

SANFORD LAW OFFICE, PLLC

Jo Anne Sanford, Attorney at Law

April 30, 2015

Ms. Gail L. Mount, Chief Clerk
North Carolina Utilities Commission
4325 Mail Service Center
Raleigh, North Carolina 27699-4325

Via Electronic Filing

Re: Aqua North Carolina, Inc. - Application for Water and Sewer
System Improvement Surcharge Rate Adjustments Pursuant to
G.S. 62-133.12
Docket No. W-218, Sub 363A

Dear Ms. Mount:

Aqua North Carolina, Inc. ("Aqua" or "Company") hereby files its second semiannual Application for Water and Sewer System Improvement Surcharge Rate Adjustments Pursuant to G.S. 62-133.12 and Commission Rules R7-39 and R10-26. Aqua submits that these water and sewer system improvements are prudent and necessary to enable the Company to provide safe, reliable, and efficient service to its customers in accordance with applicable water quality and effluent standards, and requests that the Commission, upon review of this Application, so find.

The incremental surcharges requested in this filing range from 14 cents per month to 43 cents per month for the various "average" residential customers in the Aqua network. Including the surcharges initially approved by the Commission which became effective on January 1, 2015, the *cumulative* surcharges requested range from 20 cents per month to 64 cents per month for the same "average" residential customers, above the tariff amounts approved in the Company's 2014 general rate case order in Docket No. W-218,

Sub 363.

Pursuant to G.S. 62-133.12(c), Aqua has included five (5) water system improvement projects in this second Application which are designed to facilitate compliance with secondary drinking water standards and eight (8) projects designed to facilitate compliance with primary drinking water standards.

As always, thank you and your staff for your assistance; please feel free to contact me if there are questions or suggestions.

Sincerely,

Electronically Submitted

/s/Jo Anne Sanford

State Bar # 6831

Attorney for Aqua North Carolina, Inc.

c: Parties of Record

**STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH**

DOCKET NO. W-218, SUB 363A

In the Matter of)	
Application by Aqua North Carolina,)	APPLICATION FOR APPROVAL
Inc., 202 MacKenan Court, Cary, North)	OF WATER AND SEWER
Carolina 27511 for Authority to)	SYSTEM IMPROVEMENT RATE
Implement Water and Sewer System)	ADJUSTMENTS PURSUANT TO
Improvement Rate Adjustments)	G.S. 62-133.12
Pursuant to G.S. 62-133.12)	

NOW COMES Aqua North Carolina, Inc. ("Aqua" or "Company"), by and through counsel, and hereby applies to the North Carolina Utilities Commission ("Commission" or "NCUC") for authority to implement water and sewer system improvement rate adjustments pursuant to G.S. 62-133.12 and NCUC Rules R7-39 and R10-26. Aqua states the following in support of this Application:

1. On June 12, 2013, North Carolina Session Law 2013-106 (House Bill 710), An Act to Permit Water Utilities to Adjust Rates for Changes in Costs Based On Third-Party Rates and to Authorize the Utilities Commission to Approve a Rate Adjustment Mechanism for Water and Sewer Utilities to Recover Costs for Water and Sewer System Improvements, was signed into law, having previously been ratified by the North Carolina General Assembly. The General Assembly, in pertinent part, enacted G.S. 62-133.12 to authorize the Commission in a general rate proceeding to approve a rate adjustment mechanism to allow water and sewer utilities to recover reasonable and prudently incurred investments in eligible water and sewer system improvements. Session Law 2013-106 became effective on June 12, 2013. Prior to enactment of this

legislation, the Commission did not have statutory authority to establish these rate adjustment mechanisms for water and sewer utilities. A copy of this legislation is attached hereto as Appendix A.

2. G.S. 62-133.12 provides for Commission approval of a water system improvement charge (WSIC) and a sewer system improvement charge (SSIC), upon finding the rate adjustment mechanism is in the public interest. G.S. 62-133.12(a) provides:

"The frequency and manner of the rate adjustments under the mechanism shall be as prescribed by the Commission."

3. On August 21, 2013, the Public Staff filed a Petition for Order Establishing Rulemaking Proceeding in Docket No. W-100, Sub 54. In the Petition, the Public Staff requested that the Commission establish a rulemaking to implement G.S. 62-133.12, and adopt the proposed rules that the Public Staff had attached to the Petition with such modifications as may be appropriate in light of any comments that might be presented during the rulemaking proceeding. The draft rules established procedures for determining and implementing the rate adjustment mechanisms contemplated in the provisions in G.S. 62-133.12; i.e., a WSIC¹ and a SSIC².

4. On August 22, 2013, Aqua filed a Petition to Intervene in Docket No W-100, Sub 54. In support of its Petition, Aqua noted that it had filed a general rate case in Docket No. W-218, Sub 363 on August 2, 2013, and that, pursuant

¹ The Public Staff proposed Rule R7-39 to address the WSIC.

² The Public Staff proposed Rule R10-26 to address the SSIC.

to the authority granted in the newly-enacted G.S. 62-133.12, the Company had requested that the Commission approve a rate adjustment mechanism in that rate proceeding to allow it to recover reasonable and prudent investments in eligible water and sewer system improvements.

5. On August 28, 2013, the Commission entered an Order Establishing Rulemaking in Docket No. W-100, Sub 54 and, in pertinent part, granted Aqua's petition to intervene.

6. On May 2, 2014, the Commission entered an Order Granting Partial Rate Increase, Approving Rate Adjustment Mechanism, and Requiring Customer Notice ("2014 Rate Case Order") in Docket No W-218, Sub 363, Aqua's general rate case.

7. Decretal Paragraph 9 of the 2014 Rate Case Order provided that: "Aqua's request to utilize a WSIC/SSIC mechanism pursuant to G.S. 62-133.12 to recover certain incremental costs related to eligible investment in water and sewer infrastructure projects completed and placed in service between general rate case proceedings is in the public interest and is hereby approved."

8. Decretal Paragraph 10 of the 2014 Rate Case Order provided that: "Aqua shall utilize the alternative procedures set forth in Appendices C and D, attached hereto, and shall make the requisite filings in order to qualify for implementation of the WSIC/SSIC without having to make an additional rate filing subsequent to the adoption of final rules in Docket No. W-100, Sub 54."

9. On June 6, 2014, the Commission entered an Order Adopting Rules to Implement G.S. 62-133.12 in Docket No. W-100, Sub 54. Rule R7-39, entitled "Water System Improvement Charge Mechanism," and Rule R10-26, entitled "Sewer System Improvement Charge Mechanism," were adopted effective as of the date of the rulemaking order.

10. Rules R7-39(f) and R10-26(f) provide that once WSIC and SSIC mechanisms are approved and eligible water and sewer system improvements are in service, the utility (in this case, Aqua) may file a request with the Commission for authority to impose the water and sewer system improvement charges pursuant to the mechanisms, to be effective no less than 60 days after filing the request.

11. By the 2014 Rate Case Order entered in Docket No. W-218, Sub 363, the Commission specifically found that it was in the public interest to approve and authorize Aqua to implement WSIC and SSIC mechanisms. Accordingly, on October 31, 2014, Aqua filed its first application in the Sub 363A docket requesting approval to implement WSIC and SSIC surcharge rate adjustments. By Order dated December 22, 2014, the Commission authorized the Company to implement the following WSIC and SSIC surcharge percentages on a provisional basis effective January 1, 2015:

<u>Rate Division</u>	<u>WSIC/SSIC Percentage</u>
Aqua NC Water	0.14%
Aqua NC Sewer	0.32%
Brookwood/LaGrange Water	0.41%
Fairways and Beau Rivage Water	0.00%
Fairways and Beau Rivage Sewer	0.14%

12. Commission Rules R7-39(i) and R10-26(i) provide that authorized utilities, such as Aqua, may file requests for WSIC and SSIC rate adjustments no more frequently than semiannually. Therefore, by this Application, Aqua files its second semiannual application for WSIC and SSIC rate adjustments, provides the requisite minimum notice of 60 days, and requests authority to impose revised WSIC and SSIC customer charges, effective July 1, 2015.

13. Pursuant to Rules R7-39(b)(7) and R10-26(b)(7), the WSIC and SSIC Period for Aqua is the 12-month period ended December 31 each year. For purposes of this Application, the applicable WSIC and SSIC Period is the 12-month period ended December 31, 2015.

14. Aqua requests authority to recover the incremental depreciation expense and capital costs associated with the Company's investment in eligible water and sewer system improvements as defined in G.S. 62-133.12(c) and (d) which are detailed in Appendix B to this Application. Aqua asserts that these water and sewer system improvements are necessary to enable the Company to provide safe, reliable, and efficient service to its customers in accordance with applicable water quality and effluent standards and requests that the Commission, upon review of this Application, so find. In addition, five (5) water

system improvement projects, which are specifically identified in the Application, are proposed in order for the Company to comply with secondary drinking water standards. Pursuant to G.S. 62-133.12(c), the Commission entered an Order Approving Secondary Water Quality Improvement Projects in this docket on December 22, 2014, thereby specifically approving each of these five secondary water quality projects and authorizing the Company to implement such projects in order to comply with secondary drinking water standards.

15. For purposes of this Application, Aqua is seeking cost recovery of its *completed, in-service* investment in eligible water and sewer system improvements as defined in G.S. 62-133.12(c) and (d), which are detailed in Appendix B to this Application. These investments total \$2,022,788.16, all of which was spent on projects and infrastructure necessary to provide quality water and sewer utility service to North Carolina customers. The eligible water and sewer system improvements completed and placed in service by Aqua which are the subject of this Application include water system infrastructure installed to comply with both primary and secondary drinking water standards, sewer system improvements necessary to reduce inflow and infiltration to wastewater collection systems to comply with applicable State and federal law and regulations, and other such statutorily-authorized water and sewer system improvements.

