



HRSD NEWS RELEASE

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Nutrient Reduction Requirements Drive HRSD Rate Change

— Debt Service for Major Construction Projects Increases Budget —

VIRGINIA BEACH — The Hampton Roads Sanitation District (HRSD) Commission today approved a rate change that will increase the average bill for residential wastewater treatment in the region by \$1.92 per month. Effective July 1, 2009, the average monthly household bill will be \$20.16.

“Recognizing the economic challenges confronting many of our ratepayers, the Commission and the HRSD staff worked diligently to reduce expenses. Despite our best efforts, and largely due to required infrastructure upgrades, a rate increase was necessary,” said HRSD General Manager Ted Henifin. “However, our typical residential customer still pays less than one dollar a day for an essential service that protects public health and area waterways.”

Requirements to reduce the amount of nutrients that HRSD’s treatment plants discharge into the Chesapeake Bay have mandated the largest capital improvement program in the utility’s history. The nutrient reduction projects, combined with needed pipeline replacements, pump station rehabilitations and other endeavors to address aging infrastructure, will cost an estimated \$1.2 billion over the next 10 years.

The projects include major upgrades for the Army Base Treatment Plant in Norfolk (\$148.3 million), the Nansemond Treatment Plant in Suffolk (\$41.7 million), the James River Treatment Plant in Newport News (\$31.5 million) and the York River Treatment Plant in Seaford (\$61.1 million). An expansion project is also underway at the Atlantic Treatment Plant in Virginia Beach. HRSD has been successful in its aggressive pursuit of grants and low interest loans to reduce the portion of project costs to be funded by ratepayers.

HRSD is financing its portion of the capital projects by issuing bonds and using cash on hand. Debt service will increase during the next fiscal year from \$28.1 million to \$33.5 million. Operations expenses will increase from \$102.6 million to \$108.6 million, largely due to rising fuel prices, the increasing cost of chemicals used in treatment and higher electricity costs.

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HRSD, a political subdivision of the Commonwealth of Virginia, was created by public referendum in 1940. Our mission is to prevent pollution, protect public health and support community development by providing wastewater collection, treatment and related services.