

**STATE OF NORTH CAROLINA  
UTILITIES COMMISSION  
RALEIGH**

DOCKET NO. W-218, SUB 497

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of

Application by Aqua North Carolina, Inc.,	)	ORDER ESTABLISHING
202 MacKenan Court, Cary, North Carolina	)	GENERAL RATE CASE,
27511, for Authority to Adjust and Increase	)	SUSPENDING RATES,
Rates for Water and Sewer Utility Service in	)	SCHEDULING HEARINGS,
All Service Areas in North Carolina	)	AND REQUIRING PUBLIC
	)	NOTICE

BY THE COMMISSION: On March 7, 2018, Aqua North Carolina, Inc. (Aqua or Applicant) filed an application with the Commission seeking authority to increase its rates for providing water and sewer utility service in all of its service areas in North Carolina. The Applicant states it serves approximately 78,739 water customers and 17,940 sewer customers. In Docket No. W-218, Sub 363, Aqua's last general rate case, the Commission issued an Order Granting Partial Rate Increase, Approving Rate Adjustment Mechanism, and Requiring Customer Notice on May 2, 2014. Except for approved tariff revisions to the rates of bulk purchased water and/or sewer systems, the present rates for water and sewer service have been in effect since January 1, 2017, pursuant to the December 20, 2016 Order Approving Tariff Revision and Customer Notice issued in Docket Nos. W-218, Sub 363, M-100, Sub 138, and M-100, Sub 142. The present Water and Sewer System Improvement Charges have been in effect since January 1, 2018, pursuant to the December 18, 2017 Order Approving Water and Sewer System Improvement Charges on a Provisional Basis and Requiring Customer Notice issued in Docket No. W-218, Sub 363A.

Aqua has voluntarily extended the date upon which it would be entitled to place temporary rates into effect under bond pursuant to G.S. 62-135(a) until November 9, 2018.

The Commission is of the opinion that the application constitutes a general rate case and that the proposed new rates should be suspended pending investigation. The Commission is also of the opinion that the application should be scheduled for hearing and that customers should be notified.

IT IS, THEREFORE, ORDERED as follows:

1. That this proceeding is declared a general rate case pursuant to G.S. 62-137.

2. That the proposed new rates are suspended for up to 270 days pursuant to G.S. 62-134.

3. That the test year period is established as the 12-month period ending September 30, 2017.

4. That the following hearings are scheduled for the sole purpose of receiving public witness testimony:

Mocksville: At 7:00 p.m., on Tuesday, May 8, 2018, in the Davie County Courthouse, District Courtroom, 140 South Main Street;

Gastonia: At 7:00 p.m., on Wednesday, May 9, 2018, in the Gaston County Courthouse, Courtroom 4C, 325 Dr. Martin Luther King Jr. Way;

Raleigh: At 7:00 p.m., on Monday, June 25, 2018, in Commission Hearing Room 2115, Dobbs Building, 430 North Salisbury Street; and

Wilmington: At 7:00 p.m., on Tuesday, June 26, 2018, in the New Hanover County Courthouse, Courtroom 317, 316 Princess Street.

5. That a further hearing on the application for the sole purpose of receiving expert witness testimony is scheduled as follows:

Raleigh: Beginning at 1:30 p.m., on Monday, September 10, 2018, and continuing as required for testimony and cross-examination of the witnesses of the Applicant, the Public Staff – North Carolina Utilities Commission (Public Staff), and any other intervenors, in Commission Hearing Room 2115, Dobbs Building, 430 North Salisbury Street.

6. That the Applicant is required to provide to the Public Staff all updates and supporting data by July 20, 2018. This requirement shall not apply to events that are neither foreseeable nor within the Applicant's control. This requirement shall not prevent the Applicant from providing evidence showing changes in costs, including plant in service additions, pursuant to G.S. 62-133(c).

7. That the Applicant is required to prefile all testimony on which it will rely at the evidentiary hearing on or before July 27, 2018. The Public Staff and other intervenors shall prefile testimony on or before August 21, 2018, and the Applicant shall prefile any rebuttal testimony no later than August 31, 2018.

8. That petitions to intervene in this proceeding shall be filed pursuant to Commission Rules R1-5 and R1-19 no later than August 21, 2018.

9. That the Applicant is required to file a report addressing all customer service and/or service quality complaints expressed at the hearings within 20 days after each hearing wherein the complaint(s) was/were expressed.

10. That the applicable Notice to Customers, attached as Appendices A, B, and C, shall be mailed with sufficient postage or hand delivered by the Applicant to the respective customers no later than 15 days after the date of this Order; and the Applicant shall submit to the Commission the attached Certificate of Service properly signed and notarized no later than 30 days after the date of this Order.

ISSUED BY ORDER OF THE COMMISSION.

This the 5<sup>th</sup> day of April, 2018.

NORTH CAROLINA UTILITIES COMMISSION

A handwritten signature in dark ink, appearing to read 'Linnetta Threatt', with a long horizontal flourish extending to the right.

