

**STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH**

**STAFF CONFERENCE AGENDA
August 26, 2019**

COMMISSION STAFF

NO AGENDA ITEMS

PUBLIC STAFF

B. NATURAL GAS

- P1. [DOCKET NO. G-5, SUB 612 – PUBLIC SERVICE COMPANY OF NORTH CAROLINA, INC. - APPLICATION FOR APPROVAL OF BI-ANNUAL ADJUSTMENT OF RATES UNDER RIDER E TO ITS TARIFF AND FOR AN ADJUSTMENT OF ITS RATES AND CHARGES IN ITS WHOLESALE COST OF GAS UNDER RIDER D TO ITS TARIFF Exhibit No. P-1](#)

E. WATER

- P1. [DOCKET NO. W-218, SUB 497 AND DOCKET NO. W-218, SUB 520 – AQUA NORTH CAROLINA, INC. – REQUESTS FOR TARIFF REVISION Exhibit No. P-2](#)
- P2. [DOCKET NO. W-218, SUB 497A – AQUA NORTH CAROLINA, INC. – APPLICATION FOR APPROVAL TO IMPLEMENT SECONDARY WATER QUALITY SYSTEM IMPROVEMENT PROJECTS Exhibit No. P-3](#)

**STATE OF NORTH CAROLINA
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B. NATURAL GAS

- P1. DOCKET NO. G-5, SUB 612 – PUBLIC SERVICE COMPANY OF NORTH CAROLINA, INC. - APPLICATION FOR APPROVAL OF BI-ANNUAL ADJUSTMENT OF RATES UNDER RIDER E TO ITS TARIFF AND FOR AN ADJUSTMENT OF ITS RATES AND CHARGES IN ITS WHOLESALE COST OF GAS UNDER RIDER D TO ITS TARIFF

EXPLANATION: Pursuant to Public Service Company of North Carolina, Inc.'s (PSNC or Company) Integrity Management Tracker (IMT), Rider E of the Company's Tariff, PSNC is required to file with the Commission by January 31 and July 31 of each year information showing the computation of the Integrity Management Revenue Requirement (IMRR) that supports the bi-annual Integrity Management (IM) Adjustment of the IMT. PSNC is also required to file bi-annual adjustments to its rates based upon qualifying capital investments in integrity and safety projects as of December 31 and June 30, respectively.

On July 31, 2019, pursuant to Rider E of the Company's Tariff, PSNC filed in Docket No. G-5, Sub 565C, the computation for the IMRR that supports the bi-annual IMT rate adjustment, effective September 1, 2019, based on the Company's IM Plant Investment through June 30, 2019.

Rider E of the Company's tariff requires PSNC to make a filing with the Commission by February 15 and August 15 of each year showing the computation of the IMT rate adjustment for each rate schedule that it proposes to charge during the six-month period beginning the following March 1 and September 1, respectively, and then file revisions to its tariffs.

On August 15, 2019, PSNC filed the computation of the IMT rate adjustments for each rate schedule and the revised tariffs, effective for service rendered on and after September 1, 2019.

The proposed IMT rate adjustments, expressed in dollars per therm (\$/therm), are as follows:

Description	Residential	Commercial	Firm	Interruptible
	Rates 101, 102, 115	Rates 125, 126 127, 140	Large General Rates 145, 175	Large General Rates 135, 150, 160, 165, 180
Rate Class Percentage	69.89%	19.92%	7.25%	2.94%
Net IMRR for Recovery	\$14,840,802	\$4,229,915	\$1,539,502	\$624,295
Rate Case Volumes (therms)	302,709,607	154,775,495	202,384,732	148,716,728
IM Rate Increment (per therm)	\$0.04903	\$0.02733	\$0.00761	\$0.00420
Current IMT Increment	<u>\$0.04619</u>	<u>\$0.02575</u>	<u>\$0.00717</u>	<u>\$0.00395</u>
Adjustment to IMT Increment	\$0.00284	\$0.00158	\$0.00044	\$0.00025

PSNC is also seeking, pursuant to its Rider D – Purchased Gas Adjustment (PGA) Procedures, authority to decrease its sales rates by \$0.5049 per dekatherm (dt) and its transportation rates by \$0.0049 per dt, effective September 1, 2019. The decreases are the result of a change in PSNC's Benchmark Commodity Gas Cost from \$2.75 per dt to \$2.25 per dt as well as changes in company-use gas and unaccounted-for gas as described in PSNC's Rider D.

The Public Staff has reviewed the application and recommends approval as filed.

EXHIBIT: A proposed order is attached as [Exhibit No. P-1](#).

RECOMMENDATION: (Gilbert/Holt) That the Commission issue the proposed order approving the IM rate adjustments and the PGA change proposed by PSNC.

E. WATER

P1. DOCKET NO. W-218, SUB 497 AND DOCKET NO. W-218, SUB 520 – AQUA NORTH CAROLINA, INC. – REQUESTS FOR TARIFF REVISION

EXPLANATION: On July 19, 2019, Aqua North Carolina, Inc. (Aqua), filed a revised verified petition, pursuant to N.C. Gen. Stat. § 62-133.11, with the Commission requesting authority to amend its tariff for the purpose of passing along to its water customers in fifty-one subdivisions in Johnston County an increase in the cost of purchasing water service from Johnston County Department of Public Utilities (County). On July 26, 2019, Aqua filed a verified letter with the Commission requesting authority to amend its tariff for the purpose of passing along to developers an increase in the bulk wastewater capacity fee from the County.

Effective July 1, 2019, the County increased its rates charged to Aqua by \$0.25 per 1,000 gallons from \$2.40 per 1,000 gallons to \$2.65 per 1,000 gallons. In addition, the County increased the bulk wastewater capacity fee from the negotiated \$8.48 per gallon per day (gpd) to \$14.62 per gpd.