16. Rules R7-39(b)(2) and R10-26(b)(2) define the term “depreciation expense” to mean the annual depreciation accrual rates employed in Aqua’s most recent general rate case for the plant accounts in which the cost of each

eligible water and sewer system improvement is recorded applied to the cost of eligible water and sewer system improvements. Accordingly, Aqua has developed its request for WSIC and SSIC cost recovery of its incremental depreciation expense utilizing the annual depreciation accrual rates employed in Docket No. W-218, Sub 363, the Company's most recent general rate case.

17. Rules R7-39(b)(1) and R10-26(b)(1) define the term "capital costs" to mean the pretax return on costs permitted to be capitalized pursuant to the National Association of Regulatory Utility Commissioners ("NARUC") Uniform System of Accounts, net of accumulated depreciation and accumulated deferred income taxes, using the current federal and state income tax rates and the utility's capital structure, cost of long-term debt, and return on equity approved in the utility's most recent general rate case. Accordingly, Aqua has developed its request for WSIC and SSIC cost recovery of its capital costs utilizing the current federal and state income tax rates and the utility's capital structure, cost of long-term debt, and return on equity approved in Docket No. W-218, Sub 363, the Company's most recent general rate case.

18. Rules R7-39(b)(4) and R10-26(b)(4) define the term "incremental depreciation expense and capital costs" to mean depreciation expense and capital costs that have been incurred since the utility's most recent rate case and have not been included in the utility's cost of service for ratemaking purposes. Accordingly, Aqua's request for WSIC and SSIC cost recovery of its incremental depreciation expense and capital costs includes only costs incurred since the

Company's most recent general rate case in Docket No. W-218, Sub 363. Aqua further states that such costs have not been included in the Company's cost of service for ratemaking purposes.

19. Rules R7-39(b)(6) and R10-26(b)(6) define the terms "WSIC Revenue Requirement" and "SSIC Revenue Requirement" to mean the annual revenue required to allow a utility to recover the annual incremental depreciation expense and capital costs of eligible water and sewer system improvements. Accordingly, Aqua has developed its Application and calculated its request to recover the WSIC and SSIC Revenue Requirements consistent with the methodology set forth in subsections (g) of the referenced rules.

20. Aqua's incremental WSIC Revenue Requirements for purposes of this Application are: Aqua NC Water - \$94,374.44; Brookwood/LaGrange Water - \$32,220.24; and Fairways and Beau Rivage Water - \$0.00. The Company's incremental SSIC Revenue Requirements are Aqua NC Sewer - \$76,091.66; and Fairways and Beau Ravage Sewer - \$6,425.80.

21. Rules R7-39(h) and R10-26(h) specify how the water and sewer system charges are to be calculated. Subsections (h)(1) of the rules specify that the WSIC and SSIC shall be expressed as a percentage carried to two decimal places and shall be applied to the total utility bill of each customer under the utility's applicable service rates and charges.

22. By this application, Aqua seeks authority to implement the following incremental WSIC charges---Aqua NC Water - 0.30%; Brookwood/LaGrange

Water - 0.65%; and Fairways and Beau Rivage Water - 0.00%. Aqua seeks authority to implement the following incremental SSIC charges---Aqua NC Sewer - 0.66%; and Fairways and Beau Ravage Sewer - 0.55%. These charges will be added to the WSIC/SSIC surcharges previously authorized by the Commission which became effective January 1, 2015.

23. The incremental WSIC/SSIC surcharges requested by Aqua, as set forth above, would result in the following proposed cumulative WSIC and SSIC surcharge percentages to become effective on July 1, 2015: Cumulative WSIC surcharge percentages---Aqua NC Water - 0.44%; Brookwood/LaGrange Water - 1.06%; and Fairways and Beau Rivage Water - 0.00%. Cumulative SSIC surcharge percentages--- Aqua NC Sewer - 0.98%; and Fairways and Beau Rivage Sewer - 0.69%. If approved by the Commission, these cumulative surcharge percentages will be applied to the total utility bill of each customer under the Company's applicable service rates and charges effective July 1, 2015.

24. Subsections (h)(2) of the rules specify that the WSIC and SSIC shall be computed by dividing the annual WSIC and SSIC Revenue Requirements by the projected revenues of the utility during the 12-month period following implementation of the charges. By this Application, Aqua has made the required computations consistent with the rules by utilizing the following projected WSIC Revenue Requirements during the 12-month period following implementation of the charges---Aqua NC Water - \$31,650,370; Brookwood/LaGrange Water - \$4,976,203; and Fairways and Beau Rivage Water

- \$877,033. In making the required computations, Aqua utilized the following projected SSIC Revenue Requirements---Aqua NC Sewer - \$11,556,231; and Fairways and Beau Rivage Sewer - \$1,171,537.

25. Rules R7-39(i) and R10-26(i) authorize Aqua to request semiannual WSIC and SSIC adjustments. By this Application, Aqua applies for its second semiannual WSIC and SSIC rate adjustments. Subsections (i)(2) of the rules specify that cumulative WSIC and SSIC Revenue Requirements may not exceed five percent of the total annual service revenues approved in the utility's last general rate proceeding. For purposes of this Application, Aqua states that the five percent limitation has been calculated based upon the following total annual service revenues approved in the Company's last general rate proceeding: Aqua NC Water - \$1,558,018; Aqua NC Sewer - \$544,364; Brookwood/LaGrange Water - \$249,083; Fairways and Beau Rivage Water - \$43,732; and Fairways and Beau Rivage Sewer - \$56,759.

26. Aqua's proposed WSIC and SSIC adjustments will increase monthly residential average customer bills as follows:

Aqua NC Water: Per W-218, Sub 363, with an average customer usage of 5,170 gallons per month, the average monthly residential bill per the tariff is \$46.18. Previous WSIC order(s) have increased the monthly bill by 6 cents to \$46.24 per month. This *current* WSIC request will increase the monthly amount by an additional 14 cents, for an average bill of \$46.38. Effective July 1, 2015, the *cumulative* increase over the tariff amount is 20 cents per month. The

average monthly residential bills for the bulk purchased water systems will vary, but will be increased by the same surcharge.

Aqua NC Sewer (Flat Rate) - Per W-218, Sub 363, the flat rate residential monthly bill is \$65.21. Previous WSIC order(s) have increased the monthly bill by 21 cents to \$65.42 per month. This *current* WSIC request will increase the monthly amount by an additional 43 cents, for an average bill of \$65.85. Effective July 1, 2015, the *cumulative* increase over the tariff amount is 64 cents per month. The average monthly residential bills for the bulk purchased water systems will vary, but will be increased by the same surcharge.

Brookwood/LaGrange Water: Per W-218, Sub 363, with an average customer usage of 5,817 gallons per month, the average monthly residential bill per the tariff is \$30.45. Previous WSIC order(s) have increased the monthly bill by 12 cents to \$30.57 per month. This current WSIC request will increase the monthly amount by an additional 20 cents, for an average bill of \$30.77. Effective July 1, 2015, the *cumulative* increase over the tariff amount is 32 cents per month. The average monthly residential bills for the bulk purchased water systems will vary, but will be increased by the same surcharge.

Fairways and Beau Rivage Water (average customer usage: 7,655 gallons per month) - The average monthly bill will not change; it will remain \$19.42.

Fairways and Beau Rivage Sewer (Flat Rate) - Per W-218, Sub 363, the flat rate residential monthly bill is \$36.60. Previous WSIC order(s) have

increased the monthly bill by 5 cents to \$36.65 per month. This *current* WSIC request will increase the monthly amount by an additional 20 cents, for an average bill of \$36.85. Effective July 1, 2015, the *cumulative* increase over the tariff amount is 25 cents per month.

27. Aqua's proposed WSIC and SSIC tariffs are attached hereto as Appendix C. These tariffs are proposed to become effective on July 1, 2015.

28. The attorney for Aqua, on whom all pleadings and notices should be served, is:

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Raleigh, NC 27611-8085
Telephone: 919.829.0018
Facsimile: 919.829.8139
sanford@sanfordlawoffice.com

WHEREUPON, Aqua hereby requests that the Commission approve implementation of the proposed new WSIC and SSIC tariffs and charges contained in Appendix C effective July 1, 2015.

Respectfully submitted this 30th day of April, 2015.

SANFORD LAW OFFICE, PLLC

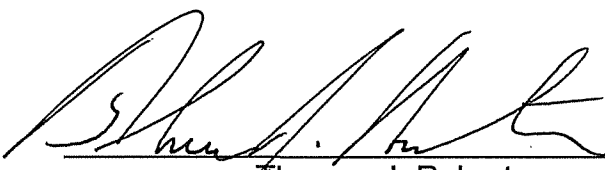
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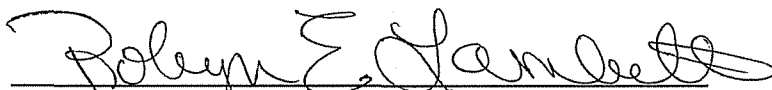
Attorneys for Aqua North Carolina, Inc.

VERIFICATION

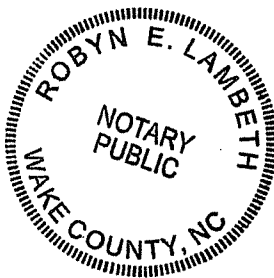
Thomas J. Roberts, being duly sworn, deposes and says: that he is the President and Chief Operating Officer of Aqua North Carolina, Inc.; that he is familiar with the facts set out in this **Application for Water and Sewer System Improvement Rate Adjustments Pursuant to G.S. 62-133.12** in Docket No. W-218, Sub 363A; that he has read the foregoing Application and knows the contents thereof; and that the same is true of his knowledge except as to those matters stated therein on information and belief, and as to those he believes them to be true.


