - Water System Upgrades and Improvements	12-1382-W-CN	October 1, 2012	$31,000,000	3,900	None	April 30, 2013
City of Keyser – Phase I and II Water System Improvements	12-1679-W-CN	December 27, 2012	$11,800,000	2,418	None	May 21, 2013
City of Keyser – Sanitary Sewer System Replacement Project – Chestnut Street	12-1675-S-CN	December 26, 2012	$2,642,000	2,311	None	May 29, 2013
City of Charles Town - Wastewater Treatment Plant Improvements (Petition to Reopen - Dismissed)	09-1980-S-CN	November 24, 2009	$20,750,000 (Original Case) No Change	2,842	None	June 26, 2013
City of Weirton – Construction of Improvements to existing Sewer System	13-0295-S-CN	February 25, 2013	$5,904,000	9,499	None	July 30, 2013
City of Belington - Water Storage and Tank Improvement Project	13-0525-W-CN	April 15, 2013	$1,334,376	946	None	August 12, 2013
City of Clarksburg Sanitary Board – Water Treatment Plant Upgrade and Expansion of Sewer System	13-0590-S-CN	April 26, 2013	$11,500,000	7,084	None	August 28, 2013
Vienna Municipal Sewer Department – Sewerage System Additions and Improvements	13-0573-S-CN	April 23, 2013	$1,788,000	5,463	None	September 11, 2013
City of Martinsburg – Construction of a Headworks Facility, Primary Clarifier Improvements and related Potable Water Pumping Improvements	13-0666-S-CN	May 13 ,2013	$51,396,665	6,006	None	September 23, 2013
Town of Worthington - Additions and Improvements to existing sewer system (Petition to Reopen)	11-0266-S-CN	February 28, 2011	$4,700,000 (Original Case) No Change	308	None	October 16, 2013
Town of Flemington - Additions and Improvements to existing sewer system	13-0532-S-CN	April 15, 2013	$6,200,000	193	176	October 24, 2013
Dunbar Sanitary Board - Additions and Improvements to existing sewer system	13-0605-S-CN	May 1, 2013	$12,560,458	3,600	None	October 24, 2013
City of Glenville – Water line and water distribution system upgrades	13-0778-W-CN	May 31, 2013	$2,900,000	878	None	October 27, 2013

Utility – Project	Case Number	Date Filed	Estimated Cost	Pre-Project Customers	Customers Added	Date Approved
Town of Harrisville - Repairs and Improvements to Existing Sewage Collection System	13-0509-S-CN	April 11, 2013	$3,517,000	750	None	November 12, 2013
City of Stonewood – Replacement of remaining cast iron water lines	13-0926-W-CN	June 25, 2013	$4,124,191	930	None	November 13, 2013
City of Kenova – Wastewater Improvements in Wayne County	13-0710-S-CN	May 20, 2013	$2,043,508	1,377	None	November 21, 2013
Town of Pratt – Additions and Improvements to Existing Sewer System	13-0999-S-CN	July 11, 2013	$1,434,700	272	None	December 10, 2013
City of Romney – Additions and Improvements to Existing Sewer System	13-0651-S-CN	May 8, 2013	$16,172,768	996	None	December 11, 2013
Town of Barrackville – Additions and Improvements to Existing Sewer System (Petition to Reopen)	10-0041-S-CN	January 19, 2010	$6,543,960 (Reassigned surplus of $860,482)	685	None	December 17, 2013
City of Philippi – Improvements to the City's existing Wastewater Treatment Plant. (Petition to Reopen)	12-0905-S-CN	June 29, 2012	$3,799,500 (Revised upward from $3,438,800)	1,229	None	December 17, 2013

Municipal Appeals

The Commission does not have the direct jurisdiction over the economic regulation of rates charged by the water and sewer utilities operated by municipalities. Municipalities may change the rates they charge for water or sewer service by adopting rate ordinances without seeking prior Commission approval.

The Commission, however, may invoke jurisdiction under W.Va. Code §24-2-4b suspending the use of new rates adopted by a municipality pending investigation if the Commission receives a petition signed by not fewer than 25% of the customers within the utility's municipal limits, or from a customer served outside of its corporate limits alleging discrimination. In such instances, Staff performs a full review of the utilities books and records and makes recommendations for appropriate rate levels based on that review. A public hearing is held at which evidence is received from the municipality, Commission Staff and any interveners with regard to proper rate levels.

Issues to be resolved vary in complexity from case to case, and the Commission either approves the rates adopted by ordinance or sets rates at a different level based on the evidence submitted.

Seventeen water and sewer municipal appeal cases were completed in 2013. Those cases are summarized below.

Utility	Case Number	Ordinance Increase	Staff Recommended	Amount Granted	Percent Increase	Customers	Date Approved
City of Elkins	12-1123-S-MA	$744,485	$ 485,192	$485,192	25.72%	2,952	January 9, 2013
Town of Pax	12-1645-S-MA	$15,528	$4,520	$4,520	7.27%	167	April 17, 2013
City of Elkins	12-1122-W-MA	$ 1,852,297	$ 1,105,976	$1,105,976	55.63%	3,900	April 30, 2013
Town of Monongah	13-0013-W-MA	$ 309,031	$145,732	$145,732	19.38%	1,458	May 13, 2013
City of Romney	13-0657-S-MA	$233,418	N/A	N/A	N/A	996	Case Dismissed May 16, 2013
City of Keyser	12-0817-W-MA	$596,300	$536,639	$536,639	42.87%	2,418	May 21, 2013
City of Thomas	13-0119-W-MA	$76,177	$32,677	$32,677	31.12%	344	May 29, 2013
City of Thomas	13-0120-S-MA	$51,703	$1,266	$1,266	27.99%	296	May 29, 2013
City of Keyser	12-0816-S-MA	$418,269	$254,282	$254,282	24.56%	2,311	May 29, 2013
City of Kingwood	13-0014-W-MA	$222,460	$151,655	$151,655	13.10%	1,412	June 24, 2013
City of Charles Town	09-1562-S-MA Petition to Reopen	N/A	N/A	N/A	N/A	2,842	Petition to Reopen Dismissed June 26, 2013
City of Charles Town	10-0070-S-MA Petition to Reopen	N/A	N/A	N/A	N/A	2,842	Petition to Reopen Dismissed June 26, 2013
City of Mannington	13-0378-W-MA	$39,409	$20,250	$20,250	43.75%	583	July 31, 2013
Town of Worthington	11-0691-S-MA Petition to Reopen	N/A	N/A	N/A	N/A	308	Technical Correction Approved October 16, 2013
Town of Flemington	13-0906-S-MA	$19,749	$13,491	$13,491	9.51%	193	October 24, 2013
City of St. Marys	13-0897-S-MA	$186,513	$164,786	$164,786	21.02%	926	November 6, 2013
City of St. Marys	13-0898-W-MA	$193,117	$107,276	$107,276	14.15%	1,108	November 6, 2013

Public Water and Sewer Rate Cases

During 2013, the Commission processed requests by various public service districts to increase rates and charges to meet increased costs of operation in the normal course of business. Those water and sewer utilities with revenues in excess of $1 million are required to file full financial support for their requested rates. Those proposed rates are published and Staff undertakes a full review of the utility's books and records.

Following its review, Staff files its report(s) resulting from the review and recommends rates. If the utility does not object to Staff's proposed rates, and if there is no significant public protest, Staff's recommended rates may be approved without public hearing. If the utility objects to Staff's recommendation or if there is significant public protest, a hearing will be held.

Although areas of disagreement and issues of interest vary from case to case, they usually involve such matters as employee compensation and the appropriate cost level to be built into rates to provide for normal year to year capital additions.

Based on the evidence presented at the hearing in these cases, the Commission determines a reasonable level of rates. In 2013, there were 12 cases completed in which the water or sewer the utility filed full financial exhibits in support of their rate requests. Others are in progress. The completed cases are summarized below.

Utility	Case Number	Amount Requested	Staff Recommended	Amount Granted	Percent increase	Customers	Date Approved
McDowell County PSD	12-0984-PWD-42A	345,192	239,903	239,903	14.52	2,810	January 28, 2013
Union Williams PSD	12-0457-PSD-42A	41,002	72,423	72,423	6.16	1,759	January 31, 2013
Cool Ridge-Flat Top PSD	12-1046-PWD-42A	101,444	42,373	42,373	5.17	1,798	February 17, 2013
Jefferson County PSD	12-0513-PSD-42T-PC	355,995	58,632	58,632	3.00	2,245	April 2, 2013
Bluewell PSD	12-1586-PWD-42A	193,302	130,915	130,915	11.07	3,002	June 5, 2013
Bluewell PSD	12-1587-PSD-42A	42,037	26,394	26,394	7.58	1,319	June 5, 2013
Elk Valley PSD	12-1680-PSD-42T	517,783	339,124	339,124	15.30	4,700	July 2, 2013
Grant County PSD	13-0748-PWD-42T	139,258	89,280	89,280	6.34	2,703	October 11, 2013
Marshall County PSD #4	13-0539-PWD-42T	171,348	57,000	57,000	5.13	1,712	October 13, 2013
Union PSD	13-0692-PSD-42T	591,512	273,786	273,786	13.40	5,382	November 10, 2013
Berkeley County PSD	13-0106-PWD-42A-PC	$3,805,416	$3,036,472	$3,036,472	30.81%	20,225	November 17, 2013
Claywood Park PSD	13-0345-PSD-42A	$87,833	$70,516	$70,516	6.31%	1,657	November 21, 2013

Rule 19A Cases

The Commission's Rules permit smaller utilities with revenues of less than $1 million to file for increased rates without supporting financial statements. In those instances, Commission Staff performs all of the requisite financial analyses required to establish appropriate rate levels. In most cases, the utility does not request specific rates or a given level of increase. Staff files a report based on its review and recommends new rates for the utility. The utility is required to publish Staff's recommended rates. If the utility objects to Staff's recommendation or if there is significant public protest, a hearing will be held to determine if Staff's recommended rates should be approved or modified.

Typically, the issues in this type of case are relatively simple, and the utilities frequently do not object to Staff's recommendation. Forty of these rate filings were completed in 2013. Those cases are summarized below.

Utility	Case Number	Amount Requested	Staff Recommended	Amount Granted	Percent increase	Customers	Date Approved
Gap Mills Public Service District	12-0238-PWD-19A	$6,714	$8,996	$8,996	12.74%	204	January 2, 2013
Clay-Roane Public Service District	12-0484-PWD-19A	N/A	$52,719	$52,719	10.06%	837	January 2, 2013
Birch River Public Service District	12-0652-PWD-19A	N/A	$66,070	$66,070	30%	251	January 2, 2013
Harpers Ferry-Bolivar Public Service District	12-0535-PSD-19A	$28,527	$21,126	$21,126	5.41%	765	January 7, 2013
Kingmill Valley Public Service District	12-0892-PSD-19A	N/A	$48,840	$48,840	8.3%	1,356	January 7, 2013
Timberline Four Seasons Utilities, Inc.	12-0233-S-19A	N/A	$258,599	$258,599	75.5%	465	January 28, 2013
The Newell Company - Sewer	12-0664-WS-19A	N/A	$79,998	$79,998	24.7%	515	January 28, 2013
The Newell Company - Water	12-0664-WS-19A	N/A	$8,157	$8,157	1.8%	643	January 28, 2013
Cheat Mountain Water Company, Inc.	12-0784-W-19A	Dismissed	$0	$0	0%	4	January 28, 2013
Montana Water Association	12-0704-W-19A	N/A	$5,486	$5,486	4%	285	January 28, 2013
Webster Springs Public Service District	12-0654-PSD-19A	N/A	$7,489	$7,489	2.5%	687	January 29, 2013
Page-Kincaid Public Service District	12-0709-PWD-19A	N/A	$5,835	$5,835	1.4%	702	February 4, 2013
Little Kanawha Service Company	12-0999-S-19A	N/A	$9,987	$9,987	60.94%	60	February 13, 2013
Mountain View Water System, LLC	12-0807-W-19A	$3,380	$3,301	$3,301	20%	55	February 27, 2013
Pleasant Hill Public Service District	12-1210-PWD-19A	N/A	$55,462	$55,462	19.01%	654	February 27, 2013
Preston County Public Service District No. 2	12-1095-PWD-19A	N/A	$30,189	$30,189	4.7%	1,439	March 4, 2013
Mountainaire Village	12-0320-S-19A	N/A	$1,953	$1,953	8.9%	66	March 6, 2013
Alpoca Water Works, Inc.	13-0037-W-19A	Dismissed	$0	$0	0%	173	March 7, 2013
Williamsburg Sewer System, Inc.	12-0800-S-19A	N/A	$48,056	$48,056	88.15%	213	March 28, 2013
Danese Public Service District	12-1042-PWD-19A	N/A	$108,828	$108,828	25.27%	654	April 2, 2013
Grandview-Dolin Public Service District	12-1453-PWD-19A	N/A	$2,264	$2,264	.5%	857	April 14, 2013
Spring Valley Public Service District	12-0812-PSD-19A	N/A	$51,641	$112,083	28%	553	April 19, 2013
Bradley Public Service District	12-1360-PSD-19A	N/A	$55,058	$55,058	4.54%	1,617	May 5, 2013
Marshall County Public Service District No. 1	12-1579-W-19A	N/A	$39,343	$39,343	11.96%	1,278	May 16, 2013
Tomlinson Public Service District	08-2065-PWD-19A	$131,355	$35,627	$35,627	25%	900	June 17, 2009

Utility	Case Number	Amount Requested	Staff Recommended	Amount Granted	Percent increase	Customers	Date Approved
Sissonville Public Service District	12-1669-PSD-19A	$47,000	$147,275	$147,275	17.55%	1,685	June 29, 2013
Midland Public Service District	13-0018-PWD-19A	N/A	$51,433	$51,433	9.6%	1,398	July 3, 2013
Midland Public Service District	13-0020-PSD-19A	N/A	$105,684	$105,684	24.89%	862	July 3, 2013
Chestnut Ridge Public Service District	13-0131-PWD-19A	N/A	$55,703	$55,703	9.32%	1,028	July 22, 2013
Wilderness Public Service District	13-0286-PWD-19A	N/A	$26,887	$26,887	3.04%	2,018	July 31, 2013
Century Volga Public Service District	13-0705-PWD-19A	Withdrawn	$0	$0	0%	1,030	September 24, 2013
Buffalo Creek Public Service District	13-0245-PWD-19A	N/A	$59,534	$59,534	13.95%	1,183	October 2, 2013
Marshall County Sewerage District	13-0519-PSD-19A	N/A	$25,077	$25,077	7.24%	734	October 2, 2013
Lake Floyd Public Service District	13-0130-PSD-19A	N/A	$12,228	$12,228	25.2%	153	October 27, 2013
Green Acres Utilities	13-0302-S-19A	N/A	$744	$744	5.1%	104	October 27, 2013
Cowen Public Service District	13-0649-PWD-19A	N/A	$16,338	$16,338	3.59%	1,116	October 27, 2013
New Creek Public Service District	13-0292-PSD-19A	N/A	$47,174	$47,174	12.27%	1,051	November 4, 2013
Center Public Service District	13-0335-PSD-19A	N/A	$29,679	$29,679	6.41%	786	November 15, 2013
Tri-County Water Association	13-0283-W-19A	N/A	$35,689	$35,689	7.32%	923	December 12, 2013
Montana Water Association	13-0969-W-19A	$19,748	$14,855	$14,855	10.6%	289	December 24, 2013

Rule 30B Pass-Through Cases

The Commission's Rules permit smaller water and sewer utilities that purchase finished water for resale from another water utility or that have the sewage they collect treated at a plant operated by another utility to file to recover increases in resale rates charged to them on an expedited basis. This type of filing allows the purchasing utility to increase rates to its customers only enough 'to make them whole' for the increased cost of purchased water or sewage treatment services provided by the other utility. The utility is required to publish the new rates and an opportunity for public protest is provided.

Typically, there is no dispute between the utility and Staff as to the correct amount by which to increase rates to allow recovery of increased costs, no significant public protest is received, and the rates are approved without the need for public hearing. If unusually high levels of unaccounted for or lost water are discovered during Staff's review, the Commission may require the utility to determine the causes of the high water loss, to develop a remediation plan, and to report the results of steps taken prior to approving the interim rate increases as final rates. Twenty-two of these types of rate filings were completed in 2013. Those cases are summarized below.

