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## BY ELECTRONIC FILING

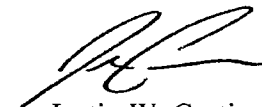
Hon. Bernard J. Logan, Clerk  
State Corporation Commission  
Document Control Center  
Tyler Building, 1st Floor  
1300 East Main Street  
Richmond, Virginia 23219

**Re: Applications of Virginia-American Water Company  
Case Nos. PUR-2021-00255; PUR-2019-00176; PUR-2020-00249  
City of Alexandria, Virginia's Comments on Hearing Examiner Report**

Dear Mr. Logan:

Enclosed for electronic filing in the above-referenced matters is the City of Alexandria's Comments on the Report of Alexander F. Skirpan, Jr., Chief Hearing Examiner. Thank you for your assistance.

Sincerely,



Justin W. Curtis

C: Service List

COMMONWEALTH OF VIRGINIA  
STATE CORPORATION COMMISSION

APPLICATION OF )  
 )  
VIRGINIA-AMERICAN WATER CO. ) CASE NO. PUR-2021-00255  
 )  
For a general increase in rates )

THE CITY OF ALEXANDRIA'S  
COMMENTS ON THE REPORT OF  
ALEXANDER F. SKIRPAN, JR., CHIEF HEARING EXAMINER

The City of Alexandria, a municipal corporation of the Commonwealth of Virginia ("Alexandria"), submits these comments on the Report of Alexander F. Skirpan, Jr., Chief Hearing Examiner, dated December 2, 2022 (the "Report").<sup>1</sup> Alexandria supports the Hearing Examiner's findings and recommendations, with one exception discussed below.

ADOPTION OF THE PROPOSED STIPULATION

The Stipulation submitted jointly by Virginia-American Water Company (VAWC), Commission Staff, and Alexandria, and subsequently supported by Office of the Attorney General's Division of Consumer Counsel ("Consumer Counsel"), reflects a bargained consensus to resolve a host of sharply contested issues. The Hearing Examiner recommends that the Commission adopt the Stipulation as proposed, except for the Stipulation's two-block rate structure for Hopewell District industrial

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<sup>1</sup> At the suggestion of the Hearing Examiner, as relayed by Staff counsel, a copy of these comments will be filed concurrently in Case Nos. PUR-2019-00176 and PUR-2020-00249.

customers.<sup>2</sup> As reflected in the Report, the Hearing Officer's recommendations to adopt the proposals in the Stipulation are fully supported by the record and, most importantly, represent a fair and reasonable resolution of the case. Alexandria does not object to the Hearing Examiner's recommendation to retain the six-block rate structure for Hopewell industrial customers. Accordingly, Alexandria respectfully requests that the Commission accept the Hearing Examiner's recommendations to adopt the findings of the Report with respect to the Stipulation, as amended, and dismiss the case from the Commission's docket.

### REFUND OF WWISC OVERCHARGES

Alexandria objects to the Hearing Examiner's recommendation that VAWC not be required to refund \$419,803 in Water and Wastewater Infrastructure Service Charge (WWISC) overearnings to Alexandria ratepayers.<sup>3</sup> Neither the record nor the analysis in the Report justifies withholding the excess WWISC collections from customers.<sup>4</sup>

The Hearing Examiner correctly found no merit in VAWC's suggestion that WWISC collections must be evaluated in a vacuum to determine if they are the "cause" of overearnings.<sup>5</sup> As Consumer Counsel rightly highlighted, that exercise would send Staff and parties down the rabbit hole of "eliminating all other possible causes for [VAWC's] over-earnings."<sup>6</sup> Furthermore, VAWC's approach would

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<sup>2</sup> Report at 107.

<sup>3</sup> *Id.* at 106.

<sup>4</sup> The reasons for this objection are set forth more fully in Alexandria's Post-Hearing Brief (at 22-23) and the post-hearing briefs of Staff (at 6-10) and Consumer Counsel (at 17-20).

<sup>5</sup> *Id.* at 105.

<sup>6</sup> Consumer Counsel Post-Hrg. Br. at 19.

effectively insulate WWISC collections from refund notwithstanding their contribution to aggregate revenues in excess of the benchmark return on equity.<sup>7</sup>

Upon considering the record and post-hearing briefs, the Hearing Examiner concluded that the “*Commission could find that . . . Staff’s proposed refund of \$419,803 of WWISC revenues collected from Alexandria customers is appropriate.*”<sup>8</sup> Nevertheless, the Hearing Examiner recommend that no refund be issued due to the “unique circumstances” of the case.<sup>9</sup>

VAWC bears the burden of demonstrating that its WWISC surcharges are “just and reasonable” and have not contributed to earnings that, in aggregate, exceed its authorized rate of return.<sup>10</sup> The Report recognizes there are grounds in the record for the Commission to order the refund proposed by Staff, but proceeds to fault staff for not rebutting VAWC’s “contention” that the overearnings were “caused” by consolidation.<sup>11</sup> This conclusion improperly shifts VAWC’s burden to Staff and the participating parties.

Where the evidence can be characterized as supporting a refund to customers—which is true in this case<sup>12</sup>—it is manifestly in the public interest to do so. Alexandria therefore requests that VAWC be directed to refund the overearnings identified by Staff to customers in the Alexandria District.

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<sup>7</sup> Report at 105.

<sup>8</sup> *Id.* at 106 (emphasis added).

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

<sup>10</sup> Va. Code § 56-235.2.A.

<sup>11</sup> Report at 106.

<sup>12</sup> *Id.*

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CONCLUSION

For the reasons set forth in Alexandria's Post-Hearing Brief and these comments and exceptions, and based on the record in this proceeding, Alexandria respectfully requests that the Commission:

1. Accept the Hearing Examiner's recommendations to adopt the findings of the Report and Stipulation, as amended; and
2. Reject the Hearing Examiner's recommendation with respect to the WWISC Earnings Test and instead order VAWC to refund \$419,803 in overearnings to Alexandria ratepayers.

Respectfully submitted,

CITY OF ALEXANDRIA, VIRGINIA  
a municipal corporation of  
the Commonwealth of Virginia

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Date: December 22, 2022

CERTIFICATE OF SERVICE

I certify that a true copy of the foregoing Comments of the City of Alexandria was served on this 22nd day of December, 2022, by electronic mail, to the parties listed below.

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