

NOTICE TO THE PUBLIC OF AN APPLICATION BY AQUA
VIRGINIA, INC., FOR AN INCREASE IN RATES
CASE NO. PUR-2017-00082

- **Aqua Virginia, Inc., has applied for approval to increase its water and sewer rates to produce an increase in water revenues of \$1,488,998 and in wastewater revenues of \$399,069.**
- **A Hearing Examiner appointed by the Commission will hear the case on April 24, 2018, at 10 a.m.**
- **Further information about this case is available on the SCC website at: <http://www.scc.virginia.gov/case>.**

On August 1, 2017, Aqua Virginia, Inc. (“Aqua Virginia” or “Company”), filed an application with the State Corporation Commission (“Commission”) for an increase in water and sewer rates (“Application”). Aqua Virginia filed the Application pursuant to Chapter 10 of Title 56 of the Code of Virginia (“Code”) and the Commission’s Rules Governing Utility Rate Applications and Annual Informational Filings.

The Company requests authority to increase rates for water and sewer service to produce an increase in water revenues of \$1,488,998 and in wastewater revenues of \$399,069. According to Aqua Virginia, the proposed rate increase would constitute an 11.0% increase in the Company’s water revenues and a 5.4% increase in wastewater revenues. The Company asserts that a capital structure consisting of 49.95% long-term debt and 50.05% common equity and an authorized return on equity capital of 10.60% are appropriate for ratemaking in this proceeding.

In addition to the revenue increases, the Company requests authorization to make changes to the Rules and Regulations of its tariff. These changes include: (1) a new section regarding controls on substances disposed of into the wastewater system; and (2) elimination of sewer volumetric allowances for portable handheld irrigation deduction meters.

Through its Application, Aqua Virginia also seeks to combine two of the water rate groups and create one new



water rate group and one new wastewater rate group for several of the recently-acquired systems, while reducing the differences between the Company's rate groups to continue the approved progress toward uniform consolidated rates for water and sewer service in accordance with the Commission's policy of gradualism in adjustment of rates.

Proposed Water Rates and Charges

Proposed Monthly Water Base Facility Charge for Metered Accounts in Groups W0-W2 (Residential and Non-Residential)

Meter Size	W0	W1	W2
Less than 1 inch	\$12.21	\$18.79	\$18.79
1 inch	\$27.75	\$42.69	\$42.69
1 ½ inch	\$55.50	\$85.39	\$85.39
2 inch	\$88.80	\$136.62	\$136.62
3 inch	\$177.61	\$273.24	\$273.24
4 inch	\$277.51	\$426.94	\$426.94
6 inch	\$555.02	\$853.87	\$853.87

Proposed Gallonage Charge for Metered Accounts in Groups W0-W2 per 1,000 gallons used for all meter sizes (Residential and Non-Residential)

W0	W1	W2
\$5.86	\$6.55	\$7.92

Proposed Flat Rate for Water Service for Unmetered Accounts

	W0	W1-W2
Residential	\$39.77	\$46.35
Non-Residential	\$146.91	\$161.85
Captain's Cove Marina	n/a	\$1,159.67

Proposed Private Fire Service Fees

Connection Size	Monthly Minimum Charge
1 inch	\$9.34
1 ½ inch	\$18.68
2 inch	\$29.88
3 inch	\$59.77
4 inch	\$93.39
6 inch	\$186.77

Proposed Wastewater Rates and Charges

Proposed Monthly Wastewater Base Facility Charge for Metered Accounts in Groups S0-S2 (Residential and Non-Residential)

	Residential, S0-S2
All Meter Sizes	\$32.18

Meter Size	Non-Residential, S0-S2
Less than 1 inch	\$32.18
1 inch	\$73.14
1 ½ inch	\$146.28
2 inch	\$234.04
3 inch	\$468.08
4 inch	\$731.38
6 inch	\$1,462.75

Proposed Gallonage Charge for Metered Accounts in Groups S0-S2 per 1,000 gallons used (Residential and Non-Residential)

	S0	S1	S2
Residential*	\$11.03	\$13.98	\$15.96
Non-Residential	\$13.24	\$16.78	\$19.15

* Monthly residential usage charges are limited to 6,000 gallons.

