

Purchased Waste Water Treatment Expense

UPDATE:

Purchased Waste Water Treatment expense has been updated to reflect the annualized expense that is expected to be realized by (a) Aqua North Carolina Sewer and (b) Fairways Utilities Sewer going forward.

An adjustment has been made to reflect the impact of a July 2020 rate increase for the Johnston County Wastewater Treatment and Transmission Services charge for Neuse Colony in Aqua NC's Central area.

The Company has been informed of the following rate change effective July 1, 2020 – pending Johnston County Board of Commissioners approval.

	Current	Proposed
Bulk Wastewater Treatment Commodity Charge	\$2.37/1,000 gallons	\$3.00/1,000 gallons
Bulk Wastewater Transmission Commodity Charge	\$1.13/1,000 gallons	\$1.24/1,000 gallons

See attached e-mail from Chandra Cox Farmer of Johnston County Dept. of Public Utilities.

The monthly charge is increasing from \$3.50 per 1,000 gallons (\$2.37 + \$1.13) to \$4.24 (\$3.00+\$1.24), which is a 21.1% increase. This 21.1% increase has been applied to the amount requested in the rate filing for an additional Item 18 adjustment amount of \$12,867.87.

The adjustments to reflect the current level of expense in these categories are supported by the following schedules attached:

- Purchased Waste Water Treatment Expense – Johnston County Wastewater Treatment and Transmission Services-2020 Price Increase (ITEM 18-PRCH WWT). This schedule is an update to Item 10 Exhibit B3-c-6 and applies the 21.1% rate increase – effective July 1, 2020 – to the \$60,861.57 requested in the rate filing. This results in an Item 18 adjustment amount of \$12,867.87. The service is for wastewater treatment and transmission services provided for Neuse Colony in the Aqua Sewer Central area.

The update detailed in the schedules above are necessary to reflect the appropriate amount of Purchased Waste Water Treatment expense the Company expects to incur during the first year that rates are in effect as a result of this application.

ITEM 18 – NOTICE OF JOHNSTON COUNTY RATES EFFECTIVE 7/1/2020

From: Chandra Farmer <chandra.farmer@johnstonnc.com>

Date: April 16, 2020 at 4:20:45 PM EDT

To: "Melton, Michael A" <MAMelton@aquaaamerica.com>

Cc: "Pearce, Joseph R" <JRPearce@aquaaamerica.com>, Eric Narron <eric.narron@johnstonnc.com>, Howard Mills <howard.mills@johnstonnc.com>

Subject: [EXTERNAL] Proposed FY 20/21 Water & Sewer Rate Adjustments

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Michael,

Although the Johnston County Utilities Department has not completed the budgeting process or discussed the details with our County Manager or Board of Commissioners, I wanted to give you a head's up that Public Utilities staff plans to recommend several bulk customer water and sewer rate adjustments for FY 20/21. These recommendations are consistent with a third party rate study update completed February 2019.

Therefore, I would expect the bulk rates related to Aqua to be adjusted as follows:

	Current	Proposed
Bulk Water Commodity Charge	\$2.65/1,000 gallons	\$2.85/1,000 gallons
Bulk Wastewater Treatment Commodity Charge	\$2.37/1,000 gallons	\$3.00/1,000 gallons
Bulk Wastewater-Transmission Commodity Charge	\$1.13/1,000 gallons	\$1.24/1,000 gallons
Bulk Water Capacity Fee	\$6.00/gpd	\$6.25/gpd
Bulk Wastewater Capacity Fee	\$14.62/gpd	\$11.00/gpd

Formal correspondence will follow after the Johnston County Board of Commissioners approves the FY 20/21 budget or if there are any proposed changes during the budgeting process.

Please let me know if you have any questions.

Thanks,
Chandra

Chandra Cox Farmer, PE
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ITEM 18

PRCH WWT

<u>Inv/Month of Service</u>	<u>Pd.</u>	<u>AU</u>	<u>GL</u>	<u>Amount</u>	<u>Description</u>	<u>Line Item</u>	<u>Region</u>	<u>Rate Division</u>
4/1/2019	May-19	8800	710500	\$ 4,583.28	31266JOHNSTON CTY UTILITY	07-PRCH WW T	CAR	AQUA NC Sewer
5/1/2019	Jun-19	8800	710500	\$ 10,483.07	31266JOHNSTON CTY UTILITY	07-PRCH WW T	CAR	AQUA NC Sewer
6/1/2019	Jul-19	8800	710500	\$ 5,365.55	31266JOHNSTON CTY UTILITY	07-PRCH WW T	CAR	AQUA NC Sewer
7/1/2019	Aug-19	8800	710500	\$ 1,699.72	31266JOHNSTON CTY UTILITY	07-PRCH WW T	CAR	AQUA NC Sewer
8/1/2019	Sep-19	8800	710500	\$ 3,366.35	31266JOHNSTON CTY UTILITY	07-PRCH WW T	CAR	AQUA NC Sewer
9/1/2019	Oct-19	8800	710500	\$ 5,264.32	31266JOHNSTON CTY UTILITY	07-PRCH WW T	CAR	AQUA NC Sewer
10/1/2019	Nov-19	8800	710500	\$ 4,740.29	31266JOHNSTON CTY UTILITY	07-PRCH WW T	CAR	AQUA NC Sewer
11/1/2019					31266JOHNSTON CTY UTILITY	07-PRCH WW T	CAR	AQUA NC Sewer
12/1/2019					31266JOHNSTON CTY UTILITY	07-PRCH WW T	CAR	AQUA NC Sewer
1/1/2020					31266JOHNSTON CTY UTILITY	07-PRCH WW T	CAR	AQUA NC Sewer
2/1/2020					31266JOHNSTON CTY UTILITY	07-PRCH WW T	CAR	AQUA NC Sewer
3/1/2020					31266JOHNSTON CTY UTILITY	07-PRCH WW T	CAR	AQUA NC Sewer
Invoice Total				<u>\$ 35,502.58</u>				
# of Months				7	# of invoices above			
Monthly Total				<u>\$ 5,071.80</u>	line 14 divided by line 15			
ANNUALIZED TOTAL				<u><u>\$ 60,861.57</u></u>	line 16 x 12			
<u>Johnston County Rates:</u>					<u>Current</u>	<u>as of 7/1/2020</u>	<u>Change</u>	<u>Pct Change</u>
Bulk Wastewater Treatment Commodity Charge					\$ 2.37	\$ 3.00	\$ 0.63	26.6%
Bulk Wastewater Transmission Commodity Charge					\$ 1.13	\$ 1.24	\$ 0.11	9.7%
					<u>\$ 3.50</u>	<u>\$ 4.24</u>	<u>\$ 0.74</u>	<u>21.1%</u>
ITEM 18 Adjustment for Price Increase				<u><u>\$ 12,867.87</u></u>	line 17 x line 21, column i			