

COMMONWEALTH OF VIRGINIA  
STATE CORPORATION COMMISSION  
AT RICHMOND, JANUARY 30, 2019

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APPLICATION OF

VIRGINIA-AMERICAN WATER COMPANY

CASE NO. PUR-2018-00175

For a general increase in rates

ORDER FOR NOTICE AND HEARING

On November 2, 2018, Virginia-American Water Company ("Virginia-American" or "Company") filed with the State Corporation Commission ("Commission") an application for a general increase in rates, together with testimonies and exhibits, and certain schedules filed under seal pursuant to 5 VAC 5-20-170 of the Commission's Rules of Practice and Procedure ("Rules of Practice")<sup>1</sup> ("Application").<sup>2</sup> The Company filed its Application pursuant to Chapter 10 of Title 56 of the Code of Virginia ("Code")<sup>3</sup> and the Commission's Rules Governing Utility Rate Applications and Annual Informational Filings.<sup>4</sup> Virginia-American also filed a Motion for Protective Ruling in accordance with 5 VAC 5-20-170 of the Commission's Rules of Practice.

The Company requests authority to increase its rates to produce additional annual jurisdictional sales revenues of \$5.6 million, or a 10.67% increase over present pro forma

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<sup>1</sup> 5 VAC 5-20-10 *et seq.*

<sup>2</sup> Virginia-American filed a revised Schedule 42 on December 3, 2018, filed updates to Schedules 41, 42, and 43 on January 8, 2019, and filed updates to Schedules 9, 11, 12, 14, 16, 17, 18, 19, 21, 22, 24, 25, 27, 28, 36, 40, 41, 42, and 43 on January 14, 2019.

<sup>3</sup> Code § 56-232 *et seq.*

<sup>4</sup> 20 VAC 5-201-10 *et seq.*

revenues.<sup>5</sup> Virginia-American states that this increase includes an annual water service rate increase of \$6,024,348, or 14.48%, and a wastewater service rate decrease of \$409,739, or 3.73%.<sup>6</sup> The Company indicates that this rate request is based on a 10.8% proposed return on equity.<sup>7</sup>

Virginia-American asserts that, consistent with the requirements of Code § 56-235.11, the Company is proposing consolidated tariff pricing ("CTP") in its Application for its water service rates.<sup>8</sup> Virginia-American states that implementation of CTP will benefit its customers by promoting long-term rate stability, improving the affordability of water service for all customers, supporting implementation of investments to improve water quality, supporting investment in smaller water systems throughout the Commonwealth, promoting economic development, and lowering administrative and regulatory costs.<sup>9</sup> The Company proposes that full equalization of CTP cost-based rates take place over a three-year period beginning on May 1, 2019, the effective date of interim rates in this proceeding.<sup>10</sup> The Company asserts that the subsequent annual rate changes associated with the transition to CTP will be revenue-neutral and requests that the Commission notice and approve the Company's full implementation of the proposed CTP and

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<sup>5</sup> Updated Schedules filed on January 14, 2019.

<sup>6</sup> *Id.*

<sup>7</sup> *Id.*

<sup>8</sup> *Id.* at 3.

<sup>9</sup> *Id.*

<sup>10</sup> *Id.* Virginia-American states that the next two rate changes will take place each year thereafter, reaching fully consolidated rates on May 1, 2021, which the Company asserts provides a reasonable, gradual transition from current rates to CTP rates. *Id.* at 3-4.

authorize the Company to implement the proposed CTP over the three-year period without any additional approval from the Commission after a final order in this proceeding.

Virginia-American states that, in its most recent rate case,<sup>11</sup> the Commission approved the Company's water and wastewater infrastructure service charge ("WWISC") as a pilot program in the Alexandria District to further the acceleration of infrastructure renewal.<sup>12</sup> Virginia-American represents that, under the WWISC pilot, the Company will have replaced 4.3 miles of infrastructure as of December 31, 2018.<sup>13</sup> Virginia-American requests that the Commission remove the pilot designation and permit the Company to expand the WWISC to include its Hopewell, Prince William Water and Wastewater, and Eastern Districts.<sup>14</sup> The Company indicates that it is making this request due to the success of the WWISC pilot program, and that the request is consistent with Code § 56-235.11 and the Company's proposal for CTP.<sup>15</sup> Virginia-American requests approval to expand the WWISC to its entire system beginning on May 1, 2020, following the conclusion of the rate year in this proceeding.<sup>16</sup> The Company represents that it will seek Commission approval of the investment to be included in the WWISC Rider and an associated rate through a separate application.<sup>17</sup>

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<sup>11</sup> *Application of Virginia-American Water Company, For a general increase in rates*, Case No. PUE-2015-00097, 2017 Ann. Rept. 288, Final Order (May 24, 2017).

