

**STATE OF NORTH CAROLINA  
UTILITIES COMMISSION  
RALEIGH**

DOCKET NO. W-218, SUB 526

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of		
Application by Aqua North Carolina, Inc.,	)	ORDER DENYING REVENUE
202 MacKenan Court, Cary, North Carolina	)	DEFERRAL MECHANISM,
27511, for Authority to Adjust and Increase	)	APPROVING FINANCIAL
Rates for Water and Sewer Utility Service in	)	UNDERTAKING AND
All Its Service Areas in North Carolina	)	CUSTOMER NOTICE

BY THE COMMISSION: On December 31, 2019, Aqua North Carolina, Inc. (Aqua or Company), filed an application with the Commission seeking authority to adjust and increase its rates for providing water and sewer utility service in all of its service areas in North Carolina (Application). Within its Application, Aqua notified the Commission of its intent to partially implement its proposed rates on a temporary, interim basis subject to refund, pursuant to N.C. Gen. Stat. § 62-135, effective for service rendered on and after six months from January 30, 2020, or July 30, 2020.

On January 21, 2020, the Commission issued an order declaring this proceeding a general rate case and suspending rates.

On February 14, 2020, the Commission issued an order scheduling hearings, establishing discovery guidelines, establishing deadlines for filing direct and rebuttal testimony and exhibits, and requiring customer notice (Scheduling Order). In the Scheduling Order the Commission approved and required mailing or hand delivery of the Notice to Customers which included notice of Aqua’s intent to implement its proposed rates under bond on a temporary, interim basis subject to refund, effective for service rendered on and after six months from January 30, 2020, or July 30, 2020.

On March 19, 2020, in Docket No. M-100, Sub 158, the Commission issued its Order Suspending Utility Disconnections for Non-Payment, Allowing Reconnection, and Waiving Certain Fees (March 19, 2020 Order) providing that, until the end of the State of Emergency declared by Governor Cooper on March 10, 2020, due to the COVID-19 pandemic, or until further order of the Commission, public utilities, including water and wastewater utilities, must cease customer disconnections due to non-payment of utility bills, with limited exceptions, and waive the application of late fees incurred during the State of Emergency.

The participation of the Public Staff – North Carolina Utilities Commission (Public Staff) in this proceeding is recognized pursuant to N.C.G.S. § 62-15(d) and Commission

Rule R1-19(e). On April 29, 2020, the North Carolina Attorney General's Office (AGO) filed a notice of intervention in this docket pursuant to N.C. Gen. Stat. § 62-20.

On June 11, 2020, Aqua filed a petition requesting that the Commission issue an order allowing deferral of revenues in lieu of rates under bond or, in the alternative, approving customer notice of its intent to place temporary rates in effect subject to an undertaking to refund in three of its five Rate Divisions pursuant to N.C. Gen. Stat. § 62-135. (Petition) According to Aqua's Petition and proposed Customer Notice, the rates and charges to become effective on a temporary basis reflect an increase of approximately \$4.5 million for three of its five Rate Divisions. In its Petition, Aqua presents two alternative requests to the Commission for its consideration with respect to the manner of rate recovery in this case during the interim period from July 30, 2020 (when rates under bond could be implemented by the Company) and the date of the final order in this case.

Aqua's Petition is a request to create a regulatory asset to capture revenue that the Company would otherwise collect if it were to put temporary rates into effect under bond. The deferred revenue would be recovered via a surcharge to be collected from customers over a reasonable period of time effective on and after the issuance of a final order in this general rate case. Aqua contends that in light of the unusual and unique circumstances raised by the pandemic, the revenue deferral mechanism option offers the benefits of certainty at the time of later imposition of the rate change, delay of changes in rates to a later point in time by when it is hoped that the economy and the nation's health will be improved, avoidance of a two-step rate increase process and the attendant confusion and possibility of refunds with interest, and a reasonable opportunity for the Company to avoid a significant, unrecoverable revenue loss between July 30 and the date of the Commission's final order in this case.

Aqua's alternative request should the Commission deny its Petition for deferral is a request for approval of its Customer Notices and Undertaking to Refund, which it attached to its Petition as Appendices A, B, and C, respectively. In summary, Aqua makes an alternative request that the Commission take action it deems necessary to enable Aqua to implement temporary rates in three of its five Rate Divisions as authorized under N.C.G.S. § 62-135 effective for service rendered on and after July 30, 2020, should the deferral Petition be denied.