Utility	Case Number	Amount Requested	Staff Recommended	Amount Granted	Percent Increase	Customers	Date Approved
Midland PSD	12-0967-PSD-30B	N/A	$29,241	$29,241	19.87%	862	January 24, 2013
Gilmer County PSD	12-1577-PWD-30B	$119,899	$129,619	$129,619	38.46%	662	January 24, 2013
Spring Valley PSD	12-0397-PSD-30B	N/A	$28,352	$28,352	8.09%	553	February 1, 2013
Leadsville PSD	12-1109-PSD-30B	N/A	$27,231	$27,231	19.74%	785	February 1, 2013
Canyon PSD	12-0151-PSD-30B	N/A	$11,869	$11,869	23.96%	200	April 12, 2013
Queen Shoals PSD	13-0375-PWD-30B	N/A	N/A	N/A	N/A	216	Dismissed - April 16, 2013
Mount Zion PSD	12-0073-PWD-30B	N/A	$8,752	$8,752	6.83%	413	April 22, 2013
Leadsville PSD	13-0305-PSD-30B	N/A	$7,656	$7,656	4.66%	785	April 26, 2013
Raleigh County PSD	13-0108-PWD-30B	N/A	$4,459	$4,459	5.30%	4,761	July 30, 2013
Adrian PSD	13-0116-PWD-30B	N/A	$26,225	$26,225	27.18%	1,951	August 8, 2013
Ohio County PSD	13-0084-PWD-30B	$730,217	$728,982	$728,982	71.62%	4,105	August 14, 2013
Elkins Road PSD	13-0271-PWD-30B	N/A	$19,077	$19,077	23.85%	1,055	August 14, 2013
Huttonsville PSD	13-0658-PWD-30B	N/A	N/A	N/A	N/A	1,156	Dismissed - August 14, 2013
Cheat View PSD	12-0154-PWD-30B	$186,000	$345,876	$345,876	98.01%	3,286	August 30, 2013
Leadsville PSD	12-1110-PWD-30B	N/A	$59,651	$59,651	110.44%	622	October 3, 2013
Lavalette PSD	13-0103-PWD-30B	N/A	$32,318	$32,318	52.51%	3,607	October 3, 2013
Tomlinson PSD	13-1112-PWD-30B	N/A	$25,032	$25,032	15.09%	910	October 9, 2013
Jefferson County PSD	13-1188-PSD-30B	$360,967	$341,648	$341,648	65.23%	2,290	October 22, 2013
Berkeley PSD	13-1250-PWD-30B	$51,408	$49,962	$49,962	16.89%	20,053	November 5, 2013
Midland PSD	12-0970-PWD-30B	N/A	$252,043	$252,043	43.25%	1,398	December 11, 2013
Preston County PSD - No. 2	13-0826-PWD-30B	$31,516	$28,588	$28,588	4.74%	1,400	December 20, 2013
Central Barbour PSD	13-0779-PWD-30B	N/A	$3,083	$3,083	0.77%	1,043	December 23, 2013

Seminars

In 2013, over 300 representatives of utilities attended 13 seminars put on by the Public Service Commission's Water and Wastewater Division covering a wide variety of topics.

Chapter 16, Article 13A, of the West Virginia Code requires newly-appointed public service district board members to attend and complete the Public Service District Board Members Seminar within six months of taking office. This seminar is established and administered by the Commission in conjunction with the DEP and the West Virginia Department of Health and Human Resources Bureau for Public Health and provides a general overview of areas in which board members need to have knowledge and understanding, including regulatory requirements, administrative issues, project financing, legal requirements, liability, technical items, ethics, open meetings, and financial information. In 2013, PSD Board Member Seminars were held in both South Charleston and Bridgeport.

The OSHA Safety Seminar provides attendees the ability to earn an OSHA safety certification card, and water and sewer plant operators earned ten Continuing Education Hours required for their Operator's License. An Excavation and Trenching Safety Seminar also provided attendees information on safety in the workplace. These seminars were well received and are important for utility personnel and management as they seek to reduce lost time accidents. The seminars were sponsored by the Commission and taught by safety specialists with the West Virginia Division of Labor.

A Rule 42 Financial Exhibit is the required financial document used in both rate and certificate cases before the Commission. In 2013, the Commission conducted one Rule 42 Seminar in partnership with the West Virginia Infrastructure and Jobs Development Council (WVIJDC). This seminar is extremely popular with utilities and Certified Public Accounting firms and provides an overview of the WVIJDC process, the requirements for Rule 42s submitted with WVIJDC applications, and a discussion on Rule 42 requirements.

Three meetings were held at various Regional Planning and Development Councils throughout the State. In these meetings, Commission assistance staff met with staff of the Planning and Development Councils to discuss issues with and answer questions about the WVIJDC and Commission processes as they concern water and sewer utilities. Staff then made themselves available to water and sewer utilities in each Region to provide technical assistance as needed in addressing financial, managerial, administrative and some technical issue areas. Because of its popularity, more of these meetings will be conducted in 2014.

We also continue to provide on-site assistance for individual utilities in order to address particular areas of need. Several small utilities sought assistance in preparing and submitting their Annual Reports. The Commission will continue to offer this type of one-on-one assistance. In addition, the Commission conducted an Annual Report Seminar to provide direction to smaller water and sewer utilities as they file their Annual Reports.

Staff attended and presented two seminars at the West Virginia Rural Water Association's Annual Conference in 2013. The first seminar was titled "Budgeting and Uniform System of Accounts" and included information on establishing budgets and complying with the new system of accounts. The second seminar was titled "Basic Board Member Duties" and discussed a wide variety of topics that Board Members should be familiar with.

The Commission also sponsored a Fraud Seminar to provide information to participants in how to prevent or uncover fraud within a utility. This seminar was targeted toward senior level utility management and certified public accountants who audit utilities. We were fortunate to partner with a nationally recognized fraud and accounting expert, Dr. Richard Riley who is a Louis F. Tanner Distinguished Professor of Public Accounting at West Virginia University's College of Business and Economics as well as Mr. Michael Griffith, C.P.A., of Griffith and Associates, PLLC, an Accredited Fraud Investigator, and formerly an accountant for approximately nine years with the Public Service Commission.

Finally, Staff is finalizing its efforts to begin providing on-line training experiences, and it is anticipated that on-line training will be available in early 2014. Four potential topics have been identified: Understanding Your Utility Tariff; Alternate Main Line Extensions; Basic Accounting; and Utility Cases. Several of these seminars have been approved for Continuing Education Hours for water and wastewater operators. Having these courses on-line will allow operators to fulfill their continuing education requirements in a cost effective and timely manner.

Telecommunications

FCC Order Regarding Reductions in Universal Service Funding

On November 18, 2011, the Federal Communications Commission (FCC) issued an order that fundamentally changed the basis of federal universal service support for high-cost areas. Eligible Telecommunications Carriers receiving high cost support, whose rates for residential local service plus state regulated fees fall below a specified rate floor, will have universal service support reduced by an amount equal to the extent those rates fall below the urban rate floor, multiplied by the number of lines for which it is receiving support.

On December 7, 2012, Frontier, followed by the West Virginia Rural Companies on February 5, 2013, petitioned the FCC for a waiver of FCC Rule 47 CFR 54.318(i) that prescribed the method for calculating the rates for residential local service provided by measured or message rate plans or as part of a bundled service package. The West Virginia Carriers sought to use a weighted average of all local rate plans for the purpose of determining the rates falling below the urban rate floor. The Commission joined in the request to the FCC for a waiver of the method of calculating the rate floor.

On July 1, 2013, the FCC declined the West Virginia petitioners' request to use a weighted average method to calculate the rates for local service. The FCC did, however, allow the West Virginia Carriers to maintain rate plans below the urban rate floor for service provided to Lifeline (low income) customers. In addition, in order to allow providers time to work with this Commission and make necessary adjustments to their rate plans, the FCC granted a limited six-month waiver to the West Virginia Carriers of the June 1, 2013 sampling date for reporting rates that are under the local rate floor. On

July 31, 2013, Frontier filed with the FCC a Petition for Reconsideration of the July 1, 2013 Order.

Frontier and the FCC Floor Rate Requirements

On August 30, 2013, Frontier West Virginia Inc. and Citizens Telecommunications Company of West Virginia, Inc., dba Frontier Communications of West Virginia (Frontier) filed a petition for consent and approval to implement residential tariff changes necessary to comply with the July 1, 2013 Order of the FCC regarding the rate floor requirements (Case No. 13-1321-T-PC). The FCC has mandated that in order to continue to receive federal funds a telecommunications carrier may charge its non-lifeline customers no less than $14.00 per month beginning in 2014. In their filing, Frontier proposed that the Plan 1 rate for non-lifeline customers be increased from $7.00 to $15.50. The CAD has intervened in this case.

On December 23, 2013, the Commission approved the revised tariff pages and ordered them to become effective December 31, 2013. This case is now closed.

General Investigation Regarding The Use Of Federal Universal Service Funding By Eligible Telecommunications Carriers

On April 10, 2013, the Commission initiated a General Investigation regarding the use of Federal Universal Service Funding by Eligible Telecommunications Carriers (ETC) in West Virginia (Case No. 13-0503-T-GI). The Federal Communications Commission (FCC) requires each state to certify that all high cost funds flowing to rural and non-rural carriers in that State are used in accordance with Section 254(e) of the Telecommunications Act of 1934.

On November 1, 2013, Commission Staff made a filing which included a list of 25 ETCs that it recommended be certified to the FCC, and a list of certain carriers that not be certified as ETCs. The Commission issued an Order on November 6, 2013, directing the non-complying ETCs to comply within 7 days. On November 20, 2013, Legal Staff provided the Commission with a revised list of ETCs that it recommended be certified to the FCC.

This case is pending before the Commission.

General Investigation into Directory Distribution Requirement

On April 15, 2013, Frontier West Virginia, Inc. and Citizens Telecommunications Company of West Virginia (together Frontier) requested that the Commission either issue a declaratory ruling finding that certain measures coupled with an opt-in directory distribution program comply with the directory distribution requirement found in Rule 2.6(a) of the Rules and Regulation for the Government of Telephone Utilities, or alternatively waive that rule. Frontier contended that the requirement is antiquated in light of modern alternatives including online databases and that many consumers do not want the printed directories.

On September 11, 2013, the Commission opened a general investigation regarding the annual telephone directory distribution requirement (Case No. 13-1376-T-GI). The Commission invited interested parties to comment on the continued usefulness of the directory distribution requirement on or before November 15, 2013.

Numerous comments have been filed, most of which support the continuation of the telephone directory. This case is pending before the Commission.

Frontier Escrow Accounts for Service Quality Improvement and Broadband Expansion

On May 21, 2010, the Commission approved an Escrow Agreement by Verizon West Virginia, Inc. (now Frontier West Virginia) for $74.4 million to be used to improve the quality of local exchange service (Case No. 08-0761-T-GI). In 2013, the Commission approved the release of $14.6 million from this escrow account for work done in the first and second quarters of 2011. The Commission currently has pending before it a request by Frontier for release of the remaining $9.2 million in the escrow account for work completed and expenditures incurred in the third and fourth quarters of 2012 and the first and second quarters of 2013.

Commission Staff continues to review monthly Quality of Service metric reports as well as ongoing trends in both formal and informal complaints. The amount of informal complaints against Frontier continues to trend downward and they continue to meet the Quality of Service metrics on a fairly regular basis.

On September 21, 2010 Frontier agreed to deposit $60 million in an escrow account to guarantee their commitment to spend $48 million on broadband deployment by December 31, 2013, and to spend $12 million on capital expenditures, specifically targeting improvement of the quality of basic local exchange service for retail customers in low density areas by December 31, 2011 (Case No. 09-0871-T-PC). In 2013, the Commission approved the release of approximately $6.7 million from this account for broadband capital expenditures incurred during the third and fourth quarters of 2012 along with an allocation of capital expenditures for tools.

On January 31, 2013 Frontier reported that during 2012, it made broadband capital expenditures of approximately $12.2 million and expanded broadband capabilities in wire centers throughout the State of West Virginia. These upgrades in rural and urban areas enabled Frontier to make broadband service available to approximately 50,000 additional households and to increase broadband speeds available to existing residential customers. With the 2012 additions, Frontier maintains it has made broadband available to an additional 158,000 households since July 2010, pushing broadband availability in Frontier's newly acquired service areas to 86.4%.

On August 20, 2013 Frontier reported that in the first and second quarters of 2013, it had expenditures of $2.72 million related to broadband, and $5.06 million related to Broadband Technology Opportunity Program (BTOP) projects. By October 1, 2013, Frontier reported 553,454 households had broadband availability, an increase of 165,701 households.

Tower Access Assistance Fund

Mineral County submitted the only application for funding during 2013. That application for $459,905 was reviewed by the TAF Committee and approved pending a firm letter of commitment to locate the tower by Hardy Telecom.

Transportation

After its inception in 2003, the Coal Resource Transportation System (CRTS) has significantly increased public safety while allowing West Virginia coal producers to efficiently transport coal in eighteen West Virginia counties and into surrounding states. Coal facilities and transporters now work together to haul enhanced weights on 2,180 miles of West Virginia's roads designated by the West Virginia Department of Highways as CRTS routes. Coal operations and transporters operating on designated CRTS roads must adhere to additional reporting and permitting statutes and regulations, and are subject to administrative sanctions by the Commission.

Notices of Violation are initiated through audits conducted by CRTS supervisors and inspectors or by uniform traffic citations issued by enforcement officers. In 2013, there were 171 Notices of Violation issued, one Temporary Petition for Waiver was processed, and the Commission collected $130,421 in payment of CRTS violations.

Also in 2013, the CRTS Permitting Unit issued 1,795 CRTS permits and registered 259 transport companies in five states. The CRTS Reporting Unit currently has 212 registered mines; processing plants; load outs; power plants and other coal facilities operating in West Virginia and reporting coal shipments to the Commission. These shipping and receiving points submit daily electronic files to the Commission including unique tracking information for approximately 1.1 million shipments over the past 12 months. Each transaction contains the origin; destination; date; time; weight; permit ID; and a unique transaction number for that specific shipment of coal. Records are forwarded to the CRTS Auditing Program within the Reporting Section and are reviewed by CRTS inspectors and their supervisor to detect non-compliance. Commission Staff conducts on-site inspections and audits, and is responsible for initiating administrative violations to companies

While working to increase safety enforcement for commercial motor vehicles on interstate highways and heavily traveled roadways, the Commission's Transportation Enforcement Division regularly partners with Commercial Vehicle Safety Alliance and the Federal Motor Carrier Safety Administration (FMCSA) in efforts to reduce Passenger Carrier incidents. In 2013, the Commission officers worked with FMCSA on 24 special initiatives throughout the state including conducting an annual non-stop 72 Hour Road Check and participating in the annual Brake Safety Week and Operation Safe Driver.

During FY2013, Transportation Enforcement Officers conducted 1,498 Level 5 inspections, an increase of 172, or 11.48%, above the number conducted in FY2012. In a Level 5 inspection the inspector looks only at the vehicle and includes each of the vehicle inspection items specified under the North American Uniform Inspection Procedure.

In 2013, the Safety Enforcement program was recognized by the Federal Motor Carrier Safety Administration as having the greatest improvement in data reporting from fiscal year 2011 to fiscal year 2012 among states receiving less than $2 million in annual funding.

Also in 2013, the Commission's Railroad Safety inspection program was rated #3 in the Nation by the Federal Railroad Administration. The inspectors conducted 924 inspections on 85,978 units (including miles of track, switches, railcars, locomotives, grade crossing signals, etc.) and discovered 2,895 defects.

Motor Carrier and Solid Waste Rates

Jack's Septic Service, Inc. and Weston Transfer, Inc.

On January 23, 2013, Weston Transfer, Inc., and RGL, Inc., jointly filed an application seeking the Commission's consent and approval for the transfer of three motor carrier certificates from Weston to RGL (Case Nos. 13-0075-MC-TC; 13-0076-MC-TC; and 13-0077-MC-TC). Similarly, on January 23, 2013, Jack's Septic Service, Inc. and RGL, Inc. jointly filed an application seeking the Commission's consent and approval for the transfer of two motor carrier certificates from Jack's to RGL (Case Nos. 13-0078-MC-TC and 13-0079-MC-TC).

In a previous case, both Weston and Jack's had sought and obtained approval for a rate increase to purchase vehicles. Those vehicles had not been purchased at the time the applications seeking approval of the transfer were filed. RGL committed to purchasing the vehicles after it closed on the transfer of the certificates and other assets, but Staff insisted that Weston and Jack's refund to their customers the amount over-collected from the time the rate increase was approved until the transfer took place. A Joint Stipulation and Settlement Agreement was reached between the parties which included the terms of the refund.

On August 16, 2013, an Administrative Law Judge issued a Recommended Decision approving the transfers and the Joint Stipulation and Settlement Agreement with certain revisions. A Corrective Order was issued on August 22, 2013, detailing the refunds to the commercial customers. The Recommended Decision became a Final Order of the Commission on September 1, 2013.

Fuel Surcharges

The Commission has continued to respond to the high cost of fuel for motor carriers by reviewing and adjusting, as needed, fuel surcharges for regulated motor carriers that remain in effect today. This series of surcharges was initiated in M.C. General Order No. 56.4 (Reopened) in March 2004, following a dramatic increase in fuel prices from previous levels. The most recent surcharges are based on forecast fuel prices for the period of January 1, 2014 through June 30, 2014.

The average price per gallon for unleaded regular gasoline is forecast to be $3.55 and the price of diesel is forecast to be $3.97. This forecast reflects the continued steady increase in fuel prices experienced by carriers over the last several years following a brief period of moderate fuel prices.

The authorized surcharges are currently in the 8% range for most motor carriers. Fuel prices are reviewed every six months to determine if there is a need to continue to give relief to eligible motor carriers, they are not automatic. Eligible motor carriers may not charge the new surcharge until and unless they have filed an application with the Commission's Tariff Office.

