

Issue Analysis Form

Date: December 3, 2018

Item: Work Session – Virginia American Water Company Application for Rate Increase

Lead Department: Engineering & Utilities

Contact Persons: Frank Haltom, Director



Description and Current Status

Virginia American Water Company's (VAWC) provides water for the City of Hopewell and approximately 770 residents in Prince George County, along with several other communities throughout the state of Virginia. In 2015, VAWC requested a 25.35% rate increase that ultimately was reduced to 9.82% for their Prince George customers and was made effective in May 2018.

On November 2, 2018, VAWC filed another general rate application with the State Corporation Commission (SCC) to request the following:

1. An annual water service rate increase of 15.84% to take effect on May 1, 2019.
2. Transitioning over a three-year period to a uniform statewide rate for all their water service districts.
3. To expand to all service districts an infrastructure replacement service charge of approximately 7.5% added to the monthly service charges. This is currently a pilot program in Alexandria.
4. Increase the return of equity (profit) from approximately 9% to 10.8%.

The SCC will study VAWC's costs of construction, maintenance, operation, administration and financing. The SCC will also allow for others to provide comments on the proposal and submit for consideration. VAWC and the SCC will present any differing conclusions before an administrative law judge. Based on the judge's opinion, the SCC will establish the new water rates.

Staff recommends the County intervene on behalf of the County residents that are customers of Virginia America Water Company to limit the impacts to their monthly service charges. Staff continues to review the application and will provide comments to the SCC for consideration.

Government Path

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| Does this require IDA action? | <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No |
| Does this require BZA action? | <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No |
| Does this require Planning Commission action? | <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No |
| Does this require Board of Supervisors action? | <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No |

Fiscal Impact Statement

None.

Prince George County Impact

None.

Notes