On June 16, 2020, the Public Staff and the AGO filed a joint response requesting that the Commission deny Aqua's Petition for approval of an order allowing deferral of revenues in lieu of rates under bond. The Public Staff and the AGO argue that there is no statutory basis for the revenue deferral mechanism and that N.C.G.S. § 62-135 provides a remedy to address any financial hardship perceived by Aqua. The Public Staff and the AGO also argue that such a revenue deferral mechanism would both "violate the fundamental principle of utility ratemaking that customers be provided notice and a description of forthcoming rates changes," and "would constitute unlawful, retroactive ratemaking." Finally, the Public Staff and the AGO disagree with Aqua's assertion that its

proposed deferred revenue mechanism is a more beneficial alternative for ratepayers than implementing temporary rates under bond.

Further, the Public Staff and the AGO note that while Aqua concedes that there is no precedent for the deferred revenue mechanism, Aqua nevertheless fails to cite any legal authority in support of its request and provides no financial information or a request for an accounting order — integral parts of a deferral request — in support of its Petition. The Public Staff and the AGO maintain that the legislative option to implement rates under bond pursuant to N.C.G.S. § 62-135 provides safeguards for ratepayers and procedural steps for implementing rates under bond whereas the revenue deferral mechanism provides at best “illusory and, therefore, wholly inadequate” customer notice and does not require the filing of a bond or undertaking associated with the rate change and the requirement of a refund, with interest for any temporary rates later determined to be excessive.

Based on the foregoing and the entire record herein, the Commission does not find good cause to expand consideration of the use of deferral accounting, a tool the Commission uses sparingly as an exception to the general rule of cost recovery, outside the historical parameters presented in Commission decisions to date. Because the legislature has provided a mechanism for utilities to temporarily adjust rates during the pendency of a general rate case pursuant to N.C.G.S. § 62-135, the Commission is not persuaded that the use of an alternate method is prudent or in the public interest. Consequently, Aqua’s request for authority to use a revenue deferral mechanism is denied.

While N.C.G.S. § 62-135 affords the Company a remedy to address any financial hardship it perceives during the pendency of a general rate case proceeding, the choice to exercise the remedy belongs to the Company and is not determined by the Commission. However, the Commission finds that Aqua in fact has satisfied the statutory requirements necessary to place new rates into effect, on a partial, temporary basis and subject to refund with interest at a rate of 10% per annum, effective July 30, 2020. The Commission, therefore, finds good cause to approve the Notices to Customers attached to this Order as Appendix A and B and Aqua’s Undertaking to Refund. In approving the Notices to Customers, the Commission takes no position on whether the Company should or should not invoke the rates under bond mechanism authorized by statute and notes that the decision of whether to implement rates under bond lies solely with Aqua.

IT IS, THEREFORE, ORDERED as follows:

1. That Aqua’s request to use a revenue deferral mechanism in lieu of rates under bond is hereby denied;
2. That the Commission takes no position on whether the Company should or should not invoke the rates under bond mechanism authorized by statute;

3. That the Notices to Customers regarding Aqua's request pursuant to N.C.G.S. § 62-135 to place an increase in its rates and charges into effect in accordance with the schedules attached hereto as Appendices A and B be, and the same are hereby approved;

4. That should Aqua decide to implement rates under bond, the applicable Notices to Customers attached as Appendices A and B shall be mailed with sufficient postage or hand delivered by Aqua to the respective customers no later than 20 days after the date of this Order; and that Aqua shall submit to the Commission the attached Certificate of Service properly signed and notarized no later than 30 days after the date of this Order;

5. That no rate or rates placed into effect pursuant to this notice shall result in an increase in more than 20% on any single rate classification of the Company;

6. That Aqua shall be, and is hereby, obligated to refund to its customers any amount of temporary rates made effective on or after July 30, 2020, that are finally determined by the Commission to be excessive, plus 10% interest per annum, and to make any refunds in a manner consistent with any additional terms and conditions imposed by the Commission in subsequent orders; and

7. That Aqua's undertaking to refund with interest, from the date that such rates are put into effect, any revenues in excess of those the Commission ultimately determines to be appropriate, attached hereto as Appendix C, be, and the same is hereby approved.

ISSUED BY ORDER OF THE COMMISSION.

This the 23rd day of June, 2020.

NORTH CAROLINA UTILITIES COMMISSION

A handwritten signature in black ink, appearing to read "Janice H. Fulmore".