Linnetta Threatt, Deputy Clerk

STATE OF NORTH CAROLINA  
UTILITIES COMMISSION  
RALEIGH

NOTICE TO CUSTOMERS  
DOCKET NO. W-218, SUB 497  
BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

Notice is hereby given that Aqua North Carolina, Inc. (Applicant), 202 MacKenan Court, Cary, North Carolina 27511, has filed an application with the North Carolina Utilities Commission for authority to increase rates for providing water and/or sewer utility service in all its service areas in North Carolina. **The Applicant's proposed changes to the rates for all its service areas, with the exception of the Brookwood/LaGrange service areas in Cumberland and Hoke Counties and the Fairways and Beau Rivage (The Cape) service areas in New Hanover County are as follows:**

**WATER UTILITY SERVICE**

<u>Monthly Metered Service (Residential and Commercial customers)</u>	<u>Existing Rates</u>	<u>Proposed Rates</u>
<u>Base facility charge (zero usage, based on meter size)</u>		
<1" meter	\$ 17.92	\$ 22.34
1" meter	\$ 44.80	\$ 55.85
1-1/2" meter	\$ 89.60	\$ 111.70
2" meter	\$143.37	\$ 178.72
3" meter	\$268.81	\$ 335.10
4" meter	\$448.02	\$ 558.50
6" meter	\$896.04	\$1,117.00
<u>Usage charge, per 1,000 gallons</u>	<u>Existing Rate</u>	<u>Proposed Rate</u>
All service areas unless noted differently below	\$ 5.43	\$ 5.74
<u>Timberlake and Thornton Ridge Water System in Alamance County</u>	<u>Existing Rates</u>	<u>Proposed Rates</u>
Base facility charge (zero usage)	\$ 12.96	As shown above
Usage charge, per 1,000 gallons	\$ 4.41	As shown above
<u>Wimbledon, Glennburn, and Knollwood Water Systems in Gaston County</u>	<u>Existing Rates</u>	<u>Proposed Rates</u>
Base facility charge (zero usage)	\$ 21.07	As shown above
Usage charge, per 1,000 gallons	\$ 7.18	As shown above
<u>Clear Meadow Water System in Mecklenburg County</u>	<u>Existing Rates</u>	<u>Proposed Rates</u>
Base facility charge (zero usage)	\$ 15.71	As shown above
Usage charge, per 1,000 gallons	\$ 3.22	As shown above
<u>Bulk Purchased Water Systems</u>		
Proposed base monthly charge same as above		
Proposed usage charge per 1,000 gallons same as bulk water provider as shown below		

APPENDIX A  
PAGE 2 OF 7

<u>Service Area</u>	<u>Water Provider</u>	<u>Existing Rates</u>	<u>Proposed Usage Charge</u>
Twin Creeks	City of Asheville	\$ 4.26	\$ 4.26
Park South	City of Charlotte	\$ 1.81	\$ 1.81
Parkway Crossing	City of Charlotte	\$ 1.81	\$ 1.81
Springhill/Springdale	City of Concord	\$ 5.11	\$ 5.11
Crystal Creek	City of Hendersonville	\$ 3.06	\$ 3.06
Hoopers Valley	City of Hendersonville	\$ 3.06	\$ 3.06
Rambling Ridge	City of Hendersonville	\$ 3.06	\$ 3.06
Brookwood	City of Hickory (outside city)	\$ 5.04	\$ 5.04
Cedarwood Estates	City of Hickory (inside city)	\$ 2.83	\$ 2.83
Heritage Farms	City of Hickory (inside city)	\$ 2.83	\$ 2.83
Hill-N-Dale	City of Lincolnton	\$ 7.70	\$ 7.70
East Shores	City of Morganton	\$ 2.52	\$ 2.52
Greenfield	City of Mount Airy	\$ 7.15	\$ 7.15
Bett's Brook	City of Newton	\$ 2.85	\$ 2.85
Beard Acres	Davidson Water, Inc.	\$ 5.30	\$ 5.30
Crestwood	Davidson Water, Inc.	\$ 5.30	\$ 5.30
Lancer Acres	Davidson Water, Inc.	\$ 5.30	\$ 5.30
Woodlake Development	Harnett County	\$ 2.77	\$ 2.77
Beechwood Cove	Chatham County	\$ 7.04	\$ 7.04
Chatham	Chatham County	\$ 7.04	\$ 7.04
Cole Park Plaza Shopping Center	Chatham County	\$ 10.01	\$10.01
Hidden Valley	Chatham County	\$ 7.04	\$ 7.04
Polks Landing	Chatham County	\$ 7.04	\$ 7.04
Chapel Ridge	Town of Pittsboro	\$ 13.69	\$13.69
Laurel Ridge	Town of Pittsboro	\$ 13.69	\$13.69
The Parks at Meadowview	Town of Pittsboro	\$ 13.69	\$13.69
River Hill Heights	Iredell Water Corp.	\$ 2.72	\$ 2.72
Bedford at Flowers	Johnston County	\$ 2.33	\$ 2.33
Bennett Place	Johnston County	\$ 2.33	\$ 2.33
Chatham	Johnston County	\$ 2.33	\$ 2.33
Cotton Field Village	Johnston County	\$ 2.33	\$ 2.33
Creeside Place	Johnston County	\$ 2.33	\$ 2.33
Eastlake at Flowers Plantation	Johnston County	\$ 2.33	\$ 2.33
Evergreen POD NE10	Johnston County	\$ 2.33	\$ 2.33
Flowers Crest	Johnston County	\$ 2.33	\$ 2.33
Flowers Plantation	Johnston County	\$ 2.33	\$ 2.33
Flowers Shopping Center	Johnston County	\$ 2.33	\$ 2.33
Forge Creek at Flowers	Johnston County	\$ 2.33	\$ 2.33
Longleaf (aka Dogwood)	Johnston County	\$ 2.33	\$ 2.33
Magnolia	Johnston County	\$ 2.33	\$ 2.33
Magnolia Village	Johnston County	\$ 2.33	\$ 2.33
Mill Creek N/Pods II	Johnston County	\$ 2.33	\$ 2.33
Mill Creek West	Johnston County	\$ 2.33	\$ 2.33
North Farm Cottages	Johnston County	\$ 2.33	\$ 2.33
North Farms	Johnston County	\$ 2.33	\$ 2.33
North Village	Johnston County	\$ 2.33	\$ 2.33
Parkway Commercial	Johnston County	\$ 2.33	\$ 2.33
Peachtree	Johnston County	\$ 2.33	\$ 2.33
Pineville Club	Johnston County	\$ 2.33	\$ 2.33
Pineville East	Johnston County	\$ 2.33	\$ 2.33
Pineville East Cottages/Palmetto Place	Johnston County	\$ 2.33	\$ 2.33
Pineville East Estates	Johnston County	\$ 2.33	\$ 2.33
Pineville West	Johnston County	\$ 2.33	\$ 2.33
Plantation Park	Johnston County	\$ 2.33	\$ 2.33
Plantation Point	Johnston County	\$ 2.33	\$ 2.33