Thomas J. Roberts

Sworn to and subscribed before me this
the 28th day of April, 2015.


Notary Public

My Commission Expires: May 13, 2016



GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2013

SESSION LAW 2013-106
HOUSE BILL 710

AN ACT TO PERMIT WATER UTILITIES TO ADJUST RATES FOR CHANGES IN COSTS BASED ON THIRD-PARTY RATES AND TO AUTHORIZE THE UTILITIES COMMISSION TO APPROVE A RATE ADJUSTMENT MECHANISM FOR WATER AND SEWER UTILITIES TO RECOVER COSTS FOR WATER AND SEWER SYSTEM IMPROVEMENTS.

The General Assembly of North Carolina enacts:

SECTION 1. Chapter 62 of the General Statutes is amended by adding a new section to read:

"§ 62-133.11. Rate adjustment for changes in costs based on third-party rates.

(a) The Commission shall permit a water or sewer public utility to adjust its rates approved pursuant to G.S. 62-133 to reflect changes in costs based solely upon changes in the rates imposed by third-party suppliers of purchased water or sewer service, including applicable taxes and fees.

(b) Any water or sewer public utility seeking to adjust its rates pursuant to this section shall file a verified petition in such form and detail as the Commission may require.

(c) The Commission shall issue an order approving, denying, or approving with modifications a rate adjustment requested pursuant to this section within 60 days of the date of filing of a completed petition, unless that time is for good cause extended up to a maximum of 90 days."

SECTION 2. Chapter 62 of the General Statutes is amended by adding a new section to read:

"§ 62-133.12. Rate adjustment mechanism based on investment in repair, improvement, and replacement of water and sewer facilities.

(a) The Commission may approve a rate adjustment mechanism in a general rate proceeding pursuant to G.S. 62-133 to allow a water or sewer public utility to recover through a system improvement charge the incremental depreciation expense and capital costs associated with the utility's reasonable and prudently incurred investment in eligible water and sewer system improvements. The Commission shall approve a rate adjustment mechanism authorized by this section only upon a finding that the mechanism is in the public interest. The frequency and manner of rate adjustments under the mechanism shall be as prescribed by the Commission.

(b) For purposes of this section, "eligible water system improvements" or "eligible sewer system improvements" shall include only those improvements found necessary by the Commission to enable the water or sewer utility to provide safe, reliable, and efficient service in accordance with applicable water quality and effluent standards.

(c) For purposes of this section, "eligible water system improvements" means:

- (1) Distribution system mains, valves, utility service lines (including meter boxes and appurtenances), meters, and hydrants installed as in-kind replacements,
- (2) Main extensions installed to eliminate dead ends and to implement solutions to regional water supply in order to comply with primary and, upon specific Commission approval, secondary drinking water standards,
- (3) Equipment and infrastructure installed to comply with primary drinking water standards,
- (4) Equipment and infrastructure installed at the direction of the Commission to comply with secondary drinking water standards.



- (5) Unreimbursed costs of relocating facilities due to highway projects.
- (d) For the purposes of this section, "eligible sewer system improvements" means:
- (1) Collection main extensions installed to implement solutions to wastewater problems.
- (2) Improvements necessary to reduce inflow and infiltration to the collection system to comply with applicable State and federal law and regulations.
- (3) Unreimbursed costs of relocating facilities due to highway construction or relocation projects.
- (4) Pumps, motors, blowers, and other mechanical equipment installed as in-kind replacements for customers.
- (e) The Commission shall provide for audit and reconciliation procedures, including measures for refunds of any over-collections under the system improvement charge with interest pursuant to G.S. 62-130(e).
- (f) The Commission may eliminate or modify any rate adjustment mechanism authorized pursuant to this section upon a finding that it is not in the public interest.
- (g) Cumulative system improvement charges for a water or sewer utility pursuant to a rate adjustment mechanism approved by the Commission under this section may not exceed five percent (5%) of the total annual service revenues approved by the Commission in the water or sewer utility's last general rate case."

SECTION 3. This act is effective when it becomes law.
In the General Assembly read three times and ratified this the 5th day of June, 2013.

s/ Daniel J. Forest
President of the Senate

s/ Thom Tillis
Speaker of the House of Representatives

s/ Pat McCrory
Governor

Approved 4:30 p.m. this 12th day of June, 2013

Aqua North Carolina, Inc.
Construction Status Report
ANC Water
For period ending March 31, 2015

Construction in-service closed to UPIS:

Funding Project	Project Description	10/2014 Closed to UPIS	11/2014 Closed to UPIS	12/2014 Closed to UPIS	Q4 2014 Closed to UPIS	1/2015 Closed to UPIS	2/2015 Closed to UPIS	3/2015 Closed to UPIS	Q1 2015 UPIS (a)	Cummulative Closed to UPIS
FP35100515487	WSIC Meter Replace-Harkers Village	947.95	3,899.40	563.68	5,411.03	0.00	1,488.80	1,842.25	3,331.05	8,742.08
FP35100016480	WSIC Replace Services	895.31			895.31	1,078.45	0.00	409.66	1,488.11	2,383.42
FP35100316481	WSIC Replace Services	1,973.86		1,067.42	3,041.28	0.00	0.00	4,437.66	4,437.66	7,478.94
FP35800016486	WSIC Replace Services	17,690.82	13,967.59	6,371.43	38,029.84	0.00	27.93	15,036.29	15,064.22	53,094.06
FP35801016487	WSIC Replace Services	3,615.66	6,247.85	59.13	9,922.64	164.68	331.84	4,427.37	4,923.89	14,846.53
FP35100016446	WSIC River Oaks Uranium Filters				0.00			85,191.65	85,191.65	85,191.65
FP35100016464	WSIC Collybrooke Arsenic Removal				0.00			54,290.69	54,290.69	54,290.69
FP35100016467	WSIC British Wds Nitrate Removal				0.00			44,336.90	44,336.90	44,336.90
FP35100516668	WSIC New TOC Filters Castle Bay				0.00			265,481.71	265,481.71	265,481.71
FP35800016469	WSIC Timberline Sh Uranium Removal				0.00			114,794.62	114,794.62	114,794.62
FP35801016096	WSIC Country Acs Radium Removal				0.00			85,929.94	85,929.94	85,929.94
FP35100039295	WSIC Main Replacement Crestwood				0.00	12,594.04			12,594.04	12,594.04
FP35100039296	WSIC Meter Replacements - Kville				0.00	11,751.75			11,751.75	11,751.75
FP35800015967	WSIC Forest Glen 2WQ Cartidge				0.00			8,521.40	8,521.40	8,521.40
FP35800015970	WSIC Holland Ridge 2WQ Cartridge				0.00			4,821.37	4,821.37	4,821.37
FP35800016039	WSIC Highland Trls 2WQ Cartridge				0.00			3,718.34	3,718.34	3,718.34
FP35800016047	WSIC Greymoss 2WQ Cartridge				0.00			11,030.92	11,030.92	11,030.92
FP35800042133	WSIC Greenfield Manor 2WQ Cartridge				0.00			2,778.72	2,778.72	2,778.72
		25,123.60	24,114.84	8,061.66	57,300.10	25,588.92	1,848.57	707,049.49	734,486.98	791,787.08

AQUA NORTH CAROLINA, INC.
WSIC Filing Summary - W-218, Sub 363A
Rate Entity: Aqua North Carolina Water

Filing	4/30/2015	
Plant in Service Date	3/31/2015	
WSIC Rates Effective	7/1/2015	
WSIC Period End	6/30/2016	
Plant Additions	791,787.08	See Appendix B: ANCW-1
Accumulated depreciation	9,278.34	See Appendix B: ANCW-3
Net plant	782,508.74	
Deferred Income Tax	(37,449.00)	See Appendix B: ANCW-4
Net Eligible Property	745,059.74	
Pre-tax ROR %	10.54%	Note 1
Pre-tax rate of return	78,527.34	
Depreciation expense	15,719.70	See Appendix B: ANCW-3
Total, excluding regulatory fee	94,247.03	
Regulatory fee gross-up factor	0.99865	Note 2
Calculated WSIC revenue requirement	94,374.44	
Total Service Revenues from Docket No. 218, Sub 363	31,160,353.00	
Cap of 5% of annual service revenues from Docket No. 218, Sub 363	1,558,017.65	
WSIC Revenue Requirement Requested (Lessor of Calculated WSIC revenue or 5% of annual service revenues from Docket No. 218, Sub 363)	94,374.44	
Anticipated service revenues 1/1/2015 to 12/31/2015	31,650,370.45	
Incremental WSIC Revenue Requirement as % of Estimated Service Revenues	0.30%	
WSIC Revenue Requirement as % of Estimated Service Revenues awarded 1/1/15	0.14%	
Cumulative WSIC Revenue Requirement as % of Estimated Service Revenues requested for 7/1/15	0.44%	
(Note 1) Capital Structure and Rate of Return from Docket No. 218, Sub 363:		
SIT rate	5.00%	
FIT rate	35.00%	
Composite income tax rate 1-((1-5%) x (1-35%))	38.25%	
<u>Capital costs and structure from Docket No.218, Sub 363:</u>		
	Cost	Pre -Tax
Debt	50% 5.29%	Weighted Cost 2.645%
Equity	50% 9.75%	Weighted Cost 7.895%
(Pre Tax Equity 4.875% / (1-38.25%))		7.520% 10.540%
(Note 2)		
Regulatory fee rate	0.135%	
Regulatory fee gross-up factor 1-.135%	0.99865	
<u>Average Residential Customer Bill</u>		
monthly gallons billed per customer per Docket W-218, Sub 363	5,170	
BFC Charge, per W-218, Sub 363	\$ 18.00	
Usage Charge, per W-218, Sub 363	\$ 5.45	
Average Residential Customer Bill - prior to application of WSIC surcharge	\$ 46.18	
WSIC Surcharge awarded effective 1/1/15 (above)	0.14%	
Average Residential Customer Bill - after application of 1/1/15 WSIC surcharge	\$ 46.24	
Incremental WSIC Surcharge effective 7/1/15 (from above)	0.30%	
Average Residential Customer Bill - after application of 7/1/15 WSIC surcharge	\$ 46.38	
Incremental increase in average monthly water bill due to WSIC effective 7/1/15	\$ 0.14	
Cumulative increase in average monthly water bill due to WSIC effective 7/1/15	\$ 0.20	

