

**PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON**

At a session of the PUBLIC SERVICE COMMISSION OF WEST VIRGINIA in the City of Charleston on the 17th day of September 2012.

CASE NO. 12-0993-E-T-W-GI

Investigation into utility response and practices regarding the recent summer storm.

COMMISSION ORDER

By Order issued July 20, 2012, in the wake of a major summer storm event on June 29, 2012, a derecho, and subsequent storms in days thereafter, the Commission initiated this proceeding for the purpose of examining utility preparedness, utility responses, and utility plans for future events. The Order noted that the summer storms caused significant damage to the utility electric infrastructure throughout the State and created widespread and unprecedented outages of water and electricity to West Virginia customers. Furthermore, landline telephone service was impacted because of the lack of electricity and direct damage to telephone lines.

The Commission stated that it intended to ascertain from the utilities their preparedness for such major weather events, their responses, the estimate of cost of repairs and replacements and what steps should be taken to help prevent or ameliorate future outages due to major weather events. The Commission stated that the main focus of this proceeding is not to find fault, but to determine the actual experience in restoring utility service and identify what preparations can be made to lessen the impact of future outages.

Each of the electric utilities operating in the State is a respondent to this proceeding. In addition, the Commission named West Virginia-American Water Company, Beckley Water Company and Frontier Communications as respondents. The Commission directed that copies of this Order be distributed to West Virginia Rural Water Association, West Virginia Small Public Utilities Association and the West Virginia Municipal League. The Commission asked those organizations to coordinate among their membership a response in this proceeding emphasizing any particular problems unique to small utilities. Respondents were required to file an initial report addressing the following matters as well as any other issue considered relevant by the respondent:

1. Describe operational plans to deal with outages attributable to major weather events. If plans are in written form, please provide copies.

2. Describe the extent of outages on your system, the damage experienced and an estimate of the cost to restore service.
3. Describe the actions taken in response to the weather related event. If the response protocol is in writing, please provide a copy of that document.
4. Describe the particular problems which delayed repairs.
5. Describe any unforeseen problems that were experienced in restoring service.
6. Provide a restoration of service timeline which shows the approximate number of customers restored over time, including the priorities the utility followed in establishing service.
7. Describe in detail new plans or amendments to existing plans to deal with future major weather related event outages and any estimated increase in expenses.
8. Describe in detail any planned or desired modification to existing infrastructure and estimated costs.
9. Describe your vegetation control programs and the amount of money spent for such programs for each of the past five years. Provide a copy of your program if available.
10. Describe how third party attachments to electricity poles affects potential damage and how third parties pay a share of the replacement of poles.
11. Describe the extent of damage attributed to electric utility lines attached to third party poles and the responsiveness of the owners of those poles in replacing them as part of the service restoration process.

Petitions to intervene

On July 26, 2012, the Commission Consumer Advocate Division (CAD) petitioned to intervene in order to represent the interests of residential utility customers.

On August 6, 2012, SWVA, Inc. (SWVA) filed a petition to intervene stating SWVA owns a steel production facility located in Huntington, West Virginia. Among other equipment, SWVA utilizes an electric arc furnace to melt and recycle scrap steel.

SWVA purchases very large quantities of electricity and, therefore, the above-captioned proceeding could have a significant impact on SWVA.

On August 31, 2012, Bill Howley filed a petition to intervene. He stated that he is a consumer and producer of electricity because he has a 1.38 kW capacity photovoltaic system with forty-eight volt battery backup that is interconnected with Mon Power's distribution system. He stated that following the 2012 summer storm, Mon Power did not provide him with electricity for thirteen days. Mr. Howley used his photovoltaic system and a gas generator during the blackout and did not suffer any harm or loss. He wishes to provide a perspective on system reliability and technological solutions that cannot be provided by utilities. He stated that his perspective as a small scale power producer with integrated backup power storage may provide the Commission with valuable information about innovative solutions to a blackout.