<sup>12</sup> Application at 4.

<sup>13</sup> *Id.*

<sup>14</sup> *Id.* at 5.

<sup>15</sup> *Id.* at 4-5.

<sup>16</sup> *Id.* at 5.

<sup>17</sup> *Id.*

Virginia-American states that the Commission approved its current WWISC Rider to include WWISC-eligible investment from April 1, 2017, through December 31, 2018, and effective for service rendered on and after March 1, 2018.<sup>18</sup> The Company indicates that its proposed WWISC tariff provides that the Company will reset the WWISC Rider to zero when new base rates are implemented by rolling the WWISC investment into base rates.<sup>19</sup>

Accordingly, Virginia-American represents that the current WWISC will end once the Company implements its interim rates that it proposes to be effective for service rendered on and after May 1, 2019.<sup>20</sup>

The Company states that the Commission issued an order on January 8, 2018 ("Tax Order")<sup>21</sup> that directed Virginia-American, as a utility subject to the Tax Cuts and Jobs Act of 2017 ("TCJA"), to "accrue regulatory liabilities reflecting the Virginia jurisdictional revenue requirement impacts of the reduced corporate income tax rate." The Company indicates that the Tax Order also required Virginia-American to provide certain information related to the impacts of the TCJA on its cost of service.<sup>22</sup> Virginia-American asserts that it has incorporated the information required by the Tax Order in its testimony and schedules supporting its Application in this proceeding.<sup>23</sup>

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<sup>18</sup> *Id.* See *Application of Virginia-American Water Company, For approval to implement a Water and Wastewater Infrastructure Service Charge Plan and Rider*, Case No. PUR-2017-00149, Doc. Con. Cen. No. 180320061, Order Approving WWISC Plan and Rider (Mar. 13, 2018).

<sup>19</sup> Application at 5.

<sup>20</sup> *Id.*

<sup>21</sup> See *Commonwealth of Virginia, ex rel. State Corporation Commission, Ex Parte: Regulatory Accounting related to the federal Tax Cuts and Jobs Act of 2017*, Case No. PUR-2018-00005, Doc. Con. Cen. No. 180110073, Order (Jan. 8, 2018).

<sup>22</sup> Application at 6.

<sup>23</sup> *Id.*

The Company states that it believes it is appropriate to remove piping that has lead from both the Company-owned portion of the lead service lines ("LSL") and the customer-owned portions of the LSLs.<sup>24</sup> Virginia-American proposes full replacement of the LSLs, rather than partial replacement, where possible, in conjunction with main replacement.<sup>25</sup> The Company asserts that customer-owned LSL replacement costs are includable in the Company's rate base for ratemaking purposes.<sup>26</sup>

On October 24, 2018, the Company filed the Motion of Virginia-American Water Company for Waiver of Requirement to File Annual Informational Filing ("Waiver Motion"). In its Waiver Motion, the Company requested that the Commission waive the requirement that the Company file an Annual Informational Filing for the test year ended June 30, 2018, as the Company intended to use the same test year for its Application in this proceeding. The Company represented that the Commission's Staff ("Staff") does not oppose the Waiver Motion.

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds that this matter should be docketed; Virginia-American should provide public notice of its Application; a public hearing should be scheduled for the purpose of receiving testimony and evidence on the Application; interested persons should have an opportunity to file comments on the Application or participate as a respondent in this proceeding; and the Staff should be directed to investigate the Application and file testimony and exhibits containing its findings and recommendations thereon. We find that the Company's Waiver Motion should be granted.

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<sup>24</sup> *Id.* at 6-7.

<sup>25</sup> *Id.* at 6.

<sup>26</sup> *Id.* at 7.

We also find that a Hearing Examiner should be assigned to conduct all further proceedings in this matter on behalf of the Commission, including filing a final report containing the Hearing Examiner's findings and recommendations.

Pursuant to Code § 56-238, the Commission will direct the Company to provide a bond to ensure prompt refund of any excess rates or charges.