Aqua North Carolina, Inc.
Docket No. W-218, Sub 363A
2015 WSIC - ANC Water
Calculation of Accumulated Depreciation

		Dec 2014	Q1 2015	Total 2015	Total Filing				
Utility Account	Depr Rate	WSIC Additions	WSIC Additions	WSIC Additions	Totals	2014 Accum Depr	2015 Accum Depr	Total Accum Depr	Annual Depr Expense
304000-Structures & Improvements	2.06%		164,317.16	164,317.16	164,317.16	0.00	1,692.47	1,692.47	3,384.93
309200-Supply Mains	1.91%		44,485.55	44,485.55	44,485.55	0.00	424.84	424.84	849.67
311200-Pumping Equipment	1.16%		3,098.56	3,098.56	3,098.56	0.00	17.97	17.97	35.94
320300-Water Treatment Equipment	1.86%		468,994.99	468,994.99	468,994.99	0.00	4,361.65	4,361.65	8,723.31
330400-Dist Reservoirs & Standpipes	2.48%			0.00	0.00	0.00	0.00	0.00	-
331400-T&D Mains	1.61%		12,594.04	12,594.04	12,594.04	0.00	101.38	101.38	202.76
333400-Services	2.40%	51,889.07	25,913.88	25,913.88	77,802.95	1,868.01	310.97	2,178.98	1,867.27
334400-Meters & Meter Installations	3.20%	5,411.03	15,082.80	15,082.80	20,493.83	259.73	241.32	501.05	655.80
335400-Hydrants	2.13%			0.00	0.00	0.00	0.00	0.00	-
ANC Water Total		57,300.10	734,486.98	734,486.98	791,787.08	2,127.74	7,150.60	9,278.34	15,719.70

ANC Water Accum Depr

Aqua North Carolina, Inc.
Docket No. W-218, Sub 363A
2015 WSIC - ANC Water
Calculation of Tax Deduction

2014 Additions

Utility Account	MACRS WSIC Additions	Repair Tax Eligible WSIC Additions	Total 2014 WSIC Additions	2014 MACRS Tax Deduction 2% (50% bonus depr.)	2014 Repair Tax Deduction 100%	Total 2014 Tax Deduction	2015 MACRS Tax Deduction 4% (50% bonus depr in '14)	Cummulative 2014 Additions Tax Deduction
304000-Structures & Improvements			-	-	-	-	-	-
309200-Supply Mains			-	-	-	-	-	-
311200-Pumping Equipment			-	-	-	-	-	-
320300-Water Treatment Equipment			-	-	-	-	-	-
330400-Dist Reservoirs & Standpipes			-	-	-	-	-	-
331400-T&D Mains			-	-	-	-	-	-
333400-Services		51,889.07	51,889.07	-	51,889.07	51,889.07	-	51,889.07
334400-Meters & Meter Installations	5,411.03		5,411.03	2,760.00	-	2,760.00	108.00	2,868.00
335400-Hydrants			-	-	-	-	-	-
ANC Water Total	5,411.03	51,889.07	57,300.10	2,760.00	51,889.07	54,649.07	108.00	54,757.07

2015 Additions through 3/31/15

Utility Account	MACRS WSIC Additions	Repair Tax Eligible WSIC Additions	Total 2015 WSIC Additions	2015 MACRS Tax Deduction 2%	2015 Repair Tax Deduction 100%	Total 2015 Tax Deduction	Total Tax Deduction Reserve 2014 and 2015
304000-Structures & Improvements	164,317.16	-	164,317.16	3,286.00	-	3,286.00	3,286.00
309200-Supply Mains	44,485.55	-	44,485.55	890.00	-	890.00	890.00
320300-Water Treatment Equipment	3,098.56	-	3,098.56	62.00	-	62.00	62.00
330400-Dist Reservoirs & Standpipes	468,994.99	-	468,994.99	9,380.00	-	9,380.00	9,380.00
331400-T&D Mains		12,594.04	12,594.04	-	12,594.04	12,594.04	12,594.04
333400-Services		25,913.88	25,913.88	-	25,913.88	25,913.88	77,802.95
334400-Meters & Meter Installations	15,082.80	-	15,082.80	302.00	-	302.00	3,170.00
335400-Hydrants	-	-	-	-	-	-	-
ANC Water Total	695,979.06	38,507.92	734,486.98	13,920.00	38,507.92	52,427.92	107,184.99

Tax Reserve	107,185
Book Reserve	9,278
Tax greater than Book	97,907
Composite income tax rate	38.25%
Accumulated Deferred Income Tax	37,449

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AQUA NORTH CAROLINA, INC.
WSIC Filing Summary - W-218, Sub 363A
Rate Entity: Aqua North Carolina Water
Project Scope

Funding Project	Project Description	Project Scope	Ref
FP35100515487	WSIC Meter Replace-Harkers Village	The replacement of meters and/or appurtenances inside the meter box, including the box and lid, due to malfunction, damage or age deterioration. G.S. 62-133.12(c)(1) Eligible Water System Improvements.	Paragraph 14 of the Application
FP35100039296	WSIC Meter Replace-Kernersville	The replacement of meters and/or appurtenances inside the meter box, including the box and lid, due to malfunction, damage or age deterioration. G.S. 62-133.12(c)(1) Eligible Water System Improvements.	Paragraph 14 of the Application
FP35801016487	WSIC Replace Services	The replacement of service line from main to meter. Full replacment is based on prudency, age and integrety of existing pipe. G.S. 62-133.12(c)(1) Eligible Water System Improvements.	Paragraph 14 of the Application
FP35100016446	WSIC River Oaks Uranium Filters	Filters were installed in River Oaks subdivision to remove primary contaminant uranium from water. G.S. 62-133.12(c)(3) Eligible Water System Improvements.	Paragraph 14 of the Application
FP35100016464	WSIC Collybrooke Arsenic Removal	Filters were installed in Collybrooke subdivision to remove primary contaminant arsenic from water. G.S. 62-133.12(c)(3) Eligible Water System Improvements.	Paragraph 14 of the Application
FP35100016467	WSIC British Wds Nitrate Removal	Filters were installed in British Woods subdivision to remove primary contaminant nitrate from water. G.S. 62-133.12(c)(3) Eligible Water System Improvements.	Paragraph 14 of the Application
FP35100516668	WSIC New TOC Filters Castle Bay	Filters were installed in Castle Bay subdivision to remove primary contaminant TOC's from water. G.S. 62-133.12(c)(3) Eligible Water System Improvements.	Paragraph 14 of the Application
FP35800016469	WSIC Timberline Sh Uranium Removal	Filters were installed in Timberline Shores subdivision to remove primary contaminant uranium from water. G.S. 62-133.12(c)(3) Eligible Water System Improvements.	Paragraph 14 of the Application
FP35801016096	WSIC Country Acs Radium Removal	Filters were installed in Country Acres subdivision to remove primary contaminant radium from water. G.S. 62-133.12(c)(3) Eligible Water System Improvements.	Paragraph 14 of the Application

AQUA NORTH CAROLINA, INC.
WSIC Filing Summary - W-218, Sub 363A
Rate Entity: Aqua North Carolina Water
Project Scope

Funding Project	Project Description	Project Scope	Ref
FP35100039295	WSIC Main Replacement Crestwood	Replacement of 500 LF of water main in Crestwood subdivision due to age and/or integrity of the existing pipe. G.S. 62-133.12(c)(1) Eligible Water System Improvements.	Paragraph 14 of the Application
FP35100039296	WSIC Meter Replacements - Kville	Replacement of all meters in Beard Acres and Lancer Acres subdivisions due primarily to age deterioration and malfunction. G.S. 62-133.12(c)(1) Eligible Water System Improvements.	Paragraph 14 of the Application
FP35800015967	WSIC Forest Glen 2WQ Cartiridge	Disposable particulate filters were installed at 2 wells in Forest Glen subdivision in an effort to minimize the impact of secondary water quality concerns from customers. G.S. 62-133.12(c)(4) Eligible Water Systems Improvements.	Paragraph 14 of the Application
FP35800015970	WSIC Holland Ridge 2WQ Cartridge	Disposable particulate filter was installed at 1 well in Holland Ridge subdivision in an effort to minimize the impact of secondary water quality concerns from customers. G.S. 62-133.12(c)(4) Eligible Water Systems Improvements.	Paragraph 14 of the Application
FP35800016039	WSIC Highland Trls 2WQ Cartridge	Disposable particulate filter was installed at 1 well in Highland Trails subdivision in an effort to minimize the impact of secondary water quality concerns from customers. G.S. 62-133.12(c)(4) Eligible Water Systems Improvements.	Paragraph 14 of the Application
FP35800016047	WSIC Greymoss 2WQ Cartridge	Disposable particulate filters were installed at 3 wells in Gryemoss subdivision in an effort to minimize the impact of secondary water quality concerns from customers. G.S. 62-133.12(c)(4) Eligible Water Systems Improvements.	Paragraph 14 of the Application
FP35800042133	WSIC Greenfield Manor 2WQ Cartridge	Disposable particulate filter was installed at 1 well in Greenfield Manor subdivision in an effort to minimize the impact of secondary water quality concerns from customers. G.S. 62-133.12(c)(4) Eligible Water Systems Improvements.	Paragraph 14 of the Application