Aqua's current water usage rates have been in effect since October 30, 2018, when they were approved by the Commission in its Order Approving Tariff Revision issued in Docket No. W-218, Sub 508. After taking into account the effect of the 0.13% regulatory fee, Aqua has requested authority to increase its water usage rates from \$2.45 to \$2.70 per 1,000 gallons to reflect the increase in the cost of purchasing water service from the County. Under the new water usage rates, the average residential customer's monthly water bill will increase by \$1.25, from \$31.50 to \$32.75 based upon 5,000 gallons usage.

Aqua's current sewer plant capacity fee has been in effect since December 18, 2018, when it was approved by the Commission in its Order Approving Partial Settlement Agreement and Stipulation, Granting Partial Rate Increase, and Requiring Customer Notice in Docket No. W-218, Sub 497. Aqua has requested authority to increase the bulk wastewater capacity fee from \$8.48 per gpd to \$14.62 per gpd.

The Public Staff has reviewed Aqua's petition and request to amend tariff, and recommends that the requested tariff revisions be approved. The Public Staff is of the opinion that the tariff revisions will allow Aqua to recover additional revenues that do not exceed the additional expenses, and to match the County's current wastewater capacity fee.

EXHIBIT: The Public Staff's proposed order is attached as [Exhibit No. P-2](#).

RECOMMENDATION: (Junis/Henry/Grantmyre) That the Commission issue the Public Staff's proposed order approving the requested tariff revisions.

P2. DOCKET NO. W-218, SUB 497A – AQUA NORTH CAROLINA, INC. – APPLICATION FOR APPROVAL TO IMPLEMENT SECONDARY WATER QUALITY SYSTEM IMPROVEMENT PROJECTS

EXPLANATION: On July 8, 2019, Aqua North Carolina, Inc. (Aqua), filed an application for approval to implement four secondary water quality system improvement projects pursuant to N.C. Gen. Stat. § 62-133.12 and Commission Rule R7-39. Aqua plans to use an AdEdge filtration system for the removal of iron and manganese similar to greensand, manganese dioxide or magnesium oxide. The projects and the estimated costs are summarized below.

<u>System</u>	<u>County</u>	<u>Pumping Capacity Gallons Per Minute</u>	<u>Aqua Estimated Cost 000's</u>
Avocet Wells 1, 3, and 4	Wake	110	\$475-\$525
Barton Creek Bluff Well 1 and Overlook Well 1	Wake	96	\$400-\$450
Olde South Trace Well 1	Wake	34	\$274-\$325
Whispering Pines Well 1	Wake	50	\$274-\$325
		Total	\$1,423-\$1,625

On August 16, 2019, the Public Staff filed its Report and Recommendations regarding Aqua's application. The Public Staff stated that it had thoroughly reviewed the filter projects proposed by Aqua. Based on its review of the application, the Public Staff concluded that for these projects, the filters are necessary for Aqua to provide adequate secondary standard water quality.

In its Report and Recommendations, the Public Staff also noted a considerable increase in the cost estimate range for the proposed four secondary water quality system improvement projects from previous applications filed by Aqua. In a number of proceedings before this Commission, the Public Staff has expressed concerns about the extent of iron and manganese issues affecting Aqua's water systems and the magnitude of the costs to address those issues. When evaluating filter projects and potential alternatives, the Public Staff considers both the water quality and the costs, amongst other factors. The estimated cost range of \$50,000 for each filter is a 100% increase over the previously provided range of \$25,000, and would be an approximate 10-20% buffer on top of many of the estimated project costs presented in Aqua's proposed project summaries included as part of the informal vetting process between Aqua and the Public Staff. The Public Staff recommended that the Commission order Aqua to file a narrative summary as part of future WSIC adjustment filings explaining the engineering, permitting, procurement, and/or construction circumstances for each project that result in the actual costs exceeding the lesser end of Aqua's cost estimate range. Aqua countered with a proposal that it maintain an estimated cost range of no more than \$25,000 from the low to the high, and that it provide a narrative summary for any projects that exceed the upper end of the cost range. The Public Staff agreed with Aqua's counter-proposal.

The Public Staff recommends that the Commission approve Aqua's implementation of the proposed secondary water quality projects.

EXHIBIT: A proposed order is attached as [Exhibit No. P-3](#).

RECOMMENDATION: (Junis/Grantmyre) That the Commission issue the proposed order authorizing Aqua to implement its four proposed filtration projects to comply with secondary water quality standards and when appropriate requiring Aqua to file a narrative explanation for actual costs exceeding the approved estimate.

**STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH**

DOCKET NO. G-5, SUB 612
DOCKET NO. G-5. SUB 565C

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of	
Application of Public Service Company of North Carolina, Inc., for Bi-Annual Adjustment of Rates Under Rider E to its Tariff and for an Adjustment of its Rates and Charges in Its Wholesale Cost of Gas Under Rider D to Its Tariff)))))
	ORDER APPROVING RATE ADJUSTMENTS EFFECTIVE SEPTEMBER 1, 2019

BY THE COMMISSION: Pursuant to Public Service Company of North Carolina, Inc.'s (PSNC or Company) Integrity Management Tracker (IMT), Rider E of the Company's Tariff, PSNC is required to file with the Commission by January 31 and July 31 of each year information showing the computation of the Integrity Management Revenue Requirement (IMRR) that supports the bi-annual Integrity Management (IM) Adjustment of the IMT. PSNC is also required to file bi-annual adjustments to its rates based upon qualifying capital investments in integrity and safety projects as of December 31 and June 30, respectively.

On July 31, 2019, pursuant to Rider E of the Company's Tariff, PSNC filed in Docket No. G-5, Sub 565C, the computation for the IMRR that supports the bi-annual IMT rate adjustment, effective September 1, 2019, based on the Company's IM Plant Investment through June 30, 2019.

Rider E of the Company's tariff requires PSNC to make a filing with the Commission by February 15 and August 15 of each year showing the computation of the IMT rate adjustment for each rate schedule that it proposes to charge during the six-month period beginning the following March 1 and September 1, respectively, and then file revisions to its tariffs.

On August 15, 2019, PSNC filed the computation of the IMT rate adjustments for each rate schedule and the revised tariffs, effective for service rendered on and after September 1, 2019.

