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State Bar No. 5991

April 30, 2021

Via Hand Delivery

Confidential Materials Enclosed

Connie Graley, Director
Executive Secretary Division
Public Service Commission of
West Virginia
201 Brooks Street
Charleston, West Virginia

Re: West Virginia-American Water Company
2021 Rate Case Filing (Water)
Case No. 21-_____ -W-42T

Dear Ms. Graley:

Enclosed is a general rate case filing submitted by West Virginia-American Water Company for its water operations. The Company's filing seeks an additional \$40.5 million in annual revenue, or an approximate 26.1% increase on a total-Company basis over current rates. The Company proposes to implement the water increase across-the-board to all customer classes (with the exception of public fire service, the rate for which has been frozen consistent with prior Commission orders).

This increase incorporates the rate impact of the cumulative investment that was (or is projected to be) placed into service between February 25, 2019 and the date in which new base rates from this case go into effect under the Company's Distribution System Improvement Charge (DSIC) program. As a result, the Company proposes to reduce the DSIC component of its rates relating to that investment when the new base rates go into effect, reducing the overall average increase in revenues in this case to approximately 19.7%.

The Company also filed a general rate case for its wastewater operations in Fayetteville, West Virginia today. Some of the material provided with this filing also applies to the wastewater filing, but for reasons of economy and administrative convenience, the Company has not duplicated that material in the wastewater filing. The Company proposes that the Commission consolidate the water and wastewater rate cases and provide common procedural schedules for them as it has done in the past.

Assuming a Commission-ordered suspension of the implementation of new rates, the effective date of the proposed rates is February 25, 2022.

This filing is comprised of three volumes. An *asterisk* denotes that the identified material also applies to the wastewater filing (Volume IV) and is not duplicated in that filing.

Volume I ***Ancillary Filing Documents, Financial Exhibits, and Annual Reports***

Tab 1 ***Filing Forms*** including tariff sheets, tariff forms, and motions ancillary to the Company's rate case filing, including:

- a. The Company's proposed tariff
- b. Tariff Form No. 2 (Report on Tariff Change)
- c. Tariff Form No. 8 (Public Notice of Change in Rates)
- d. The Utility Management Report* required by W.Va. Code §24-24a
- e. A Motion for Limited Waiver* applicable to both cases, in which the Company requests that it be permitted to complete individual mailings to each of its customers by bill insert for both cases, a request the Commission has granted on other occasions
- f. A Motion for Protective Order* applicable to both cases, seeking confidential treatment of certain portions of the Company's filings in this case (described in more detail below)

Tab 2 ***Rule 42 Financial Exhibit*** for the historical test year ending December 31, 2020 ("HTY"). In accordance with past Commission decisions, the Company included the terminal value of non-revenue producing plant additions through the end of the HTY as part of this presentation.

Tab 3 ***Addendum to Rule 42 Financial Exhibit***, fully reflecting a forecasted terminal rate base for the period ending February 28, 2022. All utility plant accounts are updated using the Company's monthly capital expenditure forecast for the period January 1, 2021 through February 28, 2022. All other rate base components and accumulated depreciation expense are updated to the expected terminal values on February 28, 2022. The capital structure components are brought forward to the period ending February 28, 2022. Also included are adjustments for incremental revenues and other operating expenses and taxes associated with those incremental revenues through February 28, 2022.

- Tab 4 **Annual Reports** of American Water Works Company, Inc., and the Company as required by Rule 42, Statement C.
- Volume II **Workpapers** supporting the Rule 42 financial exhibit and the Addendum.
- Volume III **Direct Testimony*** and exhibits of the following twelve witnesses to support aspects of one or both rate filings:
1. Robert R. Burton
 2. Christopher J. Carew
 3. Michael P. Raymo
 4. Christina E. Chard
 5. Ashley E. Everette
 6. Stacey D. Gress
 7. Gregory P. Roach
 8. Charles B. Rea
 9. John R. Wilde
 10. Ann E. Bulkley
 11. Robert V. Mustich
 12. Patrick L. Baryenbruch

This filing also includes a sealed envelope containing unredacted versions of the following documents that contain confidential information that has been redacted in the public version of the filing:

- Pages 14-16 of Statement C – debt and equity details of American Water
- Workpapers 24-26 & 59 – salary, wage, and other compensation detail
- Adjustment 65 & Workpaper 65 – federal income tax information
- Supplemental Statement A, Schedule 5 – federal income tax information
- Exhibit RVM-1 to Mustich direct testimony – Total Remuneration Study

Please handle this material in accordance with your office’s standard practices for confidential filings. The Company will provide other parties with copies of this material upon execution of standard interim protective agreements.

As required in Rule 23 of the Commission’s Tariff Rules, the Company will provide notice of the filing pursuant to the posting, legal publication, press release, and mailing requirements specified therein, including separate mailings of Tariff Form No. 8 to each of the Company’s customers via bill insert. When the Company has completed the required notice, it will file Tariff Form No. 6 with the Commission to evidence its compliance with these rules.

Please show Robert O. Passmore, Nicklaus A. Presley, and me as counsel for the Company, and include our names on your office’s electronic docket notifications.

Connie Graley, Director

April 30, 2021

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If there are any questions about the filing or the nature of the enclosed materials, please contact us.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Callas', with a stylized flourish at the end.

Christopher L. Callas

CLC/s

Enclosures

Cc: Robert Williams (w/enc.)
Robert Burton (w/o enc.)
Christina Chard (w/o enc.)
Robert Passmore (w/o enc.)