Aqua North Carolina, Inc.
 Construction Status Report
 ANC Wastewater
 For period ending March 31, 2015

Construction in-service closed to UPIS:

Funding Project	Project Description	10/2014 UPIS	11/2014 UPIS	12/2014 UPIS	Q4 2014 UPIS	1/2015 UPIS	2/2015 UPIS	3/2015 UPIS	Q1 2015 UPIS	Cummulative Closed to UPIS
FP35101015524	SSIC Replace LS/WWTP Pumps			5,874.45	5,874.45			2,022.08	2,022.08	7,896.53
FP35101515537	SSIC Replace LS/WWTP Pumps	333.37			333.37				0.00	333.37
FP35880016169	SSIC Replace LS/WWTP Pumps	14,131.55	8,415.01	19,181.78	41,728.34		12,225.46	876.64	13,102.10	54,830.44
FP35881016213	SSIC Replace LS/WWTP Pumps	10,212.08	7,152.09	16,135.28	33,499.45	(1,233.51)	9,295.79	11,555.69	19,617.97	53,117.42
FP35883016220	SSIC Replace LS/WWTP Pumps				0.00		533.47	171.58	705.05	705.05
FP35101015527	SSIC Rplc WWTP Blowers & Motors	1,790.16			1,790.16	416.48			416.48	2,206.64
FP35880016166	SSIC Rplc WWTP Blowers & Motors	0.00	4,151.51	3,977.21	8,128.72		1,705.73	35,587.10	37,292.83	45,421.55
FP35881016212	SSIC Rplc WWTP Blowers & Motors	584.87	6,587.28	424.29	7,596.44	2,206.65	378.54	3,186.67	5,771.86	13,368.30
FP35101030404	SSIC I & I Project - Willow Creek				0.00	25,000.00			25,000.00	25,000.00
FP35900139245	SSIC - SSES I & I Project West				0.00			659,345.67	659,345.67	659,345.67
		27,052.03	26,305.89	45,593.01	98,950.93	26,389.62	24,138.99	712,745.43	763,274.04	862,224.97

AQUA NORTH CAROLINA, INC.
SSIC Filing Summary - W-218, Sub 363A
Rate Entity: Aqua North Carolina Wastewater

Filing	4/30/2015	
Plant in Service Date	3/31/2015	
SSIC Rates Effective	7/1/2015	
SSIC Period End	6/30/2016	
Plant Additions	862,224.97	See Schedule ANCWW-2
Accumulated depreciation	14,064.92	See Schedule ANCWW-3
Net plant	848,160.05	
Deferred Income Tax	(324,421.00)	See Schedule ANCWW-4
Net Eligible Property	523,739.05	
Pre-tax ROR %	10.54%	Note 1
Pre-tax rate of return	55,200.72	
Depreciation expense	20,788.22	Schedule ANCWW-3
Total, excluding regulatory fee	75,988.94	
Regulatory fee gross-up factor	0.99865	Note 2
Total calculated SSIC revenue requirement	76,091.66	
Total Service Revenues from Docket No. 218, Sub 363	10,887,285.00	
5% of annual service revenues from Docket No. 218, Sub 363	544,364.25	
SSIC Revenue Requirement (Lessor of Calculated SSIC revenue or 5% of annual service revenues from Docket No. 218, Sub 363)	76,091.66	
Anticipated service revenues 1/1/2015 to 12/31/2015	11,556,230.51	
Incremental SSIC Revenue Requirement as % of Estimated Service Revenues	0.66%	
SSIC Revenue Requirement as % of Estimated Service Revenues <u>awarded</u> 1/1/15	0.32%	
CUMULATIVE SSIC Revenue Requirement as % of Estimated Service Revenues requested - effective 7/1/15	0.98%	
(Note 1) Capital Structure and Rate of Return from Docket No. 218, Sub 363:		
SIT rate	5.00%	
FIT rate	35.00%	
Composite income tax rate $1 - ((1 - 5\%) \times (1 - 35\%))$	38.25%	
<u>Capital costs and structure from Docket No. 218, Sub 363:</u>		
	Cost	Pre -Tax Weighted Weighted Cost Cost
Debt	50% 5.29%	2.645% 2.645%
Equity	50% 9.75%	4.875% 7.895%
(Pre Tax Equity 4.875% / (1-38.25%))		7.520% 10.540%
(Note 3)		
Regulatory fee rate	0.135%	
Regulatory fee gross-up factor 1-135%	0.99865	
<u>Average Residential Customer Bill</u>		
Residential Flat Rate Customer Bill - from Docket W-218, Sub 363	\$ 65.21	
SSIC Surcharge awarded effective 1/1/15	0.32%	
Residential Flat Rate Customer Bill - with impact from SSIC award effective 1/1/15	\$ 65.42	
Incremental SSIC Surcharge (from above)	0.66%	
Residential Flat Rate Customer Bill - after application of SSIC surcharge	\$ 65.85	
Incremental increase in average monthly sewer bill due to SSIC effective 7/1/15	\$ 0.43	
Cumulative increase in average monthly sewer bill due to SSIC effective 7/1/15	\$ 0.64	

Aqua North Carolina, Inc.
Docket No. W-218, Sub 363A
2015 SSIC - ANC WW
Calculation of Accumulated Depreciation

		Dec 2014	Q1 2015			Total 2015	Total Filing				
Utility Account	Depr Rate	SSIC Additions	SSIC Additions	SSIC Additions	SSIC Additions	SSIC Additions	Totals	2014 Accum Depr	2015 Accum Depr	Total Accum Depr	Annual Depr Exp
360200-Collection Sewers-Force	4.61%					0.00	0.00	0.00	0.00	0.00	0.00
361200-Collection Sewers-Gravity	2.00%		565,622.46			565,622.46	565,622.46	0.00	5,656.22	5,656.22	11,312.45
363200-Services to Customers	2.55%		118,723.21			118,723.21	118,723.21	0.00	1,513.72	1,513.72	3,027.44
371000-Pumping Equipment	3.80%	81,435.61	35,447.20			35,447.20	116,882.81	4,641.83	673.50	5,315.33	4,441.55
380000-Treatment & Disposal Equip	3.29%	17,515.32	43,481.17			43,481.17	60,996.49	864.38	715.27	1,579.65	2,006.78
ANC WW Total		98,950.93	763,274.04	0.00	0.00	763,274.04	862,224.97	5,506.21	8,558.71	14,064.92	20,788.22

ANC WW Accum Depr

Aqua North Carolina, Inc.
Docket No. W-218, Sub 363A
2015 SSIC - ANC Sewer
Calculation of Tax Deduction

2014 Additions

	MACRS WSIC Additions	Repair Tax Eligible WSIC Additions	Total 2014 WSIC Additions	2014 MACRS Tax Deduction 2% (50% bonus depr.)	2014 Repair Tax Deduction 100%	Total 2014 Tax Deduction	2015 MACRS Tax Deduction 4% (50% bonus depr in '14)	Cummulative 2014 Additions Tax Deduction
Utility Account								
360200-Collection Sewers-Force	-	-	-	-	-	-	-	-
361200-Collection Sewers-Gravity	-	-	-	-	-	-	-	-
363200-Services to Customers	-	-	-	-	-	-	-	-
371000-Pumping Equipment	-	81,435.61	81,435.61	-	81,435.61	81,435.61	-	81,435.61
380000-Treatment & Disposal Equip	-	17,515.32	17,515.32	-	17,515.32	17,515.32	-	17,515.32
ANC Water Total	-	98,950.93	98,950.93	-	98,950.93	98,950.93	-	98,950.93

2015 Additions through 3/31/15

	MACRS WSIC Additions	Repair Tax Eligible WSIC Additions	Total 2015 WSIC Additions	2015 MACRS Tax Deduction 2%	2015 Repair Tax Deduction 100%	Total 2015 Tax Deduction	Total Tax Deduction Reserve 2014 and 2015
Utility Account							
360200-Collection Sewers-Force	-	-	-	-	-	-	-
361200-Collection Sewers-Gravity	-	565,622.46	565,622.46	-	565,622.46	565,622.46	565,622.46
363200-Services to Customers	-	118,723.21	118,723.21	-	118,723.21	118,723.21	118,723.21
371000-Pumping Equipment	-	35,447.20	35,447.20	-	35,447.20	35,447.20	116,882.81
380000-Treatment & Disposal Equip	-	43,481.17	43,481.17	-	43,481.17	43,481.17	60,996.49
ANC Water Total	-	763,274.04	763,274.04	-	763,274.04	763,274.04	862,224.97

Tax Reserve	862,224.97
Book Reserve	14,064.92
Tax grteater than Book	848,160.05
Composite income tax rate	38.25%
Accumulated Deferred Income Tax	324,421.00

AQUA NORTH CAROLINA, INC.
WSIC Filing Summary - W-218, Sub 363A
Rate Entity: Aqua North Carolina Sewer
Project Scope