APPENDIX A  
PAGE 3 OF 7

<u>Service Area</u>	<u>Water Provider</u>	<u>Existing Rates</u>	<u>Proposed Usage Charge</u>
Poplar Woods POD 6A (aka Wilder's Woods Phase 2)	Johnston County	\$ 2.33	\$ 2.33
River Dell East POD NE 12	Johnston County	\$ 2.33	\$ 2.33
River Dell Townes	Johnston County	\$ 2.33	\$ 2.33
South Plantation	Johnston County	\$ 2.33	\$ 2.33
South Quarter POD 6B	Johnston County	\$ 2.33	\$ 2.33
Southgate	Johnston County	\$ 2.33	\$ 2.33
Sun Ridge Farms	Johnston County	\$ 2.33	\$ 2.33
Sweetgrass	Johnston County	\$ 2.33	\$ 2.33
The Gardens at Flowers Plantation	Johnston County	\$ 2.33	\$ 2.33
The Meadows at Flowers Plantation	Johnston County	\$ 2.33	\$ 2.33
The Nines	Johnston County	\$ 2.33	\$ 2.33
The Pods IV	Johnston County	\$ 2.33	\$ 2.33
The Woodlands at Flowers Plantation	Johnston County	\$ 2.33	\$ 2.33
Trillium	Johnston County	\$ 2.33	\$ 2.33
Walker Woods	Johnston County	\$ 2.33	\$ 2.33
Watson's Mill	Johnston County	\$ 2.33	\$ 2.33
West Ashley at Flowers	Johnston County	\$ 2.33	\$ 2.33
Whitfield (aka Smith Village)	Johnston County	\$ 2.33	\$ 2.33
Wilders Woods and Extension	Johnston County	\$ 2.33	\$ 2.33
Holly Hills	Town of Forest City	\$ 5.95	\$ 5.95
Pear Meadows	Town of Fuquay-Varina	\$ 4.35	\$ 4.35
Swiss Pine Lake	Town of Spruce Pines	\$ 4.93	\$ 4.93
<u>Monthly Unmetered service (flat rate)</u>		<u>Existing Rates</u>	<u>Proposed Rates</u>
Residential customers		\$ 37.83	\$ 50.98
Commercial customers (per *REU)		\$ 63.36	\$ 74.99
*(REU = Residential Equivalent Unit)			
<u>Water System Improvement Charge</u>		<u>Existing Rates</u>	<u>Proposed Rates</u>
All service areas unless noted differently below		4.77%	0.00%

The Water System Improvement Charge is applied to the total water utility bill of each customer under the Applicant's applicable rates and charges.

The Glennburn, Knollwood, and Wimbledon systems in Gaston County, Thornton Ridge/Timberlake system in Alamance County, and Clear Meadow system in Mecklenburg County were previously not eligible for Water System Improvement Charge recovery, however, the Applicant has proposed incorporating these systems into uniform rates and making them WSIC eligible.