Janice H. Fulmore, Deputy Clerk

**STATE OF NORTH CAROLINA  
UTILITIES COMMISSION  
RALEIGH**

DOCKET NO. W-218, SUB 526

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 Adjust and Increase Rates for Water and Sewer Utility Service in All Its Service Areas in North Carolina )  
) NOTICE TO CUSTOMERS OF  
) TEMPORARY RATES EFFECTIVE  
) ON JULY 30, 2020, SUBJECT TO  
) UNDERTAKING  
) TO REFUND  
)

**TEMPORARY RATES SUBJECT TO UNDERTAKING TO REFUND**

NOTICE IS HEREBY GIVEN THAT Aqua North Carolina, Inc. (Aqua or Company), is authorized to increase its rates and charges effective July 30, 2020, on a temporary basis, subject to refund, pursuant to N.C. Gen. Stat. § 62-135. The July 30, 2020 rate changes are not final rates and remain subject to the North Carolina Utilities Commission's (Commission's) final determination of the just and reasonable rates to be charged by Aqua on a permanent basis pursuant to Aqua's pending general rate case application in Docket No. W-218, Sub 526.

Aqua's choice to implement temporary rates under bond effective for water and sewer utility service rendered on and after July 30, 2020, as allowed pursuant to N.C.G.S. § 62-135 is determined by the Company and is not a decision by the Commission. However, the Commission finds that Aqua in fact has satisfied the statutory requirements necessary to place new rates into effect, on a partial, temporary basis and subject to refund with interest at a rate of 10% per annum, effective July 30, 2020. In approving this Notice to Customers, the Commission takes no position on whether the Company should or should not invoke the temporary rates under bond authorized by statute and notes that the decision of whether to implement temporary rates under bond lies solely with Aqua.

On December 31, 2019, Aqua filed a rate case application with the Commission seeking authority to adjust and increase its rates for providing water and sewer utility service in all of its service areas in North Carolina effective for service rendered on and after January 30, 2020.

In its rate case application, Aqua notified the Commission that, pursuant to the provisions of N.C.G.S. § 62-135, the Company intended to implement its proposed rates

on a temporary, interim basis subject to refund, effective for service rendered on and after six months from January 30, 2020, assuming that the Commission: (a) suspended the operation of the Company's proposed rates as requested in the rate case application; and (b) had not entered a final order by that date. Consistent with the customer notice provisions of N.C.G.S. § 62-135(a), Aqua further requested that the Notices to Customers attached to the Commission's order scheduling hearings should include a specific provision which notified customers that the Company intended to implement temporary rates under bond effective for service rendered on and after six months from January 30, 2020.

In the Commission's Order Scheduling Hearings, Establishing Discovery Guidelines, and Requiring Customer Notice issued on February 14, 2020, in Docket No. W-218, Sub 526, the Commission required the Company to send notices to customers which contained notification of the dates, times, and locations of the public hearings scheduled in this case and, at Aqua's request, customers were also notified of the Company's intent to implement temporary rates under bond effective for water and sewer utility service rendered on and after July 30, 2020. The Notice to Customers stated that if ultimately found to be excessive by the Commission, these temporary rates are subject to refund to customers with interest at an interest rate to be ordered by the Commission. Thus, the present Notices to Customers is a second notice regarding the temporary rates which Aqua will place in effect on or after July 30, 2020, as specifically allowed by N.C.G.S. § 62-135.

Aqua's temporary rates for all its service areas, with the exception of the Brookwood and LaGrange service areas in Cumberland and Hoke Counties and the Fairways and Beau Rivage (The Cape) service areas in New Hanover County, are as follows:

#### WATER UTILITY SERVICE

<u>Monthly Metered Service (Residential and Commercial customers) Base facility charge (zero usage, based on meter size)</u>	<u>Existing Rates</u>	<u>Temporary Rates</u>
<1" meter	\$ 19.25	\$ 21.04
1" meter	\$ 48.13	\$ 52.60
1-1/2" meter	\$ 96.25	\$ 105.20
2" meter	\$ 154.00	\$ 168.32
3" meter	\$ 288.75	\$ 315.60
4" meter	\$ 481.25	\$ 526.00
6" meter	\$ 962.50	\$1,052.00

The base charges listed above apply to all Aqua North Carolina metered water systems except those in the Brookwood/LaGrange service areas in Cumberland and Hoke Counties and the Fairways/Beau Rivage (The Cape) service areas in New Hanover County.