Proposed Flat Rate for Wastewater Service for Unmetered Accounts

	S0-S2
Residential	\$79.69
Non-Residential	\$313.83
Captain's Cove Marina	\$1,718.04

Additionally, Aqua Virginia seeks authorization to implement a water and wastewater infrastructure service charge ("WWISC"). The Company asserts it has made substantial investments in water and wastewater infrastructure in the Commonwealth, including significant efforts to replace mains and other aging infrastructure that have reached the end of their useful lives. The Company explains that to achieve its goal of a 100-year replacement rate on aging infrastructure, it will be required to request even larger and more frequent base rate increases. The Company requests the WWISC to plan for and recover capital investments on a timely basis. Aqua Virginia asserts that the WWISC would ensure that the Commission continues to exercise



the same or a greater level of review of such investments and their incorporation into rates, but through a streamlined and focused process, leading to smaller and more gradual increases in rates. The Company asks that the Commission approve the proposed WWISC to be effective February 1, 2019, following the close of the rate year used in this Application. Aqua Virginia asserts that no investments that are incorporated into the Company's proposed base rate increase in this proceeding would be included in the proposed WWISC.

Interested persons are encouraged to review the Application and supporting documents for the details of these and other proposals. While the total revenue that may be approved by the Commission is limited to the amount produced by the Company's proposed rates, TAKE NOTICE that the Commission may approve revenues and adopt rates, fees, charges, tariff revisions, and terms and conditions of service that differ from those appearing in the Application and supporting documents and may apportion revenues among customer classes and/or design rates in a manner differing from that shown in the Application and supporting documents.

The Commission has suspended Aqua Virginia's proposed rates, charges, and terms and conditions of service, pursuant to § 56-238 of the Code. The Company may, but is not obligated to, implement proposed rates, charges, and terms and conditions for service rendered on and after February 10, 2018, on an interim basis, subject to refund with interest.

The Commission entered an Order for Notice and Hearing that, among other things, scheduled a public hearing to commence at 10 a.m. on April 24, 2018, in the Commission's Second Floor Courtroom, Tyler Building, 1300 East Main Street, Richmond, Virginia 23219, for the purpose of receiving comments from members of the public and evidence related to the Application. Any person desiring to make a statement at the public hearing need only appear in the Commission's Second Floor Courtroom prior to 9:45 a.m. on the day of the hearing and identify himself or herself to the Commission's Bailiff.

Copies of the Application and the Commission's Order for Notice and Hearing may be obtained by submitting a written request to counsel for the Company, John K. Byrum, Jr., Esquire, Woods Rogers PLC, Riverfront Plaza, West Tower, 901 East Byrd Street, Suite 1550, Richmond, Virginia 23219. If acceptable to the requesting party, the Company may provide the documents by

electronic means. Copies of these documents also shall be available for interested persons to review in the Commission's Document Control Center, located on the First Floor of the Tyler Building, 1300 East Main Street, Richmond, Virginia 23219, between the hours of 8:15 a.m. and 5 p.m., Monday through Friday, excluding holidays. Interested persons also may download unofficial copies from the Commission's website: <http://www.scc.virginia.gov/case>.

Any interested person may participate as a respondent in this proceeding by filing, on or before January 16, 2018, a notice of participation. If not filed electronically, an original and fifteen (15) copies of the notice of participation shall be submitted to Joel H. Peck, Clerk, State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218-2118. Anyone filing a notice of participation simultaneously shall serve a copy of the notice of participation on counsel to the Company at the address set forth above. Pursuant to Rule 5 VAC 5-20-80 B, *Participation as a respondent*, of the Commission's Rules of Practice and Procedure, 5 VAC 5-20-10 *et seq.* ("Rules of Practice"), any notice of participation shall set forth: (i) a precise statement of the interest of the respondent; (ii) a statement of the specific action sought to the extent then known; and (iii) the factual and legal basis for the action. Interested persons shall refer in all of their filed papers to Case No. PUR-2017-00082.

On or before February 13, 2018, each respondent may file with the Clerk of the Commission and serve on the Staff, the Company, and all other respondents, any testimony and exhibits by which the respondent expects to establish its case. If not filed electronically, an original and fifteen (15) copies of such testimony and exhibits shall be submitted to the Clerk of the Commission at the address set forth above. In all filings, the respondent shall comply with the Commission's Rules of Practice, including 5 VAC 5-20-140, *Filing and service*, 5 VAC 5-20-150, *Copies and format*, and 5 VAC 5-20-240, *Prepared testimony and exhibits*. All filings shall refer to Case No. PUR-2017-00082.

On or before April 17, 2018, any interested person may file written comments on the Application with the Clerk of the Commission at the address set forth above. On or before April 17, 2018, any interested person desiring to submit comments electronically may do so by following the instructions found on the Commission's website: <http://www.scc.virginia.gov/case>. All correspondence shall refer to Case No. PUR-2017-00082.



The Commission's Rules of Practice may be viewed at:
<http://www.scc.virginia.gov/case>. A printed copy of the Rules of
Practice may be obtained from Joel H. Peck, Clerk, State
Corporation Commission, c/o Document Control Center, P.O.
Box 2118, Richmond, Virginia 23218-2118.

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