Volume I <i>Tariff, Forms, Reports, Motions & Rule 42 Exhibits – Water Rate Case</i>
<i>Filing Forms</i>
1 – Proposed Tariff Sheets
2 – Tariff Form No. 2
3 – Tariff Form No. 8
4 – Utility Management Report
5 – Motion for Limited Waiver
6 – Motion for Protective Order
<i>Test Year</i>
Statement A – Revenue Requirement
Statement B – Average Rate Base
Statement C – Detail of Equity and Debt
Statement D – Water Bill Analysis
Statement E – Allocation of Corporate Costs
Statement F – Balance Sheet and Cash Flow Statement
Statement G – Detail of Adjustments
<i>Addendum</i>
Statement A – Revenue Requirement
Statement B – Average Rate Base
Statement C – Detail of Equity and Debt
Statement D – Water Bill Analysis
Statement E – Allocation of Corporate Costs
Statement F – Balance Sheet and Cash Flow Statement
Statement G – Detail of Adjustments
<i>Annual Reports</i>
American Water Works Company, Inc.
West Virginia-American Water Company

Tariff Form No. 2
(Tariff Rule No. 41)

REPORT ON TARIFF CHANGE
(To be filed in duplicate by all utilities, except railroads)

Name of utility: West Virginia-American Water Company – Water Filing

Address main office: 1600 Pennsylvania Ave. Charleston, WV 25302

Information compiled by: Christina E. Chard (name of preparer)

Director, Rates and Regulatory Support (title of preparer)

General (Class of Service): Tariff P.S.C. W.Va. No.: See remarks below.

Sheet No.: TOC-1, TOC-1.1, S-1, S-2, S-3, S-4, S-5, TC-3B, TC-12, TC-16, RS-1, RS-1.1, RS-1A, RS-1A.1, RS-1B, RS-1B.1, RS-1C, RS-1C.1, RS-1D, RS-1D.1, RS-2, RS-3, RS-3A, RS-3B, RS-3C, RS-4, RS-5, RS-5A, RS-5B, RS-5C, RS-7, RS-8, RS-8.1, RS-8.2, RS-9, and RS-9.1

Change: Revise table of contents, update service territory list, revise termination rule, revise Demand Based Sale for Resale criteria, add dispute resolution rule, implemented increased rates and charges for customers for volumetric users of water, except customers subject to special contract rates under the Company’s “Demand Based Sale for Resale” tariff, updating tax surcharges, revising DSIC rate, adding revenue stabilization mechanism, adding uncollectibles expense rider.

(State part of tariff affected by change, such as: Applicability, availability, rates, etc.)

Reason for Change: Increased level of investment, lower customer water usage, increased rate of return, increased depreciation expense, and higher taxes and operating expense; mechanism to address declining consumption and other associated revisions.

Approximate annual reduction in revenue \$ _____


Approximate annual increase in revenue \$ 40,486,126

=====
Locations affected: All served. Estimated number of customers whose cost of service will be:

Reduced	Increased	Unchanged
_____	<u>167,518</u>	_____

Remarks: Revised Tariff Sheets: TOC-1, TOC-1.1, S-1, S-2, S-3, S-4, S-5, TC-3B, TC-12, RS-1, RS-1.1, RS-1A, RS-1A.1, RS-1B, RS-1B.1, RS-1C, RS-1C.1, RS-1D, RS-1D.1, RS-2, RS-3, RS-3A, RS-3B, RS-3C, RS-4, RS-5, RS-5A, RS-5B, RS-5C, and RS-7. New Tariff Sheets: TC-16, RS-8, RS-8.1, RS-8.2, RS-9, and RS-9.1

West Virginia-American Water Company (Reporting Utility)

By: Robert R. Burton (Name of officer) 

President (Title of officer)

(FOR COMMISSION'S USE ONLY) _____

Authority for filing:

Formal Order in Case No. _____ Dated _____

Statutory Notice _____

Date Filed _____

PUBLIC NOTICE OF CHANGE IN RATES
WEST VIRGINIA-AMERICAN WATER COMPANY

Notice is hereby given that WEST VIRGINIA-AMERICAN WATER COMPANY, a public utility, has filed with the PUBLIC SERVICE COMMISSION OF WEST VIRGINIA a tariff containing a requested increase in rates, tolls, and charges for furnishing water service to approximately 167,000 customers in Boone, Braxton, Cabell, Clay, Fayette, Harrison, Jackson, Kanawha, Lewis, Lincoln, Logan, Mason, Mercer, Putnam, Raleigh, Roane, Summers, Wayne, and Webster Counties.

The tariff filing will also directly or indirectly affect those customers of the following public service districts, regional development authorities, municipalities or other governmental subdivisions who, under agreements approved by the Public Service Commission, are charged water rates that are in whole or in part based on the rates of the Company:

Boone County Public Service District
 Cumberland Public Service District
 Flatwoods Canoe-Run Public Service District
 Jumping Branch-Nimitz Public Service District
 Kanawha County Regional Development Authority
 Lashmeet Public Service District
 Lewis County Economic Development Authority
 New Haven Public Service District
 Oakvale Road Public Service District
 Putnam County Building Commission
 Salt Rock Public Service District
 Webster County Economic Development Authority

Some of the customers receiving service from these entities under Operation and Maintenance Agreements with the Company also pay a surcharge in addition to the metered water rates. These surcharge amounts were approved by the Public Service Commission in prior cases, and those surcharges will not increase or otherwise be affected by this filing.

The proposed increased rates and charges will become effective February 25, 2022, unless otherwise ordered by the Public Service Commission, and will produce, on a total Company basis, \$40,486,124 annually in additional revenues, or an overall increase in revenues of approximately 26.1%, with such revenues being collected from the customers as more fully described herein. The Company expects that the Commission will order the suspension of the new rates and charges for the full 300-day suspension period under W. Va. Code §24-2-4a, or until February 25, 2022.

The following schedule shows the change from rates currently in effect based on representative levels of consumption and the monthly dollar and percentage changes if the full rate increase is granted.