	Existing <u>Rates</u>	Temporary <u>Rates</u>
<u>Usage charge, per 1,000 gallons</u>		
All service areas unless noted differently below	\$ 5.83	\$ 6.49

Bulk Purchased Water Systems

Temporary base monthly charge same as above  
Temporary usage charge per 1,000 gallons based on bulk water provider are unchanged.

	Existing <u>Rates</u>	Temporary <u>Rates</u>
<u>Monthly Unmetered Service (flat rate)</u>		
All service areas unless noted differently below		
Residential customers	\$ 39.66	\$ 47.00
Commercial customers (per REU) (REU = Residential Equivalent Unit)	\$ 67.42	\$ 74.87

	Existing <u>Rates</u>	Temporary <u>Rates</u>
<u>Water System Improvement Charge</u>		
All service areas unless noted differently	2.69%	0.00%

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

**SEWER UTILITY SERVICE**

	Existing <u>Rates</u>	Temporary <u>Rates</u>
<u>Monthly Unmetered Service (flat rate)</u>		
All service areas unless noted differently below		
Residential customers	\$ 72.04	\$ 77.49
Commercial customers (per REU) (REU = Residential Equivalent Unit)	\$ 100.86	\$ 106.94

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

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

All service areas unless noted differently below

	Existing <u>Rates</u>	Temporary <u>Rates</u>
<1" meter	\$ 26.11	\$ 26.59
1" meter	\$ 65.28	\$ 66.48
1-1/2" meter	\$ 130.55	\$ 132.95
2" meter	\$ 208.88	\$ 212.72
3" meter	\$ 391.65	\$ 398.85
4" meter	\$ 652.75	\$ 664.75
6" meter	\$1,305.50	\$1,329.50

<u>Usage charge, per 1,000 gallons</u>	\$ 8.92	\$10.18
All service areas unless noted differently below		

<u>Parkway Crossing and Park South Station Service Areas</u>	<u>Existing Rates</u>	<u>Temporary Rates</u>
Base facility charge (zero usage)	As shown above	As shown above
Usage charge, per 1,000 gallons	\$ 6.45	\$ 6.45

Hawthorne at the Greene Apartments, Woodland Farm Rocky Ridge and Beaver Farms Service Areas – Mecklenburg County:

	<u>Existing Rates</u>	<u>Temporary Rates</u>
Base facility charge (to be collected and delivered to Carolina Water Service, Inc. of North Carolina for treatment of the wastewater), per month (per REU)	\$ 47.94	\$ 47.94
Usage charge, per 1,000 gallons	\$ 6.11	\$ 7.26

<u>Sewer System Improvement Charge</u>	<u>Existing Rates</u>	<u>Temporary Rates</u>
All service areas unless noted differently	1.15%	0.00%

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

The Attorney General is also authorized by statute to represent consumers in proceedings before the Commission. Statements to the Attorney General should be addressed to The Honorable Josh Stein, Attorney General, 9001 Mail Service Center, Raleigh, North Carolina 27699-9001. They may also be e-mailed to [utilityAGO@ncdoj.gov](mailto:utilityAGO@ncdoj.gov).

Information regarding this proceeding can be accessed from the Commission's website at [www.ncuc.net](http://www.ncuc.net) under the docket number of this proceeding (i.e., W-218 Sub 526).



**TEMPORARY MORATORIUM ON DISCONNECTION FOR NONPAYMENT AND  
PROVISIONS FOR PAYMENT ARRANGEMENTS**

In response to the COVID-19 public health crisis and to Governor Roy Cooper's Declaration of a State of Emergency (Executive Order No.116, March 10, 2020), the North Carolina Utilities Commission issued an Order on March 19, 2020 in Docket No. M-100, Sub 158 which addressed disconnections for nonpayment, reconnections, waivers of certain fees, interest, and payment arrangements. As early as March 13, 2020, Aqua North Carolina initiated actions consistent with the ultimate Commission Order and the Company joins other regulated utilities in strict compliance with the customer protection provisions set forth by the Commission. A complete copy of the Order may be found on the Commission website home page - <https://www.ncuc.net>.

The Commission also provided that, at the end of the State of Emergency, customers having arrearages accrued during the emergency period shall be provided the opportunity to make a reasonable payment arrangement over no less than a six month period and shall not be charged any late fees for late payment for arrearages accrued during the State of Emergency. (The Order does not relieve a customer of their obligation to pay bills for receipt of any utility service covered by the Order).