The proposed IMT rate adjustments, expressed in dollars per therm (\$/therm), are as follows:

Description	Residential	Commercial	Firm	Interruptible
	Rates 101, 102, 115	Rates 125, 126 127, 140	Large General Rates 145, 175	Large General Rates 135, 150, 160, 165, 180
Rate Class Percentage	69.89%	19.92%	7.25%	2.94%
Net IMRR for Recovery	\$14,840,802	\$4,229,915	\$1,539,502	\$624,295
Rate Case Volumes (therms)	302,709,607	154,775,495	202,384,732	148,716,728
IM Rate Increment (per therm)	\$0.04903	\$0.02733	\$0.00761	\$0.00420
Current IMT Increment	<u>\$0.04619</u>	<u>\$0.02575</u>	<u>\$0.00717</u>	<u>\$0.00395</u>
Adjustment to IMT Increment	\$0.00284	\$0.00158	\$0.00044	\$0.00025

PSNC is also seeking, pursuant to its Rider D – Purchased Gas Adjustment (PGA) Procedures, authority to decrease its sales rates by \$0.5049 per dekatherm (dt) and its transportation rates by \$0.0049 per dt, effective September 1, 2019. The decreases are the result of a change in PSNC's Benchmark Commodity Gas Cost from \$2.75 per dt to \$2.25 per dt as well as changes in company-use gas and unaccounted-for gas as described in PSNC's Rider D

The Public Staff presented this matter to the Commission at its August 26, 2019, Staff Conference. The Public Staff stated that it had reviewed the application and recommended approval as filed.

Based upon review of the application and the recommendation of the Public Staff, the Commission is of the opinion that the proposed rate adjustments should be allowed to become effective as filed.

IT IS, THEREFORE, ORDERED as follows:

1. That PSNC is authorized to implement the proposed IMT rate adjustments as contained in the body of this Order effective for service rendered on and after September 1, 2019.
2. That PSNC is authorized to decrease its sales rates by \$0.5049 per dt effective for service rendered on and after September 1, 2019.
3. That PSNC is authorized to decrease its transportation rates by \$0.0049 per dt effective for service rendered on and after September 1, 2019.
4. That PSNC shall file revised tariffs consistent with Ordering Paragraphs 1 through 3 within five (5) days of the date of this Order.

5. That PSNC shall give notice to its customers of the rate changes authorized in this Order.

ISSUED BY ORDER OF THE COMMISSION.

This the _____ day of _____, 2019.

NORTH CAROLINA UTILITIES COMMISSION

Janice H. Fulmore, Deputy Clerk

**STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH**

DOCKET NO. W-218, SUB 520
DOCKET NO. W-218, SUB 497

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of	
Application by Aqua North Carolina, Inc., 202)	
MacKenan Court, Cary, North Carolina 27511, for)	ORDER APPROVING
Authority to Amend Its Tariff to Increase Rates for)	TARIFF REVISION AND
Water Utility Service for the Increased Cost of)	REQUIRING CUSTOMER
Purchased Water from Johnston County Department)	NOTICE
of Public Utilities in Fifty-one Subdivisions in)	
Johnston County, North Carolina)	
)	
)	

In the Matter of	
Request by Aqua North Carolina, Inc., 202)	
MacKenan Court, Cary, North Carolina 27511, for)	ORDER APPROVING
Authority to Amend Its Tariff to Increase Rates for)	TARIFF REVISION
Wastewater Utility Service for the Increased Cost of)	
Wastewater Capacity from Johnston County)	
Department of Public Utilities in Flowers Plantation)	
Development (Buffalo Creek) in Johnston County,)	
North Carolina)	

BY THE COMMISSION: On July 19, 2019, Aqua North Carolina, Inc. (Aqua), filed a revised verified petition, pursuant to N.C. Gen. Stat. § 62-133.11, with the Commission requesting authority to amend its tariff for the purpose of passing along to its water customers in fifty-one subdivisions in Johnston County an increase in the cost of purchasing water service from Johnston County Department of Public Utilities (County). In addition, on July 26, 2019, Aqua filed a verified letter with the Commission requesting authority to amend its tariff for the purpose of passing along to developers an increase in the bulk wastewater capacity fee from the County.

Effective July 1, 2019, the County increased its rates charged to Aqua by \$0.25 per 1,000 gallons from \$2.40 per 1,000 gallons to \$2.65 per 1,000 gallons. In addition, the County increased the bulk wastewater capacity fee from the negotiated \$8.48 per gallon per day (gpd) to \$14.62 per gpd.

Aqua's current water usage rates have been in effect since October 30, 2018, when they were approved by the Commission in its Order Approving Tariff Revision issued in Docket No. W-218, Sub 508. After taking into account the effect of the 0.13% regulatory fee, Aqua has requested authority to increase its water usage rates from \$2.45 to \$2.70 per 1,000 gallons to reflect the increase in the cost of purchasing water service from the County. Under the new water usage rates, the average residential customer's monthly water bill will increase by \$1.25, from \$31.50 to \$32.75 based upon 5,000 gallons usage.

Aqua's current sewer plant capacity fee has been in effect since December 18, 2018, when it was approved by the Commission in its Order Approving Partial Settlement Agreement and Stipulation, Granting Partial Rate Increase, and Requiring Customer Notice in Docket No. W-218, Sub 497 (2018 Rate Case Order). Aqua has requested authority to increase the bulk wastewater capacity fee from \$8.48 per gpd to \$14.62 per gpd.

This matter was presented at the Commission's Regular Staff Conference on August 26, 2019. The Public Staff stated that it had reviewed Aqua's petition to increase its water usage rates and recommends that the requested tariff revision be approved. The Public Staff is of the opinion that the tariff revision will allow Aqua to recover additional revenues that do not exceed the additional expenses.

The Public Staff also stated that it had reviewed Aqua's request for approval to amend its tariff to increase its bulk wastewater capacity fee, and recommends that the requested tariff revision be approved. The Public Staff is of the opinion that the intent of Ordering Paragraph Nos. 23 and 24 of the Commission's 2018 Rate Case Order, is for the Contribution in Aid of Construction amount to not be lower than the capacity cost.