WEST VIRGINIA (except Cumberland)	PROPOSED RATES	PRESENT RATES	DIFFERENCE	PERCENTAGE DIFFERENCE
RESIDENTIAL				
Minimum Bill (1,500 Gallons)	\$40.12	\$31.44	\$8.68	27.61%
Avg Residential Usage (3,1000 Gallons)	\$68.56	\$53.75	\$14.81	27.55%
4,500 Gallons	\$93.44	\$73.28	\$20.16	27.51%
7,500 Gallons	\$146.75	\$115.11	\$31.64	27.49%
10,000 Gallons	\$191.18	\$149.97	\$41.21	27.48%

The average bills for larger customers will vary as a result of the tariff change based on both consumption and meter size. At representative levels of consumption (and assuming a standard meter size for that level of consumption), the monthly dollar and percentage changes for those customers are:

	PROPOSED RATES	PRESENT RATES	DIFFERENCE	PERCENTAGE DIFFERENCE
COMMERCIAL				
20,000 Gallons	\$427.03	\$334.98	\$92.05	27.48%
50,000 Gallons	\$838.67	\$657.79	\$180.88	27.50%
100,000 Gallons	\$1,423.48	\$1,116.19	\$307.29	27.53%
250,000 Gallons	\$3,177.88	\$2,491.39	\$686.49	27.55%
INDUSTRIAL				
2,000,000 Gallons	\$21,027.05	\$16,479.05	\$4,548.00	27.60%
10,000,000 Gallons	\$86,228.45	\$67,561.05	\$18,667.40	27.63%
25,000,000 Gallons	\$169,434.20	\$132,706.05	\$36,728.15	27.68%
40,000,000 Gallons	\$252,639.95	\$197,851.05	\$54,788.90	27.69%
SALE FOR RESALE				
1,000,000 Gallons	\$12,463.34	\$9,769.34	\$2,694.00	27.58%
7,500,000 Gallons	\$70,410.64	\$55,171.84	\$15,238.80	27.62%
15,000,000 Gallons	\$121,511.10	\$95,187.34	\$26,323.76	27.65%
25,000,000 Gallons	\$184,391.10	\$144,417.34	\$39,973.76	27.68%
OTHER PUBLIC AUTHORITY				
20,000 Gallons	\$427.03	\$334.98	\$92.05	27.48%
50,000 Gallons	\$838.67	\$657.79	\$180.88	27.50%
100,000 Gallons	\$1,423.48	\$1,116.19	\$307.29	27.53%
250,000 Gallons	\$3,177.88	\$2,491.39	\$686.49	27.55%

Rates for private fire protection will increase 27.55%.

CUMBERLAND (all Customers)

RESIDENTIAL, COMMERCIAL, INDUSTRIAL AND OTHER PUBLIC AUTHORITIES

	PROPOSED RATES	PRESENT RATES	DIFFERENCE	PERCENTAGE DIFFERENCE
Minimum Bill (1,500 Gallons)	\$24.47	\$20.47	\$4.00	19.54%
Avg Residential Usage (3,100 Gallons)	\$41.82	\$29.45	\$12.37	42.00%
4,500 Gallons	\$56.99	\$37.30	\$19.69	52.79%
7,500 Gallons	\$89.52	\$54.14	\$35.38	65.35%
10,000 Gallons	\$116.62	\$68.16	\$48.46	71.10%
20,000 Gallons	\$260.49	\$156.31	\$104.18	66.65%
50,000 Gallons	\$511.60	\$301.88	\$209.72	69.47%

GLASGOW (all Customers)

Comparison based on Commission-approved step increase to 83% of Company rates as of 12/31/2021*

RESIDENTIAL, COMMERCIAL, INDUSTRIAL AND OTHER PUBLIC AUTHORITIES

	PROPOSED RATES	PRESENT RATES	DIFFERENCE	PERCENTAGE DIFFERENCE
Minimum Bill (1,500 Gallons)	\$33.30	\$26.10	\$7.20	27.61%
Avg Residential Usage (3,100 Gallons)	\$56.90	\$44.61	\$12.29	27.54%
4,500 Gallons	\$77.55	\$60.82	\$16.73	27.50%
7,500 Gallons	\$121.81	\$95.54	\$26.27	27.49%
10,000 Gallons	\$158.68	\$124.48	\$34.20	27.48%
20,000 Gallons	\$354.44	\$278.03	\$76.41	27.48%
50,000 Gallons	\$696.11	\$545.97	\$150.14	27.50%

EAST BANK (all Customers)

Comparison based on Commission-approved step increase to 91% of Company rates as of 02/03/2022*

RESIDENTIAL, COMMERCIAL, INDUSTRIAL AND OTHER PUBLIC AUTHORITIES

	PROPOSED RATES	PRESENT RATES	DIFFERENCE	PERCENTAGE DIFFERENCE
Minimum Bill (1,500 Gallons)	\$36.51	\$28.61	\$7.90	27.61%
Avg Residential Usage (3,100 Gallons)	\$62.39	\$48.91	\$13.48	27.56%
4,500 Gallons	\$85.03	\$66.68	\$18.35	27.52%
7,500 Gallons	\$133.55	\$104.75	\$28.80	27.49%
10,000 Gallons	\$173.98	\$136.47	\$37.51	27.49%
20,000 Gallons	\$388.61	\$304.83	\$83.78	27.48%
50,000 Gallons	\$763.20	\$598.59	\$164.61	27.50%

*The dollar and percentage differences between new rates and current rates would be greater.

This increase will incorporate the rate impact of the cumulative investment under the Company's Distribution System Improvement Charge (DSIC) program that was (or is projected to be) placed into service between February 25, 2019 and the date on which new base rates from this case go into effect. As a result, the Company proposes to reduce the DSIC component of its rates relating to that investment when the new base rates go into effect.

The Company's sale for resale customers include Bluefield Valley Water Works Company, Putnam PSD, Lavalette PSD, Flatwoods Canoe Run PSD, and Aqua Ohio Water, Jane Lew PSD, Lincoln PSD, City of Milton, and the City of Hurricane.