**SEWER UTILITY SERVICE**

<u>Monthly Unmetered Service (flat rate)</u>	<u>Existing Rates</u>	<u>Proposed Rates</u>
All service areas unless noted differently below		
Residential customers	\$ 64.98	\$ 70.22
Commercial customers (per *REU)	\$ 90.97	\$ 119.92
*(REU = Residential Equivalent Unit)		

Commercial Monthly Metered Service and all the Parkway Crossing and Park South Station Service Areas (based on metered water usage)

Base facility charge (zero usage, based on water meter size)

All service areas unless noted differently below

	<u>Existing Rates</u>	<u>Proposed Rates</u>
<1" meter	\$ 23.13	\$ 28.00
1" meter	\$ 57.82	\$ 70.00
1-1/2" meter	\$ 115.64	\$ 140.00
2" meter	\$ 185.02	\$ 224.00
3" meter	\$ 346.92	\$ 420.00
4" meter	\$ 578.20	\$ 700.00
6" meter	\$1,156.40	\$1,400.00

Usage charge, per 1,000 gallons

All service areas unless noted differently below

\$ 8.02	\$ 8.46
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Parkway Crossing and Park South Station Service Areas

Base facility charge (zero usage)

Usage charge, per 1,000 gallons

<u>Existing Rates</u>	<u>Proposed Rates</u>
As shown above	As shown above
\$ 6.45	\$ 6.45

Hawthorne Green (formerly Vista Park Apartments)

Base facility charge (zero usage, based on REU)

Usage charge, per 1,000 gallons

<u>Existing Rates</u>	<u>Proposed Rates</u>
\$ 40.40	\$ 40.40
\$ 5.11	\$ 6.11

Sewer System Improvement Charge

All service areas unless noted differently

<u>Existing Rates</u>	<u>Proposed Rates</u>
3.59%	0.00%

The Sewer System Improvement Charge is applied to the total sewer utility bill of each customer under the Applicant's applicable rates and charges.

The Commission may consider additional or alternative rate design proposals that were not included in the original application and may order increases or decreases in the schedules that differ from those proposed by the Applicant. However, any rate structure considered will not generate more overall revenues than requested.

#### EFFECT OF RATES

The average monthly residential water bill, based on an average usage of 4,990 gallons, would increase by approximately the following percentages:

	<u>Percentage Increase</u>
All Aqua Service Areas, except as listed below:	8.1%
Timberlake and Thornton Ridge	39.2%
Wimbledon, Glennburn, and Knollwood	-14.5%
Clear Meadow	53.1%
Twin Creeks	6.2%
Park South	11.1%
Parkway Crossing	11.1%
Springhill/Springdale	5.2%
Crystal Creek	8.2%
Hoopers Valley	8.2%
Rambling Ridge	8.2%
Brookwood	5.2%
Cedarwood Estates	8.6%
Heritage Farms	8.6%
Hill-N-Dale	2.9%
East Shores	9.3%
Greenfield	3.3%
Bett's Brook	8.6%
Beard Acres	5.0%
Crestwood	5.0%
Lancer Acres	5.0%
Woodlake Development	8.7%
Beechwood Cove	3.4%
Chatham	3.4%
Cole Park Plaza Shopping Center	1.7%
Hidden Valley	3.4%
Polks Landing	3.4%
Chapel Ridge	0.3%
Laurel Ridge	0.3%
The Parks at Meadowview	0.3%
River Hill Heights	8.8%
Bedford at Flowers	9.7%
Bennett Place	9.7%
Chatham	9.7%
Cotton Field Village	9.7%
Creeside Place	9.7%
Eastlake at Flowers Plantation	9.7%
Evergreen POD NE10	9.7%
Flowers Crest	9.7%
Flowers Plantation	9.7%
Flowers Shopping Center	9.7%
Forge Creek at Flowers	9.7%
Longleaf (aka Dogwood)	9.7%
Magnolia	9.7%
Magnolia Village	9.7%

	<u>Percentage Increase</u>
Mill Creek N/Pods II	9.7%
Mill Creek West	9.7%
North Farm Cottages	9.7%
North Farms	9.7%
North Village	9.7%
Parkway Commercial	9.7%
Peachtree	9.7%
Pineville Club	9.7%
Pineville East	9.7%
Pineville East Cottages/Palmetto Place	9.7%
Pineville East Estates	9.7%
Pineville West	9.7%
Plantation Park	9.7%
Plantation Point	9.7%
Poplar Woods POD 6A (aka Wilder's Woods Phase 2)	9.7%
River Dell East POD NE 12	9.7%
River Dell Townes	9.7%
South Plantation	9.7%
South Quarter POD 6B	9.7%
Southgate	9.7%
Sun Ridge Farms	9.7%
Sweetgrass	9.7%
The Gardens at Flowers Plantation	9.7%
The Meadows at Flowers Plantation	9.7%
The Nines	9.7%
The Pods IV	9.7%
The Woodlands at Flowers Plantation	9.7%
Trillium	9.7%
Walker Woods	9.7%
Watson's Mill	9.7%
West Ashley at Flowers	9.7%
Whitfield (aka Smith Village)	9.7%
Wilders Woods and Extension	9.7%
Holly Hills	4.3%
Pear Meadows	6.1%
Swiss Pine Lake	5.4%

The monthly residential flat rate sewer bill would increase by approximately 4.3%.

