*Dear Neighbors/LCWA Customers,*

*As chairman of the Louisa County Water Authority, I want to address the advertised public hearing to consider rate increases. First and foremost, I encourage you to attend the public hearing and have your voice heard if so compelled. As a reminder, all of our meetings are open to the public and agenda packet information will be made publicly available upon request aside from what is protected under Virginia code covered in closed sessions. At present, we are working to post publicly information pertaining to the budgetary analysis for fiscal year 2025 and summary financials through our third quarter of fiscal year 2024.*

*Prudent fiscal management of LCWA is of the utmost importance to the board and staff. It is for this reason that we advertised a public hearing on June 12th to consider a rate increase of UP TO 24%. This is after careful evaluation of our financial performance and impacts to our expense composition required to deliver compliant water to our water and from our wastewater treatment systems. LCWA strives to operate at a break even on an operating basis balancing the revenue from our services against operating expenses of our administration and infrastructure. We also have capital expenditure needs that are met by a combination of connection fees, grants, and municipal support.*

*So how did we arrive at the advertised public hearing? We operate in an extremely regulated industry that consistently has more demanding and/or new requirements costing additional money to remain in compliance. As an example during this year would be a required lead service line inventory study of our systems due to regulators in October. We also were required to conduct PFAs (forever chemical) testing of our water systems as implementation of regulation around these chemicals is presently being formulated. On this topic it is notable that we have a well system in the Zion Crossroads water system and membrane treatment system in the Louisa water system. The membrane system is one of two treatment methods known to remove PFAs during the treatment process, but also expensive to maintain with the overall operating expense requirement having increased dramatically in recent years.*

*Additionally, while we all live in an inflationary environment, LCWA has seen an amplified increase in treatment chemicals and supplies ranging from 15%-129% year over year. This is in addition to growth requirements and general wage inflation in a niche industry that requires licensed operators of our treatment systems. We are a small utility in a highly competitive job market that requires us to address our compensation policies. Additionally, we need to ensure we have enough licensed operators in order to continue treating water and wastewater compliantly. Our expenses for annual audits, equipment maintenance, sample testing, and so on have also increased dramatically. At a small utility with between 1,100-1,200 customers, these fixed expenses do not spread as far as they would with a larger customer base.*

*What are we doing to help stem our rising costs? We contract for as many goods and services as possible to most efficiently manage our FTE base and take advantage of the competitive market to help control expenses. We collaborate with larger utilities and partners in order to enhance our buying power for supplies and equipment. We spend a lot of time discussing the expenses throughout the organization to value engineer expenditures or postpone unnecessary spending. While we do these things consistently, we will not put ourselves in a position to jeopardize regulatory compliance.*

*A couple of misconceptions that I have heard from customers since our decision to proceed with a public hearing. One, our financial modeling for a rate increase IS NOT materially impacted by the James River water project. Why do I say materially? There are minimal expenses related to upkeep of easements and the dormant treatment plant which have been incurred in previous years that are part of our budget. The James River Water Authority, with support from the County of Louisa and the County of Fluvanna continue to manage the general project independently from LCWA. Two, the County of Louisa's acquisition of the New Bridge Wastewater Treatment Plant at Lake Anna IS NOT presently impacting our need to raise rates. The County of Louisa has supported the ongoing needs above and beyond normal operational expenses (offset by new revenue) of that system we began operating during this fiscal year.*

*While the last thing we want is to impose a larger expense burden on our customers, our duty to fiscally manage LCWA in a responsible way in order to provide safe and compliant water to you, and wastewater back to the environment, is of the utmost importance.*

*Thank You,.*

*Jud Foster*

*Chairman, Louisa County Water Authority*