NORTH CAROLINA
PUBLIC STAFF
UTILITIES COMMISSION

May 26, 2020

Ms. Kimberley A. Campbell, Chief Clerk
North Carolina Utilities Commission
4325 Mail Service Center
Raleigh, North Carolina 27699-4300

Re: Docket No. W-218, Sub 526 – Application for General Rate Increase

Dear Ms. Campbell:

In connection with the above-referenced dockets, I transmit herewith for filing on behalf of the Public Staff the joint testimony and exhibits of Windley E. Henry, Manager, Water, Sewer, and Telephone Section, Accounting Division, and Charles M. Junis, Utilities Engineer, Water, Sewer, and Telephone Division.

By copy of this letter, we are forwarding copies to all parties of record.

Sincerely,

/s/ Megan Jost
Staff Attorney
megan.jost@psncuc.nc.gov

MJ/cla

Attachment(s)

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

DOCKET NO. W-218, SUB 526

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	)	JOINT TESTIMONY OF WINDLEY E. HENRY AND CHARLES M. JUNIS PUBLIC STAFF – NORTH CAROLINA UTILITIES COMMISSION

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

DOCKET NO. W-218, SUB 526

Joint Testimony of

Windley E. Henry and Charles M. Junis

On Behalf of the Public Staff

North Carolina Utilities Commission

May 26, 2020

Q. MR. WINDLEY HENRY, PLEASE STATE YOUR NAME, BUSINESS ADDRESS, AND PRESENT POSITION.

A. My name is Windley E. Henry. My business address is 430 North Salisbury Street, Dobbs Building, Raleigh, North Carolina. I am the Accounting Manager of the Water and Sewer/Communications Section of Accounting Division of the Public Staff – North Carolina Utilities Commission.

Q. BRIEFLY STATE YOUR EDUCATION AND EXPERIENCE.

A. My education and experience are summarized in Appendix A.

Q. ARE YOU THE SAME WINDLEY E. HENRY FILING INDIVIDUAL DIRECT TESTIMONY IN THIS PROCEEDING?

A. Yes.

Q. MR. CHARLES M. JUNIS, PLEASE STATE YOUR NAME, BUSINESS ADDRESS, AND PRESENT POSITION.

A. My name is Charles M. Junis. My business address is 430 North Salisbury Street, Dobbs Building, Raleigh, North Carolina. I am an engineer with the Water, Sewer, and Telephone Division of the Public Staff – North Carolina Utilities Commission.

Q. BRIEFLY STATE YOUR EDUCATION AND EXPERIENCE.

A. My education and experience are summarized in Appendix B.

Q. ARE YOU THE SAME CHARLES M. JUNIS FILING INDIVIDUAL DIRECT TESTIMONY IN THIS PROCEEDING?

A. Yes.

Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

A. The purpose of our testimony is to present to the Commission the Public Staff's recommendations with regard to Aqua North Carolina, Inc.'s (Aqua or the Company), requested: (1) utility plant in service, (2) deferral accounting treatment for post-test year capital projects,[1] (3) prospective deferral accounting treatment for post-rate case

[1] The Company's request for deferral accounting treatment is presented on page 28, line 15, through page 39, line 16, of the direct testimony of Company witness Edward Thill, filed in Docket No, W-218, Sub 526, on December 31, 2019.

capital projects,[2] and (4) retroactive regulatory asset treatment for the transmission fee paid to Johnston County in 2018.[3]

UTILITY PLANT IN SERVICE (UPIS)

Q. PLEASE BRIEFLY DESCRIBE YOUR INVESTIGATION OF UPIS.

A. In order to investigate the Company's plant additions to rate base, we reviewed the Company's water and wastewater utility plant in service records, including plant addition costs, unitization, in-service, and completion dates, and other supporting documentation, as far back as 2015. The supporting documentation varies with the type, duration, cost, and regulations associated with the project. The Company is required to maintain detailed transaction listings, or construction work in progress (CWIP) ledgers, which the Public Staff thoroughly reviews for a large sample of projects. In addition, the Public Staff obtains additional supporting documentation such as accounts payable invoices, contractor estimates of progress, work orders, internal engineering project closure forms, and North Carolina Department of Environmental Quality (DEQ) permits and approvals.