Accordingly, IT IS ORDERED THAT:

(1) As provided by § 12.1-31 of the Code and Rule 5 VAC 5-20-120, *Procedure before Hearing Examiners*, of the Commission's Rules of Practice,<sup>27</sup> a Hearing Examiner is appointed to conduct all further proceedings in this matter on behalf of the Commission.

(2) Virginia-American may place its proposed rates into effect on an interim basis, subject to refund with interest, effective May 1, 2019.

(3) On or before February 19, 2019, Virginia-American shall file a bond with the Commission in the amount of \$5.6 million payable to the Commission and conditioned to ensure the prompt refund by the Company to those entitled thereto of all amounts that the Company shall collect in excess of such rates and charges as the Commission may finally fix and determine.

(4) A public hearing on the Application shall be convened on August 27, 2019, at 10 a.m., in the Commission's second floor courtroom located in the Tyler Building, 1300 East Main Street, Richmond, Virginia 23219, to receive the testimony of public witnesses and the evidence of the Company, any respondents, and the Staff. Any person desiring to offer testimony as a public witness at this hearing should appear in the Commission's courtroom

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<sup>27</sup> 5 VAC 5-20-10 *et seq.*

fifteen (15) minutes prior to the starting time of the hearing and identify himself or herself to the Commission's Bailiff.

(5) The Company shall make copies of the public version of its Application, as well as a copy of this Order for Notice and Hearing, available for public inspection during regular business hours at each of the Company's business offices in the Commonwealth of Virginia. Copies also may be obtained by submitting a written request to counsel for the Company, Timothy E. Biller, Esquire, Hunton Andrews Kurth LLP, Riverfront Plaza, East Tower, 951 East Byrd Street, Richmond, Virginia 23219-4074. If acceptable to the requesting party, the Company may provide the documents by electronic means. Copies of the public version of all 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>.

(6) On or before February 12, 2019, the Company shall cause the following notice to be published as display advertising (not classified) on one occasion in newspapers of general circulation throughout the Company's service territory in Virginia:

NOTICE TO THE PUBLIC OF AN APPLICATION BY  
 VIRGINIA-AMERICAN WATER COMPANY,  
 FOR A GENERAL INCREASE IN RATES  
CASE NO. PUR-2018-00175

- **Virginia-American Water Company ("Virginia-American") has applied for authority for a general increase in rates.**
- **Virginia-American requests an increase to its total revenue requirement of \$5.6 million.**
- **A Hearing Examiner appointed by the Commission will hear the case on August 27, 2019, at 10 a.m.**
- **Further information about this case is available on the State Corporation Commission's website at: <http://www.scc.virginia.gov/case>.**

On November 2, 2018, Virginia-American Water Company ("Virginia-American" or "Company") filed with the State Corporation Commission ("Commission") an application for a general increase in rates, together with testimonies and exhibits, and certain schedules filed under seal pursuant to 5 VAC 5-20-170 of the Commission's Rules of Practice and Procedure ("Rules of Practice") ("Application"). The Company filed its 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. Virginia-American also filed a Motion for Protective Ruling in accordance with 5 VAC 5-20-170 of the Commission's Rules of Practice.

The Company requests authority to increase its rates to produce additional annual jurisdictional sales revenues of \$5.6 million, or a 10.67% increase over present pro forma revenues. Virginia-American states that this increase includes an annual water service rate increase of \$6,024,348, or 14.48%, and a wastewater service rate decrease of \$409,739, or 3.73%. The Company indicates that this rate request is based on a 10.8% proposed return on equity.



The proposed rates for the **Prince William Wastewater District** are as follows:

METERED RATE:

	<u>Gallons Per</u> <u>Month</u>	<u>Rate Per</u> <u>100 Gallons</u>
For the first	2,000	(minimum charge)
For all over	2,000	\$.52000

MINIMUM CHARGE:

No bill will be rendered for less than the minimum charges set forth below:

<u>Size of Meter</u>	<u>Minimum Charge</u> <u>Per Month</u>
5/8 inch	\$ 20.00
3/4 inch	30.00
1 inch	50.00
1 1/2 inch	100.00
2 inch	160.00
3 inch	300.00
4 inch	500.00

UNMETERED PER CONNECTION: \$35.47 Per Month

Virginia-American asserts that, consistent with the requirements of Code § 56-235.11, the Company is proposing consolidated tariff pricing ("CTP") in its Application for its water service rates. Virginia-American states that implementation of CTP will benefit its customers by promoting long-term rate stability, improving the affordability of water service for all customers, supporting implementation of investments to improve water quality, supporting investment in smaller water systems throughout the Commonwealth, promoting economic development, and lowering administrative and regulatory costs. The Company proposes that full equalization of CTP cost-based rates take place over a three-year period beginning on May 1, 2019, the effective date of interim rates in this proceeding. The Company asserts that the subsequent annual rate changes associated with the transition to CTP will be revenue-neutral and requests that the Commission notice and approve the Company's full implementation of the proposed CTP and authorize the Company to implement the proposed CTP over the three-year period without any additional approval from the Commission after a final order in this proceeding.