The rate increases shown above are based on averages for customers in the indicated class at varying usages. Individual customers may receive increases that are greater or less than average. Furthermore, the requested rates and charges are only a proposal and are subject to change (increase or decrease) by the Public Service Commission in its review of this filing. Any increase in rates and charges will not become effective until authorized and approved by the Public Service Commission. If a hearing is conducted, notice will be given of the time and place of hearing.

A complete copy of the Company's tariff proposals and a representative of the Company to provide information concerning this tariff are available to all customers, prospective customers or their agents at the following offices:

West Virginia-American Water
Central Division
1600 Pennsylvania Avenue
Charleston, WV 25302

West Virginia-American Water
Western Division
4002 Ohio River Road
Huntington, WV 25702

West Virginia-American Water
Southern Division
12 Mile Road @ Route 460
Princeton, West Virginia 24740

West Virginia-American Water
Northern Division
1243 U.S. Highway 19 South
Weston, West Virginia 26452

Copies of the tariffs have also been delivered to representatives of the aforementioned public service districts and entities for public inspection at their respective offices.

Anyone desiring to intervene and act as a party in either of these cases should file on or before July 29, 2021 a Petition to Intervene complying with the Commission rules on intervention in the Rules of Practice and Procedure, 150 C.S.R. 1, unless otherwise modified by Commission order. Anyone desiring to protest should file a written protest as soon as possible, although protests will be accepted by the Commission through the pendency of this proceeding. All written protests should briefly state the reason for the protest. All protests and Petitions to Intervene should clearly state the case name and number and be addressed to Connie Graley, Executive Secretary, Public Service Commission of West Virginia, P.O. Box 812, Charleston, West Virginia 25323.

A copy of this tariff is also available for public inspection at the Offices of the Secretary of the Public Service Commission at 201 Brooks Street, Charleston, West Virginia 25301.

**PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON**

CASE NO. 21-_____-W-42T

CASE NO. 21-_____-S-42T

WEST VIRGINIA-AMERICAN WATER COMPANY,
A public utility
In the matter of increased rates and charges

W. VA. CODE § 24-2-4a UTILITY MANAGEMENT REPORT

West Virginia-American Water Company (“West Virginia American Water” or the “Company”) submits this Utility Management Report pursuant to W. Va. Code § 24-2-4a. In this report, the Company will address various aspects of its utility operations that affect the Company’s water and wastewater operations. This report is submitted for both of the Company’s pending rate cases filed on April 30, 2021.

Cost Reduction, Efficiency, and Productivity

The Company strives to increase efficiency and productivity and to decrease costs wherever possible. The Company has addressed many of those efforts below under the specific directives contained in this Report and in prior Utility Management Reports submitted to the Public Service Commission of West Virginia (the “Commission”).

The Company uses the services of the American Water Works Service Company (“AWWSC” or “Service Company”) including laboratory facilities in Belleville, Illinois; the Customer Service Centers in Alton, Illinois and Pensacola, Florida; and the general office and “Shared Services” center (accounting, national purchasing, human resources, engineering, legal, finance, rates and regulatory, etc.) in Camden, New Jersey, respectively.

The Company continues its efforts to automate its smaller water treatment plants so that they may be remotely monitored and operated. In 2012, the Company received approval from the West Virginia Bureau for Public Health (“BPH”) for remote monitoring and unmanned operation of the Bluestone Water Treatment Plant – the first such approval in West Virginia. The Company has now invested in automation technology at its Weston and New River treatment plants. The approval for the Bluestone plant automation followed a year-long evaluation of the technology deployed by the Company. The Company is undertaking that same process at its Weston and New River treatment plants. By expanding beyond Bluestone, the Company will further re-deploy personnel and provide improved efficiency and service.

The Company continues to pursue the purchase and upgrade of utility systems and has entered into various management arrangements including Operation and Maintenance Agreements (“O&M Agreements”) with various public service districts and regional and county development authorities. Those purchases and O&M Agreements have been disclosed and described in prior Utility Management Reports and have extended water service to more than 100,000 people.

The Company maintains high service standards in all of its service areas. Customer growth by acquisition or O&M Agreement can result in better service at reasonable rates for both new and existing customers, and the Company continues to explore the possibility of extending or improving water and wastewater service to new or existing service areas through acquisitions or other arrangements in a financially responsible manner that benefits existing customers. The Company’s acquisitions and system extensions are often able to help customers of those systems resolve long-term water quality issues.

Infrastructure Replacement

The Commission's authorization of the Company's use of a distribution system improvement charge ("DSIC") program in 2016 has facilitated the Company's accelerated investment in infrastructure replacement, resulting in a tripling of its system renewal efforts. The Company's DSIC program became effective on January 1, 2017 and allows the Company to recover specified infrastructure-related costs such as incremental rate of return, income taxes, depreciation, and property taxes through an expedited process. This program has allowed the Company to direct capital to needed areas. The Company evaluates and prioritizes its distribution system's current needs on an annual basis to identify projects to undertake in the upcoming DSIC year. The Company anticipates spending approximately \$41.3 million on DSIC infrastructure projects in 2021. Currently, DSIC projects relate primarily to mains, meters, services, valves, hydrants, and storage tanks. Although the DSIC program is still relatively new, the Company is confident that it will continue to permit gradual, periodic increments of capital recovery over time and dramatically reduce the level of unrecovered capital investment that the Company has had to carry between rate cases.

Capital Structure and Acquisition

The Company uses a Company-wide single tariff pricing structure for its water operations throughout the State (see discussion about Single Tariff Pricing under "Rate Design" below). The Company has participated in relatively large debt financings for its Company-wide construction programs through American Water Capital Corporation ("AWCC"), an affiliate of the Company. These larger debt financings, which frequently replace multiple smaller ones, result in a lower overall interest rate and in substantially lower issuance costs associated with the Company's short- and long-term debt needs than otherwise would be available. Since the

Company's last rate case filed in 2018, the Company has had three new long-term debt issuances: \$60.0 million in thirty-year obligations under its 4.2% Series on August 9th 2018, \$27.7 million in ten-year obligations under its 3.75% Series on September 11, 2018, and \$24.5 million in thirty-year obligations under its 4.15% Series on May 13th, 2019.