Utility Reports

On August 20, 2012, most of the respondents filed their initial reports responsive to the Commission Order issued on July 20, 2012. Three respondents did not file a report: the City of Philippi; West Virginia Rural Water Association and West Virginia Municipal League.

Staff Memorandum

On August 24, 2012, Staff filed an initial memorandum stating it was reviewing the utility reports. Staff stated that it is interested in the customers' perceptions regarding the utility's preparedness, and recommended that the Commission schedule public comment hearings throughout the State. At the public comment hearings, customers should have the opportunity to express concerns and/or appreciation of what the utilities did right. Staff requested that the Commission provide Staff with sixty days after the date of the last public comment hearing to file a further Staff recommendation.

DISCUSSION

As noted in the Order initiating this investigation, the primary purpose of this proceeding as outlined in the ten questions posed in the July 20, 2012 Order is to determine the actual experience of the utilities in restoring utility service and to identify what preparations can be made to lessen the impact of future outages. To further its understanding of those subjects, the Commission will next conduct a public meeting at which each respondent will present its report to the Commission and answer questions from the Staff, the intervenors and the Commission. Like Staff, the Commission is interested in customers' perceptions of the utilities' responses following the storms and the Commission has read the written comments from customers. The Commission is well aware of the large number of customers, over 500,000 in the State, who suffered outages during extreme high temperatures and for long durations. The Commission knows that customers suffered hardships because of the outages. To enable the public to

conveniently observe the public meeting and the utilities' presentations and explanations, the meeting will be both recorded by a court reporter and broadcast live over the Commission's internet website found at <http://www.psc.state.wv.us/webcast/default.htm>. Members of the public may also choose to sit in the audience and observe the public meeting at the Commission offices in Charleston. Following the public meeting, the Commission will address whether to schedule public comment hearings around the State.

Turning to the petitions to intervene, the Commission finds that the CAD and SWVA have stated a legal interest in this proceeding and the Commission will grant their petitions under Rule 12.6 of the Commission Rules of Practice and Procedure 150 C.S.R. 1. To the extent that SWVA or any other person or entity seeks intervenor status because of future cost recovery concerns, the Commission notes that although the utilities were to include in their reports estimates of the cost of repairs and replacements resulting from the summer storms and estimates of increases in expenses from future preparedness plans, the reports do not include, and the Commission will not address in this case, any utility requests to recover costs through customer rate increases or any other funding source. Accordingly, the CAD and SWVA interventions will be limited to issues that fall within the scope of the investigation.

The Commission has considered Mr. Howley's petition to intervene and finds that it addresses matters that are outside the scope of this Commission investigation. This investigation is limited to information directly relating to the eleven questions listed in the July 20, 2012 Commission Order, which do not include the subjects addressed by Mr. Howley. Accordingly, Mr. Howley's petition to intervene will be denied.

The Commission is aware that the City of Philippi, West Virginia Rural Water Association and West Virginia Municipal League did not file responses to the Commission July 20, 2012, Order. Nor did these respondents provide any explanation for the failure to file. The Commission will grant these respondents ten days from the date of this Order to file their responses.

FINDINGS OF FACT

1. Following the summer storms described in this Order, over 500,000 utility customers in the State suffered outages during extreme high temperatures and for long durations resulting in great hardship.
2. There are three pending petitions to intervene filed by CAD, SWVA and Bill Howley.
3. On August 20, 2012, most of the respondents filed their initial reports responsive to the Commission Order issued on July 20, 2012.
4. Three respondents did not file a report: the City of Philippi; West Virginia Rural Water Association and West Virginia Municipal League.

CONCLUSIONS OF LAW

1. The primary purpose of this proceeding, as outlined in the eleven questions posed in the July 20, 2012 Order, is to determine the actual experience of the utilities in restoring utility service and to identify what preparations can be made to lessen the impact of future outages.

2. To further its understanding of those subjects, it is reasonable to conduct a public meeting at which each respondent will present its report to the Commission and answer questions from the Staff, intervenors and the Commission.