Solid Waste Facilities/Landfills

The Commission Staff continues to build a strong working relationship with the West Virginia Department of Environmental Protection (DEP), the Solid Waste Management Board and West Virginia State Treasurer's Office in an ongoing effort to provide consistent recommendations that address the requirements of other agencies, rules and regulations, and the Commission's rules and regulations. Some of the significant cases before the Commission in 2013 included:

Wetzel County Solid Waste Authority

In 2008, the Wetzel County Solid Waste Authority filed a Petition requesting the Commission initiate a general investigation into the rates and charges of Lackawanna Transport Company (Case No. 08-2129-SWF-GI).

A settlement was negotiated between the Wetzel County Solid Waste Authority, Lackawanna Transport Company, dba Wetzel County Landfill, and Staff whereby Lackawanna Transport Company would increase its performance bond from $676,000 to $1,277,620.66 as surety for closure and post-closure escrow accounts. A closure and post-closure escrow account was established and will be funded with a $3.00 per ton charge on all waste deposited in the Landfill.

Pending litigation before the Supreme Court of Appeals of West Virginia and the Kanawha County Circuit Court was also dismissed as part of the settlement. This settlement was submitted to the Administrative Law Judge and approved on November 7, 2013. The Parties submitted a Joint Petition to waive the exception period. This Petition was granted by the Commission on November 18, 2013. The Recommended Decision became a Final Order of the Commission on November 22, 2013.

Entsorga West Virginia, LLC

Entsorga West Virginia filed an application for a certificate of need to build a mechanical-biological treatment solid waste management facility (Case No. 12-0803-SWF-CN). This facility, located outside Martinsburg, West Virginia, would accept nonhazardous solid waste and convert it into a combustible fuel through a decomposition process. This process converts almost all of the solid waste into fuel, greatly reducing the amount of waste that is disposed of in the landfill. As most of the solid waste disposed of at the facility is converted into fuel, the facility does not have a lifespan limitation like a landfill as it will not run out of room to bury waste. The facility can potentially operate as long as it is economically viable.

A certificate of need was granted on March 11, 2013. This case is now closed.

Tow Operations

In 2009, the Commission issued an Order in connection with its General Investigation into various aspects of wrecker regulation (Case No. 06-1915-MC-GI). The Commission Staff and the West Virginia Towing Association entered into a stipulation agreement that was eventually adopted by the Commission. Among the issues in that case were the implementation of a new statewide maximum wrecker rate tariff, Commission Rules concerning invoice requirements and clarification of the Commission's authority regarding the definition of "third-party" or "non-consent" tows.

The Commission has continued to process tow cases, which are expedited rate increase reviews based on market comparisons, as well as, "third-party" or "non-consent" tow formal complaint cases filed by customers.

In 2013, 14 tow cases were filed with the Commission. Of these 14 cases, eight have been completed with Final Orders issued. The other six cases are pending before the Commission.

Rule Making Proceedings

Revisions to Rules Governing Alternative and Renewable Energy Portfolio Standard

On June 7, 2013, the Commission initiated General Order No. 184.31, seeking preliminary comments regarding revisions to the Rules Governing Alternative and Renewable Energy Portfolio Standard (Portfolio Standard Rules) (150 C.S.R. Series 34) relating to the revenue quality meter requirement and the format of an application for certification as a qualified energy resource. The Commission received comments from homeowners, PJM Environmental Information Services, Monongahela Power Company and The Potomac Edison Company, Appalachian Power Company and Wheeling Power Company and Commission Staff.

The Commission issued a Final Order in General Order 184.31 on November 14, 2013, proposing amendments to the Portfolio Standard Rules which would allow readings taken from the system inverter, or a revenue-quality meter that meets the ANSI C-12 standard or its equivalent, to report generation from systems of 10 kW or less. The Commission also proposed new standardized application forms to assist generators with providing all of the information the Commission needs to review an application.

The November 14, 2013 Order also opened General Order 184.32, set a schedule for Initial and Reply Comments and a January 30, 2014 hearing for the proposed amendments to the Portfolio Standard Rules. G.O. 184.31 is now closed and G.O. 184.32 is pending before the Commission.

Rules and Regulations for Stormwater Utilities

On July 23, 2010, Commission Staff petitioned the Commission to initiate a General Investigation for the purpose of adopting Rules and Regulations for Stormwater Utilities (Case No. 10-1141-S-PC). Staff proposed the creation of rules based on legislative amendments to W.Va. Code §16-13A-9, creating stormwater utilities. Staff, along with representatives of public and private utilities and representatives of the DEP, West Virginia Bureau of Public Health and West Virginia Department of Transportation, drafted Proposed Rules for the consideration of the Commission.

The Commission issued Proposed Rules on June 1, 2012, and received comments from the rulemaking committee, the West Virginia Municipal Water Quality Association, and the Jefferson County Public Service District. The Commission is preparing to file Final Rules.

State and Federal Courts

State Circuit Court

1. *State of West Virginia, ex rel. The Public Service Commission of West Virginia, v. Cliffside Owner's Operating Association, Inc.,* a public sewer utility doing business in Kanawha County, West Virginia. Kanawha County Circuit Court Case No. 07-MISC-192.

The Circuit Court of Kanawha County placed the Cliffside Owner's Operating association in the receivership of the City of South Charleston Sanitary Board through an Order entered April 18, 2007. Prior to the Commission's actions, the Cliffside system was abandoned by its management, and its facilities deteriorated to the point where its facilities failed and flooded nearby properties with raw sewage. South Charleston completed many necessary repairs and upgrades. South Charleston also began billing and collecting sewer fees from the Cliffside customers, providing the system with needed revenues. No formal complaints have been filed against the Cliffside system after South Charleston assumed receivership. Both the Commission and South Charleston appear before the Court for bi-annual status conferences.

On February 21, 2012, the Commission entered a Final Order granting South Charleston's petition for consent and approval to formally acquire ownership of the abandoned Cliffside utility assets, as required by W.Va. Code §24-2-12. (Case No. 11-1695-S-PC). The Commission's order commended South Charleston for its exemplary conduct as a receiver of the Cliffside system.

During the most recent status conference, held on December 2, 2013, in front of Judge James C. Stucky, South Charleston stated it is working to acquire legal ownership of the property where the utility facilities are located and asked the court to appoint a special receiver of the Cliffside corporate assets for the limited purpose of the sale of this property. The Staff Attorney for the Commission advised Judge Stucky that South Charleston continues to maintain and operate the Cliffside utility system and the system appears to be in good repair. The Commission has not received formal complaints from the previous Cliffside customers since South Charleston assumed receivership of the utility. The Court continued the utility receivership for an additional six months, as requested.

The Commission and South Charleston believe that receivership can be ended when South Charleston obtains legal ownership of the real estate. The Court scheduled this matter for bi-annual review on May 2, 2014. The parties anticipate asking the Court to transfer the utility to South Charleston and end the receivership by the end of 2014.

2. *State of West Virginia ex rel. Public Service Commission and Wetzel County Solid Waste Authority v. Solid Waste Services and Lackawanna Transport Company*, Case No. 12-C-2375.

On November 30, 2012, the Public Service Commission and the Wetzel County Solid Waste Authority jointly filed a complaint for injunctive relief in Circuit Court to enforce Orders of the Public Service Commission compelling Solid Waste Services and Lackawanna to respond to discovery requests filed by the Wetzel County Solid Waste Authority. The petition requests that the Circuit Court direct the defendants to respond to the discovery requests.

On October 21, 2013, a settlement was reached between Wetzel County Solid Waste Authority and Solid Waste Services and Lackawanna Transport Company. That settlement has been filed with the Commission and approved by an Administrative Law Judge. It is anticipated that this Circuit Court proceeding will be dismissed.

<u>Supreme Court of Appeals of West Virginia</u>

1. *State of West Virginia ex rel. Public Service Commission and the Wetzel County Solid Waste Authority v. Lackawanna Transport Company and Solid Waste Service,* Case No. 12-0527

The Public Service Commission and the Wetzel County Solid Waste Authority jointly filed a petition for a writ of mandamus in the Supreme Court requesting that the Court issue a writ to direct the respondents to comply with an Order entered by the Commission on October 13, 2011, requiring them to produce certain information and financial records pertinent to the ongoing PSC investigation concerning the Wetzel County Landfill.

Based on the briefs and arguments of the parties, as well as applicable statutes and legal authorities, the Court granted the relief sought by the Commission and issued a writ of mandamus by Order entered October 23, 2012.

In 2013, the Commission and the Wetzel County Solid Waste Authority filed a motion with the Court suggesting that Lackawanna and Solid Waste Services be found in contempt of the Court’s Order for failing to provide the information. As a result of a settlement between Wetzel County, Lackawanna and Solid Waste Services, the Commission expects that the contempt motion will be withdrawn and the matter closed.

2. *Sanitary Board of the City of Charleston v. The Public Service Commission, Mary Lou Newberger, and James McCormick;* Case No. 13-0727

The Sanitary Board of the City of Charleston has filed an appeal of an Order of the Commission issued June 24, 2013, in PSC Case Nos. 11-1572-S-C and 11-1601-S-C. The appeal relates to the responsibility of the Sanitary Board to make a repair to a sewer line that runs through several residential lots in the City of Charleston and connects to a sewer main on Quarrier Street. The City maintains that is has no responsibility to repair the line on the residential lots. The Commission Order directed that the City of Charleston make the repair.

The case is set for oral argument in January 2014.

3. *West Virginia Citizen Action Group v. Public Service Commission, Monongahela Power Company, and The Potomac Edison Company*; Case No. 13-1126

On November 6, 2013, the West Virginia Citizen Action Group filed an appeal of a Final Order of the Commission entered on October 7, 2013 in Case Nos. 12-1571-E-PC and 13-1272-E-PW.

The appeal is from an Order of the Commission that approved the acquisition of a 100% ownership interest in the Harrison County power plant by Monongahela Power and Potomac Edison.

The case is scheduled for oral argument in March 2014.

Federal District Court

1. *The City of New Martinsville v. Public Service Commission of West Virginia,* Civil Action No. 2:12-CV-1809.

On June 4, 2012, the City of New Martinsville filed a complaint for declaratory and injunctive relief in the United States District Court for the Southern District of West Virginia. The City contended that by determining the utilities own the alternative and renewable credits associated with New Martinsville's Public Utility Regulatory Policies Act (PURPA) power generation, the Commission had failed to properly implement the provisions of PURPA.

This action was directly related to the appeal taken by New Martinsville to the State Supreme Court. In that appeal the Supreme Court issued an Order affirming the Commission's determination that the utility-owned credits associated with the PURPA generation for purposes of compliance with the State Alternative and Renewable Energy Portfolio Act.

On September 30, 2013, the District Court issued an Order dismissing the complaint. The Court found that the issues had been fully litigated within the Commission proceeding and the State Supreme Court of Appeals and that the Plaintiff was barred from re-litigating the issues in the District Court.

2. *Morgantown Energy Associates v. Public Service Commission of West Virginia*, Civil Action No. 2:12-6327.

On October 9, 2012, Morgantown Energy Associates filed a complaint in the United States District Court for the Southern District of West Virginia. The complaint is, for all practical purposes, the same as that filed by the City of New Martinsville, previously summarized. In its complaint, however, Morgantown Energy Associates sought damages from the Commission; therefore, the State insurance carrier participated in the selection of counsel to represent the interest of both the Public Service Commission and the State's insurance carrier. Morgantown, like New Martinsville, contended that the Commission had failed to properly implement PURPA by determining that the utilities own credits attributable to the generation for purposes of complying with the Portfolio Act.

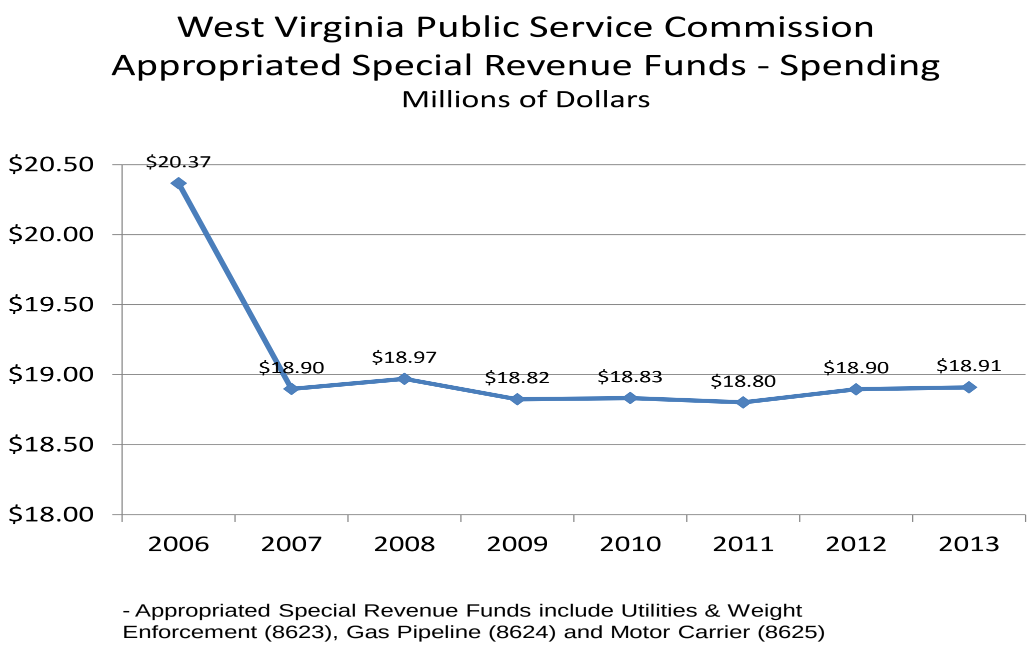
On September 30, 2013, the District Court issued an Order dismissing the complaint. The Court found that the issues had been fully litigated within the Commission proceeding and the State Supreme Court of Appeals and that the Plaintiff was barred from re-litigating the issues in the District Court.

3. *Frontier West Virginia Inc. v. Michael A. Albert, Jon W. McKinney, Ryan B. Palmer, Appalachian Power Company, and Wheeling Power Company*; Federal District Court for Southern District of West Virginia; Civil Action No. 2:13-11037

Frontier filed suit against the Commission and electric utilities challenging the authority and jurisdiction of the Commission to resolve a dispute over pole attachments between Frontier and the electric utilities. The dispute that led to this case was resolved by Frontier and the electric utilities and resulted in an agreed dismissal order entered by the Court on October 8, 2013. A settlement was submitted to the Commission in the complaint case that had been filed by the electric utilities against Frontier. That settlement has been approved by Commission Order.

Budget and Human Resources

The Public Service Commission has been actively pursuing and implementing savings initiatives over the past eight years. Since 2006, the Commission has documented more than 50 individual savings initiatives and projects which have annualized savings well over $1 million. The savings for most of these initiatives occur year after year so cumulative savings far exceed the annual total. The Commission has been able to keep its overall spending flat for all of its appropriated special revenue funds over the past seven years. See the chart below.



The savings have allowed the Commission to pay for numerous facility projects and case-related engineering consultant contracts without requesting supplemental budget appropriations. Some of the projects and contracts that have been paid for without an increase in our budgets are detailed in the following charts.

Facility Projects	**Cost**
Main building roof replacement (2009)	$140,165
Demolition of free standing arch (2013)	$115,835
HVAC chiller replacement (2010)	$110,000
Brick and paving project (2008)	$ 59,973
Main hearing room audio and video replacement (2008)	$ 59,100
Cooling coil replacement (2010)	$ 16,159
Window replacements (2010)	$ 7,800

Engineering Consultant Contracts	
SAIC* (Alternative and Renewable Energy Portfolio, 2011)	$349,454
Kaltech (TRAIL, 2008)	$249,725
Bates-White (PATH, 2010, 2011)	$236,332
Swanke Hayden Connell Architects (2013)	$ 28,056

Commission employees continue to support and participate in two major state-wide initiatives, the wvOASIS and the PLANS projects. The wvOASIS project will replace many of the State's antiquated administrative systems with a single integrated system. Activity for wvOASIS will continue at least through fiscal year 2014. The PLANS project will modernize the State's classification and compensation plans.

The most significant information technology project completed in 2013 was the Annual Report E-file System (ARES), created to manage electronic filing of annual reports for Water and Sewer Utilities. The new system is a more efficient method of annual report submissions by allowing parties to request, complete and submit reports through an Internet web portal.

Another important project completed in 2013 was an electronic document management enhancement to the internal Request for Assistance (RFA) system. This enhancement adds the ability to store supporting case information documents electronically for retrieval later, allowing for more efficient access and management of case information

The Commission continued to reduce paper by scanning paper documents and converting them to electronic documents. Converting documents from paper to electronic form makes the information more assessable, reduces storage costs, and in many cases, the information can be made available on the Commission intranet or Internet web sites.