The proposed rates for Year 1 for the **Alexandria District** are as follows:

RATE YEAR 1:  
RESIDENTIAL

	Gallons Per <u>Month</u>	Rate Per <u>100 Gallons</u>
For the first	2,000	(minimum charge)
For all over	2,000	\$.45247

COMMERCIAL

	Gallons Per <u>Month</u>	Rate Per <u>100 Gallons</u>
For the first	2,000	(minimum charge)
For all over	2,000	\$.26767

INDUSTRIAL

	Gallons Per <u>Month</u>	Rate Per <u>100 Gallons</u>
For the first	7,480,000	\$.39835
For all over	7,480,000	\$.14447

MINIMUM CHARGE:

No bill will be rendered for less than the minimum charges set forth below:

<u>Size of Meter</u>	<u>Minimum Charge</u> <u>Per Month</u>
5/8 inch	\$ 15.00
3/4 inch	22.50
1 inch	37.50
1 1/2 inch	75.00
2 inch	120.00
3 inch	225.00
4 inch	375.00
6 inch	750.00
8 inch	1,200.00

The proposed rates for Year 1 for potable water in the **Hopewell District** are as follows:

RATE YEAR 1:  
RESIDENTIAL

	<u>Gallons Per</u> <u>Month</u>	<u>Rate Per</u> <u>100 Gallons</u>
For the first	2,000	(minimum charge)
For all over	2,000	\$.88189

COMMERCIAL

	<u>Gallons Per</u> <u>Month</u>	<u>Rate Per</u> <u>100 Gallons</u>
For the first	2,000	(minimum charge)
For all over	2,000	\$.57927

INDUSTRIAL

	<u>Gallons Per</u> <u>Month</u>	<u>Rate Per</u> <u>100 Gallons</u>
For the first	7,480,000	\$.39835
For all over	7,480,000	\$.14447

MINIMUM CHARGE:

No bill will be rendered for less than the minimum charges set forth below:

<u>Size of Meter</u>	<u>Minimum Charge</u> <u>Per Month</u>
5/8 inch	\$ 15.00
3/4 inch	22.50
1 inch	37.50
1 1/2 inch	75.00
2 inch	120.00
3 inch	225.00
4 inch	375.00
6 inch	750.00
8 inch	1,200.00
10 inch	1,650.00
12 inch	3,225.00

The proposed rates for Year 1 for non-potable water in the **Hopewell District** are as follows:

Average usage >3 million gallons per day		
	Gallons Per <u>Month</u>	Rate Per <u>100 Gallons</u>
For the first	7,480,000	\$.19286
For all over	7,480,000	\$.13000

Average usage <3 million gallons per day		
	Gallons Per <u>Month</u>	Rate Per <u>100 Gallons</u>
For the first	7,480,000	\$.24676
For all over	7,480,000	\$.18041

The proposed rates for Year 1 for the **Prince William Water District** are as follows:

RATE YEAR 1:  
RESIDENTIAL

	Gallons Per <u>Month</u>	Rate Per <u>100 Gallons</u>
For the first	2,000	(minimum charge)
For all over	2,000	\$.63649

COMMERCIAL

	Gallons Per <u>Month</u>	Rate Per <u>100 Gallons</u>
For the first	2,000	(minimum charge)
For all over	2,000	\$.48306

MINIMUM CHARGE:

No bill will be rendered for less than the minimum charges set forth below:

	Minimum Charge <u>Per Month</u>
5/8 inch	\$ 15.00
3/4 inch	22.50
1 inch	37.50
1 1/2 inch	75.00
2 inch	120.00
3 inch	225.00
4 inch	375.00
6 inch	750.00

8	inch	1,200.00
10	inch	1,650.00
12	inch	3,225.00

The proposed rates for Year 1 for the **Eastern District** are as follows:

