

**NOTICE TO THE PUBLIC OF AN APPLICATION BY VIRGINIA-AMERICAN WATER COMPANY,
FOR A GENERAL INCREASE IN RATES CASE NO. PUR-2023-00194**

On November 1, 2023, Virginia-American Water Company (“Virginia-American” or “Company”) filed with the State Corporation Commission (“Commission”) an application (“Application”) for a general increase in rates. 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 of Investor owned Gas and Water Utilities.

The Company requests authority to increase its rates to produce additional annual jurisdictional sales revenues of \$19.7 million, a 30.16% increase over present pro forma revenues. Virginia-American states that this increase includes an annual water service rate increase of \$15.2 million, or 29.00%, and a wastewater service rate increase of \$4.5 million, or 34.88%. The Company indicates that this rate request is based on a 10.95% proposed return on common equity.

The rates proposed for water and wastewater service in this Application are as follows:

General Metered Water Service, effective on and after May 1, 2024 (Applicable to Alexandria, Prince William Water, Hopewell, and Eastern (including Goddard Systems) Districts):

Minimum Service Rates	
Meter Size	Proposed Rates
5/8"	\$18.00
3/4"	\$27.00
1"	\$45.00
1 1/2"	\$75.00
2"	\$120.00
3"	\$225.00
4"	\$375.00
6"	\$750.00
8"	\$1,200.00
10"	\$1,650.00
12"	\$3,225.00
16"	\$6,870.00

Potable Volumetric Rates Per 100 Gallons		
Class	Rate Block	Proposed Rates
Residential	First 2,000 GPM	-
Residential	Over 2,000 GPM	\$1.07710
Commercial	First 2,000 GPM	-
Commercial	Over 2,000 GPM	\$0.50170
Industrial Potable	First 2,000 GPM	-
Industrial Potable	Next 13,000 GPM	\$1.06540
Industrial Potable	Next 2,229,000 GPM	\$0.75420
Industrial Potable	Next 5,236,000 GPM	\$0.44160
Industrial Potable	Next 37,400,000 GPM	\$0.16010
Industrial Potable	Over 44,880,000 GPM	\$0.23230

Non-Potable Volumetric Rates Per 100 Gallons		
Class	Rate Block	Proposed Rates
Small	First 7,480,000 GPM	\$0.26320
Small	Over 7,480,000 GPM	\$0.20540
Large	First 7,480,000 GPM	\$0.21550
Large	Over 7,480,000 GPM	\$0.17770

Wastewater, effective on and after May 1, 2024 (Applicable to Prince William Wastewater District):

Minimum Service Rates	
Meter Size	Proposed Rates
5/8"	\$25.00
3/4"	\$38.00
1"	\$63.00
1 1/2"	\$125.00
2"	\$200.00
3"	\$375.00
4"	\$625.00
Unmetered	\$50.00

Volumetric Rates Per 100 Gallons	
Rate Block	Proposed Rates
First 2,000 GPM	-
Over 2,000 GPM	\$1.01210

Water service in and around the Town of Waverly, effective on and after June 1, 2024:

Minimum Service Rates	
Meter Size	Proposed Rates
5/8"	\$18.00
3/4"	\$27.00
1"	\$45.00
1 1/2"	\$75.00
2"	\$120.00
3"	\$225.00
4"	\$375.00
6"	\$750.00
8"	\$1,200.00
10"	\$1,650.00
12"	\$3,225.00
16"	\$6,870.00

Volumetric Rates Per 100 Gallons		
Class	Rate Block	Proposed Rates
Residential	First 2,000 GPM	-
Residential	Over 2,000 GPM	\$0.60660
Commercial	First 2,000 GPM	-
Commercial	Over 2,000 GPM	\$0.37390

In its Application, Virginia-American proposes to complete its third and final phase of the rate consolidation that moves the Company’s district specific rates for water service to a consolidated statewide single tariff pricing (“STP”) rate structure over the course of three general rate cases. The Company states that its proposal recovers each class’s revenue requirement through a single set of statewide minimum service charge rates and through volumetric rates that are specific to each rate class. Virginia-American proposes that the final phase of consolidating the Company’s Purchase Water Surcharge (“PWS”) occur at the PWS’s next rate change following the issuance of a final order in this proceeding, as the PWS adjusts biannually on the first of January and June.

The Company further requests that the Commission approve consolidated service connection fees across the Company’s service territories. Specifically, Virginia-American is proposing a consolidated \$2,000 service connection fee for 3/4” service lines. Virginia-American states that it does not propose implementing the consolidated fee until after a final order is issued in this proceeding approving a final service connection fee and will continue to apply its current service connection fees during the period interim rates are in effect.

The Company proposes a revenue decoupling mechanism (“RDM”) that it states is an alternative rate design mechanism that will function as an automatic rate adjustment clause. Virginia American states that the RDM compares the revenues collected under the traditional customer-facing rate design with the revenues that would have been collected through a straight fixed variable pricing rate design on a forward-looking basis and accrues the differences to be either credited to customers or collected from customers at a later time. The Company further states that it would make a filing with the Commission on or before January 31 each year, and Commission Staff (“Staff”) and other parties would have 60 days to review any necessary reconciliation amount that would then be charged from April 1 through December 31 of that calendar year under the proposed RDM tariff. The Company proposes the RDM become effective after a final order in this proceeding approving the RDM.