The Company attempts to balance its capital structure between debt and equity at the lowest overall cost without jeopardizing financial integrity. The Company's typical capital structure falls within ranges that are widely accepted within the water industry. For the Historical Test Year ending December 31, 2020, the Company's capital structure consisted of 49.67% debt and 50.33% equity. The Company's pro-forma February 28, 2022 capital structure is composed of 49.42% debt, and 50.58% common equity.

The Company, from time to time, has used the issuance of Industrial Development Bonds ("IDBs") by county commissions to achieve a stream of revenues to cover the debt service obligations incurred by public bodies for the construction of additional water facilities. The regional projects in Boone, Cabell, Fayette, Kanawha, Lewis, and Putnam Counties use this mechanism. To our knowledge, no other utility in West Virginia has used this model to extend public utility service to underserved and unserved areas.

Water Sales

The Company has experienced a substantial and continuing decline in residential and commercial water consumption. Mandated water efficient plumbing fixtures and appliances along with conservation efforts have driven these declines. A home built in 2018 using current efficient technology uses 35% less water than a home built in 1994. The Company projects that these water consumption declines will continue as fixtures and appliances are slowly replaced in existing homes and businesses.

In 2006, the Commission approved the Company's request for a demand-based sale for resale service tariff ("Demand-Based Tariff") in Case No. 05-1598-W-T, and since that time the Company has actively pursued additional sales under the Demand-Based Tariff.

The Company has no marketing program to encourage increased water consumption. Instead, the Company encourages its customers to use water wisely. The Company prefers to increase sales by acquiring new customers, such as under the Demand-Based Tariff or by encouraging economic development within its service areas in order to spread the cost of service over a larger customer base.

Planning, Forecasting, and Budgeting

The Company periodically analyzes its engineering requirements in an ongoing evaluation of the Company's treatment, storage, and distribution facilities and prepares what is known as a "Comprehensive Planning Study" ("CPS"). Engineering forecasts are typically on a ten- to fifteen-year basis because the Company's plant is relatively long lived. Project proposals in the CPS can relate to any portion of the system, from source of supply and purification to distribution and storage. A CPS analysis is, in a sense, a master engineering plan that outlines the projects recommended for construction during that time horizon. The Company uses the CPS to evaluate capital needs on an ongoing basis to assess any changed circumstances and ensure that appropriate projects are being prioritized. These projects are then divided into financially feasible phases.

Information Systems

As discussed in prior Utility Management Reports, West Virginia American Water and its affiliates have installed SAP as their software platform. The SAP software solution is a fully integrated enterprise software application that has enhanced our ability to continue delivering

high-quality water and wastewater services to our customers. “Enterprise” computing is best understood in contrast to our old software systems, which are customized, stand-alone systems used by specific departments or functions within the company, resulting in information “silos” – or more isolated departments and functions. Enterprise computing breaks down information barriers while also giving each department or function within a company the enterprise-compatible module it needs to do its job. In this way, enterprise computing bridges information gaps, reduces redundancy and opportunities for error, and is a more powerful tool for effectively managing the business. The Company continues to upgrade and enhance its foundational technology, but also invests in new technology that integrates with existing systems that the Company can leverage to enhance its service to customers.

The Company has further invested in Geographic Information Systems (GIS). This technology creates, organizes, and analyzes data geospatially. The Company has converted its paper maps to electronic formats and made them available to employees for use in the field. This allows employees to query maps and to make changes to the maps in the field. The GIS technology has also allowed the Company to model its system, for example, to calculate hydrant flows or chlorine residuals. This modeling and data make the Company more efficient and better able to meet its regulatory requirements.

Since the Company’s 2018 rate case, the Company has implemented a number of new work management systems as a means of getting information to and from our field employees more efficiently. For example, MapCall is designed to manage work on production and distribution assets. The MapCall system provides easier access to information and allows the Company to better identify, prioritize, and track maintenance work. In addition, it allows supervisors a streamlined and agile process to assign and change work based on needs and staffing.

We have also added Work One View and Customer One View to streamline our Field Service Representatives work assignments and give them more robust access to customer information.

Cash Management

The Company's cash management program is anchored in its annual cash forecast, an automated system that provides the basis for evaluating cash activity during the upcoming year. The Company evaluates quarterly its annual cash forecast through a cash forecast that compares forecasted figures with actual results, both on a quarterly and year-to-date basis. In this way, the Company determines quickly if events require management action to make changes in planned expenditures for the balance of the year.

Regionalization

The Company uses three types of regionalization strategies: internal consolidation, management and service contracts, including its Demand-Based Tariff, and acquisitions. Some regionalization techniques are addressed above under "Cost Reduction, Efficiency, and Productivity."

Production facility consolidation is typically difficult to achieve; however, the Company has made significant progress in this area. The Company currently owns or operates only eight production facilities, serving approximately 167,000 customers. The Company has retired or replaced dozens of separate treatment plants, including several of the Company's plants (including Princeton, Oak Hill, Madison, Hamlin, Montgomery, and others) that would have required extensive upgrades. The Company closed the Montgomery water treatment plant in 2015 as part of the Upper Kanawha Valley project. In 2017, the Company began construction of a project that will allow the Company to retire its outdated Webster Springs treatment plant by interconnecting the Company's Weston and Webster Springs systems with completion projected

by the end of 2021.

The Company continues to be an eager proponent of regionalization and has addressed its efforts in that regard in prior Utility Management Reports.

Customer Information

The Company employs multiple communication strategies and tactics to inform customers about the prudent use of water resources. These include bill inserts, printed handouts, web-based materials, social media, school presentations and community outreach. The Company's customer education program also addresses water quality, source water protection, customer service offerings, emergency communications, cold weather preparation, customer assistance programs, company investments, work zone safety and more.