RATE YEAR 1:  
RESIDENTIAL

	Gallons Per <u>Month</u>	Rate Per <u>100 Gallons</u>
<u>Monthly</u>		
For the first	2,000	Minimum Charge
All Over	2,000	\$1.45388

MINIMUM CHARGE:

No bill will be rendered for less than the minimum charges set forth below:

<u>Size of Meter</u>	<u>Monthly</u>
5/8 inch	\$ 45.00
3/4 inch	45.00
1 inch	45.00
1 1/2 inch	75.00
2 inch	120.00
3 inch	225.00
4 inch	375.00
6 inch	750.00
8 inch	1,200.00

The proposed rates for Year 2 for the **Alexandria District** are as follows:

RATE YEAR 2:  
RESIDENTIAL

	Gallons Per <u>Month</u>	Rate Per <u>100 Gallons</u>
For the first	2,000	(minimum charge)
For all over	2,000	\$.58287

COMMERCIAL

	Gallons Per <u>Month</u>	Rate Per <u>100 Gallons</u>
For the first	2,000	(minimum charge)
For all over	2,000	\$.29523

INDUSTRIAL

	Gallons Per <u>Month</u>	Rate Per <u>100 Gallons</u>
For the first	7,480,000	\$.35436
For all over	7,480,000	\$.12852

MINIMUM CHARGE:

No bill will be rendered for less than the minimum charges set forth below:

<u>Size of Meter</u>	<u>Minimum Charge Per Month</u>
5/8 inch	\$ 15.00
3/4 inch	22.50
1 inch	37.50
1 1/2 inch	75.00
2 inch	120.00
3 inch	225.00
4 inch	375.00
6 inch	750.00
8 inch	1,200.00

The proposed rates for Year 2 for potable water in the **Hopewell District** are as follows:

RATE YEAR 2:  
RESIDENTIAL

	Gallons Per <u>Month</u>	Rate Per <u>100 Gallons</u>
For the first	2,000	(minimum charge)
For all over	2,000	\$.79726

COMMERCIAL

	Gallons Per <u>Month</u>	Rate Per <u>100 Gallons</u>
For the first	2,000	(minimum charge)
For all over	2,000	\$.45080

INDUSTRIAL

	Gallons Per <u>Month</u>	Rate Per <u>100 Gallons</u>
For the first	7,480,000	\$.35436
For all over	7,480,000	\$.12852

The proposed rates for Year 2 for non-potable water in the **Hopewell District** are as follows:

Average usage >3 million gallons per day

	Gallons Per <u>Month</u>	Rate Per <u>100 Gallons</u>
For the first	7,480,000	\$.17906
For all over	7,480,000	\$.12069

Average usage <3 million gallons per day

	Gallons Per <u>Month</u>	Rate Per <u>100 Gallons</u>
For the first	7,480,000	\$.20945
For all over	7,480,000	\$.15314

MINIMUM CHARGE:

No bill will be rendered for less than the minimum charges set forth below:

<u>Size of Meter</u>	<u>Minimum Charge Per Month</u>
5/8 inch	\$ 15.00
3/4 inch	22.50
1 inch	37.50
1 1/2 inch	75.00
2 inch	120.00
3 inch	225.00
4 inch	375.00
6 inch	750.00
8 inch	1,200.00
10 inch	1,650.00
12 inch	3,225.00

The proposed rates for Year 2 for the **Prince William Water District** are as follows:

RATE YEAR 2:  
RESIDENTIAL

	Gallons Per <u>Month</u>	Rate Per <u>100 Gallons</u> (minimum charge)
For the first	2,000	
For all over	2,000	\$.67474

COMMERCIAL

	Gallons Per <u>Month</u>	Rate Per <u>100 Gallons</u> (minimum charge)
For the first	2,000	
For all over	2,000	\$.40276

MINIMUM CHARGE:

No bill will be rendered for less than the minimum charges set forth below:

<u>Size of Meter</u>	<u>Minimum Charge</u> <u>Per Month</u>
5/8 inch	\$ 15.00
3/4 inch	22.50
1 inch	37.50
1 1/2 inch	75.00
2 inch	120.00
3 inch	225.00
4 inch	375.00
6 inch	750.00
8 inch	1,200.00
10 inch	1,650.00
12 inch	3,225.00

The proposed rates for Year 2 for the **Eastern District** are as follows:

