



NEWS RELEASE

Contact: Nancy L. Munnikhuysen
Phone: (757) 460-7058
Mobile: (757) 642-1321
E-mail: nmunnikhuysen@hrsd.com

For Immediate Release
June 28, 2010

Nutrient Reduction Requirements Drive HRSD Rate Change

— Debt Service for Major Construction Projects Increases Budget —

VIRGINIA BEACH — The Hampton Roads Sanitation District (HRSD) Commission has approved a rate change that will increase the average bill for residential wastewater treatment in the region by \$1.89 per month. Effective July 1, 2010, the typical household will pay \$17.77 per month for an essential service that protects public health and the region’s treasured waterways.

“The Commission and the HRSD staff worked diligently to balance our focus on stewardship of our ratepayers’ hard earned dollars with our mission of stewardship of the waters of the Hampton Roads,” said HRSD General Manager Ted Henifin. “The cost of wastewater treatment continues to rise here, as it does across the nation. However, wastewater treatment is still a bargain in Hampton Roads, with the typical residential customer paying less than one dollar a day for this service.”

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 \$1.47 billion over the next 10 years.

The projects include major upgrades for the Army Base Treatment Plant in Norfolk (\$109.2 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). HRSD has been successful in its aggressive pursuit of grant funding 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 \$32 million to \$40 million. According to Henifin, despite efforts to control costs through efficiency, conservation and innovation, operations expenses are expected to rise from \$109 million to \$115 million. This increase is largely related to compliance with a Federal Consent Decree and the need to add additional staff to manage the complex integration of multiple systems across the entire regional system.

###

HRSD, a political subdivision of the Commonwealth of Virginia, was created by public referendum in 1940 and currently serves 17 cities and counties in southeast Virginia, an area with a population of 1.6 million.

Our Mission: We protect public health and the waters of Hampton Roads by treating wastewater effectively.