Based upon the foregoing, the Commission finds that Aqua should be allowed to pass through the costs associated with the increased purchased water expense, and to increase its rates for wastewater utility service to reflect the increased cost of wastewater capacity.

IT IS, THEREFORE, ORDERED as follows:

1. That Aqua North Carolina, Inc., is granted a revision to Appendix A-2 of its tariff for water utility service in fifty-one subdivisions in Johnston County in which it purchases and resells water from Johnston County Department of Public Utilities, as set forth herein.

2. That Aqua North Carolina, Inc., is granted a revision to Appendix A-1 of its tariff for bulk wastewater capacity in Flowers Plantation Development (Buffalo Creek) in Johnston County in which it purchases wastewater capacity from Johnston County Department of Public Utilities, as set forth herein.

3. That the revised Appendix A-1 and Appendix A-2 attached hereto are approved and deemed filed with the Commission pursuant to N.C. Gen. Stat. § 62-138. This Schedule of Rates shall become effective for service rendered on and after the date of this Order.

4. That the Notice to Customers, attached hereto as Appendix B, be mailed with sufficient postage or hand delivered by Aqua to all of its affected customers in the fifty-one subdivisions contemporaneously with the next billing of customers, and that Aqua submit to the Commission the attached Certificate of Service, properly signed and notarized, no later than 10 days after the date of the next billing.

ISSUED BY ORDER OF THE COMMISSION.

This the ____ day of _____, 2019.

NORTH CAROLINA UTILITIES COMMISSION

Janice H. Fulmore, Deputy Clerk

SCHEDULE OF RATES

for

AQUA NORTH CAROLINA, INC.

for providing water and sewer utility service in

ALL ITS SERVICE AREAS IN NORTH CAROLINA AND THE EMERGENCY
OPERATION OF MOBILE HILL ESTATES

WATER UTILITY SERVICE

► *All Aqua NC systems except as noted below*

Monthly Metered Service (residential and commercial customers):

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

<1" meter	\$ 19.25
1" meter	\$ 48.13
1½" meter	\$ 96.25
2" meter	\$ 154.00
3" meter	\$ 288.75
4" meter	\$ 481.25
6" meter	\$ 962.50

Usage charge, per 1,000 gallons	\$ 5.83
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For bulk purchased water system usage charges see attached Appendix A-2

Monthly Unmetered Service (flat rate): ^{1/}

Residential customers	\$ 39.66
Commercial customers, per residential equivalent unit (REU)	\$ 67.42

**► *Brookwood and LaGrange Service Areas
Cumberland and Hoke Counties***

Monthly Metered Service (residential and commercial customers):

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

<1" meter	\$ 14.03
1" meter	\$ 35.08
1½" meter	\$ 70.15
2" meter	\$ 112.24
3" meter	\$ 210.45
4" meter	\$ 350.75
6" meter	\$ 701.50

Usage charge, per 1,000 gallons \$ 3.76

For bulk purchased water system usage charges see attached Appendix A-2

Monthly Unmetered Service (flat rate): ^{1/}

Residential customers	\$ 33.17
Commercial customers (per REU)	\$ 56.39

► *Fairways and Beau Rivage Service Area – New Hanover County*

Monthly Metered Service (residential and commercial customers):

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

<1" meter	\$ 8.36
1" meter	\$ 20.90
1½" meter	\$ 41.80
2" meter	\$ 66.88
3" meter	\$ 125.40
4" meter	\$ 209.00
6" meter	\$ 418.00

Usage charge, per 1,000 gallons \$ 1.53

OTHER MATTERS

Specific Service Area Connection Charges and Capacity Fees: ^{2/}
(see attached Appendix A-3)

Connection in All Other Service Areas: ^{2/}

<1" meter

For taps made to existing mains
installed inside franchised service
area

\$800.00

For individual connections
installed outside franchised service
area^{3/}

Actual cost of installation ^{4/}

1" meter or larger

120% of actual cost of making tap,
including setting meter and box

Meter Installation Fee:

\$70.00

(The fee will be charged only where cost of meter installation is not otherwise
recovered through connection charges.)

Production and Storage Contribution in Aid of Construction Fee: ^{3/}

For individual connections outside
franchised service areas where lot
owner has made no contribution in
aid of construction toward production
and storage facilities

\$1,700 per residential equivalent
unit (REU)

Reconnection Charges: ^{5/}

If water service cut off by utility for good cause \$35.00
If water service discontinued at customer's request \$15.00

Billing Service Charge: ^{6/}

\$2.00 per month per bill

New Customer Account Fee:

\$20.00

SEWER UTILITY SERVICE

► *All Aqua systems except as noted below*

Monthly Unmetered Service (flat rate):

Residential customers	\$ 72.04
Commercial customers (per REU)	\$ 100.86

<u>STEP system flat rate (Monticello, Holly Brook, Saddleridge)</u>	\$ 32.00
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Monthly Metered Service (commercial customers):

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

<1" meter	\$ 26.11
1" meter	\$ 65.28
1½" meter	\$ 130.55
2" meter	\$ 208.88
3" meter	\$ 391.65
4" meter	\$ 652.75
6" meter	\$1,305.50

Commercial usage charge, per 1,000 gallons	\$ 8.92
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For bulk purchased sewer system charges see attached Appendix A-2

► *Fairways and Beau Rivage Service Area – New Hanover County*

Monthly Unmetered Service (flat rate):

Residential customers	\$ 58.56
Commercial customers (per REU)	\$ 81.98

Monthly Metered Service (commercial customers):

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

<1" meter	\$ 20.72
1" meter	\$ 51.80
1½" meter	\$ 103.60
2" meter	\$ 165.76
3" meter	\$ 310.80
4" meter	\$ 518.00
6" meter	\$1,036.00

Commercial usage charge, per 1,000 gallons \$ 9.46

OTHER MATTERS

Specific Service Area Connection Charges and Capacity Fees: ^{2/}
(See attached Appendix A-3)

Connection in All Other Service Areas:

None when tap and service line installed by developer.