RATE YEAR 2:  
RESIDENTIAL

	Gallons Per <u>Month</u>	Rate Per <u>100 Gallons</u> (minimum charge)
<u>Monthly</u> For the first	2,000	
All Over	2,000	\$1.25510



MINIMUM CHARGE:

No bill will be rendered for less than the minimum charges set forth below:

<u>Size of Meter</u>	<u>Monthly</u>
5/8 inch	\$ 30.00
3/4 inch	30.00
1 inch	37.50
1 1/2 inch	75.00
2 inch	120.00
3 inch	225.00
4 inch	375.00
6 inch	750.00
8 inch	1,200.00

The proposed rates for potable water for Year 3, All Water territories are as follows:

RATE YEAR 3:  
RESIDENTIAL

	<u>Gallons Per</u> <u>Month</u>	<u>Rate Per</u> <u>1,00 Gallons</u>
For the first	2,000	(minimum charge)
For all over	2,000	\$.71288

COMMERCIAL

	<u>Gallons Per</u> <u>Month</u>	<u>Rate Per</u> <u>100 Gallons</u>
For the first	2,000	(minimum charge)
For all over	2,000	\$.32270

INDUSTRIAL

	<u>Gallons Per</u> <u>Month</u>	<u>Rate Per</u> <u>100 Gallons</u>
For the first	7,480,000	\$.31050
For all over	7,480,000	\$.11261

MINIMUM CHARGE:

No bill will be rendered for less than the minimum charges set forth below:

<u>Size of Meter</u>	<u>Minimum Charge Per Month</u>
5/8 inch	\$ 15.00
3/4 inch	22.50
1 inch	37.50
1 1/2 inch	75.00
2 inch	120.00
3 inch	225.00
4 inch	375.00
6 inch	750.00
8 inch	1,200.00
10 inch	1,650.00
12 inch	3,225.00

The proposed rates for Year 3 for non-potable water in the **Hopewell District** are as follows:

Average usage >3 million gallons per day	<u>Gallons Per Month</u>	<u>Rate Per 100 Gallons</u>
For the first	7,480,000	\$.16530
For all over	7,480,000	\$.11142

Average usage <3 million gallons per day	<u>Gallons Per Month</u>	<u>Rate Per 100 Gallons</u>
For the first	7,480,000	\$.17226
For all over	7,480,000	\$.12594

The proposed charge for installation of a 3/4" Water Service Connection are as follows:

<u>District</u>	<u>Charge for a 3/4" Service Installation, before tax</u>		
	<u>Rate Year 1</u>	<u>Rate Year 2</u>	<u>Rate Year 3</u>
Alexandria	\$7,430.00	\$5,081.00	\$2,731.00
Hopewell	\$870.00	\$1,801.00	\$2,731.00
Prince William	\$1,765.00	\$2,248.00	\$2,731.00
Eastern	\$860.00	\$1,796.00	\$2,731.00

Virginia-American states that, in its most recent rate case, the Commission approved the Company's water and wastewater infrastructure service charge ("WWISC") as a pilot program in the Alexandria District to further the acceleration of infrastructure renewal. Virginia-American represents that, under the WWISC pilot, the Company will have replaced 4.3 miles of infrastructure as of December 31, 2018. Virginia-American requests that the

Commission remove the pilot designation and permit the Company to expand the WWISC to include its Hopewell, Prince William Water and Wastewater, and Eastern Districts. The Company indicates that it is making this request due to the success of the WWISC pilot program, and that the request is consistent with Code § 56-235.11 and the Company's proposal for CTP. Virginia-American requests approval to expand the WWISC to its entire system beginning on May 1, 2020, following the conclusion of the rate year in this proceeding. The Company represents that it will seek Commission approval of the investment to be included in the WWISC Rider and an associated rate through a separate application.

Virginia-American states that the Commission approved its current WWISC Rider to include WWISC-eligible investment from April 1, 2017, through December 31, 2018, and effective for service rendered on and after March 1, 2018. The Company indicates that its proposed WWISC tariff provides that the Company will reset the WWISC Rider to zero when new base rates are implemented by rolling the WWISC investment into base rates. Accordingly, Virginia-American represents that the current WWISC will end once the Company implements its interim rates that it proposes to be effective for service rendered on and after May 1, 2019.