#### **WATER AND SEWER SYSTEM IMPROVEMENT CHARGE MECHANISM**

Pursuant to Commission Rules R7-39(k) and R10-26(k), the Water System Improvement Charge and Sewer System Improvement Charge shall be reset at zero as of the effective date of new base rates established by the Commission in this general rate case.

#### **CONSUMPTION ADJUSTMENT MECHANISM**

The Applicant has also requested authority to implement a "Consumption Adjustment Mechanism" (CAM). The CAM would operate by comparing a Base Average Consumption based on metered tariff rates established in the general rate case with a Current Average Consumption calculated annually using the most recent 12 months of billing data. If the Current Average Consumption differs more than 1% from the Base Average Consumption, the total annual revenue excess or shortfall would be computed and divided first by the number of bills, and again by 12 to establish the monthly CAM surcharge or surcredit. Aqua asserts in its application that the implementation of the proposed CAM will minimize the revenue impact of significant variations in customer consumption patterns.

**PUBLIC HEARINGS**

The Commission has scheduled the following hearings for the sole purpose of receiving public witness testimony:

Mocksville: At 7:00 p.m., on Tuesday, May 8, 2018, in the Davie County Courthouse, District Courtroom, 140 South Main Street;

Gastonia: At 7:00 p.m., on Wednesday, May 9, 2018, in the Gaston County Courthouse, Courtroom 4C, 325 Dr. Martin Luther King Jr. Way;

Raleigh: At 7:00 p.m., on Monday, June 25, 2018, in Commission Hearing Room 2115, Dobbs Building, 430 North Salisbury Street; and

Wilmington: At 7:00 p.m., on Tuesday, June 26, 2018, in the New Hanover County Courthouse, Courtroom 317, 316 Princess Street.

The Commission has scheduled a further hearing on the application for the sole purpose of receiving expert witness testimony as follows:

Raleigh: Beginning at 1:30 p.m., on Monday, September 10, 2018, and continuing as required for testimony and cross-examination of the witnesses of the Applicant, the Public Staff – North Carolina Utilities Commission (Public Staff), and any other intervenors, in Commission Hearing Room 2115, Dobbs Building, 430 North Salisbury Street.

The Public Staff is authorized by statute to represent consumers in proceedings before the Commission. Written statements to the Public Staff should include the name of the subdivision where the customer is receiving service, contact information, and any information that the writer wishes to be considered by the Public Staff in its investigation of the matter; these statements should be addressed to Mr. Christopher J. Ayers, Executive Director, Public Staff, 4326 Mail Service Center, Raleigh, North Carolina 27699-4300. Written statements may also be faxed to (919) 715-6704 or e-mailed to [sharon.wade@psncuc.nc.gov](mailto:sharon.wade@psncuc.nc.gov).

The Attorney General is also authorized by statute to represent consumers in proceedings before the Commission. Statements to the Attorney General should be addressed to The Honorable Josh Stein, Attorney General, 9001 Mail Service Center, Raleigh, North Carolina 27699-9001.

Written statements are not evidence unless those persons appear at a public hearing and testify concerning the information contained in their written statements.

Persons desiring to intervene in the matter as formal parties of record should file a petition pursuant to North Carolina Utilities Commission Rules R1-5 and R1-19 no later than August 21, 2018. These motions should be filed with the North Carolina Utilities Commission, 4325 Mail Service Center, Raleigh, North Carolina 27699-4300.

Information regarding this proceeding can be accessed from the Commission's website at [www.ncuc.net](http://www.ncuc.net) under the docket number of this proceeding.

This the 5<sup>th</sup> day of April, 2018.

NORTH CAROLINA UTILITIES COMMISSION



Linnetta Threatt, Deputy Clerk

STATE OF NORTH CAROLINA  
UTILITIES COMMISSION  
RALEIGH

NOTICE TO CUSTOMERS  
DOCKET NO. W-218, SUB 497  
BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

Notice is hereby given that Aqua North Carolina, Inc. (Applicant), 202 MacKenan Court, Cary, North Carolina 27511, has filed an application with the North Carolina Utilities Commission for authority to increase rates for providing water and/or sewer utility service in all its service areas in North Carolina. **The Applicant's proposed changes to the present water rates for its Brookwood/LaGrange service areas in Cumberland and Hoke Counties are as follows:**