The Company also offers a Special Reduced Rate Residential Service (SRRRS) low-income program approved by the Commission that benefits customers in need who qualify based on state guidelines. There are over 3,000 customers participating in the program.

Research and Development

The Company's CPS utilizes technological advancements for distribution planning. Using computerized simulation procedures, the Company determines balanced, steady-state, and headflow relationships to ensure adequately sized mains for given levels of production and consumption. These computerized models eliminate much of the former "guesswork" in the design and upgrade of distribution systems and also helps the Company's operations to maintain regulatory compliance (e.g through chlorine residual maintenance and disinfection by-product control).

The development of new materials and products is critical to cost control and improved customer service. The Company is implementing automated meter reading (AMR)

systems to make meter reading more efficient and has piloted both AMI and automatic leak detection systems to further drive efficiencies. The Company continues to invest in technologies and processes to improve the customer experience. For example, the CodeRED emergency customer notification system allows customers to receive calls, texts, and emails when there is a service alert in their area.

The Company has installed sophisticated source water monitoring panels at all of its treatment plants and further invested in advanced source water detection technologies in Charleston and Huntington. The Company continues to invest in source water protection tools to gather knowledge and information about the condition of its source water so it can respond to source water quality changes.

As discussed extensively in the Company's 2022 DSIC proceeding, the Company is in the process of upgrading its Kanawha Valley Water Treatment Plant with a state-of-the-art ultraviolet disinfection system to address the presence of cryptosporidium bacteria in source water. The Company plans to complete this project in February 2022.

Rate Design

In the early 1980s, the Company requested, and the Commission approved, a single state-wide tariff for the Company, and Huntington Water Corporation was phased into the state-wide single tariff starting in 1988. In the Company's 2003 Rate Case, the Commission approved some modifications to rate design. These included a request for several "cost-causer" tariff provisions similar to those used by most public water providers in West Virginia. These tariff provisions were designed to impose certain clearly identifiable costs on those individuals who create or cause those costs. These costs imposed considerable burden on the Company and the revenues generated by these tariffs help to offset the revenues needed from general water service

rates. Based on the Company's analysis of historic customer data, these reductions have most benefited the Company's residential customers. The Company's currently authorized tariffs were determined to be fair and reasonable, and cost-based in the Commission's Order in Case Number 18-0573-W-42T.

Conservation

The Company promotes the prudent and efficient use of the State's water resources and has supported legislation related to the water resources of the State. Conservation, while the right thing to do, results in declining usage and a corresponding decline in revenue generation. A revenue stabilization mechanism, as proposed by the Company in this case, will provide the Company with revenue stability for ongoing programs and investments to maintain and improve efficiency and service reliability and remove a disincentive for the Company to promote end use efficiency.

Wastewater Operations

The Company has operated a wastewater collection and treatment system in and around the Town of Fayetteville since acquiring the system from the Town in 2008. Many of the same efficiency and productivity improvements discussed above extend to the Company's wastewater operations. For example, the billing, collection, customer information, forecasting/budgeting, and cash management functions of the wastewater system are integrated into the applicable American Water programs or platforms.

The Company devotes three full-time employees to the operation of the wastewater system. For business functions other than system operations (such as management, administration, and human resources), the wastewater system procures these functions on an allocated basis from the Company and the Service Company.

The Company has made substantial investment wastewater investment since the 2008 acquisition. Many of these improvements were upgrades necessary to modernize the Town of Fayetteville's wastewater operations and to comply with applicable environmental laws and regulations; others have been necessary to maintain service levels and the system's overall operations. Among other projects, the Company has completed a system-wide mapping project and installed permanent flow meters to help identify and address inflow and infiltration sources. On-line monitoring equipment for dissolved oxygen, ammonia, pH, and solids has been installed as a first step toward a comprehensive SCADA system. Other significant capital improvements include a new auger system for sludge transfer, variable frequency drives on existing air blowers and pumps at the treatment plant, miscellaneous controls, a 10- inch and 6-inch main replacement, a trailer mounted sewer cleaner jet and many repairs and replacements to the collection system.

The Company is devoted to ensuring the operational and environmental integrity of the wastewater system through regular system planning. The Company will continue to evaluate the system's operations and capital improvement needs, keeping in mind the system's relatively small customer base and the impact of system investment on customer rates. Since the Company's 2018 rate case, the Company has expanded its wastewater service to Winona in a partnership that it hopes will lead to more opportunities that would promote the same regionalization efficiencies that have been seen in its water service.

The Company enjoys a productive relationship with state environmental regulators at the West Virginia Department of Environmental Protection ("WVDEP"). The Company's wastewater system is in full compliance with all state permitting and discharge requirements, and the Company cooperates with the WVDEP on continuing compliance efforts, including through the design and implementation of a Long-Term Control Plan with the WVDEP. As evidence of

the Company's improvements in the wastewater system, in 2011 then-acting Governor Earl Ray Tomblin and the WVDEP honored the Company's environmental stewardship with recognition as one of the most improved wastewater treatment plants in the State.

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

CASE NO. 21-____-W-42T

WEST VIRGINIA-AMERICAN WATER COMPANY

Rule 42T tariff filing to increase
rates and charges (water operations)

CASE NO. 21-____-S-42T

WEST VIRGINIA-AMERICAN WATER COMPANY

Rule 42T tariff filing to increase
rates and charges (wastewater operations)

MOTION FOR LIMITED WAIVER

West Virginia-American Water Company respectfully moves the Commission to grant a limited waiver of that portion of Tariff Rule 23 requiring a public utility to give its customers separate written notice of a rate filing no later than 15 days prior to its proposed effective date. The Company files this motion concurrently with its general rate filings captioned above. Granting this relief, as the Commission has done in several prior cases, will facilitate a more cost-effective provision of notice to the Company's water and wastewater customers.