Funding Project	Project Description	Project Scope	Ref
FP35101015524	SSIC Replace LS/WWTP Pumps	The replacement of pumping equipment at lift stations and wastewater treatment plants due to failure. G.S. 62-133.12(d)(4) Eligible Sewer System Improvements.	Paragraph 14 of the Application
FP35101015527	SSIC Rplc WWTP Blowers & Motors	The replacement of motors and/or blower equipment at wastewater treatment plants due to failure. G.S. 62-133.12(d)(4) Eligible Sewer System Improvements.	Paragraph 14 of the Application
FP35101030404	SSIC I & I Project - Willow Creek	Improvements completed to reduce and/or eliminate the inflow and infiltration of rain water into a portion of the collection system. G.S. 62-133.12(d)(2) Eligible Sewer System Improvements.	Paragraph 14 of the Application
FP35900139245	SSIC - SSES I & I Project West	Improvements completed to reduce and/or eliminate the inflow and infiltration of rain water into a portion of the collection systems for Spring Creek, Willow Creek, Melville Heights, Graystone Forest and Penman Heights. G.S. 62-133.12(d)(2) Eligible Sewer System Improvements.	Paragraph 14 of the Application

Aqua North Carolina, Inc.
 Construction Status Report
 Brookwood & LaGrange Water
 For period ending March 31, 2015

Construction in-service closed to UPIS:

Funding Project	Project Description	Area	10/2014 Closed to UPIS	11/2014 Closed to UPIS	12/2014 Closed to UPIS	Q4 Closed to UPIS	1/2015 Closed to UPIS	2/2015 Closed to UPIS	3/2015 Closed to UPIS	Q1 2015 UPIS (a)	Cummulative Closed to UPIS
FP35740016484	WSIC Replace Services	Fayetteville	20,660.26	16,242.10	16,430.74	53,333.10	27,823.53	18,274.92	31,010.35	77,108.80	130,441.90
FP35740015572	WSIC Rad Filter Cliffdale/MiddleCr	Fayetteville							80,942.42	80,942.42	80,942.42
FP35740015567	WSIC Install Phosphate Cliffdale	Fayetteville							87,413.45	87,413.45	87,413.45
			20,660.26	16,242.10	16,430.74	53,333.10	27,823.53	18,274.92	199,366.22	245,464.67	298,797.77

AQUA NORTH CAROLINA, INC.
WSIC Filing Summary - W-218, Sub 363A
Rate Entity: Brookwood & LaGrange Water

Filing	4/30/2015	
Plant in Service Date	3/31/2015	
WSIC Rates Effective	7/1/2015	
WSIC Period End	6/30/2016	
Plant Additions	298,797.77	See Appendix B: BW-1
Accumulated depreciation	4,464.62	See Appendix B: BW-3
Net plant	294,333.15	
Deferred Income Tax	(49,474.00)	See Appendix B: BW-4
Net Eligible Property	244,859.15	
Pre-tax ROR %	10.54%	Note 1
Pre-tax rate of return	25,807.51	
Depreciation expense	6,369.24	See Appendix B: BW-3
Total, excluding regulatory fee	32,176.75	
Regulatory fee gross-up factor	0.99865	Note 2
Calculated WSIC revenue requirement	32,220.24	

Total Service Revenues from Docket No. 218, Sub 363	4,981,656.00
Cap of 5% of annual service revenues from Docket No. 218, Sub 363	249,082.80

WSIC Revenue Requirement (Lessor of Calculated WSIC revenue or 5% of annual service revenues from Docket No. 218, Sub 363)	32,220.24
Anticipated service revenues 1/1/2015 to 12/31/2015	4,976,203.35

Incremental WSIC Revenue Requirement as % of Estimated Service Revenues	0.65%
WSIC Revenue Requirement as % of Estimated Service Revenues <u>awarded</u> 1/1/15	0.41%
Cumulative WSIC Revenue Requirement as % of Estimated Service Revenues requested for 7/1/15	1.06%

(Note 1) Capital Structure and Rate of Return from Docket No. 218, Sub 363:

SIT rate	5.00%
FIT rate	35.00%
Composite income tax rate $1 - ((1 - 5\%) \times (1 - 35\%))$	38.25%

Capital costs and structure from Docket No.218, Sub 363:

	Cost	Weighted Cost	Pre -Tax Weighted Cost
Debt	50%	5.29%	2.645%
Equity	50%	9.75%	4.875%
(Pre Tax Equity 4.875% / (1-38.25%))			7.520%
			10.540%

(Note 2)

Regulatory fee rate	0.135%
Regulatory fee gross-up factor $1 - 1.135\%$	0.99865

Average Residential Customer Bill

Monthly gallons billed per customer per Docket W-218, Sub 363	5,817
BFC Charge, per W-218, Sub 363	\$ 13.17
Usage Charge, per W-218, Sub 363	\$ 2.97
Average Residential Customer Bill - prior to application of WSIC surcharge	\$ 30.45
WSIC Surcharge awarded effective 1/1/15 (above)	0.41%
Average Residential Customer Bill - after application of 1/1/15 WSIC surcharge	\$ 30.57
Incremental WSIC Surcharge effective 7/1/15 (from above)	0.65%
Average Residential Customer Bill - after application of 7/1/15 WSIC surcharge	\$ 30.77
Incremental increase in average monthly water bill due to WSIC effective 7/1/15	\$ 0.20
Cumulative increase in average monthly water bill due to WSIC effective 7/1/15	\$ 0.32

Aqua North Carolina, Inc.
Docket No. W-218, Sub 363A
2015 WSIC - Brookwood & LaGrange Water
Calculation of Accumulated Depreciation

		Dec 2014	Q1 2015			Total 2015	Total Filing				
Utility Account	Depr Rate	WSIC Additions	WSIC Additions	WSIC Additions	WSIC Additions	WSIC Additions	Totals	2014 Accum Depr	2015 Accum Depr	Total Accum Depr	Annual Depr Expense
304000-Structures & Improvements	2.06%		44,467.59			44,467.59	44,467.59	0.00	458.02	458.02	916.03
309200-Supply Mains	1.91%		36,551.49			36,551.49	36,551.49	0.00	349.07	349.07	698.13
320300-Water Treatment Equipment	1.86%		87,336.79			87,336.79	87,336.79	0.00	812.23	812.23	1,624.46
330400-Dist Reservoirs & Standpipes	2.48%					0.00	0.00	0.00	0.00	0.00	0.00
331400-T&D Mains	1.61%					0.00	0.00	0.00	0.00	0.00	0.00
333400-Services	2.40%	53,333.10	77,108.80			77,108.80	130,441.90	1,919.99	925.31	2,845.30	3,130.61
334400-Meters & Meter Installations	3.20%	-	0.00			0.00	0.00	0.00	0.00	0.00	0.00
335400-Hydrants	2.13%					0.00	0.00	0.00	0.00	0.00	0.00
Brookwood Total		53,333.10	245,464.67	0.00	0.00	245,464.67	298,797.77	1,919.99	2,544.63	4,464.62	6,369.24

Brookwood Accum Depr

Aqua North Carolina, Inc.
Docket No. W-218, Sub 363A
2015 WSIC - Brookwood & LaGrange Water
Calculation of Tax Deduction

2014 Additions

Utility Account	MACRS WSIC Additions	Repair Tax Eligible WSIC Additions	Total 2014 WSIC Additions	2014 MACRS Tax Deduction 2% (50% bonus depr.)	2014 Repair Tax Deduction 100%	Total 2014 Tax Deduction	2014 MACRS Tax Deduction 4% (50% bonus depr in '13)	Cummulative 2014 Additions Tax Deduction
304000-Structures & Improvements	-	-	-	-	-	-	-	-
309200-Supply Mains	-	-	-	-	-	-	-	-
320300-Water Treatment Equipment	-	-	-	-	-	-	-	-
330400-Dist Reservoirs & Standpipes	-	-	-	-	-	-	-	-
331400-T&D Mains	-	-	-	-	-	-	-	-
333400-Services	-	53,333.10	53,333.10	-	53,333.10	53,333.10	-	53,333.10
334400-Meters & Meter Installations	-	-	-	-	-	-	-	-
335400-Hydrants	-	-	-	-	-	-	-	-
ANC Water Total	-	53,333.10	53,333.10	-	53,333.10	53,333.10	-	53,333.10

2015 Additions through 3/31/15

Utility Account	MACRS WSIC Additions	Repair Tax Eligible WSIC Additions	Total 2015 WSIC Additions	2015 MACRS Tax Deduction 2%	2015 Repair Tax Deduction 100%	Total 2015 Tax Deduction	Total Tax Deduction Reserve 2014 and 2015
304000-Structures & Improvements	44,467.59	-	44,467.59	889.00	-	889.00	889.00
309200-Supply Mains	36,551.49	-	36,551.49	731.00	-	731.00	731.00
320300-Water Treatment Equipment	87,336.79	-	87,336.79	1,747.00	-	1,747.00	1,747.00
330400-Dist Reservoirs & Standpipes	-	-	-	-	-	-	-
331400-T&D Mains	-	-	-	-	-	-	-
333400-Services	-	77,108.80	77,108.80	-	77,108.80	77,108.80	130,441.90
334400-Meters & Meter Installations	-	-	-	-	-	-	-
335400-Hydrants	-	-	-	-	-	-	-
ANC Water Total	168,355.87	77,108.80	245,464.67	3,367.00	77,108.80	80,475.80	133,808.90

Tax Reserve	133,808.90
Book Reserve	4,464.62
Tax greater than Book	129,344.28
Composite income tax rate	38.25%
Accumulated Deferred Income Tax	49,474.00

