

NOTICE TO THE PUBLIC OF AN APPLICATION BY
AQUA VIRGINIA, INC.
FOR APPROVAL OF A WATER AND WASTEWATER INFRASTRUCTURE SERVICE CHARGE PLAN AND FOR
AUTHORITY TO IMPLEMENT WATER AND WASTEWATER WWISC RIDERS
CASE NO. PUR-2022-00113

- Aqua Virginia Inc. has applied for approval of Water and Wastewater Infrastructure Service Charge ("WWISC") Plan and For Authority to Implement Water and Wastewater WWISC Riders.
- Aqua Virginia seeks to recover a revenue requirement of approximately \$411,000 via the proposed WWISC Water Rider associated with approximately \$6,185,000 in WWISC-eligible water main replacement projects.
- Aqua Virginia further seeks to recover approximately \$148,000 in revenues via the proposed Wastewater WWISC Rider associated with approximately \$1,490,000 in WWISC-eligible wastewater projects.
- A Hearing Examiner appointed by the Commission will hold a telephonic hearing in this case on January 25, 2023, at 10 a.m., for the receipt of public witness testimony.
- The Hearing Examiner will hold an evidentiary hearing in this case on January 25, 2023, at 10 a.m., immediately following the public witness hearing, in the Commission's second floor courtroom located in the Tyler Building, 1300 East Main Street, Richmond, Virginia 23219.
- Further information about this case is available on the State Corporation Commission's website at: scc.virginia.gov/case.

On August 15, 2022, Aqua Virginia, Inc. ("Aqua Virginia" or "Company") completed the filing of an application ("Application") with the State Corporation Commission ("Commission") for approval of a water and wastewater infrastructure service charge plan ("WWISC Plan" or "Plan"), and for authority to implement water and wastewater WWISC riders ("Water WWISC Rider" and "Wastewater WWISC Rider;" collectively, "Riders") recovering costs of approved infrastructure replacement in a program substantively identical to the WWISC pilot program authorized by the Final Order entered October 19, 2018 in Case No. PUR-2017-00082 and the WWISC authorized in Case No. PUR-2019-00209.

Through the Application, Aqua Virginia seeks approval for:

1. Recovery of a revenue requirement of approximately \$411,000 via the proposed Water WWISC Rider associated with approximately \$6,185,000 in WWISC-eligible water main replacement projects;
2. Recovery of approximately \$148,000 in revenues via the proposed Wastewater WWISC Rider associated with approximately \$1,490,000 in WWISC-eligible wastewater infiltration and inflow ("I&I") projects;
3. Aqua Virginia proposes a volumetric charge of \$0.3910 per 1,000 gallons of water used and \$0.5205 per 1,000 gallons of wastewater billed, to be applied across all customer classes and all bills rendered with an ending read date equal to or greater than the effective date of the Company's proposed WWISC tariff. The true-up component of the proposed Riders is zero; and
4. Aqua Virginia has requested to add to customer bills, the Company's new Water WWISC and Wastewater WWISC Riders, effective for the period from 120 days after filing of this Application until the filing of the Company's next WWISC proceeding or the effective date of interim base rates in its next base rate case, whichever comes first.

The proposed WWISC projects include six main replacement projects and three wastewater system rehabilitation projects:

- Aqua Virginia's Twin Cedars system. Twin Cedars is a community of approximately 31 homes in Caroline County. This system experiences a main break rate of approximately 224 breaks per 100 miles per year and has a non-revenue water ("NRW") of 26%. The entire system is comprised of two-inch PVC mains. The proposed main replacement project will replace approximately 2,400 feet at a total project cost of \$280,000.
- Aqua Virginia's Callao system. Callao serves a community of 134 homes in Northumberland County. The system experiences a main break rate of approximately 47 breaks per 100 miles per year. Of the 2.8 miles of distribution mains in the system, approximately 4% are asbestos cement and 46% are cast iron. The remaining distribution mains are PVC. The replacement of the asbestos cement and cast-iron mains requires approximately 8,570 feet of new mains and is estimated to cost \$895,000.
- Aqua Virginia's White Stone system. White Stone is a town with approximately 276 connections in Lancaster County. The system experiences a main break rate of approximately 22 breaks per 100 miles per year and has a NRW of 31%. Of the six miles of distribution mains in the system, approximately 14% are asbestos cement and 35% are cast iron. The remaining distribution mains are PVC. The replacement of the asbestos cement and cast iron mains requires approximately 21,000 feet of new mains and is estimated to cost \$2,135,000.
- Aqua Virginia's Foxwells system. Foxwells is a community of approximately 69 homes in Lancaster County. The system experiences a main break rate of approximately 71 breaks per 100 miles per year and has a

NRW of 36%. Of the 3.3 miles of distribution mains in the system, approximately 54% are steel. The remaining distribution mains are PVC. The replacement of the steel mains requires approximately 8,030 feet of new mains and is estimated to cost \$760,000.