The Commission also saved $9,000 in 2013 by sending all Staff Memorandum, Administrative Law Judge Orders and Commission Orders by electronic mail to parties with an email address. The Executive Secretary's Office checks to make sure the parties are opening their emails. If not, the Orders are sent via certified mail and Staff Memos are sent by first class mail.

Case Processing

Informal Cases

The Commission Utilities and Water and Wastewater Divisions received more than 9,500 Informal Cases, or Requests for Assistance (RFA) in 2013.

The RFAs come from customers having trouble paying or reconciling a utility bill or experiencing service problems or difficulties in a variety of other areas. RFA calls are routed to our Consumer Affairs Technicians (CATs).

The CATs assist customers in negotiating payment plans, clearing up communication problems or acting as liaisons between utilities and customers to resolve differences. If the problems of customers are not resolved, customers have the option of filing a Formal Complaint with the Commission; however, Formal Complaint proceedings are time consuming and often require attorney representation by the utility and, in some cases, by the customer.

An internal goal of closing Informal Complaints in 30 days was set in an attempt to lessen the need to file Formal Complaints. Difficulties in obtaining information from some smaller cable and phone companies and the challenges of isolating service problems related to electric, telephone and cable complaints impacted overall numbers in this area.

Another internal goal is to resolve 95% of RFAs at the Informal or RFA level, also lessening the need to file Formal Complaints. Although this goal was achieved, the Commission does note an increase of electric cases that went formal over 2012 (from 87 to 153). That increase is related to the spike in cases post derecho and Hurricane Sandy.

Type of Utility	Number of RFAs Filed in 2013	Percentage of RFAs that closed within 30 days	Number that became Formal Complaint Cases	Percentage of RFAs that did not become Formal Complaints Cases
Electric	3742	88%	153	96%
Gas	816	93%	22	97%
Telephone	1287	83%	8	99%
Water	2459	99%	35	99%
Wastewater	972	99%	19	98%
Cable	237	76%	1	100%
Totals	**9513**	**92%**	**238**	**98%**

Formal Cases

The Commission handles more than 2,000 Formal Cases each year, ranging from complex major rate cases and requests for certificates for multi-billion dollar projects to simple complaint cases.

Utility Cases	2007	2008	2009	2010	2011	2012	2013
Pending at beginning	540	490	440	434	429	441	400
Opened during year	2176	1930	1901	1806	1685	1611	1784
Closed during year	2226	1980	1907	1811	1673	1652	1802
Pending at end of year	490	440	434	429	441	400	382

Motor Carrier Cases	2007	2008	2009	2010	2011	2012	2013
Pending at beginning	115	154	129	155	119	102	75
Opened during year	367	319	337	225	217	172	199
Closed during year	328	344	311	261	234	199	206
Pending at end of year	154	129	155	119	102	75	68

Coal Cases	2007	2008	2009	2010	2011	2012	2013
Pending at beginning	54	69	142	154	76	77	44
Opened during year	359	686	547	304	389	283	171
Closed during year	344	613	535	382	388	316	194
Pending at end of year	69	142	154	76	77	44	21

Hearings and Meetings

Hearings

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Mediation Meetings

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Informal Meetings

January 23, 2013	Peoples Gas WV, LLC and Equitable Gas Company
July 11, 2013	American Electric Power
August 16, 2013	Department of Environmental Protection and Bureau for Public Health on Clean Water State Revolving Fund, the Drinking Water Revolving Fund and the USEPA's Asset Management Plan requirements
November 22, 2013	West Virginia Rural Water Association

Orders

In 2013, the Commission issued 5,004 Orders.

General Orders

G.O. 184.29

January 24, 2013 General Order investigating the use by electric utilities of load limiters in the event of disconnection for non-payment.

G.O. 184.30

March 7, 2013 In the matter of interest to be paid on customer deposits by electric utilities.

G.O. 184.31

November 14, 2013 In the matter of a proceeding to seek preliminary comments from interested parties regarding revisions to the Commission Rules Governing Alternative and Renewable Energy Portfolio Standard, 150 C.S.R. Series 34.

G.O. 184.32

November 14, 2013 In the matter of proposed amendments to the Commission Rules Governing Alternative and Renewable Energy Portfolio Standard. 150 C.S.R. Series 34.

G.O. 185.34
March 7, 2013 In the matter of interest to be paid on customer deposits by gas utilities.

G.O. 186.27
March 7, 2013 In the matter of personal contact prior to disconnection pursuant to the Commission Rules and Regulations for the Government of Sewer Utilities

G.O. 187.42
March 7, 2013 In the matter of interest to be paid on customer deposits by telephone utilities.

G.O. 188.32
January 15, 2013 In the matter of personal contact prior to disconnection pursuant to the Commission Rules and Regulations for the Government of Water Utilities.

G.O. 195.63
July 25, 2013 Creation of the Gas Pipeline Safety Division.

G.O. 195.64
September 11, 2013 Appointing and establishing the salary of the Director of the Consumer Advocate Division.

G.O. 195.65
October 31, 2013 In the matter of appointment of Ingrid Ferrell as Secretary of the Public Service Commission.

MC G.O. 56.4
June 26, 2013 In the matter of emergency fuel surcharge for certificated common carriers of passengers and property of motor vehicles.

MC G.O. 56.4
December 20, 2013 In the matter of emergency fuel surcharge for certificated common carriers of passengers and property of motor vehicles.

Appendix A

Summary of the
Utility Discount Program

****

December 2013

Through a program created by the West Virginia Legislature in 1983, certain qualifying residential customers are eligible for a special reduced rate schedule in their gas and electric utility rates. The special reduced rate is 20% less than the rate applicable to other residential customers obtaining similar service.

Eligible customers must be receiving either:

(a) Social Security Supplemental Security Income (SSI);
(b) WV Works, program previously called Aid to Families with Dependent Children (AFDC) and Temporary Aid to Needy Families (TANF);
(c) Supplemental Nutrition Assistance Program (SNAP) if the recipient is age 60 or older, program previously called Food Stamps.

Following is a report on the 20% discount program for the billing months of December 2012 through April 2013. A summary by type of utility (natural gas or electric), including the percentage changes from last year, and individual utility information is detailed.

During the 2012-2013 program year, 35,276 electric customers received nearly $4.5 million in discounts, and 12,938 natural gas customers received $1.1 million in discounts.

<u>West Virginia American Water Company</u>

In 2012, West Virginia American Water Company petitioned the Commission requesting permission to establish a Special Reduced Rate Residential Service for its qualifying residential water service customers pursuant to W.Va. Code §24-2A-5. The Commission issued an Order on November 14, 2012 approving that request. The updated tariff has been filed with the Commission and this program is now available to qualified customers.

REPORT ON 20% DISCOUNT PROGRAM
FOR BILLING MONTHS OF -
DECEMBER 2012 THROUGH APRIL 2013

ELECTRIC UTILITIES

		APPALACHIAN POWER COMPANY	BLACK DIAMOND POWER COMPANY
1.	Total Applications Received	19,722	274
2.	Total Applications Rejected	1,561	0
3.	Percent Rejected	7.92%	0.00%
4.	No. of Customers Given Discount	18,161	274
5.	No. of Residential Customers	403,549	1,958
6.	Percent Given Discount	4.50%	13.99%
7.	SSI Customers	12,330	197
8.	WV Works Customers	1,739	22
9.	Food Stamps +60 Customers	4,092	55
10.	Total Bills at Non-Discounted Rates	$13,522,225.45	$183,144.35
11.	Total Bills at Discounted Rates	$10,817,780.36	$146,515.48
12.	Revenue Decrease	$2,704,445.09	$36,628.87
13.	Adjustment For B&O Tax Reduction	$0.00	$0.00
14.	Revenue Deficiency Certified	$2,704,445.09	$36,628.87

REPORT ON 20% DISCOUNT PROGRAM
FOR BILLING MONTHS OF -
DECEMBER 2012 THROUGH APRIL 2013

ELECTRIC UTILITIES

		MONONGAHELA POWER COMPANY	POTOMAC EDISON OF WVA
1.	Total Applications Received	13,387	3,167
2.	Total Applications Rejected	690	156
3.	Percent Rejected	5.15%	4.93%
4.	No. of Customers Given Discount	12,697	3,011
5.	No. of Residential Customers	331,583	116,936
6.	Percent Given Discount	3.83%	2.57%
7.	SSI Customers	8,267	1,456
8.	WV Works Customers	842	358
9.	Food Stamps +60 Customers	3,588	1,197
10.	Total Bills at Non-Discounted Rates	$6,119,136.69	$1,969,603.12
11.	Total Bills at Discounted Rates	$4,895,309.35	$1,575,682.50
12.	Revenue Decrease	$1,223,827.10	$393,920.50
13.	Adjustment For B&O Tax Reduction	$0.00	$0.00
14.	Revenue Deficiency Certified	$1,223,827.10	$393,920.50

REPORT ON 20% DISCOUNT PROGRAM
FOR BILLING MONTHS OF -
DECEMBER 2012 THROUGH APRIL 2013

		ELECTRIC UTILITIES
		WHEELING POWER COMPANY
1.	**Total Applications Received**	**1,187**
2.	**Total Applications Rejected**	**54**
3.	**Percent Rejected**	**4.55%**
4.	**No. of Customers Given Discount**	**1,133**
5.	**No. of Residential Customers**	**35,134**
6.	**Percent Given Discount**	**3.22%**
7.	**SSI Customers**	**667**
8.	**WV Works Customers**	**103**
9.	**Food Stamps +60 Customers**	**363**
10.	**Total Bills at Non-Discounted Rates**	**$544,762.40**
11.	**Total Bills at Discounted Rates**	**$435,809.92**
12.	**Revenue Decrease**	**$108,952.48**
13.	**Adjustment For B&O Tax Reduction**	**$0.00**
14.	**Revenue Deficiency Certified**	**$108,952.48**

REPORT ON 20% DISCOUNT PROGRAM
FOR BILLING MONTHS OF -
DECEMBER 2012 THROUGH APRIL 2013

NATURAL GAS UTILITIES

		ASHFORD * GAS COMPANY	BLACKSVILLE OIL & GAS CO.
1.	Total Applications Received		7
2.	Total Applications Rejected		1
3.	Percent Rejected		14.29%
4.	No. of Customers Given Discount		6
5.	No. of Residential Customers		256
6.	Percent Given Discount		2.34%
7.	SSI Customers		2
8.	WV Works Customers		2
9.	Food Stamps +60 Customers		2
10.	Total Bills at Non-Discounted Rates		$2,985.07
11.	Total Bills at Discounted Rates		$2,388.06
12.	Revenue Decrease	$0.00	$597.01
13.	Adjustment For B&O Tax Reduction	$0.00	$25.61
14.	Revenue Deficiency Certified	$0.00	$571.40

*** Did not file for revenue deficiency certification; Now part of Mountaineer Gas Co. (11-0460-G-PC)**

REPORT ON 20% DISCOUNT PROGRAM
FOR BILLING MONTHS OF -
DECEMBER 2012 THROUGH APRIL 2013

NATURAL GAS UTILITIES

		BLUEFIELD GAS COMPANY	CONSUMERS GAS UTILITY CO.
1.	Total Applications Received	79	486
2.	Total Applications Rejected	0	9
3.	Percent Rejected	0.00%	1.85%
4.	No. of Customers Given Discount	79	477
5.	No. of Residential Customers	2,906	7,543
6.	Percent Given Discount	2.72%	6.32%
7.	SSI Customers	44	335
8.	WV Works Customers	11	35
9.	Food Stamps +60 Customers	24	107
10.	Total Bills at Non-Discounted Rates	$45,341.53	$201,005.65
11.	Total Bills at Discounted Rates	$36,273.25	$160,804.34
12.	Revenue Decrease	$9,068.28	$40,201.31
13.	Adjustment For B&O Tax Reduction	$389.03	$1,724.64
14.	Revenue Deficiency Certified	$8,679.25	$38,476.59

REPORT ON 20% DISCOUNT PROGRAM
FOR BILLING MONTHS OF -
DECEMBER 2012 THROUGH APRIL 2013

NATURAL GAS UTILITIES

		EQUITABLE GAS COMPANY	HOPE GAS, INC.
1.	Total Applications Received	400	4,826
2.	Total Applications Rejected	10	98
3.	Percent Rejected	2.50%	2.03%
4.	No. of Customers Given Discount	390	4,728
5.	No. of Residential Customers	12,131	104,895
6.	Percent Given Discount	3.21%	4.51%
7.	SSI Customers	245	3,138
8.	WV Works Customers	21	325
9.	Food Stamps +60 Customers	124	1,265
10.	Total Bills at Non-Discounted Rates	$197,949.76	$1,928,637.69
11.	Total Bills at Discounted Rates	$158,359.81	$1,543,077.12
12.	Revenue Decrease	$39,589.95	$385,560.57
13.	Adjustment For B&O Tax Reduction	$1,698.41	$16,540.55
14.	Revenue Deficiency Certified	$37,891.54	$369,020.02

REPORT ON 20% DISCOUNT PROGRAM
FOR BILLING MONTHS OF -
DECEMBER 2012 THROUGH APRIL 2013

NATURAL GAS UTILITIES

		LUMBERPORT-SHINNSTON GAS	MEGAN OIL & GAS
1.	Total Applications Received	108	25
2.	Total Applications Rejected	2	0
3.	Percent Rejected	1.85%	0.00%
4.	No. of Customers Given Discount	106	25
5.	No. of Residential Customers	2,873	276
6.	Percent Given Discount	3.69%	9.06%
7.	SSI Customers	70	19
8.	WV Works Customers	9	1
9.	Food Stamps +60 Customers	27	5
10.	Total Bills at Non-Discounted Rates	$69,027.00	$10,936.20
11.	Total Bills at Discounted Rates	$55,220.89	$8,750.45
12.	Revenue Decrease	$13,806.11	$2,185.75
13.	Adjustment For B&O Tax Reduction	$592.28	$93.77
14.	Revenue Deficiency Certified	$13,213.83	$2,091.98

REPORT ON 20% DISCOUNT PROGRAM
FOR BILLING MONTHS OF -
DECEMBER 2012 THROUGH APRIL 2013

NATURAL GAS UTILITIES

		MOUNTAINEER GAS COMPANY	SOUTHERN PUBLIC SERVICE CO.
1.	Total Applications Received	6,791	254
2.	Total Applications Rejected	0	0
3.	Percent Rejected	0.00%	0.00%
4.	No. of Customers Given Discount	6,791	254
5.	No. of Residential Customers	197,931	5,588
6.	Percent Given Discount	3.43%	4.55%
7.	SSI Customers	4,467	163
8.	WV Works Customers	572	29
9.	Food Stamps +60 Customers	1,752	62
10.	Total Bills at Non-Discounted Rates	$3,197,351.10	$96,510.10
11.	Total Bills at Discounted Rates	$2,557,880.88	$77,208.08
12.	Revenue Decrease	$639,470.22	$19,302.02
13.	Adjustment For B&O Tax Reduction	$27,433.27	$828.06
14.	Revenue Deficiency Certified	$612,036.95	$18,473.96

REPORT ON 20% DISCOUNT PROGRAM
FOR BILLING MONTHS OF -
DECEMBER 2012 THROUGH APRIL 2013

NATURAL GAS UTILITIES

		STANDARD GAS COMPANY	UNION OIL AND GAS CO.
1.	Total Applications Received	15	74
2.	Total Applications Rejected	0	7
3.	Percent Rejected	0.00%	9.46%
4.	No. of Customers Given Discount	15	67
5.	No. of Residential Customers	345	5,331
6.	Percent Given Discount	4.35%	1.26%
7.	SSI Customers	11	41
8.	WV Works Customers	0	21
9.	Food Stamps +60 Customers	4	5
10.	Total Bills at Non-Discounted Rates	$8,103.96	$21,146.05
11.	Total Bills at Discounted Rates	$6,477.03	$16,916.84
12.	Revenue Decrease	$1,626.93	$4,201.16
13.	Adjustment For B&O Tax Reduction	$69.80	$180.23
14.	Revenue Deficiency Certified	$1,557.13	$4,020.93

REPORT ON 20% DISCOUNT PROGRAM
FOR BILLING MONTHS OF -
DECEMBER 2012 THROUGH APRIL 2013

		SUMMARY DATA ELECTRIC UTILITIES		
		2012-2013	2011-2012	Percentage Change from Previous Year
1.	Total Applications Received	37,737	39,854	-5.61%
2.	Total Applications Rejected	2,461	3,505	-42.42%
3.	Percent Rejected	6.52%	8.79%	
4.	No. of Customers Given Discount	35,276	36,349	-3.04%
5.	No. of Residential Customers	889,160	854,793	3.87%
6.	Percent Given Discount	3.97%	4.25%	
7.	SSI Customers	22,917	23,720	-3.50%
8.	WV Works Customers	3,064	3,529	-15.18%
9.	Food Stamps +60 Customers	9,295	9,100	2.10%
10.	Total Bills at Non-Discounted Rates	$22,338,872.01	$20,365,850.05	8.83%
11.	Total Bills at Discounted Rates	$17,871,097.61	$16,292,680.04	8.83%
12.	Revenue Decrease	$4,467,774.40	$4,073,170.01	8.83%
13.	Adjustment For B&O Tax Reduction	$0.00	$0.00	
14.	Revenue Deficiency Certified	$4,467,774.40	$4,073,170.01	8.83%