The Company states that the Commission issued an order on January 8, 2018 ("Tax Order") that directed Virginia-American, as a utility subject to the Tax Cuts and Jobs Act of 2017 ("TCJA"), to "accrue regulatory liabilities reflecting the Virginia jurisdictional revenue requirement impacts of the reduced corporate income tax rate." The Company indicates that the Tax Order also required Virginia-American to provide certain information related to the impacts of the TCJA on its cost of service. Virginia-American asserts that it has incorporated the information required by the Tax Order in its testimony and schedules supporting its Application in this proceeding.

The Company states that it believes it is appropriate to remove piping that has lead from both the Company-owned portion of the lead service lines ("LSL") and the customer-owned portions of the LSLs. Virginia-American proposes full replacement of the LSLs, rather than partial replacement, where possible, in conjunction with main replacement. The Company asserts that customer-owned LSL replacement costs are includable in the Company's rate base for ratemaking purposes.

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.

The Commission entered an Order for Notice and Hearing that, among other things, scheduled a public hearing on August 27, 2019, at 10 a.m., in the Commission's second floor courtroom located in the Tyler Building, 1300 East Main Street, Richmond, Virginia 23219, to receive testimony from members of the public and evidence related to the Application from the Company, any respondents, and the Commission's Staff. Any person desiring to testify as a public witness at this hearing should appear fifteen (15) minutes prior to the starting time of the hearing and contact the Commission's Bailiff.

The public version of the Company's Application, as well as the Commission's Order for Notice and Hearing, are available for public inspection during regular business hours at each of the Company's business offices in the Commonwealth of Virginia. Copies also may be obtained by submitting a written request to counsel for the Company, Timothy E. Biller, Esquire, Hunton Andrews Kurth LLP, Riverfront Plaza, East Tower, 951 East Byrd Street, Richmond, Virginia 23219-4074. If acceptable to the requesting party, the Company may provide the documents by electronic means.

Copies of the public version of the Application and other documents filed in this case also are 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>.

On or before August 13, 2019, any interested person wishing to comment on the Company's Application shall file written comments on the Application with Joel H. Peck, Clerk, State Corporation Commission, c/o Document Control Center,

P.O. Box 2118, Richmond, Virginia 23218-2118. Any interested person desiring to file comments electronically may do so on or before August 13, 2019, by following the instructions on the Commission's website: <http://www.scc.virginia.gov/case>. Compact discs or any other form of electronic storage medium may not be filed with the comments. All such comments shall refer to Case No. PUR-2018-00175.

On or before April 9, 2019, any person or entity wishing to participate as a respondent in this proceeding may do so by filing a notice of participation. If not filed electronically, an original and fifteen (15) copies of the notice of participation shall be submitted to the Clerk of the Commission at the address above. A copy of the notice of participation as a respondent also must be sent to counsel for 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, 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-2018-00175.

On or before May 28, 2019, each respondent may file with the Clerk of the Commission, and serve on the Commission's Staff, the Company, and all other respondents, any testimony and exhibits by which the respondent expects to establish its case, and each witness's testimony shall include a summary not to exceed one page. 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 above. In all filings, respondents shall comply with the Commission's Rules of Practice, including 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-2018-00175.

All documents filed with the Office of the Clerk of the Commission in this docket may use both sides of the paper. In all other respects, all filings shall comply fully with the requirements of 5 VAC 5-20-150, *Copies and format*, of the Commission's Rules of Practice.

The Commission's Rules of Practice may be viewed at <http://www.scc.virginia.gov/case>. A printed copy of the Commission's Rules of Practice and an official copy of the Commission's Order for Notice and Hearing in this proceeding may be obtained from the Clerk of the Commission at the address above.

VIRGINIA-AMERICAN WATER COMPANY

(7) On or before February 12, 2019, the Company shall serve a copy of this Order for Notice and Hearing on the following officials, to the extent the position exists, in each county, city, and town in which the Company provides service in the Commonwealth of Virginia: the chairman of the board of supervisors of each county; the mayor or manager (or equivalent official) of every city and town; and the county, city, or town attorney. Service shall be made by either personal delivery or first class mail to the customary place of business or residence of the person served.

(8) On or before February 26, 2019, the Company shall file proof of the notice and service required by Ordering Paragraphs (6) and (7), including the name, title, and address of each official served, with Joel H. Peck, Clerk, State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218-2118.