WATER UTILITY SERVICE

<u>Monthly Metered Service (Residential and Commercial customers)</u>	<u>Existing Rates</u>	<u>Proposed Rates</u>
Base charge, per month (zero usage, based on meter size)		
<1" meter	\$ 13.11	\$ 15.57
1" meter	\$ 32.77	\$ 38.93
1-1/2" meter	\$ 65.55	\$ 77.85
2" meter	\$ 104.87	\$ 124.56
3" meter	\$ 196.64	\$ 233.55
4" meter	\$ 327.73	\$ 389.25
6" meter	\$ 655.47	\$ 778.50

<u>Usage charge, per 1,000 gallons</u>	\$ 2.96	\$ 3.78
All service areas unless noted differently below		

Bulk Purchased Water Systems

Proposed monthly base charge same as above

Proposed usage rate per 1,000 gallons same as bulk water provider as shown below:

<u>Service Area</u>	<u>Water Provider</u>	<u>Existing Rates</u>	<u>Proposed Rates</u>
Arden Forest	Fayetteville PWC	\$ 2.68	\$ 2.68
Bretton Woods	Fayetteville PWC	\$ 2.68	\$ 2.68
Colony Village	Fayetteville PWC	\$ 2.68	\$ 2.68
County Walk	Fayetteville PWC	\$ 2.68	\$ 2.68
Forest Lake	Fayetteville PWC	\$ 2.68	\$ 2.68
Jena-Shane	Fayetteville PWC	\$ 2.68	\$ 2.68
Kelly Hills	Fayetteville PWC	\$ 2.68	\$ 2.68
Lands Down West	Fayetteville PWC	\$ 2.68	\$ 2.68
Porter Place	Fayetteville PWC	\$ 2.68	\$ 2.68
Raintree	Fayetteville PWC	\$ 2.68	\$ 2.68
Ridge Manor	Fayetteville PWC	\$ 2.68	\$ 2.68
S & L Estates	Fayetteville PWC	\$ 2.68	\$ 2.68
Springdale	Fayetteville PWC	\$ 2.68	\$ 2.68
Stoney Point	Fayetteville PWC	\$ 2.68	\$ 2.68
Tarleton Plantation	Fayetteville PWC	\$ 2.68	\$ 2.68
Thornwood	Fayetteville PWC	\$ 2.68	\$ 2.68
Wendemere	Fayetteville PWC	\$ 2.68	\$ 2.68
Windsong	Fayetteville PWC	\$ 2.68	\$ 2.68
Woodland Run	Town of Linden	\$ 4.98	\$ 4.98

APPENDIX B  
PAGE 2 OF 4

<u>Monthly Unmetered Service/REU (flat rate)</u>	<u>Existing Rates</u>	<u>Proposed Rates</u>
Residential Rate	\$ 31.15	\$ 34.99
Commercial customers (per *REU)	\$ 31.15	\$ 48.03
*(REU = Residential Equivalent Unit)		

<u>Water System Improvement Charge</u>	<u>Existing Rates</u>	<u>Proposed Rates</u>
All service areas unless noted differently below	5.39%	0.00%

The Water System Improvement Charge is applied to the total water utility bill of each customer under the Applicant's applicable rates and charges.

The Commission may consider additional or alternative rate design proposals that were not included in the original application and may order increases or decreases in the schedules that differ from those proposed by the Applicant. However, any rate structure considered will not generate more overall revenues than requested.

**EFFECT OF RATES**

The average monthly residential water bill, based on an average usage of 5,139 gallons, would increase approximately by the following percentages:

	<u>Percentage Increase</u>
All Brookwood/LaGrange Service Areas, except as listed below:	17.2%
Arden Forest	3.6%
Bretton Woods	3.6%
Colony Village	3.6%
County Walk	3.6%
Forest Lake	3.6%
Jena-Shane	3.6%
Kelly Hills	3.6%
Lands Down West	3.6%
Porter Place	3.6%
Raintree	3.6%
Ridge Manor	3.6%
S & L Estates	3.6%
Springdale	3.6%
Stoney Point	3.6%
Tarleton Plantation	3.6%
Thornwood	3.6%
Wendemere	3.6%
Windsong	3.6%
Woodland Run	0.9%

**WATER AND SEWER SYSTEM IMPROVEMENT CHARGE MECHANISM**

Pursuant to Commission Rules R7-39(k) and R10-26(k), the Water System Improvement Charge and Sewer System Improvement Charge shall be reset at zero as of the effective date of new base rates established by the Commission in this general rate case.

### **CONSUMPTION ADJUSTMENT MECHANISM**

The Applicant has also requested authority to implement a "Consumption Adjustment Mechanism" (CAM). The CAM would operate by comparing a Base Average Consumption based on metered tariff rates established in the general rate case with a Current Average Consumption calculated annually using the most recent 12 months of billing data. If the Current Average Consumption differs more than 1% from the Base Average Consumption, the total annual revenue excess or shortfall would be computed and divided first by the number of bills, and again by 12 to establish the monthly CAM surcharge or surcredit. Aqua asserts in its application that the implementation of the proposed CAM will minimize the revenue impact of significant variations in customer consumption patterns.