The Company's novel request for aggregated deferral accounting treatment has required the Public Staff to expand its investigation

[2] Id. at 36.

[3] Id. at 39.

beyond the typical period of time, which is from the last rate case through the update period – in this case from July 1, 2018, through the update period of March 31, 2020, and thereafter as appropriate to evaluate post post-test year projects.

Q. IS THERE ANY TERMINOLOGY THAT REQUIRES INTRODUCTION OR CLARIFICATION?

A. Yes. First, it is important to define the term "plant additions," which are capital assets, typically including additions, improvements, and replacements, booked to plant accounts with associate depreciation rates. A single project can consist of more than one addition to the general ledger plant accounts.

Second, the Company uses certain terms and definitions specific to its purposes. In an email to Public Staff personnel, Company witness Edward Thill provided a narrative explanation of the information related to dates used in the Company's asset management system (Power Plant) as follows:[4]

> Assets are generally considered plant in service when "used and useful" or, in other terminology, complete and in service. To that end, it is important to note that there are three separate date fields in Aqua's Power Plant asset subledger.
>
> Completion date – This field is a general indication that an asset is "useful" but is strictly informational as no system action derives from this data. Aqua personnel may use this field as a tickler to indicate

[4] Email from Company witness Edward Thill dated April 24, 2020.

> substantial completion and to alert accounting personnel to monitor final bill processing and subsequent unitization.
>
> In-service date – This field indicates the date the asset is placed in-service and being "used" for the benefit of customers. This date drives the retirement calendar (except for "blankets", to be discussed later) and terminates any AFUDC calculation.
>
> Posting or Unitization date – This is when the asset is removed from CWIP and added to UPIS, and begins depreciating. Unitization occurs after determination that an asset is both complete (useful) and in-service (used). In that Aqua has been directed by the Public Staff that projects should close only a single time, unitization is also subject to timing of vendor invoicing – that is, unitization occurs only after all vendor invoices have been processed which may be months after either (or both of) the completion or in-service dates.

In a follow-up email dated May 4, 2020, Company witness Thill summarized the date fields in the Power Plant asset subledger and provided additional clarification as follows:

> Completion date – drives nothing, just informational
>
> In-service date – drives auto-retirements (where applicable) and stops AFUDC
>
> Unitization – starts depreciation; must be complete and in-service
>
> . . . .
>
> Once transactions are recorded in the financial accounting records and accounting periods are closed, the Company is unable to change the underlying data. *For material transactions that need adjustment, entries can be made to modify the accounting on a go-forward basis but the historical records cannot be changed.* To the extent that the Public Staff and the Company

> identify transaction errors that fall below the Company's financial materiality threshold, but exceed the Public Staff's materiality threshold, it may be appropriate for the Staff to recommend adjustments in the ratemaking process.

(Emphasis added).

Ideally, the in service date will occur in the same month as the unitization date. In the W-218, Sub 274, rate case, the Public Staff recommended and the Commission ordered a review of and changes to Aqua's accounting procedures.[5] Specifically, the Commission ordered as follows:

> 8. That Aqua NC shall *adopt a consistent, accurate, and complete accounting system for its detailed plant records* that maintains its plant records in compliance with the Uniform System of Accounts. Furthermore, such accounting system should keep plant additions on a system-specific basis, as required by Order issued on January 29, 2008, in Docket No. W-218, Sub 251. Such accounting system shall be in place prior to the Company filing another general rate case for any of its operations in North Carolina. If Aqua NC files a general rate case for any of its operations based upon a test year in which the plant records have not been brought into compliance, any additional rate case costs due to the inadequate records shall not be borne by the ratepayers.
>
> 12. That Aqua shall *review its procedures for determining when projects are completed and should be closed and file its recommended changes to its procedures* within 90 days of the issuance date of this Order.

(Emphasis added).