1. A public utility seeking to modify or change its rates must give proper notice to its customers. Section 10.1.b-c of the Tariff Rules (a component of Tariff Rule 23) provides that:

Within ten (10) days of filing its application, the utility shall give notice to its customers by: (i) posting a copy of its Tariff Form No. 8 at the offices and places of business of the applicant in the territory affected thereby; (ii) publishing the first of two (2) publications of Tariff Form No. 8 by a Class II legal advertisement in a qualified newspaper published and of general circulation in each of the counties where service is provided; (iii) issuing a press release to a qualified newspaper published and of general circulation in each county where service is provided and where its resale customers

provide service, which contains the substance of Tariff Form No. 8; and (iv) separately mailing Tariff Form No. 8 to each of its resale customers, via certified mail, return receipt requested.

In addition to (i) through (iv) above, the applicant shall, no later than fifteen (15) days prior to the proposed effective date of its tariff change, have completed the mailing of separate notices to each of its customers by one (1) or a combination of the following methods: (a) inclusion of Tariff Form No. 8 as a bill insert; (b) separately mailing Tariff Form No. 8; or (c) only for applicants that bill by postcard instead of in an envelope and who elect not to separately mail Tariff Form No. 8, inclusion of a statement on a postcard billing as follows: “This utility is seeking a rate increase. Details available in newspaper publications or at the utility office after [applicant to insert date application filed with commission] by calling [applicant to insert utility office telephone number].

2. For utilities that bill customers on “cycle” billing (that is, those with bills issued throughout the billing cycle, rather than all bills on the same day), it is difficult to comply with this rule by using a bill insert, because many of the bills could not be mailed “no later than fifteen days prior to the proposed effective date.” Instead, absent a limited waiver from the 15-day requirement, these utilities would be forced to separately mail Tariff Form No. 8 to each of their customers, at significant expense.

3. In order to comply with the “separate notice” requirement of this rule, the Company proposes to give individual notice to each of its water and wastewater customers by including a bill insert containing the text of Tariff Form No. 8 in its billing statements. Doing so will save the Company substantial mailing costs when compared with separate mailings of Tariff Form No. 8 (an additional rate case expense potentially passed on to the Company’s customers). To authorize this plan, a limited waiver of the 15-day notice requirement is required.

4. The Commission will likely suspend the effective date of the proposed rate changes for a significant period, so allowing the separate mailings as bill inserts will provide adequate

customer notification of the proposed changes in rates. If the limited waiver is granted, the Company expects to complete the customer notification processes within 60 days.

5. The Commission has granted similar relief in other large rate cases, including the Company's 2015 case. *See, e.g.,* Mountaineer Gas Company, Case No. 11-1627-G-42T (Commission Order dated November 29, 2011); Mountaineer Gas Company, Case No. 15-0003-G-42T (Commission Order dated January 14, 2015); West Virginia-American Water Company, Case Nos. 15-0676-W-42T & 15-0675-S-42T (Commission Order dated May 27, 2015); and West Virginia-American Water Company, Case Nos. 18-0573-W-42T & 18-0576-S-42T (Commission Order dated May 24, 2018).

For these reasons, the Company respectfully requests that the Commission waive that portion of Tariff Rule 23 requiring separate notice to customers to occur no later than 15 days prior to the proposed effective date of the applicable tariff changes, making this relief applicable to its water and wastewater cases.

Dated this 30th day of April, 2021.

WEST VIRGINIA-AMERICAN WATER
COMPANY

By Counsel



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PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

CASE NO. 21-____-W-42T

WEST VIRGINIA-AMERICAN WATER COMPANY

Rule 42T tariff filing to increase
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CASE NO. 21-____-S-42T

WEST VIRGINIA-AMERICAN WATER COMPANY

Rule 42T tariff filing to increase
rates and charges (wastewater operations)

MOTION FOR PROTECTIVE ORDER

West Virginia-American Water Company requests that certain information be accorded confidential treatment and protected from disclosure under West Virginia law and Commission procedures.

1. On April 30, 2021, the Company filed confidential supporting documents for its general rate filings captioned above (as described collectively below, the “Confidential Data”).

The Confidential Data filed as of April 30, 2021 consists of:

- a. information derived from American Water Works Company, Inc. (“American Water”) tax returns, provided in response to the requirements of Rule 42, Statement A, Schedule 5-Supplemental Information in both the Water and Wastewater Rule 42 Exhibits and included in Adjustment 65 and Workpaper 65 to the Water Rule 42 Exhibit (“Tax Return Data”); and

b. information provided in response to Statement C (pages 14-16) in both the Water and Wastewater Rule 42 Exhibits related to the details of the debt and equity positions of American Water, the Company's parent ("Parent Financial Data"); and

c. Exhibit RVM-1 to the Robert V. Mustich direct testimony (the Willis Towers Watson Total Remuneration Study) and portions of Water Workpapers 24-26 & 59 and Wastewater Workpapers 6-8 & 31 containing salary, wage, and other compensation detail ("Compensation Data").

2. Public disclosure of the Confidential Data could create adverse outcomes for the Company, including increasing its cost of service. The Company expects to enter into protective agreements with other parties, a practice endorsed in Mountaineer Gas Company, Case No. 01-0011-F-42T (Commission Order dated October 30, 2001) and other cases. The agreements require parties to hold confidential data in confidence and not make it available to the public under the West Virginia Freedom of Information Act, W.Va. Code § 29B-1-1, *et seq.* ("FOIA") or otherwise until the disclosing party's motion for protective order is ruled on.

3. Documents held by the Commission are available for public inspection under FOIA unless an exemption applies. The applicable standards and burden of proof for FOIA exemption, including the applicability of W. Va. R.C.P. 26(c) as held in the 1992 AT&T and Tsapis decisions and the fact-specificity of the Tsapis factors, are outlined in Monongahela Power Company and The Potomac Edison Company, Case Nos. 05-0402-E-CN and 05-0750-E-PC (Commission Order dated April 7, 2006), at 33-38. Under these standards, the Company believes that the Confidential Data are exempt from FOIA disclosure under either the "trade secret" or "invasion of privacy" exemptions in W.Va. Code § 29B-1-4(1) and (2).