Virginia-American also proposes a universal affordability tariff for water and wastewater service that would provide discounts both to the basic meter charge and to the volumetric charges on participating customers’ bills whose bills for Basic Water Service are expected to exceed 2% of household income. Should the Commission approve the proposed universal affordability tariff, the Company requests that the final approved residential volumetric rates in this proceeding be calculated to incorporate recovery from non-participating customers of the amount of discounts provided based on an assumed 10% participation. Virginia-American further requests that it be permitted to defer the difference between the assumed discount incorporated into final rates and the actual discount provided, and the Company states that any

deferred amounts would be reconciled annually and recovered or credited to customers through the Company's proposed RDM tariff. The Company also requests authority to defer the actual administrative costs, which the Company states will vary based on actual participation in the tariff.

In addition, the Company proposes to include electronic payment fees charged by the Company's third-party payment processor in the Company's cost of service. Virginia-American states that if approved by the Commission, customers would not be required to pay these third-party fees in order to pay their bills from the Company.

Virginia-American states that it completed the acquisition of the water system of the Town of Waverly ("Waverly System") on May 17, 2022. The Company now proposes to establish a new rate schedule for service to customers served by the Waverly System effective June 1, 2024. The Company further proposes that the rates for the Waverly System be gradually adjusted over the course of two rate cases, with the first adjustment occurring in this proceeding, to transition into the statewide STP structure.

Virginia-American states that it completed the acquisition of the assets of E.L. Goddard, Inc. ("Goddard Systems"), on August 2, 2023. The Company proposes to move the rates in the Goddard Systems, which is part of the Company's Eastern District, to align with its statewide tariff proposed in this Application.

The Company states that on June 27, 2023, it filed a petition ("Cape Charles Petition") seeking authority from the Commission to acquire the water and wastewater systems of the Town of Cape Charles ("Cape Charles Systems"). Virginia American states that if the Cape Charles Petition is approved, the Company proposes the water rates for the Cape Charles Systems be consolidated with the Company's statewide STP rates and the wastewater rates for the Cape Charles Systems be consolidated with the Prince William wastewater rates. The Company further proposes that at the time it closes on the acquisition of the Cape Charles Systems, the existing Cape Charles rates be made interim and then adjusted following a final order in this proceeding, with the difference between the existing Cape Charles rates and the final rates approved in this proceeding being refunded to customers with interest.

The details of these and other proposals are set forth in the Company's Application. Interested persons are encouraged to review the Company's Application, testimony and supporting exhibits for the details of these proposals.

TAKE NOTICE that the Commission may adopt rates, charges and/or terms and conditions that differ from those appearing in the Company's 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 entered an Order for Notice and Hearing in this proceeding that, among other things, scheduled a public hearing on the Application. The Commission noted that the proposed revenue requirement, if approved, would result in an increase to customer bills. Pursuant to Code § 56-238, the Commission suspended Virginia-American's proposed rates and permitted Virginia-American to implement the proposed rate increase on an interim basis, subject to refund with interest, on and after May 1, 2024. The Commission did not permit the proposed consolidated service connection fee, the RDM or the universal affordability tariff to be implemented on an interim basis.

On September 24, 2024, at 10 a.m., the Hearing Examiner will hold a telephonic portion of the hearing, for the purpose of receiving the testimony of public witnesses. On or before September 18, 2024, 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 Hearing Examiner 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 portion of the hearing will be webcast at scc.virginia.gov/pages/Webcasting.

On September 24, 2024, at 10 a.m., or at the conclusion of the public witness portion of the hearing, whichever is later, 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 to receive testimony and evidence related to the Application from Virginia-American, any respondents, and the Commission's Staff.

To promote administrative efficiency and timely service of filings upon participants, the Commission has directed the electronic filing of testimony and pleadings, unless they contain confidential information, and has required electronic service on parties to this proceeding.

An electronic copy of the public version of the Application may be obtained by submitting a written request to counsel for the Company: Timothy E. Biller, Esquire, Andrea D. Gardner, Esquire, and C. Dixon Wallace III, Esquire, Hunton Andrews Kurth LLP, Riverfront Plaza, 951 East Byrd Street, Richmond, Virginia, 23219, or tbiller@huntonak.com, agardner@huntonak.com, and cwallace@huntonak.com. Interested persons also may download unofficial copies from the Commission's website: scc.virginia.gov/pages/Case-Information.

On or before September 18, 2024, any interested person may submit comments on the Application electronically by following the instructions 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 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-2023-00194.

On or before April 19, 2024, 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/clk/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. Notices of participation shall include the email address of the party or its counsel. The respondent shall serve a copy of the notice of participation on counsel to Virginia American. Pursuant to 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-2023-00194.

On or before June 28, 2024, each respondent may file electronically 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 Commission's Staff, Virginia American, and all other respondents. In all filings, respondents shall comply with the Commission's Rules of Practice, as modified by the Commission's Order for Notice and Hearing, 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-2023-00194.

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 Commission's Rules of Practice.

The Commission's Rules of Practice, the Commission's Order for Notice and Hearing, the public version of the Application and other documents filed in this case may be viewed on the Commission's website at: scc.virginia.gov/pages/Case-Information.

VIRGINIA-AMERICAN WATER COMPANY