[5] Order Granting Partial Rate Increase and Requiring Customer Notice, *Application by Application by Aqua North Carolina, Inc., Fairways Utilities, Inc., Glynnwood Water Systems, Inc., Mountain Point Utilities, Inc., Rayco Utilities, Inc., Willowbrook Utility Company, Inc., Heater Utilities, Inc., and Mobile Hill Estates, for Authority to Increase Rates,* No. W-218, Sub 274 and Docket No. W-224, Sub 15 (N.C.U.C. April 8, 2009).

According to the Quarterly Status Reports filed in Docket No. W-218, Sub 274, in order to comply with Ordering Paragraph No. 8, the Company converted to the Power Plant asset management system to record and maintain plant records. In order to comply with Ordering Paragraph No. 12, the Company responded as follows:[6]

> On a monthly basis the Accounting Department sends the Regional Managers a CWIP report for review, requesting that the Managers notify Accounting of projects that are complete and in service. Accounting allows 30 to 60 days for any trailing costs to be charged to these in-service activity numbers before closing the asset. Aqua has discussed the status of the project with the Public Staff Accounting Division, which is aware of the steps being taken. Aqua filed recommended changes to procedures in its June 30, 2009, filing.

This approach would be acceptable to the Public Staff if utilized consistently and for an overwhelming majority of its construction work in progress (CWIP) projects. However, based on its review, the Public Staff has found that this has not been the case. There are numerous projects that have been unitized by the Company in the same month, and sometimes even the same day, as being placed in service, while others are unitized months, or even years, after being placed in service. The evidence and discussion of this issue is presented in further detail later in our testimony.

[6] Second Status Report filed in Docket No. W-218, Sub 274, on September 29, 2009.

In response to a Public Staff data request, the Company provided an explanation of how the Company differentiates capital expenditures between WSIC/SSIC, Blanket/Routine Replacements, and Non-Routine, Non-WSIC/SSIC, as follows:[7]

> WSIC/SSIC eligible projects are generally well-defined and are separately approved by the Commission for recovery between rate cases. These projects are still subject to rate lag, but to a lesser degree than non-WSIC/SSIC projects. These projects were separately delineated in the discussion of deferred accounting because to the extent any interim recovery was approved under a WSIC/SSIC filing, that recovery would appropriately be deducted from a deferred accounting request. The distinction between these assets and the Other Non-WSIC/SSIC projects is only for purposes of estimating the revenue recovery to be used in the computation.
>
> Blankets/Routine Replacements consist of non-project work, often of an emergency nature, that is immediately placed into service. These expenditures are typically replacing other assets already in the Company's UPIS inventory, and retirements are simultaneously recorded (using the Handy Whitman Index). In that these assets are primarily in replacement of assets already in the asset base and therefore being recovered in current rates, recovery in deferred accounting would be duplicative so these assets have been excluded from the deferred accounting request.
>
> Other Non-WSIC/SSIC projects are simply the residual of the Company's capital spend after deducting assets in the WSIC/SSIC and Blanket categories. . .

[7] Aqua response to Public Staff Data Request No. 102-9 in Docket No. W-218, Sub 526.

The discussion above has established the setting and we will now describe in detail our review of utility plant in service and our recommended adjustments.

Q. DID YOU MAKE ANY OBSERVATIONS THAT SHOULD BE BROUGHT TO THE ATTENTION OF THE COMMISSION DURING YOUR REVIEW OF UPIS AND THE DEFERRAL REQUEST?

A. Yes. Unfortunately, the Public Staff failed to identify and make appropriate adjustments for a number of discrepancies between the in service date and the Company's unitization date for projects included in rate base during the W-218, Sub 497, rate case. The Company previously asserted that the accounting process to book capital projects typically takes 30 to 60 days, sometimes longer, as described above. Accepting this explanation, the Public Staff did not initially recommend an adjustment. As shown in **Henry and Junis Exhibit 1**, the Company unitized the projects' costs in 2018, months after the asset was placed in service in 2017, which is an unreasonable delay. The list of plant additions in the total amount of over $5.8 million have accumulated one less year of depreciation due to the delay in unitization. The decreased amount of accumulated depreciation has the effect of increasing rate base that earns a return for the Company. The Public Staff requests that the Commission weigh these facts appropriately as part of its decision-making in the present proceeding.