Actual Cost if Aqua NC makes tap or installs service line.

Sewer Plant Capacity Fee per GPD (DEQ Design Requirements) – River Park Development:

Sewer Plant Capacity Fee per GPD \$ 10.00
(See Docket No. W-218, Sub 143)

Sewer Plant Capacity Fee per GPD – Flowers Plantation Development (Buffalo Creek):
(See Docket No. W-218, Subs 497 and 520)

Wastewater capacity fee per GPD \$ 14.62

The wastewater capacity was changed by Johnston County, effective July 1, 2019. Such rates per GPD are subject to change based on future schedules of rates and fees issued by Johnston County.

Developer Contribution to Aqua NC – 50% Aqua NC’s Cost of Buffalo Creek Pump Station and Force Main – Flowers Plantation Development (Buffalo Creek):

Pursuant to Amended Purchase Agreement dated May 14, 2002, between River Dell Utilities, Inc., Rebecca Flowers Finch (d/b/a River Dell Company), and Heater Utilities, Inc. (See Docket No. W-274, Sub 538 and Docket No. W-218, Sub 497)

\$440,816 divided equally among the first 2,000 single-family residential equivalents (SFREs) or \$220.41 per SFRE

Reconnection Charges: ^{5/}

If sewer service cut off by utility for good cause Actual Cost

Grease Traps:

The Utility may require installation and/or proper operation of grease traps on grease producing commercial facilities. Failure to properly operate grease traps will result in disconnection of service pursuant to Commission Rule R10-16.

New Customer Account Fee: \$ 20.00

(If customer receives both water and sewer utility service from Aqua NC, then the customer shall only be charged a new account fee for water.)

Grinder Pump Installation Fee – Governors Club Subdivision: Actual Cost
(See Docket No. W-218, Sub 277)

The homeowner or house builder shall be required to prepay in full to the outside contractor installing the grinder pump the entire cost of the installation, including the applicable engineering inspection fee, as specified in Aqua NC’s Grinder Pump Installation In-house Procedures, a copy of which is filed with the Commission.

Once the grinder pump is initially installed, it will be the responsibility of Aqua NC to maintain, repair, and replace the grinder pump. However, if damage to a grinder pump is shown to be due to homeowner negligence, the homeowner will be liable for the cost of the repair or replacement of the grinder pump.

Returned Check Charge: \$25.00

Bills Due: On billing date

Billing Frequency: Monthly for service in arrears

Bills Past Due: 15 days after billing date

Finance Charges for Late Payment: 1% per month will be applied to the unpaid balance of all bills still past due 25 days after billing date

Availability Rates:

Woodlake Subdivision:

Water	\$5.00 per month
Sewer	\$3.75 per month

Governors Village Subdivision, Governors Forest Subdivision, Governors Village Townhomes:

Sewer only \$150.00 per year per residential lot

Governors Club:

Sewer only \$20.00 per month

Notes:

- ^{1/} The Utility, at its expense, may install a meter and charge the metered rate.
- ^{2/} In most areas, connection charges do not apply pursuant to contract and only the \$70.00-meter installation fee will be charged to the first person requesting service (generally the builder). Where Aqua NC must make a tap to an existing main, the charge will be \$800.00, and where main extension is required, the charge will be 120% of the actual cost.
- ^{3/} Individual connections outside franchised service areas may be made pursuant to this tariff in the following circumstances: (1) upon request of a bona fide customer as that term is defined in Commission Rule R7-16(a)(1); (2) the customer shall be located either within 100 ft. of a Franchised Service Area or located within 100 ft. of an existing Aqua NC main; and (3) the request may come from no more than two customers located in the same area (requests for more than two connections require an application for a new franchise or a request for approval of a contiguous extension). To connect such a customer, Aqua NC shall file a notice with the Commission in Docket No. W-218, Sub 177, at least 30 days before it intends to make the tap. This notice shall include an explanation of the circumstances requiring the tap and an 8.5" x 11" map showing the location of the tap in relation to Aqua NC's existing main. If the Public Staff does not object to the tap within the 30-day

period, or upon written notice within that period from the Public Staff that it will not object, Aqua NC may proceed with the connection.

4/ Actual cost for such a connection shall include installation of a 6" or smaller main extension (if necessary), tap of the main, service line, road bore (if necessary), meter box, meter, backflow preventer (if necessary), and Aqua NC's direct labor costs. Aqua NC shall give a written cost quote to the customer(s) applying for connection before actually beginning the installation work.

5/ When service is disconnected and reconnected by the same unit owner within a period of less than nine months, the entire flat rate and/or base charge rate will be due and payable before the service will be reconnected.

If sewer disconnection is required, after all reasonable efforts by the Utility to encourage the customer to comply with the provisions of the tariff have been made, the Utility may install a valve or other device appropriate to cut off or block the customer sewer line.

Prior to disconnection, the Utility shall give the customer written notice at least seven days prior to disconnection. Said notice shall include, at the minimum, a copy of this reconnect provision, the estimated cost to make the cut off, and install the valve or other device.

In the event that an emergency or dangerous condition is found or fraudulent use is detected, sewer service may be cut off without notice. In such an event, notice as described above, will be given as soon as possible.

Upon payment of outstanding balance, actual cost of termination and reconnection and other fees (for example, deposit if required by the Utility), the Utility shall restore the service no later than the next business day.

6/ Aqua NC is authorized to include on its monthly water bill the charges resulting from sewer service provided by the Town of Cary, the Town of Fuquay-Varina, Wake County, and various Commission appointed emergency operators where specifically approved by the Commission. Aqua NC will bill the Town of Cary, the Town of Fuquay-Varina, Wake County, or appointed emergency operator \$2.00 per month per bill for providing this service.