REPORT ON 20% DISCOUNT PROGRAM
FOR BILLING MONTHS OF -
DECEMBER 2012 THROUGH APRIL 2013

		SUMMARY DATA GAS UTILITIES		
		2012-2013	2011-2012	Percentage Change from Previous Year
1.	Total Applications Received	13,065	12,760	2.33%
2.	Total Applications Rejected	127	92	27.56%
3.	Percent Rejected	0.97%	0.72%	
4.	No. of Customers Given Discount	12,938	12,668	2.09%
5.	No. of Residential Customers	340,075	341,993	-0.56%
6.	Percent Given Discount	3.80%	3.70%	
7.	SSI Customers	8,535	8,203	3.89%
8.	WV Works Customers	1,026	1,139	-11.01%
9.	Food Stamps +60 Customers	3,377	3,326	1.51%
10.	Total Bills at Non-Discounted Rates	$5,778,994.11	$5,708,586.75	1.22%
11.	Total Bills at Discounted Rates	$4,623,356.75	$4,567,541.25	1.21%
12.	Revenue Decrease	$1,155,637.36	$1,141,045.50	1.26%
13.	Adjustment For B&O Tax Reduction	$49,575.64	$48,950.85	1.26%
14.	Revenue Deficiency Certified	$1,106,033.59	$1,092,094.65	1.26%

REPORT ON 20% DISCOUNT PROGRAM
FOR BILLING MONTHS OF -
DECEMBER 2012 THROUGH APRIL 2013

		SUMMARY DATA ALL UTILITIES				
		2012-2013		**2011-2012**		**Percentage Change from Previous Year**
1.	**Total Applications Received**	50,802	*	52,614	*	-3.57%
2.	**Total Applications Rejected**	2,588	*	3,597	*	-38.99%
3.	**Percent Rejected**	5.09%		6.84%		
4.	**No. of Customers Given Discount**	48,214	*	49,017	*	-1.67%
5.	**No. of Residential Customers**	1,229,235	*	1,196,786	*	2.64%
6.	**Percent Given Discount**	3.92%		4.10%		
7.	**SSI Customers**	31,452	*	31,923	*	-1.50%
8.	**WV Works Customers**	4,090	*	4,668	*	-14.13%
9.	**Food Stamps +60 Customers**	12,672	*	12,426	*	1.94%
10.	**Total Bills at Non-Discounted Rates**	$28,117,866.12		$26,074,436.80		7.27%
11.	**Total Bills at Discounted Rates**	$22,494,454.36		$20,860,221.29		7.27%
12.	**Revenue Decrease**	$5,623,411.76		$5,214,215.51		7.28%
13.	**Adjustment For B&O Tax Reduction**	$49,575.64		$48,950.85		
14.	**Revenue Deficiency Certified**	$5,573,836.12		$5,165,264.66		7.33%

* This number represents customers and not individual households. A household may be an electric and natural gas customer.

Appendix B

Summary of the Tel-Assistance Service Telephone Rate Discount Program

***

December 2013

Tel-Assistance Service, created by the West Virginia Legislature in 1986, provides reduced rates for qualified low-income residential customers of telephone utilities. Tel-Assistance customers receive a waiver of the monthly Federal subscriber line charge. The option of Tel-Assistance Service remains part of the filed residential tariffs of all of the local exchange telephone utilities and is therefore available to all eligible customers.

Eligible customers must be receiving either:

(a) Social Security Supplemental Security Income (SSI);
(b) WV Works, program previously called Aid to Families with Dependent Children (AFDC) and Temporary Aid to Needy Families (TANF);
(c) Medicaid;
(d) Federal Public Housing Assistance;
(e) Low Income Home Energy Assistance Program benefits (LIHEAP);
(f) Supplemental Nutrition Assistance Program (SNAP) if the recipient is age 60 or older, program previously called Food Stamps; and/or,
(g) Other income-related state or federal programs.

The telephone utilities may recover their certified revenue deficiency as a credit against the West Virginia Telecommunications Tax. Frontier, West Virginia Inc. and Citizens Telecommunications Company of West Virginia doing business as Frontier Communications of West Virginia are the only companies which filed a Tel-Assistance report for certification of revenue deficiency for 2012 (Case Nos.13-0343-T-P and 13-0344-T-P). Telecommunications carriers other than Frontier and Citizens chose not to request certification of revenue deficiency.

The agreements or tariffs filed with the Commission for approval in accordance with the Tel-Assistance Program may specify the methodology by which the eligible telecommunications carrier calculates its annual revenue deficiency. Subject to prior approval by the Commission, eligible telecommunications carriers may agree to freeze or cap the amount of the revenue deficiency at specific levels.

On August 20, 2003, the Commission concluded that for provision of the Tel-Assistance Program Verizon could freeze the revenue deficiency at the level approved for the 2002 tax year (Case No. 03-1363-T-T). Following the transfer of Verizon, West Virginia to Frontier, West Virginia, Frontier adopted the tariff provisions then currently in place for Verizon. Accordingly, the Commission certified $66,384.89 as the revenue deficiency for Frontier, West Virginia associated with the Tel-Assistance Program for the 2012 program year (Case No. 13-0343-T-P).

Likewise, on March 28, 2006, the Commission concluded that Citizens could freeze the revenue deficiency at the level approved for 2004 (Case No. 06-0256-T-T). Accordingly, the Commission certified $19,603.80 as the revenue deficiency for Frontier associated with the Tel-Assistance Program for the 2012 program year (Case No. 13-0344-T-P).

On June 15, 2005, the Commission ordered all Eligible Telecommunications Carriers (ETCs), to file a report, on or before March 1 of each calendar year, detailing their provision of Tel-assistance service during the previous calendar year (Case No. 05-0888-T-T). Each report must list the number of Tel-Assistance customers at the beginning and end of the year, as well as the total amount of federal and state discounts provided to Tel-Assistance recipients.

Appendix C

Electric Utilities
Supply – Demand Forecast
2014 - 2023

***

January 2014

Table of Contents

Executive Summary

The sixty-fourth Legislature (1979) directed the Public Service Commission of West Virginia (Commission) to make an annual report to the Legislature on the status of the supply and demand balance for the next ten years for the electric utilities in West Virginia (W. Va. Code § 24-1-1(d)(3)). Pursuant to that requirement, the Commission Staff (Staff) conducts a yearly examination of long-term demand forecasts and resource plans of the major electric utilities in West Virginia. Staff evaluates the underlying assumptions and reasonableness of the forecasts and plans, and prepares the Annual Supply and Demand Balance Report required by the statute.

The four largest regulated electric utilities in West Virginia are Appalachian Power Company (APCo), Monongahela Power Company (Mon Power), The Potomac Edison Company (PE) and Wheeling Power Company (WPCo). APCo and Mon Power are the only regulated electric distribution utilities in the state that own and operate generation facilities. APCo and WPCo are sister companies in American Electric Power (AEP). Mon Power and PE are sister companies in FirstEnergy (FE). These four electric utilities account for approximately 96% of West Virginia residential sales and 98% of West Virginia commercial and industrial sales. Although WPCo and PE do not generate electricity, they are combined with their respective sister companies, APCo and Mon Power, for West Virginia ratemaking purposes. For purposes of this report, APCo/WPCo are paired and a combined supply and demand balance is prepared based on their combined resource plans and projected demand. Mon Power/PE are similarly paired. Reference to APCo, includes the supply resources and load of WPCo, which operates only in West Virginia. Reference to Mon Power includes the load of the PE West Virginia operations.

Currently, there are five independent non-generation electric utilities in West Virginia purchasing power at wholesale that distribute purchased power to local residential, commercial and industrial customers at retail rates. Those are:

- Harrison Rural Electrification Association
- Black Diamond Power Company
- Craig-Botetourt Electric Cooperative
- New Martinsville Municipal Utilities
- Philippi Municipal Electric

These companies purchase their power supply requirements from various suppliers operating in the regional transmission area served by PJM Interconnection

(PJM).[1] They have historically relied on medium to long-term contracts with wholesale providers, but they can also consider the availability of the PJM energy and demand markets when planning new contracts or contract renewals. As explained in our description of PJM (See Appendix A), that organization manages the bulk-power transmission system and an extensive capacity and energy market that has become the total or partial source of power supply for many customers and load-serving entities in the PJM Region. The data also indicates that the generating utilities operating in West Virginia will increase their reliance on either the PJM markets or contracts with non-affiliates for some portion of their supply requirements in the future.

The Annual Supply-Demand Forecast is based primarily on a review of supply resource and load forecasts provided to this Commission by AEP and FE. The AEP and FE information includes a capacity (supply) plan also known as an integrated resource plan (IRP) that considers future demand requirements of customers and options for controlling or reducing demand. The plan then considers supply options to economically meet the future net demand requirements. The IRP includes projected equipment upgrades, rerating of plants, retirement of internal generation resources, additional internal generation resources, demand side resources and purchased capacity, if needed. The Staff reviews the information and determines how the capacity resources compare to the projected loads and the extent to which the expected supply is sufficient to meet peak loads and still provide a reasonable reserve margin over the forecast period.

Both APCo and Mon Power have recently retired, or plan to soon retire, several older coal-fired, sub-critical generating units. The companies' planning for new supply sources considers sales and purchases (transactions) of capacity in existing generating facilities within West Virginia. In 2013, the Commission rendered decisions in cases involving both APCo and Mon Power with regard to approval of these transactions.

In Case No. 12-1571-E-P, the Commission authorized Mon Power to sell its interest in the Pleasants generation plant and to acquire 100% ownership of the Harrison generating plant. The net result of this transaction increase the generation capacity of Mon Power by 1,476 Megawatts. Mon Power consummated the transaction on October 9, 2013. The Commission decision was appealed to the West Virginia Supreme Court and is currently under review by the Court.

In Case No. 12-1655-E-PC, the Commission authorized Appalachian Power Company to acquire 100% ownership of Unit 3 at the John Amos generating plant. This acquisition increased the generation capacity of APCo by 1,647 Megawatts. APCo consummated the acquisition on December 31, 2013.

[1] PJM Interconnection LLC manages electricity energy and capacity markets and the transmission network covering a large portion of the Middle Atlantic and Midwest area. For a description of PJM Interconnection see Appendix A.

For the forecast period of summer 2013 through 2022, Staff concludes:

- Expected growth in annual peak electric demand will average approximately 1.0%.

- If the currently proposed purchases of additional generation units are approved for APCo and Mon Power, the utility-owned (internal) generation capacity plus exiting purchased power contracts will be greater than customer demand.

- Even with projected purchases of generation capacity, APCo will continue to rely on purchased capacity and purchased from the PJM market to meets its required reserve margins.

- Absent the generation acquisitions described above, both APCo and Mon Power will require alternative capacity resources to meet customer demand.

American Electric Power

Appalachian Power Company and Wheeling Power Company

APCo is the largest AEP subsidiary in terms of population served, number of customers and area of service territory of the operating companies that comprise the AEP East System (AEP East). The APCo service territory covers southern West Virginia and adjacent portions of Virginia. WPCo is solely a transmission and distribution company providing service in Marshall and Ohio Counties in the Northern Panhandle of West Virginia. For rate regulation purposes in West Virginia, all operating costs, including power supply costs, of APCo and WPCo are combined and shared among APCo and WPCo customers.

APCo's current internal supply sources include coal-fired steam plants, natural gas-fired plants employing either combustion turbine technology or combined combustion turbine and steam technology (combined cycle), hydroelectric facilities and purchased power contracts with both affiliated and non-affiliated companies. Recent and near-term future changes in APCo supply sources include termination of a long-standing agreement with other AEP companies for capacity and energy purchases and expected retirements of existing APCo coal-fired capacity. As these near-term changes occur, APCo will have to look for alternative sources of capacity to meet its load requirements and provide a reserve margin.

On January 1, 2014, the generating companies of AEP East terminated the AEP East Interconnection Agreement. This agreement "pooled" generating resources which APCo historically relied upon to provide capacity and energy to supplement its own generation. Four AEP Western System (AEP West Zone) operating companies are parties to a separate Interconnection Agreement. While there are system integration agreements between AEP East and the AEP West Zone, there is no direct significant transfer capability between the zones, and the West Zone has a negligible effect on capacity planning for the AEP East Companies.

The AEP East Interconnection Agreement (Interconnection Agreement) included four AEP subsidiary operating companies that were members of the interconnection and power supply pool. Each company was assigned a proportionate share of the combined generating capacity of pool members based on their peak demands. The sum of the proportionate shares always equaled the combined capacity of the five companies, but companies could own more (surplus company) or less (deficit company) generating resources than their proportionate share of the total. Under the Interconnection Agreement, if a company did not own sufficient capacity to meet its proportionate share requirement, it paid those members that own excess capacity. The payments were calculated based on a formula included in the Interconnection Agreement that included a capacity rate which was based on the surplus company's average cost of capacity. APCo was consistently deficient for purposes of the Interconnection Agreement and has paid Ohio Power Company (OPCo) and, at times, Indiana Michigan Power Company (I&M) for a portion of their surplus capacity. With these payments, APCo was entitled to its proportionate share of the total AEP East capacity, which included sufficient capacity to meet internal demand requirements and provide a reserve margin. Under the agreement, APCo shared in the net profits achieved when the AEP East reserves could be sold to non-affiliated companies. In addition, the agreement provided for economic dispatch of the combined generation resources and APCo was entitled to a proportionate share of the most economical energy being generated pursuant to economic dispatch.

On December 17, 2010, each of the AEP Pool members gave written notice of intent to terminate the Interconnection Agreement effective January 1, 2014. On October 31, 2012, AEP filed a proposal with FERC regarding termination of the AEP Interconnection Agreement and the creation of a more limited three-company Power Coordination Agreement. Unlike the capacity allocation and payment provision of the Interconnection Agreement, the Power Coordination Agreement requires the member companies, APCo, I&M and Kentucky Power Company (KPCo) to individually own or contract for sufficient capacity to meet their load and reserve margin obligations.

AEP reports that the implementation of more stringent Environmental Protection Agency (EPA) standards applicable to power plants is expected to significantly increase the operating costs of APCo's fleet of sub-critical generation. APCo has determined that retrofitting each sub-critical unit with emission control equipment and incurring associated increased costs due to reduced operating efficiency is not economical. In view of their inability to comply with new standard without control upgrades, the Kanawha River plant, the APCo units at the Phillip Sporn plant, Glen Lyn Units 5, 6, and Clinch River Unit 3 are projected to be retired by January 1, 2015. APCo presently plans to maintain operations at Clinch River Units 1 and 2 after converting the units from coal to natural gas fuel sources.

Without the availability of capacity resources through the Interconnection Agreement, APCo's long term generation resource planning must focus on internal firm supply sources and market options. Without the capacity sharing provided by the Interconnection Agreement, APCo will not have sufficient internal capacity to meet its load and provide a reserve margin. Retirement of the older sub-critical generating plants in 2015 will further increase the APCo capacity deficiency and require more reliance on capacity and energy available from the PJM markets.

On December 18, 2012, APCo filed a petition with the Commission for consent and approval to acquire 1,647 MW of generating capacity owned by OPCo. The proposed acquisition was comprised of purchasing OPCo's two-thirds share of the John Amos Power Plant Unit 3 and 50% (one of two 800 MW units) of OPCo's Mitchell Plant. If APCo received the necessary approvals to acquire additional internal generation resources, it would require less reliance on the PJM capacity market to serve its load and have sufficient reserve margins.

On December 13, 2013, the Commission issued a Final Order approving the acquisition by APCo of two-thirds of the John E. Amos 3 generating unit. The Commission deferred ruling on the acquisition by APCo of one-half of the Mitchell Power Plant. One of the reasons that the Commission did not rule on the acquisition of a portion of Mitchell was a denial of the acquisition by the Virginia State Corporation Commission (VSCC). Without approval of the VSCC, APCo could not proceed with the acquisition even if it had been approved by the West Virginia Commission. Similarly, the Commission deferred ruling on a request to merge WPCo into APCo, pending APCo filing and receiving approval from this Commission of a capacity resource plan that includes sufficient capacity to serve the WPCo load. Consequently, APCo will require more reliance on the PJM capacity market to serve its load and have sufficient reserve margins.

The APCo planning documents assumed the Mitchell acquisition and cancellation of an existing contract with Ohio Power Company that provides capacity and energy to serve the WPCo load. For purposes of this report, the Staff has not included the acquisition of Mitchell in the projected supply of APCo. Likewise, for purposes of this report, the Staff has included continuation of a bi-lateral contract with Ohio Power Company for sufficient capacity to meet the WPCo load. It is likely that APCo will develop a capacity supply plan that will include a capacity resource equal to the Mitchell proposal and a capacity resource to substitute for the existing bi-lateral contract with Ohio Power Company for serving the WPCo load.