Q. DID YOU MAKE ANY OTHER OBSERVATIONS?

A. Yes. The accounting records clearly show that the Company can and sometimes does unitize plant additions in the same month as an asset is placed in service, rather than a couple of months later as indicated by the Company in the past. Despite this, as recently as June 2019 the Company's explanation for why assets were placed in service during Q4 but were not unitized by the Company until Q1 of the following year, was generally that the accounting process to book capital projects typically takes 30 to 60 days. The same explanation was given for why assets were placed in service in Q2 but not unitized by the Company until Q3.[8] These unitizations often occur at a high rate in Q1 and Q3 of each year – the second halves of the WSIC/SSIC semiannual adjustment periods – and/or the post-test year period of rate cases. The resulting reduction of accumulated depreciation and additional return on the increased balance of rate base produces a financial windfall for the Company. In addition, the Company benefits financially from unitizing plant costs as close to rate recovery as possible.

[8] Company witness Dean Gearhart sent an email to Public Staff (including Windley Henry, Charles Junis, and Bill Grantmyre) and Bob Bennink on June 26, 2019, with the First and Second Status Reports in Response to Commission Order in Docket No. W-218, Sub 274, which stated, "These timing tweaks in our current WSIC/SSIC filing are really a product of our internal procedure that we have been adhering to for 10 years now. This is the first time these adjustments have been suggested by the Public Staff in one of our WSIC/SSIC filings."

On November 1, 2019, Aqua filed an Application for Approval of Water and Sewer System Improvement Charge Rate Adjustments Pursuant to G.S. 62-133.12 in Docket No. W-218, Sub 497A. According to Paragraph 17 of the Application, the total investment spent on WSIC/SSIC eligible projects was $6,594,351 during Q2 and Q3 of 2019. As shown in **Henry and Junis Exhibit 2**, the WSIC/SSIC Application included over $4,970,183 (or 75% of the total) for 60 plant additions unitized in September 2019. Of those 60 plant additions, 44 (or 73%) plant additions totaling $3,661,937 in cost were placed in service and unitized in September 2019. In October 2019, 39 plant adjustments were unitized in the total amount of $(16,354) associated with those 60 plant additions, as shown in **Henry and Junis Exhibit 3**. We have verified that the project costs in the WSIC/SSIC Application are the same as the totals of the September 2019 unitizations. The Company did not provide this credit to plant as an update to the WSIC/SSIC Application and therefore, since January 1, 2020, the Company has been recovering the incremental depreciation expense and capital costs associated with the $16,354 through the mechanism surcharges. The Public Staff will recommend the excess monies recovered between January 1, 2020, and the date of the rate case order in the present docket be refunded as part of the annual review and EMF as of the end of the year. The foregoing analysis shows that the Company is not

consistently following its own accounting procedures to "allow[] 30 to 60 days for any trailing costs to be charged to these in-service activity numbers before closing the asset."

Q. PLEASE DESCRIBE THE ADJUSTMENTS YOU RECOMMEND TO UPIS IN THE PRESENT RATE CASE.

A. Based on the results of the Public Staff's investigation, we recommend numerous in service date and cost adjustments to UPIS and accumulated depreciation. As part of the Public Staff's review of Aqua's Application for Approval of Water and Sewer System Improvement Charge Rate Adjustments Pursuant to G.S. 62-133.12 filed on May 1, 2019, in Docket No. W-218, Sub 497A, the Public Staff removed two ANC Water filtration projects totaling $648,434 that were unitized by the Company in March 2019 but, according to the Engineer's Certification statements stamped by a professional engineer and DEQ's Final Approvals, were not completed until April 24, 2019. As a result of the completion date, the projects were not in service and used and useful during the applicable WSIC/SSIC period of Q4 2018 and Q1 2019. The Public Staff also identified 13 projects totaling nearly $1.7 million that were unitized by Aqua in Q1 2019 despite being placed in service in Q3 2018 or Q4 2018. The table below summarizes these projects with regard to the WSIC/SSIC Application.