- Aqua Virginia's Pelham Manor system. Pelham Manor is a community of approximately 71 homes in Culpeper County. The primary driver for this project is the main break rate of approximately 235 breaks per 100 miles per year. The project requires the replacement of approximately 8,350 feet of mains and is estimated to cost \$980,000.
- Aqua Virginia's Lively system. Lively is a town with approximately 145 connections in Lancaster County. The system experiences a main break rate of approximately 38 breaks per 100 miles per year and has a NRW of 39%. Of the 3.5 miles of distribution mains in this system, approximately 52% are cast iron. The remaining mains are PVC. The replacement of the cast iron mains requires approximately 10,530 feet of new mains and is estimated to cost \$1,135,000.
- Aqua Virginia's Lake Holiday wastewater system. Lake Holiday serves 976 customers in Frederick County. As of December 2021, the percent I&I over the prior 12 months was approximately 18% and the peak day peaking factor was 4.9. While the percent I&I is within the desired range, the peak day peaking factor presents major challenges to operations and compliance. Peak day flows of this magnitude can overwhelm the capacity of both the collection system and the treatment facility. The proposed I&I projects will rehabilitate approximately 22,307 linear feet at a total projected cost of \$500,000.
- Aqua Virginia's Lake Monticello wastewater system. Lake Monticello serves 4,921 customers in Fluvanna County. As of December 2021, the percent I&I over the prior 12 months was 24% and the peak day peaking factor was 2.4. The proposed I&I projects will rehabilitate approximately 13,430 linear feet at a total projected cost of \$750,000.
- Aqua Virginia's Lake Land'Or wastewater system. Lake Land'Or serves 875 customers in Caroline County. As of December 2021, the percent I&I over the prior 12 months was approximately 38% and the peak day peaking factor was 2.8. The proposed I&I projects will rehabilitate approximately 7,855 linear feet at a total projected cost of \$240,000.

If the Commission approves the proposed Riders, the monthly residential bill for an Aqua Virginia water customer using 4,000 gallons per month would increase, on average: for water service, by about 3.15% or \$1.56 and for wastewater service, by about 3.49% or \$2.08. The Company will calculate the WWISC Rider as follows:

1. The Company will determine the eligible infrastructure replacement costs by rate schedule as defined below for the period the WWISC rider will apply.
2. The Company will estimate the water and wastewater sales by rate schedule for that period.
3. The Company will divide the eligible infrastructure replacement costs by the estimated water and wastewater sales to arrive at the WWISC Rider that shall be allocated in conformance with the revenue allocation approved by the Commission in Case No. PUR-2020-00106 by rate schedule.

Interested persons are encouraged to review the Application and supporting documents for the details of these and other proposals.

TAKE NOTICE that the Commission may apportion revenues among customer classes and/or design rates in a manner differing from that shown in the Application and supporting documents and thus may adopt rates that differ from those appearing in the Company's Application and supporting documents.

Per the Company's request for interim rates, the Commission granted the Company authority to begin charging customers for its proposed WWISC Riders on an interim basis and subject to refund and interest for billings made on or after December 13, 2022, and has done so with express notice that the Commission may adjust such WWISC rates based on the final outcome of these proceedings.

The Commission entered an Order for Notice and Hearing in this proceeding that, among other things, scheduled public hearings on the Company's Application. On January 25, 2023, the Commission will hold a telephonic hearing, with no witness present in the Commission's courtroom, for the purpose of receiving the testimony of public witnesses. On or before January 18, 2023, any person desiring to offer testimony as a public witness shall provide to the Commission (a) your name, and (b) the telephone number that you wish the Commission to call during the hearing to receive your testimony. This information may be provided to the Commission in three ways: (i) by filling out a form on the Commission's website at scc.virginia.gov/pages/Webcasting; (ii) by completing and emailing the PDF version of this form to SCCInfo@scc.virginia.gov; or (iii) by calling (804) 371-9141. This public witness hearing will be webcast at scc.virginia.gov/pages/Webcasting.