**AQUA NORTH CAROLINA, INC.
BULK PURCHASED WATER SYSTEM USAGE RATES**

Usage charge, per 1,000 gallons where water purchased for resale

<u>Service Area</u>	<u>Water Provider</u>	<u>Usage Charge/ 1,000 gallons</u>
Aqua North Carolina Service Areas		
Twin Creeks	City of Asheville	\$ 4.26
Heather Glen and Highland	City of Belmont	\$14.40
Southpoint Landing	City of Belmont	\$14.40
Park South	City of Charlotte	\$ 1.81
Parkway Crossing	City of Charlotte	\$ 1.81
Springhill / Springdale	City of Concord	\$ 5.11
Hoopers Valley	City of Hendersonville	\$ 3.06
Crystal Creek	City of Hendersonville	\$ 3.06
Rambling Ridge	City of Hendersonville	\$ 3.06
Brookwood	City of Hickory (outside city)	\$ 5.04
Heritage Farms	City of Hickory (inside city)	\$ 2.83
Cedarwood Estates	City of Hickory (inside city)	\$ 2.83
Hill-N-Dale	City of Lincolnton	\$ 7.70
East Shores	City of Morganton	\$ 2.52
Greenfield	City of Mount Airy	\$ 7.15
Bett's Brook	City of Newton	\$ 2.85
Crestwood	Davidson Water, Inc.	\$ 5.30
Lancer Acres	Davidson Water, Inc.	\$ 5.30
Beard Acres	Davidson Water, Inc.	\$ 5.30
Woodlake Development	Harnett County	\$ 2.77
Beechwood Cove	Chatham County	\$ 7.04
Chatham	Chatham County	\$ 7.04
Cole Park Plaza Shopping Center	Chatham County	\$10.01
Hidden Valley	Chatham County	\$ 7.04
Polks Landing	Chatham County	\$ 7.04
Chapel Ridge	Town of Pittsboro	\$13.69
Laurel Ridge	Town of Pittsboro	\$13.69

<u>Service Area</u>	<u>Water Provider</u>	<u>Usage Charge/ 1,000 gallons</u>
The Parks at Meadowview	Town of Pittsboro	\$13.69
River Hill Heights	Iredell Water Corp.	\$ 2.72
Bedford at Flowers Plantation	Johnston County	\$ 2.70
Bennett Place	Johnston County	\$ 2.70
Chatham	Johnston County	\$ 2.70
Cottages at Evergreen	Johnston County	\$ 2.70
Cottonfield Village	Johnston County	\$ 2.70
Creekside Place	Johnston County	\$ 2.70
Eastlake at Flowers Plantation	Johnston County	\$ 2.70
Evergreen	Johnston County	\$ 2.70
Flowers Crest	Johnston County	\$ 2.70
Flowers Shopping Center	Johnston County	\$ 2.70
Forge Creek	Johnston County	\$ 2.70
Longleaf	Johnston County	\$ 2.70
Magnolia	Johnston County	\$ 2.70
Magnolia Place/Village	Johnston County	\$ 2.70
Mill Creek North	Johnston County	\$ 2.70
Mill Creek West	Johnston County	\$ 2.70
Neuse Colony	Johnston County	\$ 2.70
North Farm	Johnston County	\$ 2.70
North Farm Cottages	Johnston County	\$ 2.70
North Village	Johnston County	\$ 2.70
Parkway Center/Village	Johnston County	\$ 2.70
Peachtree	Johnston County	\$ 2.70
Pineville Club	Johnston County	\$ 2.70
Pineville East	Johnston County	\$ 2.70
Pineville East Cottages/Palmetto Pl.	Johnston County	\$ 2.70
Pineville East Estates	Johnston County	\$ 2.70
Pineville West	Johnston County	\$ 2.70
Plantation Park	Johnston County	\$ 2.70
Plantation Pointe	Johnston County	\$ 2.70
Poplar Woods	Johnston County	\$ 2.70
River Dell East	Johnston County	\$ 2.70

<u>Service Area</u>	<u>Water Provider</u>	<u>Usage Charge/ 1,000 gallons</u>
River Dell Townes	Johnston County	\$ 2.70
Riverdell Elementary School	Johnston County	\$ 2.70
Ross Landing	Johnston County	\$ 2.70
South Plantation	Johnston County	\$ 2.70
South Quarter	Johnston County	\$ 2.70
Southgate	Johnston County	\$ 2.70
Summerset Place	Johnston County	\$ 2.70
Sun Ridge Farms	Johnston County	\$ 2.70
Sweetgrass	Johnston County	\$ 2.70
The Gardens at Flowers Plantation	Johnston County	\$ 2.70
The Meadows	Johnston County	\$ 2.70
The Nine	Johnston County	\$ 2.70
The Woodlands	Johnston County	\$ 2.70
Trillium	Johnston County	\$ 2.70
Village at Flowers Plantation	Johnston County	\$ 2.70
Walker Woods	Johnston County	\$ 2.70
Watson's Mill	Johnston County	\$ 2.70
West Ashley	Johnston County	\$ 2.70
Whitfield at Flowers Plantation	Johnston County	\$ 2.70
Wilders Woods and Extension	Johnston County	\$ 2.70
Holly Hills	Town of Forest City	\$ 5.95
Pear Meadows	Town of Fuquay-Varina	\$ 4.35
Swiss Pine Lake	Town of Spruce Pine	\$ 4.93
Brookwood/Lagrange Service Areas		
Kelly Hills	Fayetteville PWC	\$ 2.92
Bretton Woods	Fayetteville PWC	\$ 2.92
Raintree	Fayetteville PWC	\$ 2.92
Colony Village	Fayetteville PWC	\$ 2.92
Windsong	Fayetteville PWC	\$ 2.92
Porter Place	Fayetteville PWC	\$ 2.92
Thornwood	Fayetteville PWC	\$ 2.92
County Walk	Fayetteville PWC	\$ 2.92
Lands Down West	Fayetteville PWC	\$ 2.92