Table 1

Rate Entity	In Service in Prior Year	Total Projects	Percentage of Projects
ANC Water	4	16	25%
ANC Sewer	7	16	44%
Brookwood	2	3	67%
Fairways W	-	2	0%
Fairways S	-	-	-
Total	13	37	35%

As shown in **Henry and Junis Exhibit 4**, the Public Staff made adjustments as part of WSIC/SSIC procedure to account for the in service date occurring months before the Company finally unitized each of the projects. The in service date adjustment amounted to $33,142 of additional accumulated depreciation, or 33% more than the Company's unitizations. The Company did not include these adjustments to accumulated depreciation as part of its rate case application. Therefore, we recommend the Commission approve these regulatory accounting adjustments, as incorporated in the schedules of Public Staff witness Henry, and require Aqua to include them in all future rate cases until the assets are retired.

When incorporating these plant additions into rate base during the rate case, the timing of the in service date between Q1 2019 and Q4 2018 is the difference of nine months of additional accumulated depreciation on the Company's books.

Q. DO YOU RECOMMEND ANY ADDITIONAL ADJUSTMENTS TO UPIS?

A. Yes. In the post-test year period of October 2019 through March 2020, the Company unitized $20,634,060 of capital expenditures categorized as WSIC/SSIC, Blank/Routine Replacements, and Non-Routine/Non-WSIC/SSIC. We reviewed the plant records and other supporting documentation. As shown in **Henry and Junis Exhibit 5**, we adjusted the unitization date for 44 plant additions in the total amount of $1,381,871. For the majority of the plant additions listed, the Public Staff corrected the date to be the in service date inputted by the Company and/or a reasonable amount of time after the trailing costs had been sufficiently captured. End of year closings were considered to require the same level of expediency as employed by the Company for its unitizations in September 2019 and March 2020, a majority of which were same month closings. All of the adjustments result in the assets accumulating additional depreciation either in the pending rate case or in future rate cases.

In addition, we made four project specific reductions to plant for excessive accrual of allowance for funds used during construction (AFUDC). The most recent accounts payable transactions were in February 2019 for the "Field Tablets – 2019", April 2018 for the "Bridgepoint #8 Instl AquaGuard", September 2018 for the "RC New Generator Beachwood 02-196", and July 2017 for the "Instl AquaGard Coachmans Trl #3."

Q. PLEASE BRIEFLY SUMMARIZE THE PUBLIC STAFF'S ADJUSTMENTS TO UPIS.

A. The Public Staff recommends the Commission approve the following adjustments to utility plant in service as shown in the schedules of Public Staff witness Henry:

1. Corrections to in service dates of WSIC/SSIC projects that were not appropriately unitized by the Company in Q1 2019;

2. Corrections to in service dates of plant additions that were not appropriately unitized by the Company in Q1 2020; and

3. Reductions to plant addition costs.

On May 22, 2020, the Company provided additional documentation related to the Colvard Farms WWTP Sprayfield Amendment project. The project was unitized in March 2020 in the total amount of $878,177, including costs dating back to March 2016 and $106,482 of AFUDC. The Public Staff is still in the process of reviewing the documentation, and does not recommend an adjustment at this time.

The Company also has a number of projects completed in April 2020 or anticipated to be completed by the end of May 2020. The Public Staff will address its review of all of these post post-test year plant additions, which occurred after the agreed upon update period through March 2020, in supplemental testimony.

Q. DO YOU HAVE ANY OTHER RECOMMENDATIONS REGARDING UPIS?

A. Yes. The inconsistent UPIS practices described above are concerning to the Public Staff as they can result in financial windfalls to the detriment of ratepayers. To address this issue, the Public Staff recommends that the Commission order the Company to review its procedures for determining when projects are completed, in service, and booked and file the Company's findings of its internal practices and any plans to change the procedures within 90 days of the Commission's final order in this proceeding.

In addition, the adjustments for excess capacity are discussed in the testimony of witness Charles M. Junis and incorporated in the schedules of witness Windley Henry.