Argument

4. The Confidential Data are highly sensitive, confidential, and proprietary to the Company, satisfy Tsapis, and should be accorded confidential treatment.

a. Tax Return Data. Public disclosure of the Tax Return Data could adversely affect American Water and the Company (and, in turn, its customers) by giving investors and other participants in the water industry a competitive advantage. The Commission has long recognized that the federal tax returns are protected from disclosure by the Internal Revenue Service tax code except under very specific circumstances, and, therefore, “they may not be released by the Commission in response to a FOIA request.” *See Jefferson Utils., Inc.*, Case No. 08-0544-W-42A (Commission Order dated December 2, 2010) at 9. *See also Bluefield Gas Co.*, Case No. 12-0427-G-42T (Commission Order dated January 30, 2013) at p. 22 (granting a motion to protect income tax information due to the clear preference of Congress and the Legislature that they not be disclosed).

b. Compensation Data. Public disclosure of the Compensation Data could work a competitive disadvantage to the Company by making its practices and compensation strategies available to industry competitors. The Compensation Data reflect “trade secrets” in a very real sense: they include the analysis used to make compensation decisions. These materials also incorporate the processes used by the American Water actuary and consultant, Willis Towers Watson, which has determined that the materials are confidential to it as well. There is no legitimate justification for the public disclosure of this information.

c. Parent Financial Data. The Parent Financial Data contain details regarding the debt and equity positions of the Company’s parent, American Water. It constitutes a

compilation of information that is not patented and known only to certain individuals in connection with the Company and its related entities. This information derives economic value from being neither generally known nor readily ascertainable, as its disclosure could provide outside parties with a business advantage by allowing them to discern and replicate specific financial and operational strategies. Furthermore, if this information were disclosed, the Company and its related entities could be disadvantaged in future negotiations in obtaining capital. The Commission has consistently accorded such competitively sensitive information protective treatment. *See generally* Morgantown Energy Assoc. v. Monongahela Power Co., Case No. 09-0985-E-C (Commission Order dated June 9, 2010) at 11–13 (granting motion for protective treatment of internal review, financial and accounting analyses, profit distributions, and loan agreement information); Monongahela Power Co., dba Allegheny Power, Case No. 09-1352-E-42T (Commission Order dated June 25, 2010) at 11 (granting motion for protective treatment for internal budgeting and financial projections). This Financial Information is therefore exempt from FOIA disclosure as a “trade secret” under W.Va. Code § 29B-1-4(a)(1).

5. The Confidential Data satisfy each Tsapis factor:

- Tsapis Factor 1. The Company and American Water have attempted to maintain the confidentiality of the Confidential Data to prevent dissemination to persons outside of the business. None has been provided to any outside person other than: (i) counsel who have assisted the Company in this regulatory proceeding and are bound by professional and ethical obligations and responsibilities to maintain the confidentiality of the Confidential Data; and (ii) parties to protective agreements and those authorized to review it under those agreements.
- Tsapis Factor 2. The Confidential Data is known to the Company’s management, its professional advisors, and only such employees who prepared it in the normal course of business, provide necessary administrative or support services to management, or have been involved in this proceeding, and have had a need for access to it.

- Tsapis Factor 3. The Company has consistently used protective agreements to protect the Confidential Data from unauthorized disclosure and has incurred legal costs and other expense associated with maintaining confidentiality.
- Tsapis Factor 4. The Confidential Data could be valuable to third parties, particularly water industry participants and competitors. The information also has inherent value to the Company and American Water, and the public disclosure of such information could be detrimental to the Company and its customers.
- Tsapis Factor 5. The Company has invested time, effort, and money in developing and protecting the Confidential Data.
- Tsapis Factor 6. It would be very difficult, if not impossible, for an industry competitor to obtain or duplicate the Confidential Data.

6. Redaction of the Tax Data is unnecessary. Most of the confidential material in the Tax Data is in tabular form and consists of dollar amounts; when this material is redacted, virtually nothing remains, and certainly nothing of public interest. In these circumstances, redaction is time-consuming and a wasteful, unnecessary use of resources, and should not be required.

7. The Commission should find that the Confidential Data is exempt from public disclosure and implement standard procedures in taking evidence to preserve its confidentiality.

Respectfully submitted on April 30, 2021.

WEST VIRGINIA-AMERICAN WATER
COMPANY
By Counsel



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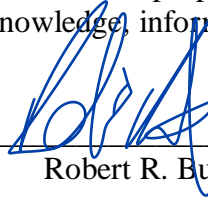
AFFIDAVIT SUPPORTING MOTION FOR PROTECTIVE ORDER

STATE OF WEST VIRGINIA,

COUNTY OF KANAWHA, to wit:

This day personally appeared Robert R. Burton, who, being duly sworn, said as follows:

1. I am an authorized officer of the utility filing the Motion to which this affidavit is attached and have been actively involved in the proceeding in which the Motion is to be filed.
2. I am familiar with the “Confidential Data” identified in the Motion and the utility’s efforts to protect it from public disclosure.
3. The descriptions of the Confidential Data’s proprietary nature in the Argument section of the Motion are true to the best of my knowledge, information, and belief.



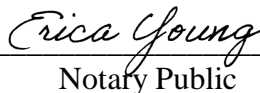
Robert R. Burton

Taken, subscribed, and sworn to before me on April 29, 2021

My commission expires September 29, 2025.



OFFICIAL SEAL
ELECTRONIC NOTARY PUBLIC OF
STATE WEST VIRGINIA
Erica R Young
West Virginia American Water
Notary Id: N200929002622
1600 Pennsylvania Ave
Charleston WV 25302
My Commission Expires 09/29/2025



Notary Public