

West Virginia American Water's Distribution System Improvement Charge (DSIC)

What is a Distribution System Improvement Charge (DSIC)?

- A Distribution System Improvement Charge (DSIC) is a small surcharge on top of current water rates to cover the cost of certain water infrastructure replacement and reliability projects in 2017 that the Public Service Commission determined to be appropriate and in the public interest.
- A DSIC allows for up-front PSC review and approval of West Virginia American Water's proposed infrastructure replacement and reliability projects each year, and then provides a way for all customers, who ultimately benefit from these investments, to make very small payments toward them each month.
- A DSIC is a way to secure funding in a timely manner moving forward, which allows the company to replace its aging infrastructure at a faster pace while improving service necessary to carry out its important public service.

When does it go into effect?

- West Virginia American Water's DSIC program was approved by the Public Service Commission in December 2016 and goes into effect January 1, 2017.

What does the DSIC mean to customers?

- In 2017, customers will pay a 1.09 percent surcharge on their monthly bills to help fund water system improvements. This amount translates to approximately 52 cents for the average residential customer's monthly water bill.
- With the funds generated by the DSIC, West Virginia American Water plans to make \$29 million in system-wide upgrades in 2017. The improvements include \$18 million in water main replacement projects, \$7 million to construct two new 4-million-gallon water storage tanks to improve service reliability, and \$4 million to replace service lines and hydrants. These projects will benefit our customers through enhanced service reliability, water quality and fire protection. The water main investment alone equates to replacing approximately 1,000 feet of water main each working day under this program.

How will the surcharge be reflected on customers' bills?

- The DSIC surcharge will be reflected on your bill as a separate line item called "Distribution System Improvement Charge."

- Most customers will see a prorated amount on their first 2017 bill, depending on their meter reading and billing schedule, since the surcharge is only calculated on water usage beginning January 1.
- The DSIC does not apply to wholesale customers under contract or to public fire accounts.

Why did West Virginia American Water seek a DSIC program?

- The purpose of a DSIC is to address the national challenge of aging infrastructure by directing additional investment to areas where improvements are needed – particularly focusing on replacing aging water mains.
- The DSIC allows the company to significantly increase its investment in infrastructure, which will strengthen our water system, create operational efficiencies and reduce costs for our customers over time.
- Another benefit of a DSIC to our customers is the elimination of large rate increases that reflect cost recovery of multiple years of company investments all at one time.

How are we helping customers in need?

- West Virginia American Water recognizes that some families face economic challenges and offers two assistance programs for customers who are struggling to pay their bills:
 - We help fund the West Virginia Utility Assistance Program Dollar Energy Fund, through which eligible customers may receive one grant per year, per household applied directly to their water bill.
 - We also offer a Special Reduced Rate Residential Service (SRRRS) program, which provides a 20 percent discount on residential water rates year round for low-income customers determined eligible by the West Virginia Department of Health & Human Resources.

Where do I find additional information?

- Additional information on the DSIC can be found at westvirginiaamwater.com by clicking “Rates Information” under the Customer Service tab.
- Information on our customer assistance programs can be found at westvirginiaamwater.com by clicking “Low Income Programs” under the Customer Service tab.