DEFERRAL ACCOUNTING TREATMENT

Q. HAS THE COMMISSION APPROVED DEFERRAL ACCOUNTING TREATMENT BEFORE?

A. Yes. However, it is a special ratemaking treatment that the Commission has allowed sparingly and only based upon specific criteria.

In its Order Approving Deferral Accounting with Conditions issued on March 31, 2009, in Docket No. E-7, Sub 874 (DEC Sub 874 Order), the Commission stated on page 24:

> [T]he Commission has historically treated deferral accounting as a tool to be allowed only as an exception to the general rule, and its use has been allowed sparingly. That is due, in part, to the fact that deferral accounting, typically, provides for the future recovery of costs for utility services provided to ratepayers in the past; and . . . the longer the deferral period, the greater the likelihood that the ratepayers who are ultimately required to pay rates including the deferred charges, which are related to resources consumed by the utility in providing services in earlier periods, may not be the same ratepayers who received the services. The Commission has also been reluctant to allow deferral accounting because it, typically, equates to single-issue ratemaking for the period of deferral, contrary to the well-established, general ratemaking principle that all items of revenue and costs germane to the ratemaking and cost-recovery process should be examined in their totality in determining the appropriateness of the utility's existing rates and charges.

In its Order Approving in Part and Denying in Part Request for Deferral Accounting issued on April 3, 2013, in Docket No. E-7, Sub 1029, the Commission stated as follows on pages 12-13:

> In determining whether to allow deferral requests, the Commission has consistently and appropriately based its decision on whether, absent deferral, the costs in question would have a material impact on the company's financial condition, and in particular, the company's achieved level of earnings.

As the examples above illustrate, the Commission's receptivity to deferral requests is not unlimited or without regard for traditional ratemaking principles. Rather, the Commission has required "a clear and convincing showing that the costs in question were of an unusual

and/or extraordinary nature and that, absent deferral, would have a material impact on the Company's financial condition."[9]

In determining whether to grant a utility's deferral request, the Commission has based its decision largely on the impact the costs at issue would have on currently achieved earnings of the utility. In the DEC Sub 874 Order, the Commission described the test it applies in making this determination as follows:

> The impact on earnings, typically, has been measured and assessed in terms of ROE, considered in conjunction with (1) the return on equity (ROE) realized and (2) the company's currently authorized ROE. Also . . . current economic conditions; the Company's need for new investment capital; and the impact that the Commission decision will have on future availability and cost of such capital are also relevant to the appropriate resolution of matters of this nature. Additionally, whether the company has requested or is contemplating requesting a general rate increase and the timing, or proposed timing, of the filing of such a request is also pertinent.

DEC Sub 874 Order at 26.

Most recently in the water and wastewater industry, in Docket No. W-354, Subs 364 and 365, Carolina Water Service, Inc. of North Carolina (CWSNC) requested deferral accounting treatment for post-in-service depreciation expense and financing costs (carrying costs) related to the Connestee Falls wastewater treatment plant (WWTP) project in Buncombe County, the Nags Head WWTP project in Dare

[9] DEC Sub 874 Order at 25.

County, the Fairfield Mountain AMR meter installation project in Transylvania County, and the Connestee Falls AMR meter installation project, also in Buncombe County. [10] CWSNC and the Public Staff stipulated to the Company's deferral of incremental post-in-service depreciation expense and financing costs of the two WWTP projects and to the amount of the costs to be included in the rate case. Finding of Fact No. 36 of the Commission's Order Granting Partial Rate Increase and Requiring Customer Notice states[11]:

> 36. The project costs for each of the two WWTP projects, considered both collectively and singularly, are unusual or extraordinary in that they represent major capital investments in the Company's infrastructure; they are non-routine projects which are of considerable complexity and major significance; and they are necessary to CWSNC's provision of safe, adequate, reliable, and affordable utility service in this state. The WWTP costs are of a magnitude that would have an adverse material impact on the Company's financial condition if they are not afforded deferral accounting treatment.

Ordering Paragraph No. 6 states:

> 6. That CWSNC's Petition to defer post-in-service costs associated with the two WWTPs is approved; provided, however, that the Company shall be, and hereby is, required to cease deferring said costs concurrent with the date the Company is authorized to begin reflecting the costs associated with the WWTPs in rates.