(9) On or before August 13, 2019, any interested person may file written comments on the Application with the Clerk of the Commission at the address shown in Ordering Paragraph (8). Any interested person desiring to submit comments electronically may do so on or before August 13, 2019, by following the instructions found on the Commission's website: <http://www.scc.virginia.gov/case>. Compact discs or any other form of electronic storage medium may not be filed with the comments. All comments shall refer to Case No. PUR-2018-00175.

(10) On or before April 9, 2019, any person or entity wishing to participate as a respondent in this proceeding may do so by filing a notice of participation. If not filed electronically, an original and fifteen (15) copies of the notice of participation shall be submitted to the Clerk of the Commission at the address set forth in Ordering Paragraph (8). The respondent simultaneously shall serve a copy of the notice of participation on counsel to the Company at the address in Ordering Paragraph (5). 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 5 VAC 5-20-30, *Counsel*, of the Rules of Practice. All filings shall refer to Case No. PUR-2018-00175.

(11) Within five (5) business days of receipt of a notice of participation as a respondent, the Company shall serve upon each respondent a copy of this Order for Notice and Hearing, a copy of the public version of the Application, and a copy of the public version of all materials filed by the Company with the Commission, unless these materials already have been provided to the respondent.

(12) On or before May 28, 2019, each respondent may file with the Clerk of the Commission at the address set forth in Ordering Paragraph (8) and serve on the Staff, the Company, and all other respondents, any testimony and exhibits by which the respondent expects to establish its case, and each witness's testimony shall include a summary not to exceed one page. If not filed electronically, an original and fifteen (15) copies of such testimony and exhibits shall be submitted to the Clerk of the Commission. In all filings, the respondent shall

comply with the Commission's Rules of Practice, including 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-2018-00175.

(13) The Staff shall investigate the Application. On or before July 16, 2019, Staff shall file with the Clerk of the Commission an original and fifteen (15) copies of its testimony and exhibits, and each Staff witness's testimony shall include a summary not to exceed one page. The Staff shall serve a copy thereof on counsel to Virginia-American and all respondents.

(14) On or before August 6, 2019, Virginia-American shall file with the Clerk of the Commission: (a) any rebuttal testimony and exhibits that it expects to offer, and each rebuttal witness's testimony shall include a summary not to exceed one page; and (b) a summary not to exceed one page of each direct witness's testimony if not previously included therewith. The Company shall serve a copy of the testimony and exhibits on the Staff and all respondents. If not filed electronically, an original and fifteen (15) copies of such rebuttal testimony and exhibits shall be submitted to the Clerk of the Commission at the address set forth in Ordering Paragraph (8).

(15) All documents filed with the Office of the Clerk of the Commission in this docket may use both sides of the paper. In all other respects, all filings shall comply fully with the requirements of 5 VAC 5-20-150, *Copies and format*, of the Commission's Rules of Practice.

(16) The Commission's Rule of Practice 5 VAC 5-20-260, *Interrogatories or requests for production of documents and things*, shall be modified for this proceeding as follows: responses and objections to written interrogatories and requests for production of documents shall be served within seven (7) business days after receipt of the same. In addition to the service requirements of 5 VAC 5-20-260, on the day that copies are filed with the Clerk of the Commission, a copy of the



interrogatory or request for production shall be served electronically, or by facsimile, on the party to whom the interrogatory or request for production is directed or the assigned Staff attorney if the interrogatory or request for production is directed to the Staff.<sup>28</sup> Except as modified above, discovery shall be in accordance with Part IV of the Commission's Rules of Practice, 5 VAC 5-20-240 *et seq.*

(17) The Company's Waiver Motion is granted.

(18) This matter is continued.

AN ATTESTED COPY hereof shall be sent by the Clerk of the Commission to:

Timothy E. Biller, Esquire, and Lonnie D. Nunley, III, Esquire, Hunton Andrews Kurth LLP, Riverfront Plaza, East Tower, 951 East Byrd Street, Richmond, Virginia 23219-4074; and C. Meade Browder, Jr., Senior Assistant Attorney General, Division of Consumer Counsel, Office of the Attorney General, 202 N. 9th Street, 8th Floor, Richmond, Virginia 23219-3424.

A copy also shall be delivered to the Commission's Office of General Counsel and Divisions of Public Utility Regulation and Utility Accounting and Finance.

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<sup>28</sup> The assigned Staff attorney is identified on the Commission's website: <http://www.scc.virginia.gov/case>, by clicking "Docket Search," and clicking "Search Cases," and entering the case number, PUR-2018-00175, in the appropriate box.