<u>Service Area</u>	<u>Water Provider</u>	<u>Usage Charge/ 1,000 gallons</u>
S & L Estates	Fayetteville PWC	\$ 2.92
Tarleton Plantation	Fayetteville PWC	\$ 2.92
Springdale	Fayetteville PWC	\$ 2.92
Ridge Manor	Fayetteville PWC	\$ 2.92
Forest Lake	Fayetteville PWC	\$ 2.92
Arden Forest	Fayetteville PWC	\$ 2.92
Wendemere	Fayetteville PWC	\$ 2.92
Jena-Shane	Fayetteville PWC	\$ 2.92
Stoney Point	Fayetteville PWC	\$ 2.92
Woodland Run	Town of Linden	\$ 4.98

**AQUA NORTH CAROLINA, INC.
PURCHASED SEWER RATES**

Aqua North Carolina Service Areas

Monthly Metered Service where bulk service purchased from Charlotte (Park South Station and Parkway Crossing residential and commercial):

Base facility charge, zero usage (based on meter size)	Same as commercial charges listed on Appendix A-1 p 4
Residential and Commercial usage charge	\$ 6.45, per 1,000 gallons

Hawthorne at the Greene Apartments and Beaver Farms Subdivision – Mecklenburg County: (See Docket No. W-899, Sub 37 and Docket No. W-218, Sub 360)

Base facilities charge (to be collected and delivered to Carolina Water Service, Inc. of North Carolina ¹ for treatment of the wastewater), per month	\$ 47.94 per REU ²
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Each apartment building at Hawthorne at the Greene Apartments (formerly Vista Park Apartments) will be considered 92.42% occupied on an ongoing basis for billing purposes as soon as the certificate of occupancy is issued for the apartment building.

Collection service/commodity charge (based on City of Charlotte’s master meter reading), per 1,000 gallons	\$ 6.11
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¹ On August 17, 2016, in Docket No. W-1044, Sub 24, et al., the North Carolina Utilities Commission issued an Order Approving Merger. In accordance with the Order, and pursuant to the Articles of Merger filed with the North Carolina Department of the Secretary of State on August 30, 2016, Bradfield Farms Water Company was merged into Carolina Water Service, Inc. of North Carolina effective August 30, 2016.

² Residential Equivalent Unit.

Issued in Accordance with Authority Granted by the North Carolina Utilities Commission in Docket No. W-218, Sub 497, and Docket No. W-218, Sub 520, on this the ____ day of _____, 2019.

**STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH**

DOCKET NO. W-218, SUB 520

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of
 Application by Aqua North Carolina, Inc., 202)
 MacKenan Court, Cary, North Carolina 27511, for)
 Authority to Amend Its Tariff to Increase Rates for) **NOTICE TO CUSTOMERS**
 Water Utility Service for the Increased Cost of) **OF NEW RATES**
 Purchased Water from Johnston County Department)
 of Public Utilities in Fifty-one Subdivisions in)
 Johnston County, North Carolina)

BY THE COMMISSION: Notice is given that the North Carolina Utilities Commission has granted Aqua North Carolina, Inc. (Aqua), an increase in its water rates charged to its customers in fifty-one subdivisions in Johnston County. Aqua filed a verified petition, pursuant to N.C. Gen. Stat. § 62-133.11, with the Commission on July 19, 2019, requesting authority to amend its tariff for the purpose of passing along to its water customers, the July 1, 2019, increase in the cost of purchasing water service from Johnston County Department of Public Utilities.

The new rates for water utility service are as follows:

	<u>Old</u> <u>Rate</u>	<u>New</u> <u>Rate</u>
Monthly base charge for zero usage	\$19.25	\$19.25
Usage charge per 1,000 gallons	\$ 2.45	\$ 2.70

Under the new rates, the average residential customer's monthly water bill will increase by \$1.25, from \$31.50 to \$32.75 based upon 5,000 gallons usage.

The Public Staff – North Carolina Utilities Commission (Public Staff) reviewed Aqua’s petition and recommended the requested tariff revision be approved. The Public Staff stated that the tariff revision will allow Aqua to recover additional revenues that do not exceed the additional expenses.

EXHIBIT NO. P-2
PAGE 18 OF 19

APPENDIX B
PAGE 2 OF 2

ISSUED BY ORDER OF THE COMMISSION.

This the _____ day of _____, 2019.

NORTH CAROLINA UTILITIES COMMISSION

Janice H. Fulmore, 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 520, and the Notice was mailed or hand delivered by the date specified in the Order.

This the ____ day of _____, 2019.

By: _____
Signature

Name of Utility Company

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 520.

Witness my hand and notarial seal, this the ____ day of _____, 2019.

Notary Public

Printed Name

(SEAL) My Commission Expires: _____
Date

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**STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH**

DOCKET NO. W-218, SUB 497A

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of	
Reporting Requirements from Docket No.)
W-218, Sub 497 – Application by Aqua)
North Carolina, Inc., 202 MacKenan Court,)
Cary, North Carolina 27511, for Approval to)
Implement Secondary Water Quality)
System Improvement Projects Pursuant to)
N.C. Gen. Stat. § 62-133.12)
	ORDER APPROVING
	SECONDARY WATER
	QUALITY IMPROVEMENT
	PROJECTS

BY THE COMMISSION: N.C. Gen. Stat. § 62-133.12 authorizes the Commission in a general rate case proceeding to approve a rate adjustment mechanism to allow water and sewer utilities to recover the incremental depreciation expense and capital costs associated with reasonable and prudently incurred investments in eligible water and sewer system improvements. By Order issued May 2, 2014, in Docket No. W-218, Sub 363, the Commission approved Aqua North Carolina, Inc.’s (Aqua) request to utilize a Water System Improvement Charge/Sewer System Improvement Charge (WSIC/SSIC) mechanism pursuant to N.C. Gen. Stat. § 62-133.12, finding that the mechanism is in the public interest.

Commission Rules R7-39(f) and R10-26(f) provide that once WSIC/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 water and sewer system improvement charges pursuant to the mechanisms.

N.C. Gen. Stat. § 62-133.12(c)(2) and (c)(4) provide, in pertinent part, that specific approval from the Commission is necessary before Aqua may undertake and recover its incremental depreciation expense and capital costs through the WSIC mechanism for eligible water system improvements implemented to comply with secondary drinking water standards.