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AQUA NORTH CAROLINA, INC.
WSIC Filing Summary - W-218, Sub 363A
Rate Entity: Brookwood and LaGrange Water
Project Scope

Funding Project	Project Description	Project Scope	Ref
FP35740016484	WSIC Replace Services	The replacement of service line from main to meter. Full replacment is based on prudency, age and integrety of existing pipe. G.S. 62-133.12(c)(1) Eligible Water System Improvements.	Paragraph 14 of the Application
FP35740015572	WSIC Rad Filter Cliffdale/MiddleCr	The installation of radium filters to remove primary contaminant radium to comply with primary drinking water standards. G.S. 62-133.12(c)(3) Eligible Water System Improvements.	Paragraph 14 of the Application
FP35740015567	WSIC Install Phosphate Cliffdale	The installation of phosphate treatment equipment to eliminate primary contaminants lead and copper to comply with primary drinking water standards. G.S. 62-133.12(c)(3) Eligible Water System Improvements.	Paragraph 14 of the Application

Aqua North Carolina, Inc.
 Construction Status Report
 Fairways & Beau Rivage Water
 For period ending March 31, 2015

Construction in-service closed to UPIS:

Funding Project	Project Description	10/2014	11/2014	12/2014	Q4	1/2015	2/2015	3/2015	Q1 2015	Cummulative
		UPIS	UPIS	UPIS	UPIS (a)	UPIS	UPIS	UPIS	UPIS (a)	UPIS [1] (b)
FP35681616483	WSIC Replace Services				0.00					0.00
		-	-	-	-					-

AQUA NORTH CAROLINA, INC.
WSIC Filing Summary - W-218, Sub 363A
Rate Entity: Fairways & Beau Rivage Water

Filing	4/30/2015	
Plant in Service Date	3/31/2015	
WSIC Rates Effective	7/1/2015	
WSIC Period End	6/30/2016	
Plant Additions	-	See Schedule FW-1
Accumulated depreciation	-	See Schedule FW-3
Net plant	-	
Deferred Income Tax	-	See Schedule FW-4
Deferred Tax Asset	-	
Net Eligible Property	-	
Pre-tax ROR %	10.54%	Note 1
Pre-tax rate of return	-	
Depreciation expense	-	Schedule FW-3
Total, excluding regulatory fee	-	
Regulatory fee gross-up factor	0.99865	Note 2
Total calculated WSIC revenue requirement	-	

Total Service Revenues from Docket No. 218, Sub 363	874,636.00
5% of annual service revenues from Docket No. 218, Sub 363	43,731.80

WSIC Revenue Requirement (Lessor of Calculated WSIC revenue or 5% of annual service revenues from Docket No. 218, Sub 363)	-
Anticipated service revenues 1/1/2015 to 12/31/2015	877,032.95

Incremental WSIC Revenue Requirement as % of Estimated Service Revenues	0.00%
WSIC Revenue Requirement as % of Estimated Service Revenues <u>awarded</u> 1/1/15	0.00%
Cumulative WSIC Revenue Requirement as % of Estimated Service Revenues requested for 7/1/15	0.00%

(Note 1) Capital Structure and Rate of Return from Docket No. 218, Sub 363:

SIT rate	5.00%
FIT rate	35.00%
Composite income tax rate $1 - ((1 - 5\%) \times (1 - 35\%))$	38.25%

Capital costs and structure from Docket No. 218, Sub 363:

	Cost	Weighted Cost	Pre -Tax Weighted Cost
Debt	50%	5.29%	2.645%
Equity	50%	9.75%	4.875%
(Pre Tax Equity 4.875% / (1-38.25%))			7.520%
			10.540%

(Note 2)

Regulatory fee rate	0.135%
Regulatory fee gross-up factor $1 - 0.135\%$	0.99865

Average Residential Customer Bill

Monthly gallons billed per customer per Docket W-218, Sub 363	7,655
BFC Charge, per W-218, Sub 363	\$ 8.47
Usage Charge, per W-218, Sub 363	\$ 1.43
Average Residential Customer Bill - prior to application of WSIC surcharge	\$ 19.42
WSIC Surcharge awarded effective 1/1/15 (above)	0.00%
Average Residential Customer Bill - after application of 1/1/15 WSIC surcharge	\$ 19.42
Incremental WSIC Surcharge effective 7/1/15 (from above)	0.00%
Average Residential Customer Bill - after application of 7/1/15 WSIC surcharge	\$ 19.42
Incremental increase in average monthly water bill due to WSIC effective 7/1/15	\$ -
Cumulative increase in average monthly water bill due to WSIC effective 7/1/15	\$ -

Aqua North Carolina, Inc.
Docket No. W-218, Sub 363A
2015 WSIC - Fairways & Beau Rivage Water
Calculation of Accumulated Depreciation

		Dec 2014	Q1 2015				Total Filing				
Utility Account	Depr Rate	WSIC Additions	WSIC Additions	WSIC Additions	WSIC Additions	Total 2015 WSIC Additions	Totals	2014 Accum Depr	2015 Accum Depr	Total Accum Depr	Annual Depr Expense
304000-Structures & Improvements	2.06%					0.00	0.00	0.00	0.00	0.00	0.00
309200-Supply Mains	1.91%					0.00	0.00	0.00	0.00	0.00	0.00
320300-Water Treatment Equipment	1.86%					0.00	0.00	0.00	0.00	0.00	0.00
330400-Dist Reservoirs & Standpipes	2.48%					0.00	0.00	0.00	0.00	0.00	0.00
331400-T&D Mains	1.61%					0.00	0.00	0.00	0.00	0.00	0.00
333400-Services	2.40%					0.00	0.00	0.00	0.00	0.00	0.00
334400-Meters & Meter Installations	3.20%		0.00			0.00	0.00	0.00	0.00	0.00	0.00
335400-Hydrants	2.13%					0.00	0.00	0.00	0.00	0.00	0.00
Fairways Water Total		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

Fairways Water Accum Depr

Aqua North Carolina, Inc.
Docket No. W-218, Sub 363A
2015 WSIC - Fairways & Beau Rivage Water
Calculation of Tax Deduction

2014 Additions

Utility Account	MACRS WSIC Additions	Repair Tax Eligible WSIC Additions	Total 2014 WSIC Additions	2014 MACRS Tax Deduction 2% (50% bonus depr.)	2014 Repair Tax Deduction 100%	Total 2014 Tax Deduction	2015 MACRS Tax Deduction 4% (50% bonus depr in '13)	Cummulative 2014 Additions Tax Deduction
304000-Structures & Improvements	-	-	-	-	-	-	-	-
309200-Supply Mains	-	-	-	-	-	-	-	-
320300-Water Treatment Equipment	-	-	-	-	-	-	-	-
330400-Dist Reservoirs & Standpipes	-	-	-	-	-	-	-	-
331400-T&D Mains	-	-	-	-	-	-	-	-
333400-Services	-	-	-	-	-	-	-	-
334400-Meters & Meter Installations	-	-	-	-	-	-	-	-
335400-Hydrants	-	-	-	-	-	-	-	-
ANC Water Total	-	-	-	-	-	-	-	-

2015 Additions through 3/31/15

Utility Account	MACRS WSIC Additions	Repair Tax Eligible WSIC Additions	Total 2014 WSIC Additions	2014 MACRS Tax Deduction 2%	2014 Repair Tax Deduction 100%	Total 2014 Tax Deduction	Total Tax Deduction Reserve 2013 and 2014
304000-Structures & Improvements	-	-	-	-	-	-	-
309200-Supply Mains	-	-	-	-	-	-	-
320300-Water Treatment Equipment	-	-	-	-	-	-	-
330400-Dist Reservoirs & Standpipes	-	-	-	-	-	-	-
331400-T&D Mains	-	-	-	-	-	-	-
333400-Services	-	-	-	-	-	-	-
334400-Meters & Meter Installations	-	-	-	-	-	-	-
335400-Hydrants	-	-	-	-	-	-	-
ANC Water Total	-	-	-	-	-	-	-

Tax Reserve	-
Book Reserve	-
Tax greater than Book	-
Composite income tax rate	38.25%
Accumulated Deferred Income Tax	-

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Apr 30 2015

AQUA NORTH CAROLINA, INC.
WSIC Filing Summary - W-218, Sub 363A
Rate Entity: Fairways and Beau Rivage Water
Project Scope

Funding Project	Project Description	Project Scope	Ref
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Aqua North Carolina, Inc.
Construction Status Report
Fairways & Beau Rivage Wastewater
For period ending March 31, 2015

Construction in-service closed to UPIS:

Funding Project	Project Description	12/2014 UPIS	1 2015 UPIS	2 2015 UPIS	3 2015 UPIS	Cummulative UPIS (b)
FP35640115538	SSIC Replace LS/WWTP Pumps	7,382.00	-	8,752.34	719.62	16,853.96
FP35640115539	SSIC Rplc WWTP Blowers & Motors	6,493.37				6,493.37
FP35640137628	SSIC I & I Beau Rivage		46,631.01			46,631.01
		13,875.37	46,631.01	8,752.34	719.62	69,978.34

AQUA NORTH CAROLINA, INC.
WSIC Filing Summary - W-218, Sub 363A
Rate Entity: Fairways & Beau Rivage Wastewater

Filing	4/30/2015	
Plant in Service Date	3/31/2015	
SSIC Rates Effective	7/1/2015	
SSIC Period End	6/30/2016	
Plant Additions	69,978.34	See Schedule FWW-2
Accumulated depreciation	1,473.46	See Schedule FWW-3
Net plant	68,504.88	
Deferred Income Tax	(26,203.00)	See Schedule FWW-4
Net Eligible Property	42,301.88	
Pre-tax ROR %	10.54%	Note 1
Pre-tax rate of return	4,458.51	
Depreciation expense	1,958.62	Schedule FWW-3
Total, excluding regulatory fee	6,417.13	
Regulatory fee gross-up factor	0.99865	Note 2
Total calculated SSIC revenue requirement	6,425.80	
Total Service Revenues from Docket No. 218, Sub 363	1,135,185.00	
5% of annual service revenues from Docket No. 218, Sub 363	56,759.25	