APCo has historically reached its annual peak demands during the winter months. For PJM planning purposes, the adequacy of APCo capacity is measured during the summer months. Although on a stand-alone basis it would be normal to project the APCo supply and demand balances at the time of the annual winter peaks, for purposes of this report, the Staff is using the summer demand levels that are used for PJM planning purposes. Thus, it is likely that projected reserve margins in any year will be less, and projected deficits will be greater in the winter when APCo reaches its internal peaks. Because of the availability of capacity and energy from the PJM market, to the extent that APCo requires more capacity during a winter peaks throughout the forecast period, that capacity will be purchased from the PJM market.

A summary of the planned capacity reductions by APCo and the currently known and measurable capacity additions over the forecast period, and a summary of the combined projected capacity supply and demand for APCo and Wheeling is shown on the following tables.

Appalachian Power Company
Internal Capacity Additions or (Reductions) - 2014 through 2023

Year	Unit Retirements (MW)	Rerates of Existing Units (MW)	New Generation Capacity (MW)	Total Generation Capacity (MW)
Dec. 2012				6,996
2013				6,996
2014		36	1,647 (a)	8,679
2015	(1,245)	24		7,458
2016				7,458
2017				7,458
2018				7,458
2019				7,494
2020				7,494
2021				7,494
2022				7,494
2023				7,494

Comments:
(a) New generating capacity assumes acquisition of 2/3 of the John E. Amos Power Plant, Unit 3 (867 MW) and one of the two 800 MW units at the Mitchell Power Plant.

Note - APCo projects availability of interruptible load and demand response load during the forecast period. This load is not included as capacity, but is used in this report to calculate net internal demand.

Appalachian Power Company / Wheeling Power Company

Projected Supply and Demand - 2014 through 2023 (1)

Summer Internal Load - Including Wheeling Power Company

	APCo	WPCo	APCo /WPCo	APCo /WPCo	APCo	APCo					
Year	Gross Internal Load	Gross Internal Load	Gross Internal Load	Net Internal Demand (2)	Internal Generation Capacity (3)	New Net Purchased or Committed Capacity (4)	Total Supply	Reserve Margin Based on Gross Internal		Reserve Margin Based on Net Demand	
	(MW)	(MW)	(MW)	(MW)	(MW)	(MW)	(MW)	(MW)	(%)	(MW)	(%)
2014	5,939	497	6,436	6,245	8,396	-215	8,181	1,745	27.1	1,936	31.0
2015	5,959	508	6,467	6,276	7,686	4	7,690	1,223	18.9	1,223	19.5
2016	5,976	515	6,491	6,298	7,693	4	7,697	1,206	18.6	1,206	19.1
2017	5,996	518	6,514	6,312	7,696	4	7,700	1,186	18.2	1,186	18.8
2018	6,019	520	6,539	6,336	7,698	4	7,702	1,163	17.8	1,163	18.4
2019	6,045	522	6,567	6,336	7,700	4	7,704	1,137	17.3	1,137	17.9
2020	6,067	525	6,592	6,391	7,703	4	7,707	1,115	16.9	1,115	17.4
2021	6,118	528	6,646	6,446	7,706	4	7,710	1,064	16.0	1,064	16.5
2022	6,161	531	6,692	6,493	7,709	4	7,713	1,021	15.3	1,021	15.7
2023	6,183	532	6,715	6,513	7,710	4	7,714	999	14.9	999	15.3

Comments:

(1) Includes APCo total company demand resources and total demand in West Virginia (Including WPCo) and Virginia.

(2) Gross internal demand less interruptible and demand response load.

(3) Includes APCo owned generation and current firm long-term power contracts.

(4) Includes previously contractually committed capacity sales.

FirstEnergy Corporation

Monongahela Power Company and Potomac Edison Company

Monongahela Power Company (Mon Power) and The Potomac Edison Company (PE) are regulated subsidiaries of FirstEnergy Corp. (FE) in West Virginia. The long-term assessment of supply and demand includes the total current and future capacity resources owned or contracted by Mon Power, and the total load (demand) for all FE service territory in West Virginia (FE West Virginia load).

The current internal supply sources for Mon Power include coal-fired steam plants, hydroelectric facilities and firm full-output power contracts. Near-term changes in these supply sources include retirements of existing Mon Power coal-fired capacity. The retirements will increase the Mon Power capacity deficiency, and the company will have to look for alternative sources of capacity to meet its load requirements and provide a reserve margin.

The future capacity for Mon Power reflects the retirement of 408 net-available MW of coal-fired sub-critical generating units at the Albright, Willow Island and Rivesville Power Stations. Mon Power did not own or contract for sufficient internal capacity to serve the FE West Virginia load prior to retiring these power plants. The shortfall was made up through purchases of capacity and energy from the PJM markets.

At present, there is an FE proposed plan for a transfer of generation assets a month FE companies. Under the plan Mon Power has sold its 7.7% ownership in the Pleasants Power Station and purchased the portion of the Harrison Power Station currently owned by Allegheny Energy Supply Company. Mon Power currently owns approximately 20.5% of the Harrison Power Station and this transaction results in acquisition of the remaining 79.5%, giving Mon Power 100% ownership of the power plant.

As a result of the generation plant transfers Mon Power has a net increase of generation capacity of 1,189 MW, eliminating its need to acquire energy or capacity from the PJM markets during most of the forecast period. The transfers were consummated in October 2013. There is an appeal of the Commission approval of the transfers currently pending before the West Virginia Supreme Court.

Unlike APCo, Mon Power does not have interruptible load, and it has not included any demand side resources in its capacity plans. The company does have programs in place that are expected to provide modest demand response and are designed to reduce demand by approximately one-half of 1%. Because its demand side programs are new and actual impacts are not known, the company does not plan for demand side resources or measurable demand reductions over the forecast period. The Staff believes that customer responses to demand side programs will occur and that additional demand reducing and demand response load will occur over the forecast period. For purposes of this report, Staff believes that even the modest level projected for the current Mon Power programs should be reflected in the supply demand balance data. Staff has projected achieving the targeted one-half of 1% reductions in demand within three years and continued that rate of demand response over the remainder of the forecast period. Mon Power agreed, in a stipulation (Commission Case No. 12-1571-E-PC) to increase its efforts in encouraging energy efficiency in its West Virginia service territory. Mon Power may incorporate its existing energy efficiency programs to achieve a 1% cumulative gross savings in the 2017/2018 delivery year based on the average of 2009 distribution sales and the 2013 distribution sales. Staff does not present the demand side resources as capacity resources, but the study data reflect the company demand data on a gross basis and net of demand reductions anticipated for the demand side programs.

A summary of the planned capacity additions or reductions by Mon Power over the forecast period, and a summary of the combined projected capacity supply and demand for Mon Power and other FE West Virginia load is shown on the following tables. If the approved and currently consummated acquisition of net additional 1,189 MW of internal capacity is reversed, Mon Power will not be able to meet its internal load and it will have to acquire substitute capacity from other sources. The most likely source, at least in the short-term, would be additional purchases from the PJM market.

Monongahela Power Company Internal Capacity Additions or (Reductions) - 2014 through 2023				
Year	**Unit Retirements (MW)**	**Rerates of Existing Units (MW)**	**New Generation Capacity (MW)**	**Total Generation Capacity (MW)**
Dec. 2012				2,492
2013	(409)		1,189 (a)	3,272
2014				3,272
2015				3,272
2016				3,272
2017				3,272
2018				3,272
2019				3,272
2020				3,272
2021				3,272
2022				3,272
2023				3,272

Comments:
(a) New generating capacity assumes acquisition of 100% of the Harrison Power Station, and the sale of the Mon Power current share of the Pleasants Power Station.

Note - Commission Staff has included availability of limited demand reducing load during the forecast period. This load is not included as capacity, but is used in this report to calculate net internal demand.

Monongahela Power Company Projected Supply and Demand - 2014 through 2023 (1)									
Year	Gross Internal Load	Net Internal Demand (2)	Internal Generation Capacity (3)	New Purchased Capacity	Total Supply	Reserve Margin Based on Gross Internal Demand		Reserve Margin Based on Net Demand	
	(MW)	(MW)	(MW)	(MW)	(MW)	(MW)	(%)	(MW)	(%)
2013	2,620	2,616	3,272		3,272	652	24.9	656	25.1
2014	2,714	2,705	3,272		3,272	558	20.6	567	21.0
2015	2,750	2,736	3,272		3,272	522	19.0	536	19.6
2016	2,784	2,765	3,272		3,272	488	17.5	507	18.3
2017	2,799	2,776	3,272		3,272	473	16.9	496	17.9
2018	2,822	2,794	3,272		3,272	450	15.9	478	17.1
2019	2,845	2,812	3,272		3,272	427	15.0	460	16.4
2020	2,872	2,834	3,272		3,272	400	13.9	438	15.5
2021	2,891	2,848	3,272		3,272	381	13.2	424	14.9
2022	2,916	2,867	3,272		3,272	356	12.2	405	14.1
2023	2,941	2,901	3,272		3,272	331	11.3	371	12.8

Comments:

(1) Includes Mon Power total resources. Demand includes Mon Power and PE West Virginia load.

(2) Gross internal demand less interruptible and demand response load.

(3) Includes Mon Power owned generation and current firm long-term power contracts.

Conclusion

The major generation owning electric utility systems in West Virginia will experience low or negative reserve margins during the forecast period. A major contributing factor for this declining supply balance is a reduction in utility-owned capacity resulting from the closure of older sub-critical coal fired generation plants. Cancellation of long-standing capacity agreements with affiliates is another contributing factor.

The major generation owning electric utilities will have to acquire additional capacity resources to meet their customer demand requirements in most years of the forecast period. Additional increments will be needed to meet the reserve capacity margin requirement in PJM, which is presently 15.4%.

APCo and Mon Power each have plans to increase owned generation capacity, but these plans which have been approved by the Commission also require approval of the FERC. With the approved APCo plan, APCo will still be deficient in meeting its reserve margin requirements. APCo has no plans to build new capacity or seek long-term contracts to meet its requirements. Its chosen alternative is to purchase additional capacity in the PJM capacity market beginning in 2015. Mon Power will be close to its required reserve margin when it acquires the level of generation resources approved by this Commission, but limited amounts of PJM capacity may be needed by Mon Power in the later years of the forecast period.

If additional generation resources are not acquired by APCo and Mon Power, it is likely that they will be able to meet their needs, including reserve requirements, by purchasing capacity in the PJM market. Although this is not the traditional model for the major West Virginia electric utilities, the availability of capacity and energy in the PJM market is expected, and PJM has processes in place to reasonably assure adequate supply resources in its service area.

PJM Interconnection LLC

PJM Interconnection (PJM) is a regional transmission organization (RTO) that operates the transmission grid delivering power in all or parts of Illinois, Michigan, Indiana, Ohio, Kentucky, Tennessee, North Carolina, Virginia, West Virginia, Maryland, the District of Columbia, Pennsylvania, Delaware, and New Jersey. The grid is made up of the major transmission facilities owned by a large number of integrated electricity utilities, transmission companies spun off from former integrated electric utilities and new transmission companies. These transmission owners have turned over the operation of their interconnected transmission lines to PJM. As the grid operator, PJM conducts ongoing long-term regional planning that projects load within the system. Based on overall absolute load levels and the geographic locations of the load increases or decreases, PJM evaluates potential locational transmission bottlenecks and reliability issues. The end result of the evaluation and planning process is the identification of transmission upgrades and new construction necessary to ensure the ability to reliably deliver power currently and over the long-term planning horizon. PJM notifies the transmission owners of the need for system upgrades and the transmission companies are responsible for installing the necessary upgrades and new transmission lines.

PJM also operates a competitive wholesale electricity energy market within the region served by the transmission facilities under its control. Generation providers can bid their production volumes and minimum prices for delivery into the market on the next day and load-serving entities bid their load requirements and prices they are willing to pay the market on the next day (day-ahead market). PJM matches generation and requirements on a regional and locational basis and determines the price at which power will enter the market. The market price for power can vary based on location and on an hourly basis. In addition, PJM also manages a real-time power market to price power necessary to serve loads that were not covered through the day-ahead market commitments.

In addition to hourly day-ahead and real-time energy markets, PJM operates a capacity market. The capacity market is based on the PJM long-term Reliability Pricing Model (RPM). PJM receives bids for long-term capacity from suppliers and, based on the bidding process, develops the prices that will be paid for future capacity. By going to a longer-term RPM, PJM provides price signals to capacity suppliers and load.

The RPM takes into consideration the continued use of self-supply and bilateral contracts by load-serving entities. The capacity auctions obtain the remaining capacity that is needed after market participants have committed the resources they will supply themselves or provide through contracts.

Appendix D

Gas Utilities
Supply – Demand Forecast
2014 - 2023

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January 2013

Table of Contents

Executive Summary

This Report presents general information regarding the current natural gas supply and demand conditions in as well as future natural gas supply and demand over the 2014-2023 period in West Virginia. Information sources for natural gas oriented government agencies, industry groups and other organizations are provided at the end of the report. Those organizations include the Federal Energy Information Administration (EIA), the Colorado School of Mines Potential Gas Committee, the American Gas Association (AGA), and the Natural Gas Price Outlook from Energy Solutions, Inc., among others.

This 2013 Report is substantially the same as the 2012 Report. The primary reasons for this are that 1) the actual flowing supplies match all demand in the state at all times (except for minimal unplanned outages), 2) the capacity of unrestrained production far exceeds the current and future projected demand, 3) shale gas development is still in its early stages, and 4) there have been no significant additions to current or projected demands on utility systems in the state, which includes no power production fuel switching. Therefore, the only changes made are to update the forecast date range and to drop Equitable Gas Company from the forecast survey. Also, as opposed to including only contact information for the references included in last year's report, summaries of the findings and reports of some of those sources are included.

This Report is prepared and submitted by the Public Service Commission of West Virginia (Commission) in response to a Legislative mandate and is part of a comprehensive Management Summary Report that is also submitted annually to the West Virginia Legislature.

The sixty-fourth West Virginia Legislature (1979) stated in West Virginia Code §24-1-1(d)(3) that the Commission shall, as part of an Annual Management Summary Report, describe in a concise manner "the current balance of supply and demand for natural gas and electric utility services in the State and forecast the probable balance for the next ten years."

Prior to 1979, and for several years thereafter, the wholesale price of natural gas was regulated and capped by the Federal Government. There was some concern at that time that suppliers of natural gas were reluctant to produce and market their supplies and that exploration for new supplies was somewhat curtailed due to what some believed to be artificially low and unprofitable wholesale prices. Language following the above-quoted Code Section indicates that the Legislature was concerned about these factors and was interested in learning more about the natural gas production industry in West Virginia and what role the Legislature might play in it.

Prior to the passage of the Federal Natural Gas Policy Act of 1978 (NGPA), the natural gas market was experiencing production shortages that many believed were a direct result of federal price controls. The NGPA addressed the situation by devising a schedule of price decontrol over time, reducing barriers between interstate and intrastate markets, and providing incentives for gas exploration and development. Today, wholesale natural gas prices are market driven and are subject to various market forces, much like the prices of any other publicly-traded commodity.

West Virginia is a major gas producing state and exports far more gas than it consumes. This Report focuses on the physical availability of supplies of natural gas and the outlook for the next ten years. Based on recent developments of "unconventional" natural gas reserves in the Appalachian Basin and elsewhere in the United States, there appears to be more than an ample supply for the coming decade and beyond. In the back of this report are several resources that support this belief. None could be found that dispute it.

The Natural Gas Utility Position section of the Report will set out basic information provided by the major natural gas public utilities in the State, and will show that the expected demand of all customer classes is essentially flat for the next ten years, as it has generally been for the past two decades or so.

Also, again included in this year's Report, are some concerns regarding peripheral issues related to general supply and demand and some more localized concerns that certain trends call to attention.

Original Reasons for Report and the Current Situation

Language in West Virginia Code §24-1-1(d)(3) indicates that the Legislature was interested in the gas industry as it existed and operated in the early to late 1970's and into the early 1980's. Prior to the passage of the NGPA in 1978, and for the first few years afterward, natural gas prices at the wellhead were regulated with a maximum allowable price. As production costs escalated with inflation, the producers saw their profits decrease to the point that it was no longer attractive to investors and owners to drill new wells or, in some situations, continue to produce wells that had already been put into production, therefore increasing the Legislative interest in shut-in wells. The situation became so severe that there were moratoria put into place restricting the addition of new distribution customers essentially nationwide. This resulted in an increase of all-electric housing and businesses expanding in metropolitan areas of the country. The Industrial Fuel Use Act of 1978 was enacted, which dictated the allowable uses of natural gas by industry. The use of natural gas in industrial boilers, including for the generation of electricity, was not allowed. This led to conversion of boilers to fuel oil and reduced natural gas use in industrial boilers.

The Natural Gas Utilization Act of 1987 repealed much of the Fuel Use Act at about the same time wellhead prices became fully deregulated under the NGPA, and the commodity began trading on a national commodity market basis. Both supply and demand, as well as prices, rose significantly. These actions greatly reduced concerns over adequate supplies in the near term.