### **PUBLIC HEARINGS**

The Commission has scheduled the following hearings for the sole purpose of receiving public witness testimony:

Mocksville: At 7:00 p.m., on Tuesday, May 8, 2018, in the Davie County Courthouse, District Courtroom, 140 South Main Street;

Gastonia: At 7:00 p.m., on Wednesday, May 9, 2018, in the Gaston County Courthouse, Courtroom 4C, 325 Dr. Martin Luther King Jr. Way;

Raleigh: At 7:00 p.m., on Monday, June 25, 2018, in Commission Hearing Room 2115, Dobbs Building, 430 North Salisbury Street; and

Wilmington: At 7:00 p.m., on Tuesday, June 26, 2018, in the New Hanover County Courthouse, Courtroom 317, 316 Princess Street.

The Commission has scheduled a further hearing on the application for the sole purpose of receiving expert witness testimony as follows:

Raleigh: Beginning at 1:30 p.m., on Monday, September 10, 2018, and continuing as required for testimony and cross-examination of the witnesses of the Applicant, the Public Staff – North Carolina Utilities Commission (Public Staff), and any other intervenors, in Commission Hearing Room 2115, Dobbs Building, 430 North Salisbury Street.

The Public Staff is authorized by statute to represent consumers in proceedings before the Commission. Written statements to the Public Staff should include the name of the subdivision where the customer is receiving service, contact information, and any information that the writer wishes to be considered by the Public Staff in its investigation of the matter; these statements should be addressed to Mr. Christopher J. Ayers, Executive Director, Public Staff, 4326 Mail Service Center, Raleigh, North Carolina 27699-4300. Written statements may also be faxed to (919) 715-6704 or e-mailed to [sharon.wade@psncuc.nc.gov](mailto:sharon.wade@psncuc.nc.gov).

The Attorney General is also authorized by statute to represent consumers in proceedings before the Commission. Statements to the Attorney General should be addressed to The Honorable Josh Stein, Attorney General, 9001 Mail Service Center, Raleigh, North Carolina 27699-9001.

Written statements are not evidence unless those persons appear at a public hearing and testify concerning the information contained in their written statements.

Persons desiring to intervene in the matter as formal parties of record should file a petition pursuant to North Carolina Utilities Commission Rules R1-5 and R1-19 no later than August 21, 2018. These motions should be filed with the North Carolina Utilities Commission, 4325 Mail Service Center, Raleigh, North Carolina 27699-4300.

Information regarding this proceeding can be accessed from the Commission's website at [www.ncuc.net](http://www.ncuc.net) under the docket number of this proceeding.

This the 5<sup>th</sup> day of April, 2018.

NORTH CAROLINA UTILITIES COMMISSION

A handwritten signature in black ink, appearing to read "Linnetta Threatt", with a long horizontal flourish extending to the right.

Linnetta Threatt, Deputy Clerk

STATE OF NORTH CAROLINA  
UTILITIES COMMISSION  
RALEIGH

NOTICE TO CUSTOMERS  
DOCKET NO. W-218, SUB 497  
BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

Notice is hereby given that Aqua North Carolina, Inc. (Applicant), 202 MacKenan Court, Cary, North Carolina 27511, has filed an application with the North Carolina Utilities Commission for authority to increase rates for providing water and/or sewer utility service in all its service areas in North Carolina. **The Applicant's proposed changes to the present water rates for its Fairways and Beau Rivage (The Cape) service area in New Hanover County are as follows:**

**WATER UTILITY SERVICE**

<u>Monthly Metered Service (Residential and Commercial customers)</u>	<u>Existing Rates</u>	<u>Proposed Rates</u>
Base charge, per month (zero usage, based on meter size)		
<1" meter	\$ 8.44	\$ 10.03
1" meter	\$ 21.09	\$ 25.10
1-1/2" meter	\$ 42.18	\$ 50.20
2" meter	\$ 67.48	\$ 80.32
3" meter	\$ 126.53	\$ 150.60
4" meter	\$ 210.89	\$ 251.00
6" meter	\$ 421.78	\$ 502.00
Usage charge, per 1,000 gallons	\$ 1.42	\$ 1.56
<u>Monthly Unmetered Service/REU (flat rate)</u>	<u>Existing Rates</u>	<u>Proposed Rates</u>
Residential Rate	\$ NA	\$ 34.99
Commercial customers (per *REU)	\$ NA	\$ 48.03
*(REU = Residential Equivalent Unit)		
<u>Water System Improvement Charge</u>	<u>Existing Rates</u>	<u>Proposed Rates</u>
All service areas unless noted differently	4.27%	0.00%

The Water System Improvement Charge is applied to the total water utility bill of each customer under the Applicant's applicable rates and charges.