SSIC Revenue Requirement (Lessor of Calculated SSIC revenue or 5% of annual service revenues from Docket No. 218, Sub 363)	6,425.80
Anticipated service revenues 1/1/2015 to 12/31/2015	1,171,536.61

Incremental SSIC Revenue Requirement as % of Estimated Service Revenues	0.55%
SSIC Revenue Requirement as % of Estimated Service Revenues <u>awarded</u> 1/1/15	0.14%
CUMULATIVE SSIC Revenue Requirement as % of Estimated Service Revenues requested - effective 7/1/15	0.69%

(Note 1) Capital Structure and Rate of Return from Docket No. 218, Sub 363:

SIT rate	5.00%
FIT rate	35.00%
Composite income tax rate $1 - ((1 - 5\%) \times (1 - 35\%))$	38.25%

Capital costs and structure from Docket No. 218, Sub 363:

	Cost	Weighted Cost	Pre-Tax Weighted Cost
Debt	50%	5.29%	2.645%
Equity	0.5	0.0975	0.04875
(Pre Tax Equity 4.875% / (1-38.25%))			7.520%
			10.540%

(Note 3)

Regulatory fee rate	0.135%
Regulatory fee gross-up factor $1 - 1.135\%$	0.99865

Average Residential Customer Bill

Residential Flat Rate Customer Bill - prior to application of SSIC surcharge	\$	36.60
SSIC Surcharge awarded effective 1/1/15		0.14%
Residential Flat Rate Customer Bill - with impact from SSIC award effective 1/1/15	\$	36.65
Incremental SSIC Surcharge (from above)		0.55%
Residential Flat Rate Customer Bill - after application of SSIC surcharge	\$	36.85
Incremental increase in average monthly sewer bill due to SSIC effective 7/1/15	\$	0.20
Cumulative increase in average monthly sewer bill due to SSIC effective 7/1/15	\$	0.25

Aqua North Carolina, Inc.
Docket No. W-218, Sub 363A
2015 SSIC - Fairways & Beau Rivage WW
Calculation of Accumulated Depreciation

		Dec 2014	Q1 2015				Total Filing				
Utility Account	Depr Rate	SSIC Additions	SSIC Additions	SSIC Additions	SSIC Additions	Total 2015 SSIC Additions	Totals	2014 Accum Depr	2015 Accum Depr	Total Accum Depr	Annual Depr Expense
360200-Collection Sewers-Force	4.61%					0.00	0.00	0.00	0.00	0.00	0.00
361200-Collection Sewers-Gravity	2.00%		15,372.73			15,372.73	15,372.73	0.00	153.73	153.73	307.45
363200-Services to Customers	2.55%		31,258.28			31,258.28	31,258.28	0.00	398.54	398.54	797.09
371000-Pumping Equipment	3.80%	7,382.00	9,471.96			9,471.96	16,853.96	420.77	179.97	600.74	640.45
380000-Treatment & Disposal Equip	3.29%	6,493.37				0.00	6,493.37	320.45	0.00	320.45	213.63
Fairways WW Total		13,875.37	56,102.97	0.00	0.00	56,102.97	69,978.34	741.22	732.24	1,473.46	1,958.62

(13,875.37)

Fairways WW Accum Depr

Aqua North Carolina, Inc.
Docket No. W-218, Sub 363A
2015 SSIC - Fairways & Beau Rivage Sewer
Calculation of Tax Deduction

2014 Additions

Utility Account	MACRS WSIC Additions	Repair Tax Eligible WSIC Additions	Total 2014 WSIC Additions	2014 MACRS Tax Deduction 2% (50% bonus depr.)	2014 Repair Tax Deduction 100%	Total 2014 Tax Deduction	2015 MACRS Tax Deduction 4% (50% bonus depr in '14)	Cummulative 2014 Additions Tax Deduction
360200-Collection Sewers-Force	-	-	-	-	-	-	-	-
361200-Collection Sewers-Gravity	-	-	-	-	-	-	-	-
363200-Services to Customers	-	-	-	-	-	-	-	-
371000-Pumping Equipment	-	7,382	7,382	-	7,382	7,382	-	7,382
380000-Treatment & Disposal Equip	-	6,493	6,493	-	6,493	6,493	-	6,493
	-	-	-	-	-	-	-	-
ANC Water Total	-	13,875	13,875	-	13,875	13,875	-	13,875

2015 Additions through 3/31/15

Utility Account	MACRS WSIC Additions	Repair Tax Eligible WSIC Additions	Total 2015 WSIC Additions	2015 MACRS Tax Deduction 2%	2015 Repair Tax Deduction 100%	Total 2015 Tax Deduction	Total Tax Deduction Reserve 2014 and 2015
360200-Collection Sewers-Force	-	-	-	-	-	-	-
361200-Collection Sewers-Gravity	-	46,631	46,631	-	46,631	46,631	46,631
363200-Services to Customers	-	-	-	-	-	-	-
371000-Pumping Equipment	-	9,471.96	9,471.96	-	9,471.96	9,471.96	16,853.96
380000-Treatment & Disposal Equip	-	-	-	-	-	-	6,493.37
	-	-	-	-	-	-	-
ANC Water Total	-	56,102.97	56,102.97	-	56,102.97	56,102.97	69,978.34

(13,875.37)

Tax Reserve	69,978.34
Book Reserve	1,473.46
Tax greater than Book	68,504.88
Composite income tax rate	38.25%
Accumulated Deferred Income Tax	26,203.00

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AQUA NORTH CAROLINA, INC.
WSIC Filing Summary - W-218, Sub 363A
Rate Entity: Fairways and Beau Rivage Sewer
Project Scope

Funding Project	Project Description	Project Scope	Ref
FP35640115538	SSIC Replace LS/WWTP Pumps	The replacement of pumping equipment at lift stations and wastewater treatment plants due to failure. G.S. 62-133.12(d)(4) Eligible Sewer System Improvements.	Paragraph 14 of the Application
FP35640115539	SSIC Rplc WWTP Blowers & Motors	The replacement of motors and/or blower equipment at wastewater treatment plants due to failure. G.S. 62-133.12(d)(4) Eligible Sewer System Improvements.	Paragraph 14 of the Application
FP35640137628	SSIC I & I Beau Rivage	Improvements completed to reduce and/or eliminate the inflow and infiltration of rain water into a portion of the collection system. G.S. 62-133.12(d)(2).	Paragraph 14 of the Application

**Aqua North Carolina, Inc. ("Aqua" or "Company")
Water and Sewer System Improvement Charge Surcharge Mechanism
Tariff/Rate Schedule
Docket No. W-218, Sub 363A**

By Order entered in Docket No. W-218, Sub 363 on May 2, 2014, the North Carolina Utilities Commission ("NCUC") approved Aqua North Carolina, Inc.'s request, pursuant to G.S. 62-133.12, for authority to implement a semiannual water and sewer system improvement charge (WSIC/SSIC) adjustment mechanism designed to recover the incremental costs associated with eligible investments in certain water and sewer infrastructure improvement projects completed and placed in service between general rate case proceedings. The WSIC/SSIC mechanism is subject to Commission approval and to audit and refund provisions. Any cumulative system improvement charge recovered pursuant to the WSIC/SSIC mechanism may not exceed 5% of the total annual service revenues approved by the Commission in the Company's last general rate case. NCUC Rules R7-39(h) and R10-26(h) specify how the water and sewer system improvement charges are to be calculated. Subsections (h)(1) of the rules specify that the WSIC and SSIC shall be expressed as a percentage carried to two decimal places and shall be applied to the total utility bill of each customer under the utility's applicable service rates and charges.

**WSIC/SSIC Cumulative Percentage Surcharges
(Effective for Customer Bills Rendered on and After July 1, 2015)**

Pursuant to G.S. 62-133.12 and Rules R7-39 and R10-26, the NCUC entered an Order in Docket No. W-218, Sub 363A on _____, 2015, which authorized Aqua to implement the following cumulative WSIC and SSIC percentage surcharges effective for service rendered on and after July 1, 2015:

Cumulative WSIC Surcharges

Aqua NC Water - 0.44%

Brookwood/LaGrange Water – 1.06%

Fairways and Beau Rivage Water - 0.00%

Cumulative SSIC Surcharges

Aqua NC Sewer – 0.98%

Fairways and Beau Rivage Sewer - 0.69%

These cumulative WSIC and SSIC percentage surcharges will be applied to the total utility bill of each Aqua customer under the Company's applicable service rates and charges and will remain in effect unless and until modified or superseded by the NCUC in a subsequent semiannual WSIC/SSIC surcharge proceeding or they are reset to zero in a subsequent general rate case.

CERTIFICATE OF SERVICE

I hereby certify that I have served a copy of the foregoing **Application for Approval of Water and Sewer System Improvement Rate Adjustments Pursuant to G.S. 62-133.12** in Docket No. W-218, Sub 363A on the parties to Docket No. W-218, Sub 363 in accordance with North Carolina Utilities Commission Rule R1-39, either by United States mail, first class postage pre-paid; by hand delivery; or by means of electronic delivery upon agreement of the receiving party.

This the 30th day of April, 2015.

Electronically Submitted
/s/Jo Anne Sanford
State Bar No. 6831

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