After about 2007, by all measures, huge new supplies of gas are becoming available and recoverable due to advances in horizontal drilling technology and economic feasibility, along with the accompanying hydraulic fracturing process. Although there are some issues with the practice that remain to be addressed, the vast majority of experts in the industry and regulatory world expect the practice to continue and become even more efficient and productive. Estimates by industry, government and academia show there is more than ample supply for the long term, with most saying there is a hundred years or more of recoverable supply in North America. The abundance has driven the price of natural gas to near record low levels as compared to prices over the last twenty-five years. There is a large increase in the use of gas for electric generation and other industrial uses, and the exporting of liquefied natural gas to other countries has begun.

Because of the dramatic changes in the industry (which are mirrored by production and consumption activities in the Appalachian Region and West Virginia), the Commission has also decided to include the current status of a robust natural gas supply market as opposed to limiting our discussion to the supply side concerns of forty years ago.

Marcellus Shale Impact on Supply

The feasibility of extracting natural gas from the Marcellus Shale formation in the Appalachian Region has resulted in increased drilling and production activity in West Virginia over the past seven years. This gas has long been known to exist in the formation, but until improvements in horizontal drilling capabilities were made the resource was not attractive to producers and consumers. After 2006, the supply has grown to the extent of driving wellhead prices down to a level where new drilling is slowing. Recently, production activities have shifted to oil bearing areas in the Eastern United States formations, most notably the Utica Shale that is predominately in Ohio, and to "wet" gas zones in the Marcellus formation. This shift in production activities may slow, but will not eliminate, production of natural gas from non-traditional formations. As producers develop oil bearing formations, gas which coexists with the oil, must also be produced.

Because demand has not kept up with supply, there is currently activity aimed at preparing to export more liquefied natural gas from the United States to foreign markets. There is also increased activity to encourage the use of compressed natural gas as vehicular fuel. Because of the low prices and environmental regulatory actions regarding air quality, natural gas use for electric generation is increasing dramatically, though not in West Virginia. Despite all these demand increases there remain expectations of some increases in price as compared to the recent extreme lows, but prices will still remain relatively low. In its Short-Term Energy Outlook, released December 10, 2013, the U.S. Energy Information Administration (EIA) indicated that it expects prices to gradually rise through 2014, but still remain relatively low. EIA expects the Henry Hub price will average $3.69 per MMBtu for 2013 (compared to $2.75 per MMBtu in 2012) and $3.78 per MMBtu in 2014.

Local and Regional Concerns

The Marcellus drilling activity is creating some concerns on the supply side in terms of what is happening to conventional local production supplies and the midstream gathering pipelines that carry it, as well as some interstate pipelines upon which local distribution companies rely for supply deliveries.

There are several issues for consideration. Much of the Marcellus gas is "wet" and contains high levels of heavier hydrocarbons and water vapor. Higher pressures are being used in existing and new pipelines carrying Marcellus gas. Existing conventional production is declining and new conventional drilling is slowing as producers focus on what is perceived to be the more lucrative Marcellus production.

"Wet" gas has special handling and treatment needs. The heavier hydrocarbons, such as propane, butane, ethane, etc., cause the gas to have significantly higher Btu content, which is sometimes not tolerated well, or is even unusable, in today's modern high efficiency appliances. This requires more stripping to make the gas useable in normal consumer gas using appliances. Because the hydrocarbons often condense out of the gas and collect in the pipelines and other gas handling equipment, the pipelines must be cleaned frequently. This causes planned and occasional unplanned outages. Drier gas from conventional production fields is more likely to be useable by customers upstream of drying facilities. Marcellus gas customers along the gathering pipelines and transmission upstream of compression and drying equipment must take precautions to accommodate the wetter gas and may even have to abandon their traditional field-line-quality sources of supply.

Continued availability of natural gas to many rural customers may also be affected by the higher pressures typically used in pipelines transporting Marcellus gas to facilitate the production and transportation of much higher gas volumes. Producers and transporters are reluctant to allow customers on higher pressure pipelines for liability and operational reasons. Additional pressure regulating equipment may be necessary at a substantial cost.

Conventional production from existing wells is declining in some areas of the state as producers focus on the higher value Marcellus production. Many of the conventional wells are marginal producers and are not worth reworking or even maintaining. As a result, those wells are left to produce what they can in their remaining life and then are capped and eventually plugged. Volumes in field lines from those depleting existing wells will be reduced and pipelines will be increasingly in danger of being abandoned. This is having, and will continue to have, the effect of local pockets of field-line customers being abandoned. In some distribution areas served by Local Distribution Companies, they are in danger of losing access to sufficient quantities of gas. Additionally, large amounts of capital, that would normally be used to fund new conventional drilling, are being redirected to the Marcellus and other shale formations, leaving conventional gas in the ground in various parts of the state, primarily Southern West Virginia.

One other area of concern is the uncertainty regarding governmental actions that could affect hydraulic fracturing (fracking). Even after there is a complete review by the EPA, there will likely be continued opposition to fracking. Although the EPA has been studying fracking, the studies will likely continue through 2013 and into 2014. In the meantime, there will be continuing outcry by many groups concerned that fracking can impact water supply sources. In December 2012, the EPA issued a "progress report" on its detailed, multifaceted study that includes data gathered from hundreds of natural gas and oil wells across the U.S. In its progress report, the EPA listed major areas of the fracking water cycle that it is studying. They include the impact of large water supply withdrawals to provide the fracking water; the possible impacts of surface spills on drinking-water sources; the effects of injection and the fracturing process on drinking-water supplies; how fracking wastewater could affect water supplies; and the possible effects of inadequate treatment of fracking wastewater. The EPA study is expected to be completed in 2014. To date, there is no significant evidence of contamination of groundwater contamination due to the practice.

Natural Gas Utility Positions

As with past years' Reports, the largest natural gas utilities operating in the State were surveyed and asked for information regarding their long-term (ten year) supply and demand projections. Their responses show that very little change is expected in demand over what was reported last year. However, two disclaimers should be noted. First, electric generation operators are studying the economic and environmental feasibility of either switching to natural gas as the sole fuel or using some combination of natural gas and coal in existing plants. They are also factoring in the use of natural gas in planning new generation plants. Second is the possibility of using more natural gas as feedstock for the production of ethane and other byproducts, which would in turn be used primarily for chemical manufacturing. This activity is in the early to mid-stages of study, and it is not certain whether the suppliers would be the public gas utilities or some other entities in the private gas industry. At this point, it is difficult to estimate (or guess) what volumes would be involved in these activities and therefore, this report will only state that the utilities support the use of basically flat numbers in their demand forecasts for the next ten years. These issues will be addressed in future reports when further developments emerge.

Conclusion

Based on the information reviewed by the Commission Staff, the United States and West Virginia appear to have more than sufficient supplies of natural gas available to meet demand for the next ten years (2014-2023) and well beyond. The State's natural gas utilities predict ample supplies for their systems and, at this point in time, basically flat demand for the coming decade, although they are keeping a watchful eye on possible developments in the electric and chemical industries for what could be very large increases in demand. Though system upgrades would be necessary if this occurs, there is high confidence that the available supply will be more than enough to meet that demand.

References and Additional Information

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- National Petroleum Council (NPC)
  Balancing Natural Gas Policy (2003) www.npc.org

- Energy Information Administration (EIA) http://www.eia.gov/naturalgas/

Producers:

- Natural Gas Supply Association (NGSA)Winter Outlook www.ngsa.org

Interstate Pipelines:

- Interstate Natural Gas Association of America (INGA) www.ingaa.org

Local Distribution Companies:

- American Gas Association (AGA) www.aga.org

Research:

- National Regulatory Research Institute (NRRI) www.nrri.org

- Colorado School of Mines Potential Gas Committee www.potentialgas.org

- Natural Gas Price Outlook www.naturalgasoutlook.com

Potential Gas Committee

For Release April 9, 2013, 1100 EDT

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POTENTIAL GAS COMMITTEE REPORTS SIGNIFICANT INCREASE IN MAGNITUDE OF U.S. NATURAL GAS RESOURCE BASE

GOLDEN, COLORADO — The Potential Gas Committee (PGC) today released the results of its latest biennial assessment of the nation's natural gas resources, which indicates that the United States possesses a total technically recoverable resource base of 2,384 trillion cubic feet (Tcf) as of year-end 2012. This is the highest resource evaluation in the Committee's 48-year history, exceeding the previous high assessment (from 2010) by 486 Tcf. Most of the increase arose from new evaluations of shale gas resources in the Atlantic, Rocky Mountain and Gulf Coast areas.

These changes have been assessed in addition to 49 Tcf of domestic marketed-gas production estimated for the two-year period since the Committee's previous assessment.

"The PGC's year-end 2012 assessment reaffirms the Committee's conviction that abundant, recoverable natural gas resources exist within our borders, both onshore and offshore, and in all types of reservoirs—from conventional, 'tight' and shales, to coals," said Dr. John B. Curtis, Professor of Geology and Geological Engineering at the Colorado School of Mines and Director of the Potential Gas Agency there, which provides guidance and technical assistance to the Potential Gas Committee.

Dr. Curtis cautioned, however, that the current assessment assumes neither a time schedule nor a specific market price for the discovery and production of future gas supply. "Assessments of the Potential Gas Committee represent our best understanding of the geological endowment of the technically recoverable natural gas resource of the United States," he explained.

(more)

Potential Gas Agency
Colorado School of Mines, Golden, CO 80401-1887

The Committee's year-end 2012 assessment of 2,384 Tcf includes 2,226 Tcf of gas potentially recoverable from "Traditional" reservoirs (conventional, tight sands and carbonates, and shales) and 158 Tcf in coalbed reservoirs. Compared to year-end 2010, assessed Traditional resources increased by 486.4 Tcf (28%), while coalbed gas resources declined by a nominal 0.4 Tcf (0.2%), resulting in a net increase in total potential resources of 486.1 Tcf (25.6%). (See accompanying Table 1.)

When the PGC's assessments of technically recoverable resources are combined with the U.S. Department of Energy's latest available determination of *proved reserves*, 305 Tcf (dry gas) as of year-end 2010, the United States has a total available *Future Supply* of 2,688 Tcf, an increase of 486 Tcf over the previous evaluation. While the PGC reports these assessments of potential resources and future supply summarily on the national level, the Committee believes that the individual province-level assessment results offer the greatest value for purposes of analysis, planning and exploration.

As Dr. Curtis observed, "Our knowledge of the geological endowment of technically recoverable gas continues to improve with each assessment. Furthermore, new and advanced exploration, well drilling, completion and stimulation technologies are allowing us increasingly better delineation of and access to domestic gas resources—especially 'unconventional' gas—which, not all that long ago, were considered impractical or uneconomical to pursue."

"Consequently, our present assessment, strengthened by robust domestic production levels, demonstrates an exceptionally strong and optimistic gas supply picture for the nation."

As a result of a substantial increase in the assessment of Appalachian basin shale gas, the PGC now ranks the Atlantic area as the country's richest resource area with 33% of total U.S. Traditional resources, followed by the Gulf Coast (including the Gulf of Mexico) and Rocky Mountain areas, which together account for 76% of the assessed total Traditional resource. (See accompanying Table 2.) Changes in the total assessment from 2010 to 2012 arose primarily from analyses of recent drilling, well-test and production data from these three regions. The largest volumetric and percentage gains were reported for Appalachian basin shales (primarily the Marcellus but including other Devonian shales and the Utica), which collectively rose by 335 Tcf (147%). A substantial increase, 21.6 Tcf (58%), also was made for the Eagle

Ford Shale in the Texas Gulf Coast basin. Cretaceous shales in the Rocky Mountain area figured prominently in new record-high assessments for the Greater Green River basin (Baxter and Hilliard Shales) and San Juan basin (Mancos and Lewis Shales), in each case more than double the province's total potential gas assessment for 2010. Reevaluation of another unconventional resource, the Niobrara Formation, led to a new record assessment of 7.5 Tcf for the Denver basin, a jump of nearly 3.5 Tcf (86%).

The growing importance of shale gas is substantiated by the fact that the PGC's total assessed shale gas resource of 1,073 Tcf for 2012 accounts for approximately 48% of the country's total Traditional potential resources.

PGC's new concise biennial report includes a complete overview of the national aggregated mean-value assessment statistics, including tables and graphs, together with an area-by-area comparison of assessment results for year-end 2010 and 2012 and decennial changes in area-level assessments from 2002–12. The second chapter examines the 2012 evaluations at the area and province levels and discusses the factors behind the principal changes in assessments between 2010 and 2012. Also included are graphs for each area that track historical trends in the Committee's "most likely" (nonaggregated) assessments since 1984 and the aggregated mean values since 1990. The concluding chapter presents definitions and details of the PGC's resource assessment methodology.

(more)

Details of the Potential Gas Committee's Natural Gas Resource Assessment

(as of December 31, 2012)

The Potential Gas Committee (PGC) reports its biennial potential gas resource assessments in three categories of decreasing geological certainty—*Probable, Possible* and *Speculative*. For each category, a *minimum, most likely* and *maximum* volume is assessed in each of 90 onshore and offshore provinces in the Lower 48 States and Alaska. The category and total *mean* values shown in Table 1 below were computed by statistical aggregation of the minimum, most likely and maximum value distributions for each category, in turn, for all provinces combined. Mean values for Total Traditional Resources and Total Coalbed Gas Resources were aggregated separately. This procedure imparts greater statistical validity to the results and allows for more direct comparison of PGC's assessments with those made by other organizations.

The PGC's assessments are not static. Each year, based on new exploration results, drilling and production information and various other data that become available, PGC members may reclassify resources at the province level from one category to another and to proved reserves.

Table 1.

Resource Category	Mean Values, Tcf 2012	Mean Values, Tcf 2010	Change Tcf (%)
Traditional Gas Resources:			
Probable resources (current fields)	708.5	536.6	
Possible resources (new fields)	952.3	687.7	
Speculative resources (frontier)	558.7	518.3	
Total Traditional Gas Resources (not additive)*	2,225.6	1,739.2	+486.4 (28.0%)
Coalbed Gas Resources:			
Probable resources	14.2	13.4	
Possible resources	48.3	48.1	
Speculative resources	95.8	96.2	
Total Coalbed Gas Resources (not additive)*	158.2	158.6	–0.4 (–0.2%)
Grand Total Potential Resources (additive)**	**2,383.9**	**1,897.8**	+486.1 (25.6%)
Proved dry-gas reserves (DOE/EIA)	304.6†	304.6	
U.S. Future Gas Supply	**2,688.5**	**2,202.4**	+486.1 (22.1%)

* Mean values for Probable, Possible and Speculative resources are *not* arithmetically additive in deriving Total Traditional Gas Resources and Total Coalbed Gas Resources.

** The separately aggregated mean values for Total Traditional Resources and Total Coalbed Gas Resources are arithmetically additive in deriving Grand Total Potential Resources.

† Latest available figure is for year-end 2010.

Note: Totals are subject to rounding and differences due to statistical aggregation of distributions.

(more)

PGC's 90 geological provinces are grouped into seven geographic assessment areas. In similar fashion as above, the minimum, most likely and maximum value ranges for each category of Traditional resources in each province within an area are aggregated at the area level to yield mean values for Probable, Possible and Speculative Traditional resources and a separately aggregated area total. Coalbed gas resources are aggregated only at the national level. Table 2 compares the mean values for these areas for year-end 2012 and year-end 2010.

Table 2.

Assessment Area	Total Mean Values, Tcf 2012	Total Mean Values, Tcf 2010	Change Tcf (%)
Traditional Gas Resources:			
Atlantic	741.3	353.6	+387.7 (110%)
Gulf Coast (including Gulf of Mexico)	521.0	506.0	+15.1 (3.0%)
Rocky Mountain	421.3	344.0	+77.3 (22.5%)
Mid-Continent	269.5	272.2	–2.7 (–1.0%)
Alaska	193.8	193.8	0 (0%)
Pacific	54.4	54.0	+0.4 (0.8%)
North Central	20.8	21.6	–0.8 (–3.9%)
Total U.S. Traditional Gas Resources (not additive)*	2,225.6	1,739.2	+486.4 (28.0%)
Total U.S. Coalbed Gas Resources (total of all areas)	158.2	158.6	–0.4 (–0.2%)
Grand Total Potential Resources (additive)**	**2,383.9**	**1,897.8**	+486.1 (25.6%)
Proved dry-gas reserves (DOE/EIA)	304.6†	304.6	
U.S. Future Gas Supply	**2,688.5**	**2,202.4**	+486.1 (22.1%)

* Mean values of Traditional Resources for the seven areas are *not* arithmetically additive in deriving Total U.S. Traditional Resources, which is a separately aggregated value. Area-level changes in values from 2010 to 2012 likewise are not arithmetically additive in deriving the total change.

** The separately aggregated mean values for Total U.S. Traditional Gas Resources and Coalbed Gas Resources are arithmetically additive in deriving Grand Total Potential Resources.

† Latest available figure is for year-end 2010.

Note: Totals are subject to rounding and differences due to statistical aggregation of distributions.

(more)

How to Obtain the Potential Gas Committee 2012 Report

Orders for the PGC report, *Potential Supply of Natural Gas in the United States (December 31, 2012)* may now be placed with the Potential Gas Agency, Colorado School of Mines, Golden, CO 80401-1887. The cost of the printed report is US$295 (plus 7.5% sales tax for Colorado orders) if payment accompanies the order. All purchasers will receive both the printed report and a digital version (pdf) of the document on CD-ROM (or USB flash drive).