3. The customers' perceptions of the utility responses following the storms are relevant to this investigation and the Commission has read the written customer comments.

4. It is appropriate to address whether to schedule public comment hearings following the public meeting scheduled in this Order which will be recorded by a court reporter and broadcast live over the Commission internet website <http://www.psc.state.wv.us/webcast/default.htm>.

5. The CAD and SWVA have stated legal interests in this proceeding and the Commission will grant them intervenor status limited to the issues that fall within the scope of the investigation.

6. Utility requests to recover outage restoration costs through customer rate increases or any other funding source would be outside the scope of this investigation.

7. Mr. Howley's petition to intervene addresses matters that are outside the scope of this Commission investigation which is limited to information directly relating to the eleven questions listed in the July 20, 2012 Commission Order. Accordingly, Mr. Howley's petition to intervene should be denied.

8. The Commission will allow the City of Philippi, West Virginia Rural Water Association and West Virginia Municipal League, with additional time to file their reports responsive to the July 20, 2012 Commission Order.

ORDER

IT IS THEREFORE ORDERED that within ten days of the date of this Order, the City of Philippi, West Virginia Rural Water Association and West Virginia Municipal League file responses as required by the July 20, 2012 Commission Order.

IT IS FURTHER ORDERED that the petitions to intervene filed by CAD and SWVA are granted.

IT IS FURTHER ORDERED that the petition to intervene filed by Mr. Howley is denied.

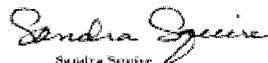
IT IS FURTHER ORDERED that the Commission will hold a public meeting in this investigation at 9:30 a.m. on Monday, October 22, 2012 in the Howard M. Cunningham Hearing Room, Commission offices, 201 Brooks Street, Charleston, West Virginia.

IT IS FURTHER ORDERED that the respondents attend the public meeting to present their reports in this investigation and answer questions from the Commission, Staff and the intervenors.

IT IS FURTHER ORDERED that the Commission Executive Secretary publish the Notice of Public Meeting attached to this Order as Attachment A one time in a newspaper of statewide circulation.

IT IS FURTHER ORDERED that the Executive Secretary of the Commission serve a copy of this Order by electronic service on all parties of record who have filed an e-service agreement, by United States First Class Mail on all parties of record who have not filed an e-service agreement, and on Staff by hand delivery.

A True Copy, Teste:


Sandra Squire
Executive Secretary

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**PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON**

CASE NO. 12-0993-E-T-W-GI

Investigation into utility response and practices regarding the recent summer storm.

NOTICE OF PUBLIC MEETING

Following the public utility outages resulting from the derecho and summer storms of late June and early July 2012, the Public Service Commission initiated this investigation on July 20, 2012 for the purpose of examining utility preparedness, utility responses, and utility plans for future weather related events. The Commission required all of the electric utilities in the State, certain water utilities and associations, and Frontier Communications, a telephone utility, to file reports responding to eleven specific questions.

The Commission has also received written public comments in this case.

The Commission will hold a public meeting at 9:30 a.m. on Monday, October 22, 2012, at the Commission offices, 201 Brooks Street, Charleston, West Virginia, at which time the utilities will present their reports filed on August 20, 2012, and answer questions from the Commission, Commission Staff, and the intervenors to this investigation SWVA, Inc. and the Commission Consumer Advocate Division. The meeting is not a public comment hearing and the Commission will not hear comments from persons or entities that are not parties to this investigation. After the public meeting, the Commission will determine whether to conduct public comment hearings.

Members of the public may review the filed reports on the Commission web docket by typing the case number into the web docket search engine on the webpage <http://www.psc.state.wv.us/WebDocket/default.htm> or by making a request of the Commission Executive Secretary, P.O. Box 201 Brooks Street, Charleston, WV 25301. Members of the public may also observe the public meeting via live broadcast over the Commission website <http://www.psc.state.wv.us/webcast/default.htm>. Instructions on how to view public proceedings are provided on that web page. The Commission will continue to receive written public comments in this case at the above mailing address.