**SEWER UTILITY SERVICE**

<u>Monthly Unmetered Service (flat rate)</u>	<u>Existing Rates</u>	<u>Proposed Rates</u>
All service areas unless noted differently below		
Residential customers	\$ 36.44	\$ 58.90
Commercial customers (per *REU)	\$ 36.44	\$ 86.70
*(REU = Residential Equivalent Unit)		

<u>Commercial Monthly Metered Service (based on metered water usage)</u>		Existing Rates	Proposed Rates
Base facility charge (zero usage, based on water meter size)			
<1" meter		\$ 11.45	\$ 17.65
1" meter		\$ 28.62	\$ 44.13
1-1/2" meter		\$ 57.25	\$ 88.25
2" meter		\$ 91.60	\$ 141.20
3" meter		\$ 171.75	\$ 264.75
4" meter		\$ 286.24	\$ 441.25
6" meter		\$ 572.49	\$ 882.50
Usage charge, per 1,000 gallons		\$ 7.22	\$ 7.50
<u>Sewer System Improvement Charge</u>		Existing Rates	Proposed Rates
All service areas unless noted differently		4.53%	0.00%

The Sewer System Improvement Charge is applied to the total sewer utility bill of each customer under the Applicant's applicable rates and charges.

The Commission may consider additional or alternative rate design proposals that were not included in the original application and may order increases or decreases in the schedules that differ from those proposed by the Applicant. However, any rate structure considered will not generate more overall revenues than requested.

#### **EFFECT OF RATES**

The average monthly residential water bill, based on an average usage of 6,403 gallons, would increase by approximately 9.5%. The monthly residential sewer bill would increase by approximately 54.6%.

#### **WATER AND SEWER SYSTEM IMPROVEMENT CHARGE MECHANISM**

Pursuant to Commission Rules R7-39(k) and R10-26(k), the Water System Improvement Charge and Sewer System Improvement Charge shall be reset at zero as of the effective date of new base rates established by the Commission in this general rate case.

#### **CONSUMPTION ADJUSTMENT MECHANISM**

The Applicant has also requested authority to implement a "Consumption Adjustment Mechanism" (CAM). The CAM would operate by comparing a Base Average Consumption based on metered tariff rates established in the general rate case with a Current Average Consumption calculated annually using the most recent 12 months of billing data. If the Current Average Consumption differs more than 1% from the Base Average Consumption, the total annual revenue excess or shortfall would be computed and divided first by the number of bills, and again by twelve to establish the monthly CAM surcharge or surcredit. Aqua asserts in its application that the implementation of the proposed CAM will minimize the revenue impact of significant variations in customer consumption patterns.

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Pursuant to G.S. 14-269.4, absent certain specific exceptions, it is unlawful for any person to possess, or carry, whether openly or concealed, any deadly weapon, not used solely for instructional or officially sanctioned ceremonial purposes, in any building housing any court of the General Court of Justice. Therefore, weapons are strictly prohibited at the hearings scheduled in this docket in county courthouses. Everyone entering the county courthouse shall have a pass through a metal detector, and any weapons found will be seized.

The Public Staff is authorized by statute to represent consumers in proceedings before the Commission. Written statements to the Public Staff should include the name of the subdivision where the customer is receiving service, contact information, and any information that the writer wishes to be considered by the Public Staff in its investigation of the matter; these statements should be addressed to Mr. Christopher J. Ayers, Executive Director, Public Staff, 4326 Mail Service Center, Raleigh, North Carolina 27699-4300. Written statements may also be faxed to (919) 715-6704 or e-mailed to [sharon.wade@psncuc.nc.gov](mailto:sharon.wade@psncuc.nc.gov).

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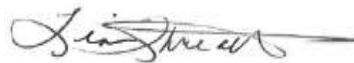
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Information regarding this proceeding can be accessed from the Commission's website at [www.ncuc.net](http://www.ncuc.net) under the docket number of this proceeding.

This the 5<sup>th</sup> day of April, 2018.

NORTH CAROLINA UTILITIES COMMISSION



Linnetta Threatt, Deputy Clerk

CERTIFICATE OF SERVICE

I, \_\_\_\_\_, mailed with sufficient postage or hand delivered to all affected customers the attached Notice to Customers issued by the North Carolina Utilities Commission in Docket No. W-218, Sub 497, and the Notice was mailed or hand delivered by the date specified in the Order.

This the \_\_\_\_ day of \_\_\_\_\_, 2018.

By: \_\_\_\_\_  
Signature

\_\_\_\_\_  
Aqua North Carolina, Inc.

The above named Applicant, \_\_\_\_\_, personally appeared before me this day and, being first duly sworn, says that the required Notice to Customers was mailed or hand delivered to all affected customers, as required by the Commission Order dated \_\_\_\_\_ in Docket No. W-218, Sub 497.

Witness my hand and notarial seal, this the \_\_\_\_ day of \_\_\_\_\_, 2018.

\_\_\_\_\_  
Notary Public

\_\_\_\_\_  
Printed Name

(SEAL) My Commission Expires:

\_\_\_\_\_  
Date