For additional information about ordering these and previous reports and DVDs, please contact Linda D'Epagnier, Program Assistant, at the Potential Gas Agency, telephone 303-273-3886, fax 303-273-3574, or e-mail: ldepagni@mines.edu.

This press release and the entire slide presentation are available for viewing or download at the PGC website, http://www.potentialgas.org.

About the Potential Gas Committee

The Potential Gas Committee, an incorporated, nonprofit organization, consists of knowledgeable and highly experienced volunteer members who work in the natural gas exploration, production, transportation and distribution industries and in the field and technical services and consulting sectors. The Committee also benefits from the input of respected technical advisors and observers from federal and state government agencies, academia, and industry and research organizations in both the United States and Canada. Although the PGC functions independently, the Potential Gas Agency at the Colorado School of Mines provides the Committee with guidance, technical assistance, training and administrative support, and assists in member recruitment and outreach. The Potential Gas Agency receives financial support from prominent E&P and gas pipeline companies and distributors.

- END -

Natural Gas Winter Outlook 2013–2014

Executive Summary

The Natural Gas Supply Association's (NGSA) 13th annual Winter Outlook summarizes the association's view of existing natural gas market conditions and fundamentals. The analysis covers the key points that can affect supply and demand dynamics, which ultimately impact all consumers of natural gas.

NGSA forecasts whether natural gas prices will be subject to upward, downward or level pressure for the upcoming winter, but the association does not forecast actual prices.

Based on an analysis of the economy, weather, demand, production and storage, NGSA expects flat price pressure on the natural gas market compared to last winter.

Our expectation for level price pressure is based on supply and demand factors that appear remarkably similar to last winter. Indeed this winter's Outlook marks the first time in 13 consecutive years of NGSA Winter Outlooks that each of the five major supply and demand factors is forecasted to place flat pressure on natural gas prices, all because the conditions so closely mirror last winter.

A glance at the natural gas market's major pressure points for winter 2013-2014 reveals:

» **ECONOMY:** Public data anticipates the economy will continue to show slow improvement. Modest economic growth will place **level pressure** on natural gas prices when compared to similar growth last winter.

» **WEATHER:** The National Oceanic and Atmospheric Administration (NOAA) predicts that the continental United States will on average experience winter weather temperatures that will be 1 percent warmer than last winter and 3 percent warmer than the 30-year average. Compared winter-over-winter, the total number of heating degree days (HDDs) are similar. Weather is projected to place **level pressure** on demand and prices.

» **DEMAND:** Demand from the residential, commercial and electric sectors is forecasted to be similar to last winter, but NGSA expects that industrial sector demand will increase 3.5 percent. This uptick in industrial demand is welcome but not large enough to affect overall demand from all sectors combined. Overall demand is projected to be nearly identical to last winter and thus to place **level pressure** on natural gas prices compared to last winter.

» **STORAGE:** The natural gas industry is expected to enter the winter heating season with storage inventories at a similar level to last winter. Storage will put **level pressure** on prices. As an interesting side note, storage has been peaking significantly later in the season since 2009, likely because of the enhanced supply flexibility that shale production offers.

» **PRODUCTION:** Production is projected to slightly exceed last winter's robust levels, reaching a new record even though annual gas well completions are down from last year. Natural gas that is produced from oil wells probably accounts for the difference. A repeat of last winter's high production levels is likely to result in **level pressure** on natural gas prices.

All of these projected pressure points are interrelated and a deviation in one affects the other assumptions in this equation. *The weather and the economy's impact on demand are the most significant factors impacting this winter's forecast .*

The following pages will provide more detailed information about each of the five factors analyzed in NGSA's Winter Outlook, as well as a look at possible "wild card" factors and a discussion of natural gas industry trends that transcend this winter's time frame.

NGSA
Natural Gas Supply Association

CLEAN NATURAL GAS
SMART, SECURE AND ESSENTIAL

1620 Eye Street, NW » Suite 700 » Washington, D.C. 20006 » 202.326.9300 » www.ngsa.org
Greg Vesey, Chairman » R. Skip Horvath, President and CEO

Economy/Demand

This heating season, public forecasts anticipate an economy that will grow modestly and at a slightly stronger rate than it did last winter.

Economy

Winter season Period-to-period change Data source: Global Insight	Last winter 2012-2013 ACTUAL	This winter 2013-2014 FORECAST
Economy	Weak momentum	Slow improvement
GDP growth	1.6%	2.1%
Unemployment rate	7.8%	7.4%
Manufacturing	2.5%	2.2%
CPI	1.8%	1.3%
Winter-to-winter pressure on natural gas prices		—

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The Gross Domestic Product (GDP) is expected to show improved growth compared to last winter. According to IHS Global Insight, a nationally recognized economic forecasting firm, the GDP is expected to increase 2.1 percent compared to last winter's meager 1.6 percent growth.

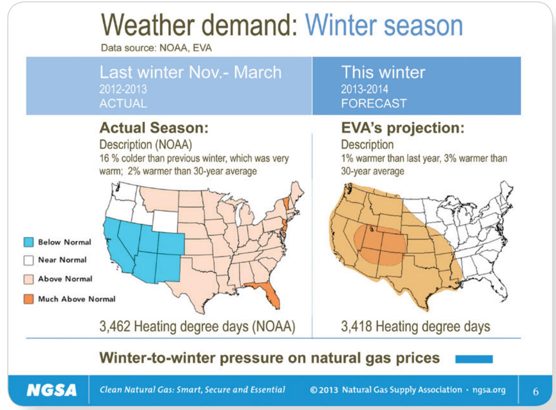
Manufacturing, an important influence on natural gas demand, is projected to improve by 2.2 percent this winter, which is similar to last winter's 2.5 percent growth. At the same time, unemployment continues to slowly improve, and is predicted to drop slightly to 7.4 percent. Finally, Global Insight predicts that the Consumer Price Index (CPI), which measures inflation, will be 1.3 percent. These economic indicators are encouraging, but so similar to last winter's economy that NGSA anticipates the economy will place level winter-over-winter pressure on natural gas prices.

Weather/Demand

For the winter of 2013-2014, NOAA projects a traditional winter that will be very similar to last winter's overall average temperatures. Based on NOAA's data, EVA predicts that the winter months will be 1 percent warmer than last winter on a national average, and 3 percent warmer than the 30-year average.

On a regional basis, NOAA's forecast neatly divides the country in half. NOAA predicts typical winter weather in the eastern half of the United States, from the coast all the way to Illinois and Indiana in the Midwest. In contrast, NOAA expects warmer-than-normal weather in the West, stretching all the way from California inland to Nebraska and Kansas.

As a nation, over the full five-month winter heating season (November 2013-March 2014), the firm Energy Ventures Analysis, Inc. (EVA) is forecasting 3,418 heating degree days (HDD) this winter, compared to 3,462 HDD last winter. The number of heating degree days is defined as the difference between 65 degrees Fahrenheit and the average outside temperature for that day. Based on nearly identical winter-over-winter heating degree days, the forecast is for weather to put flat pressure on natural gas prices.



As always, a significantly colder than expected weather pattern could lead to upward price pressure, especially if the very cold temperatures are concentrated in those regions that rely heavily on natural gas for space heating: the East and Midwest. The opposite would be true if the weather turns out to be much warmer than normal.

Overall Natural Gas Demand

An independent demand analysis performed by EVA notes that winter-to-winter natural gas demand will be the same as last winter with 83.3 billion cubic feet per day (Bcf/d) compared to 83.1 Bcf/d last winter. A sector-by-sector breakdown follows.

Overall gas demand

Winter season Period-to-period change Data source: EVA	Last winter 2012-2013 ACTUAL	This winter 2013-2014 FORECAST
Demand	83.3 Bcf/d	83.2 Bcf/d
• Electric	19.6	19.1
• Industrial	21.3	22.0
• Residential/Commercial	36.2	35.9
Growth sector	Residential/ commercial	Industrial +3.5%
Winter-to-winter pressure on natural gas prices		—

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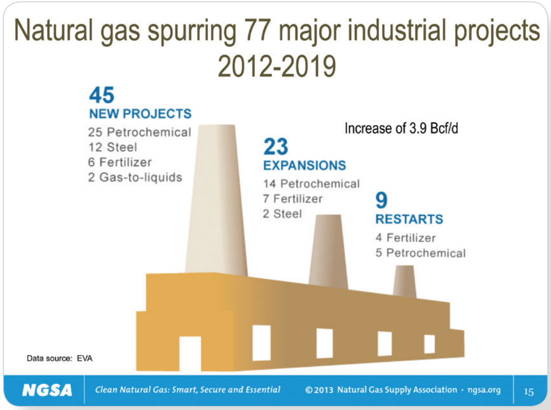
According to Energy Ventures Analysis, winter-over-winter demand from the highly weather-sensitive **residential and commercial sectors** is expected to be roughly the same because of similar winter weather.

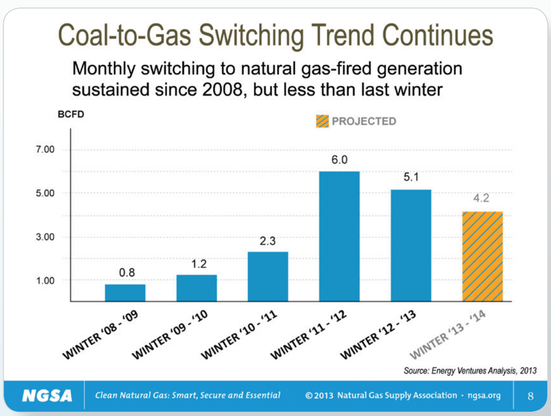
The **industrial sector** is expected to increase its consumption of natural gas to 22 Bcf/day — a 3.5 percent increase over last winter. In line with the growth projected for this winter, EVA points out that an extended forward view of industrial demand shows that scores of new, expanded and re-started major natural gas-intensive industrial projects loom on the 2012-2019 horizon.

The industrial growth projected over the next six years is primarily due to the petro-chemical, fertilizer, steel and gas-to-liquids industries expanding to take advantage of affordable, abundant natural gas in the U.S. Most of these major projects are slated for southern states, with the exception of some steel projects in the Midwest.



When analyzing the **electric sector**'s projected demand for natural gas this winter, EVA predicts a small decrease of 0.5 Bcf/day that it attributes to weather and less coal-to-gas switching than last winter.

Coal-to-gas "switching" occurs when electric utilities choose to run natural gas-fired power plants rather than coal plants to generate electricity. Switching is purely an economic decision based on the current price of the competing fuels. While EVA predicts less coal-to-gas switching this winter than last winter, it is remarkable that the coal-to-gas switching event that began in 2008 has continued for six consecutive years.



The levels of coal-to-gas switching increased each winter until peaking in the winter of 2011-2012. While the level of fuel switching for the forthcoming winter is forecasted to be less than last winter, it is still a significant amount that exceeds nearly all previous winters.

Storage/Supply

Traditionally, underground natural gas storage has allowed companies to purchase and physically stockpile natural gas supplies in the spring and summer for use during the winter when demand for natural gas space heating is at its peak. Storage capacity has steadily increased in recent years. Last winter's storage capacity increased by 137 Bcf and it is estimated that an additional 101 Bcf of new capacity will be in place this winter.

Going into the winter heating season, it is projected that 3,900 Bcf of natural gas will be in storage, compared to the 3,929 Bcf in storage at the end of last year's injection season in early November. The amounts are similarly robust and ample storage levels are expected to place level pressure on natural gas prices this winter.

Storage/Supply

Winter season Period-to-period change Data source: EVA	Last winter 2012-2013 ACTUAL	This winter 2013-2014 FORECAST
End of injection season	3,929 Bcf	3,900 Bcf
Percent of average fill (Five-year average)	99%	96%
New storage capacity	137 Bcf	Est. 101 Bcf
Winter-to-winter pressure on natural gas prices		

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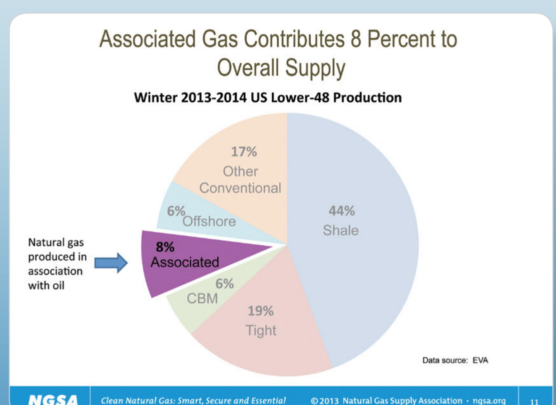
As an interesting side note, storage has been peaking significantly later in the season since 2009 with the average peak now occurring on November 13th. Storage's peak has likely become a moving target because of the enhanced supply flexibility that shale production in the Marcellus offers to the consuming East.

Production/Supply

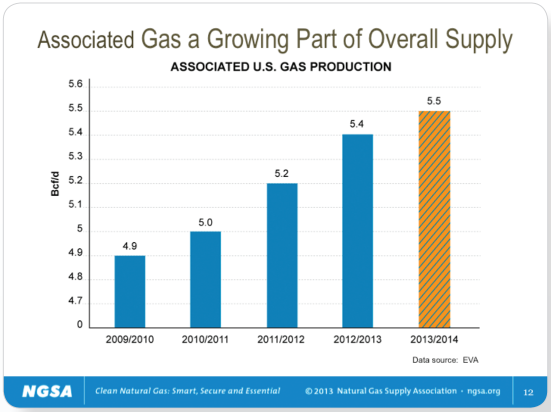
Turning to natural gas production, EVA expects domestic production to rival last winter's record-breaking production figures even as the number of natural gas well completions have decreased significantly in comparison to last year. Domestic natural gas production this winter is forecasted to be 65.7 Bcf/day this winter, just slightly exceeding last winter's 65.1 Bcf/day and yet another nearly identical data point for this Winter Outlook.

An estimated 6,400 well completions are projected to take place this year compared 8,900 last year — a 28 percent drop. Despite the large drop, this winter's average daily production is on track to exceed last winter's. Among the reasons that winter production is expected to increase are: continued strong production from shale gas plays; increased efficiencies in extraction techniques; and improved takeaway capacity in the form of pipelines and processing plants.

High natural gas production despite fewer gas well completions can also be attributed to the significant amount of natural gas being produced from oil wells. Natural gas produced during the oil extraction process is known as "associated gas." As oil production from the Bakken and Eagle Ford shale formations has increased, so has the amount of associated gas in the natural gas market.



Since the winter of 2010-2011, the amount of associated gas being produced has increased about 3 percent per year. EVA projects that associated gas will account for 8 percent of U.S. supply this winter. Further increases are expected as a result of increased drilling activity and as new gas infrastructure is put in place to reduce gas flaring.



There are some other interesting developments in supply. Canadian imports are predicted to decrease this winter and imported LNG continues at last year's minimal levels. In contrast, EVA projects that Mexican exports will grow to a record of 2.1 Bcf/day due to Mexico's robust economy and their flat production.

In summary, strong supply this winter will mirror last winter's supply, placing level pressure on natural gas prices compared to last winter.

Production/Supply

Winter season Period-to-period change Data source: EVA	Last winter 2012-2013 ACTUAL	This winter 2013-2014 FORECAST
Annual natural gas well completions	8,900	6,400
Winter average production	65.1 Bcf/d	65.7 Bcf/d
Canadian imports	4.7	4.2
LNG imports	0.4	0.4
Mexican exports	1.7	2.1
Winter-to-winter pressure on natural gas prices		—

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However regions with infrastructure constraints are vulnerable to short periods of upward pressure on prices, as we've seen occasionally in the Northeast during severe cold weather in recent years.

"Wild Card" Market Factors

There are always a few "wild card" factors that can influence the market, in addition to the fundamentals addressed in this Outlook. This winter's wild cards include:

» Unexpected cold — or **warm** — snaps

» Unforeseen decline in demand for oil and natural gas liquids triggers decline in associated gas

» Higher than expected consumption by power sector

» Debt ceiling crisis materializes

Conclusions

NGSA analysis of varying data indicates flat overall pressure on natural gas prices this winter compared with last winter, primarily due to the following estimates affecting market pressure points:

» Production once again approaching record winter levels, fueled by shale gas and associated gas — FLAT PRESSURE

» Overall demand similar to last winter — although industrial demand expected to grow considerably over longer term — FLAT PRESSURE

» Similar winter weather — FLAT PRESSURE

» Slow improvement in economy echoes last winter — FLAT PRESSURE

» Similar amounts of working gas in storage — FLAT PRESSURE

Conclusion: Quiet Growth in Natural Gas Demand and Supply

» Strong production continues

» Coal-to-gas fuel switching persists

» Industrial market entering era of growth

» Stable natural gas outlook for consumers

This season's winter outlook

Winter season Period-to-period change	This winter 2013-2014 FORECAST
Economy	—
Weather	—
Overall demand	—
Storage	—
Overall supply	—
Winter-to-winter pressure on natural gas prices	—

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