ISSUED BY ORDER OF THE COMMISSION.

This the 23rd day of June, 2020.

NORTH CAROLINA UTILITIES COMMISSION

A handwritten signature in black ink, appearing to read "Janice H. Fulmore".

Janice H. Fulmore, Deputy Clerk

STATE OF NORTH CAROLINA  
UTILITIES COMMISSION  
RALEIGH

DOCKET NO. W-218, SUB 526

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 Adjust and Increase )  
Rates for Water and Sewer Utility Service in )  
All Its Service Areas in North Carolina )

NOTICE TO CUSTOMERS OF  
TEMPORARY RATE INCREASE  
EFFECTIVE ON JULY 30, 2020,  
SUBJECT TO UNDERTAKING  
TO REFUND

**TEMPORARY RATES SUBJECT TO UNDERTAKING TO REFUND**

NOTICE IS HEREBY GIVEN THAT Aqua North Carolina, Inc. (Aqua or Company), is authorized to increase its rates and charges effective July 30, 2020, on a temporary basis, subject to refund, pursuant to N.C. Gen. Stat. § 62-135. The July 30, 2020 rate changes are not final rates and remain subject to the North Carolina Utilities Commission's (Commission's) final determination of the just and reasonable rates to be charged by Aqua on a permanent basis pursuant to Aqua's pending general rate case application in Docket No. W-218, Sub 526.

Aqua's choice to implement temporary rates under bond effective for water and sewer utility service rendered on and after July 30, 2020, as allowed pursuant to N.C.G.S. § 62-135 is determined by the Company and is not a decision by the Commission. However, the Commission finds that Aqua in fact has satisfied the statutory requirements necessary to place new rates into effect, on a partial, temporary basis and subject to refund with interest at a rate of 10% per annum, effective July 30, 2020. In approving this Notice to Customers, the Commission takes no position on whether the Company should or should not invoke the temporary rates under bond authorized by statute and notes that the decision of whether to implement temporary rates under bond lies solely with Aqua.

On December 31, 2019, Aqua filed a rate case application with the North Carolina Utilities Commission seeking authority to adjust and increase its rates for providing water and sewer utility service in all of its service areas in North Carolina effective for service rendered on and after January 30, 2020.

In its rate case application, Aqua notified the Commission that, pursuant to the provisions of N.C.G.S. § 62-135, the Company intended to implement its proposed rates on a temporary, interim basis subject to refund, effective for service rendered on and after six months from January 30, 2020, assuming that the Commission: (a) suspended the operation of the Company's proposed rates as requested in the Application; and (b) had not entered a final order by that date. Consistent with the customer notice provisions of

N.C.G.S. 62-135(a), Aqua further requested that the Notices to Customers attached to the Commission's order scheduling hearings should include a specific provision which notified customers that the Company intended to implement temporary rates under bond effective for service rendered on and after six months from January 30, 2020.

In the Commission's Order Scheduling Hearings, Establishing Discovery Guidelines, and Requiring Customer Notice issued on February 14, 2020, in Docket No. W-218, Sub 526, the Commission required the Company to send Notices to Customers which contained notification of the dates, times, and locations of the public hearings scheduled in this case and, at Aqua's request, customers were also notified of the Company's intent to implement temporary rates under bond effective for water and sewer utility service rendered on and after July 30, 2020. The Notices to Customers stated that if ultimately found to be excessive by the Commission, these temporary rates are subject to refund to customers with interest at an interest rate to be ordered by the Commission. Thus, the present Notices to Customers is a second notice regarding the temporary rates which Aqua will place in effect on or after July 30, 2020, as specifically allowed by N.C.G.S. § 62-135.