On July 8, 2019, Aqua filed an application for approval to implement four secondary water quality system improvement projects pursuant to N.C. Gen. Stat. § 62-133.12 and Commission Rule R7-39. The projects and the estimated costs are summarized below.

<u>System</u>	<u>County</u>	<u>Pumping Capacity Gallons Per Minute</u>	<u>Aqua Estimated Cost 000's</u>
Avocet Wells 1, 3, and 4	Wake	110	\$475-\$525
Barton Creek Bluff Well 1 and Overlook Well 1	Wake	96	\$400-\$450
Olde South Trace Well 1	Wake	34	\$274-\$325
Whispering Pines Well 1	Wake	50	\$274-\$325
		Total	\$1,423-\$1,625

On August 16, 2019, the Public Staff filed its Report and Recommendations regarding Aqua's application. The Public Staff stated that it had thoroughly reviewed the filter projects proposed by Aqua. Based upon its review of documents and other information provided by Aqua, site visits, and discussions with customers and Aqua's engineers and operations managers, the Public Staff recommended that the Commission approve the implementation of the proposed secondary water quality projects.

In recommending approval of the projects, the Public Staff advised that decisions to install filters, such as greensand, manganese dioxide or magnesium oxide, be made judiciously, as installation of such filters is many times more costly than sequestration coupled with adequate flushing. According to the Public Staff, the annual revenue requirement increase for the minimum estimated capital expenditure of \$1,423,000 for these four filtration systems is approximately \$124,345 compared to the annual revenue requirement for the chemical cost for sequestration of approximately \$1,351. The Public Staff stated that the sequestration treatment of iron and manganese with polyphosphates and orthophosphates on water from North Carolina water wells, coupled with comprehensive water main flushing programs, has largely provided adequate secondary standard water quality on many water systems at a very reasonable cost. The process of testing whether the iron and manganese are soluble (clear liquid) or insoluble (solid particles and visible) in raw untreated water at the well head, after treatment with polyphosphate/orthophosphate or SeaQuest at the entry point, and in the distribution system, has been widely used in North Carolina for many years and provides extremely valuable information to assist in evaluations of whether filtration is necessary. These treatment processes are exponentially less expensive than an iron and manganese filtration system. The Public Staff recognized, however, that for secondary water quality

issues of considerable magnitude and consistency, sequestration treatment and flushing may not be effective and may necessitate filtration.

The Public Staff noted a considerable increase in the cost estimate range for the proposed four secondary water quality system improvement projects from previous applications filed by Aqua. In a number of proceedings before this Commission, the Public Staff has expressed concerns about the extent of iron and manganese issues affecting Aqua's water systems and the magnitude of the costs to address those issues. When evaluating filter projects and potential alternatives, the Public Staff considers both the water quality and the costs, amongst other factors. The estimated cost range of \$50,000 for each filter is a 100% increase over the previously provided range of \$25,000, and would be an approximate 10-20% buffer on top of many of the estimated project costs presented in Aqua's proposed project summaries included as part of the informal vetting process between Aqua and the Public Staff. The Public Staff recommended that the Commission order Aqua to file a narrative summary as part of future WSIC adjustment filings explaining the engineering, permitting, procurement, and/or construction circumstances for each project that result in the actual costs exceeding the lesser end of Aqua's cost estimate range. Aqua countered with a proposal that it maintain an estimated cost range of no more than \$25,000 from the low to the high, and that it provide a narrative summary for any projects that exceed the upper end of the cost range. The Public Staff agreed with Aqua's counter-proposal.

As discussed in previous reports, the Public Staff strongly supports the implementation of two additional secondary water quality processes: a comprehensive water main flushing program and a comprehensive customer education program. The Public Staff recommended that Aqua continue to upgrade its flushing program. Regarding customer education, the Public Staff noted that with its input, Aqua has prepared and posted on its website (<https://www.aquaamerica.com/our-states/north-carolina.aspx>) a fact sheet titled "Flushing Water Mains" and a best practices document titled "Iron and Manganese in Drinking Water". According to Aqua, these documents have been made available to its employees to distribute to customers they may visit who experience a discolored water issue. The Public Staff stated that it considers the documents to be a useful resource to help customers better understand flushing and minimize the negative effects of discolored water caused by the presence of iron and manganese. The Public Staff stated that Aqua most recently created the dedicated website (www.ncwaterquality.com) as a means for the Company to provide information to customers pertaining to iron and manganese. In addition, as part of Aqua's Water Quality Plan, the Company has begun a strategic communications initiative.

In summary, the Public Staff stated that it will continue to carefully and thoroughly review secondary water quality information and documentation presented by Aqua, meet with Aqua engineers and operations managers, conduct selected site visits, discuss secondary water quality issues with customers, and recommend, when appropriate, Commission approval of equipment and infrastructure installations.

The Public Staff presented this matter to the Commission at its Regular Staff Conference on August 26, 2019. The Public Staff stated that the filters are necessary for Aqua to provide adequate secondary standard water quality. The Public Staff therefore recommended that the Commission approve Aqua's proposed secondary water quality projects.

Based upon the foregoing, Aqua's application, the Public Staff's Report and Recommendations, and the entire record in this matter, the Commission finds and concludes that Aqua should proceed to implement secondary standard water quality improvements through the installation of Aqua's proposed filtration projects.

IT IS, THEREFORE, ORDERED as follows:

1. That Aqua North Carolina, Inc. is authorized to implement the four filtration projects proposed in its July 8, 2019, application to comply with secondary water quality standards.

2. That Aqua North Carolina, Inc. shall submit estimated cost ranges with a span of no more than \$25,000 and shall file a narrative summary explaining the circumstances that result in the actual cost exceeding the upper-end of the estimated cost range for each secondary water quality system improvement project as part of its future WSIC applications.

ISSUED BY ORDER OF THE COMMISSION.

This the ____ day of August, 2019.

NORTH CAROLINA UTILITIES COMMISSION

Janice H. Fulmore, Deputy Clerk