On January 25, 2023, in the Commission's second floor courtroom located in the Tyler Building, 1300 East Main Street, Richmond, Virginia 23219, the Hearing Examiner will convene a hearing at 10:00 a.m., immediately following the public

witness hearing, to receive testimony and evidence related to the Application from Aqua Virginia, any respondents, and the Commission's Staff.

The Commission has taken judicial notice of the ongoing public health issues related to the spread of the coronavirus, or COVID-19. In accordance therewith, all pleadings, briefs, or other documents required to be served in this matter should be submitted electronically to the extent authorized by 5 VAC 5-20-150, *Copies and format*, of the Commission's Rules of Practice and Procedure ("Rules of Practice"), 5 VAC 5-20-10 *et seq.* Confidential and Extraordinarily Sensitive Information shall not be submitted electronically and should comply with 5 VAC 5-20-170, *Confidential information*, of the Rules of Practice. Any person seeking to hand deliver and physically file or submit any pleading or other document shall contact the Clerk's Office Document Control Center at (804) 371-9838 to arrange the delivery.

Pursuant to 5 VAC 5-20-140, *Filing and service*, of the Commission's Rules of Practice, the Commission has directed that service on parties and the Commission's Staff in this matter shall be accomplished by electronic means. Please refer to the Commission's Order for Notice and Hearing for further instructions concerning Confidential or Extraordinarily Sensitive Information.

An electronic copy of the public version of the Company's Application may be obtained by submitting a written request to counsel for the Company, John K. Byrum, Esquire, Woods Rogers Vandeventer Black, Riverfront Plaza, West Tower, 901 East Byrd Street, Suite 1550, Richmond, Virginia 23219, (804) 343-5027, jbyrum@woodsrogers.com. Interested persons may also download unofficial copies of the Company's Application from the Commission's website: scc.virginia.gov/pages/Case-Information.

On or before January 18, 2023, any interested person may submit comments on the Application by following the instructions found on the Commission's website: scc.virginia.gov/casecomments/Submit-Public-Comments. Those unable, as a practical matter, to submit comments electronically may file such comments by U.S. mail with the Clerk of the State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218-2118. All comments shall refer to Case No. PUR-2022-00113.

On or before October 28, 2022, any person or entity wishing to participate as a respondent in this proceeding may do so by filing a notice of participation with the Clerk of the Commission at: scc.virginia.gov/c1k/efiling. Those unable, as a practical matter, to file a notice of participation electronically may file such notice by U.S. mail to the Clerk of the Commission at the address listed above. Such notice of participation shall include the email addresses of such parties or their counsel. The respondent simultaneously shall serve a copy of the notice of participation on counsel to the Company. Pursuant to Rule 5 VAC 5-20-80 B, *Participation as a respondent*, of the Commission's 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. Any organization, corporation, or government body participating as a respondent must be represented by counsel as required by Rule 5 VAC 5-20-30, *Counsel*, of the Rules of Practice. All filings shall refer to Case No. PUR-2022-00113.

On or before November 30, 2022, each respondent may file with the Clerk of the Commission, at scc.virginia.gov/clk/efiling, any testimony and exhibits by which the respondent expects to establish its case. Any respondent unable, as a practical matter, to file testimony and exhibits electronically may file such by U.S. mail to the Clerk of the Commission at the address listed above. Each witness's testimony shall include a summary not to exceed one page. All testimony and exhibits shall be served on the Company, Staff, and all other respondents. In all filings, respondents shall comply with the Commission's Rules of Practice, as modified herein, including, but not limited to: 5 VAC 5-20-140, *Filing and service*; and 5 VAC 5-20-240, *Prepared testimony and exhibits*. All filings shall refer to Case No. PUR-2022-00113.

Any documents filed in paper form with the Office of the Clerk of the Commission in this docket may use both sides of the paper. In all other respects, except as modified by the Commission's Order for Notice and Hearing, all filings shall comply fully with the requirements of 5 VAC 5-20-150, *Copies and format*, of the Rules of Practice. The Company's Application, the Commission's Rules of Practice, the Commission's Order for Notice and Hearing, and other documents filed in the case may be viewed at: scc.virginia.gov/pages/Case-Information.