Aqua's temporary water rates for its Brookwood/LaGrange service areas in Cumberland and Hoke Counties are as follows:

**WATER UTILITY SERVICE**

<u>Monthly Metered Service (Residential and Commercial customers)</u>	Existing <u>Rates</u>	Temporary <u>Rates</u>
Base charge, per month (zero usage, based on meter size)		
<1" meter	\$ 14.03	\$ 16.19
1" meter	\$ 35.08	\$ 40.48
1-1/2" meter	\$ 70.15	\$ 80.95
2" meter	\$ 112.24	\$ 129.52
3" meter	\$ 210.45	\$ 242.85
4" meter	\$ 350.75	\$ 404.75
6" meter	\$ 701.50	\$ 809.50
	Existing <u>Rates</u>	Temporary <u>Rates</u>
<u>Usage charge, per 1,000 gallons</u>	\$ 3.76	\$ 4.62
All service areas unless noted differently below		

Bulk Purchased Water Systems

Temporary base monthly charge same as above

Temporary usage charge, per 1,000 gallons based on bulk water provider are unchanged

<u>Monthly Unmetered Service (flat rate)</u>	Existing <u>Rates</u>	Temporary <u>Rates</u>
All service areas unless noted differently below		
Residential customers	\$ 33.17	\$ 37.65
Commercial customers (per REU)	\$ 56.39	\$ 56.69
(REU = Residential Equivalent Unit)		

<u>Water System Improvement Charge</u>	<u>Existing Rate</u>	<u>Temporary Rate</u>
All service areas unless noted differently	3.57%	0.00%

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

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

The Attorney General is also authorized by statute to represent consumers in proceedings before the Commission. Statements to the Attorney General should be addressed to The Honorable Josh Stein, Attorney General, 9001 Mail Service Center, Raleigh, North Carolina 27699-9001. They may also be e-mailed to [utilityAGO@ncdoj.gov](mailto:utilityAGO@ncdoj.gov).

Information regarding this proceeding can be accessed from the Commission's website at [www.ncuc.net](http://www.ncuc.net) under the docket number of this proceeding (i.e., W-218 Sub 526).

### **TEMPORARY MORATORIUM ON DISCONNECTION FOR NONPAYMENT AND PROVISIONS FOR PAYMENT ARRANGEMENTS**

In response to the COVID-19 public health crisis and to Governor Roy Cooper's Declaration of a State of Emergency (Executive Order No.116, March 10, 2020), the North Carolina Utilities Commission issued an Order on March 19, 2020 in Docket No. M-100, Sub 158 which addressed disconnections for nonpayment, reconnections, waivers of certain fees, interest, and payment arrangements. As early as March 13, 2020, Aqua North Carolina initiated actions consistent with the ultimate Commission Order and the Company joins other regulated utilities in strict compliance with the customer protection provisions set forth by the Commission. A complete copy of the Order may be found on the Commission website home page - <https://www.ncuc.net>.

The Commission also provided that, at the end of the State of Emergency, customers having arrearages accrued during the emergency period shall be provided the opportunity to make a reasonable payment arrangement over no less than a six month period and shall not be charged any late fees for late payment for arrearages accrued during the State of Emergency. (The Order does not relieve a customer of their obligation to pay bills for receipt of any utility service covered by the Order).

ISSUED BY ORDER OF THE COMMISSION.

This the 23rd day of June, 2020.

NORTH CAROLINA UTILITIES COMMISSION

A handwritten signature in cursive script, appearing to read "Janice H. Fulmore".

Janice H. Fulmore, Deputy Clerk

STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH

DOCKET NO. W-218, SUB 526

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 Adjust and Increase
Rates for Water and Sewer Utility Service in
All Its Service Areas in North Carolina
UNDERTAKING TO REFUND OF
AQUA NORTH CAROLINA, INC.

NOW COMES AQUA NORTH CAROLINA, INC. (Aqua or Company) and files
this Undertaking to Refund pursuant to N.C. Gen. Stat. § 62-135(c).

UNDERTAKING TO REFUND

Aqua North Carolina, Inc., by and through the undersigned Company President,
makes this written undertaking to the North Carolina Utilities Commission that the
Company will refund to its customers in its Aqua Water, Aqua Sewer, and Brookwood
Water Rate Divisions using the current rate structure for any amount of temporary rates
made effective on and after July 30, 2020, pursuant to N.C.G.S. 62-135, plus 10% interest
per annum, as specified by the Commission pursuant to N.C.G.S. 62-130(e), as may finally
be determined by the Commission to be excessive and as required by the Final Rate Case
Order in this docket. Such refunds will be made consistent with any terms and conditions
set forth by the Commission in its Final Rate Case Order.

This the \_\_\_\_\_ day of June, 2020.

Shannon V. Becker, President
Aqua North Carolina, Inc.

Sworn to and subscribed before me this
the \_\_\_\_\_ day of June, 2020.

Notary Public
My Commission Expires: \_\_\_\_\_