

City of Alexandria, Virginia

# Virginia American Water Rate Case

April 9, 2019



# Background (1)



- Virginia American Water filed rate application to SCC for rate increase in November 2018
  - Increased infrastructure capital investment
  - Revenue requirement consolidation & accelerating a single tariff across each district/customer class
  - Reductions in operations and maintenance costs
  - Federal Tax Cuts and Jobs Act of 2017

# Background (2)



- 15.84% proposed increase in allowable revenues
- 10.8% proposed Return on Equity (ROE)
- \$5.98 million increase for all VAW jurisdictions
- \$7.8 million increase for Alexandria
- Rate increases significant
- Consolidated Revenue Requirement/Accelerate single tariff across each district/customer class
- Hydrants
- Permanent WWISC Program

# Background (3)



- Consolidated Revenue and Single Tariff
  - Res Customer YoY Monthly Cost impact (Avg Res Cust uses 4300 gal/mo)

Gallons Used per Monthly Billing	Currently Monthly Billing	Year 1 Proposed 2019	Year 2 Proposed 2020	Year 3 Proposed 2021
2500	\$ 15.98	\$17.26 (8%)	\$17.91 (3.8%)	\$18.56 (3.6%)
4500	\$ 19.91	\$26.29 (32%)	\$29.55 (12.4%)	\$32.79 (11%)

- Volumetric Charge changes, Cumulative and YoY

	Current Rate (\$ / 100 gallons) <sup>1</sup>	Year 1 Proposed 2019	Year 2 Proposed 2020	Year 3 Proposed 2021
Residential	\$ 0.1964	\$0.4515 (129.9%/129.9%)	\$0.5819 (196.2%/28.9%)	\$0.7118 (262.4%/22.4%)
Commercial	\$ 0.1964	\$0.2674 (36.1%/36.1%)	\$0.2949 (50.1%/10.3%)	\$0.3223 (64.1%/9.4%)

# Recommendations



- Oppose VAWC's proposed 15.84% increase in revenue requirement/ rate increase, including the proposed 10.8% ROE → Lower
- Advocate more gradual consolidated revenue requirement/single tariff to lessen the sharp increase to Alexandria customers
- Investigate of the benefits and trade-offs of selling the City's fire hydrants to VAWC
- Oppose VAWC's WWISC as permanent program until the authorized pilot is complete