[10] Docket Nos. W-354, Sub 364 and Sub 365.

[11] Order Granting Partial Rate Increase and Requiring Customer Notice issued on March 31, 2020, in Docket Nos. W-354, Sub 363, Sub 364, and Sub 365.

CWSNC and the Public Staff litigated before the Commission the Company's request for deferral accounting treatment of two AMR installation projects. The Public Staff contended that CWSNC failed to make a clear, complete, and convincing showing, in view of the entire record, that the costs of the AMR meters were of an unusual or extraordinary nature and, absent deferral, would have a material impact on the Company's financial condition. The Commission agreed with the Public Staff, stating in Finding of Fact No. 41:

> 41. The two AMR meter installation projects in the Fairfield Mountain and Connestee Falls service areas are not unusual or extraordinary, and thus the incremental post-in-service depreciation expense and carrying costs related to the two projects are not appropriate for deferral accounting treatment.

Based on its findings and conclusions, the Commission denied CWSNC's Petition to defer post-in-service costs related to the Fairfield Mountain and Connestee Falls service areas.

Q. PLEASE SUMMARIZE THE DEFERRAL ACCOUNTING TREATMENT THAT AQUA IS REQUESTING.

A. The Company is requesting authorization to defer carrying costs and depreciation on "246 projects identified for completion during the six months comprising the presumed post-test year period at a cost of $13.8 million, which is an average per project cost of

approximately $56,000."[12] The Company noted that it had "excluded from this deferral request approximately $7.0 million in anticipated post-test year capital expenditures that the Company has deemed to be routine replacements."[13] In response to a Public Staff data request, the Company identified 487 projects completed during the post-test year period at a cost of $15.3 million, which is an average per project cost of $31,488.[14] The Company proposes "to defer depreciation and accrue carrying costs for qualifying capital expenditures for the time beginning with the individual in-service dates through implementation of new base rates," and the "deferred balance would be recorded as a regulatory asset, included in rate base and amortized over five (5) years in this rate case."[15]

On May 21, 2020, the Company filed Thill Revised Exhibit 5 which replaces estimates with actual post-test year plant addition costs and summarizes the calculations of the requested deferral amount. Unlike the original, the revised exhibit does not include Table 4, which is the calculation of the asserted revenue deficiency. As of noon on the day of the Public Staff's filing deadline, the native Excel

[12] Page 31, lines 14-17, Direct Testimony of Company witness Edward Thill filed in Docket No. W-218, Sub 526, on December 31, 2019.

[13] Id. at 34, lines 5-8.

[14] Aqua responses to Public Staff Data Request Nos. 41 and 54 in Docket No. W-218, Sub 526.

[15] Page 35, Direct Testimony of Company witness Edward Thill filed in Docket No. W-218, Sub 526, on December 31, 2019.

file with working formulas and supporting data had not been provided to the Public Staff. This file is material to the Public Staff's review of the Company's revised requested deferral amount.

The Company also "requests prospective authorization to defer depreciation and carrying costs on post rate case capital expenditures, other than routine replacements, until included in rates in the Company's next rate case."[16]

Q. WHAT SAFEGUARDS TO PROTECT CUSTOMERS DOES THE COMPANY CONTEND ARE INCLUDED IN ITS PROPOSAL FOR DEFERRAL ACCOUNTING?

A. On pages 32-34, of his direct testimony, Company witness Thill asserts the following customer safeguards:

1. The projects will be in-service prior to the Commission's rate order and "will be fully available for review and validation by the Public Staff prior to inclusion in rates."

2. There is no concern about "single-issue ratemaking" due to the request being part of a general rate case.

3. Ratepayers are not disadvantaged by "full and timely recovery by Aqua of its legitimate, audited, reasonable and prudently-incurred deferred costs in the context of this rate case."

[16] Id. at 36, lines 17-20.

4. “Aqua has excluded from this deferral request approximately $7.0 million in anticipated post-test year capital expenditures that the Company has deemed to be routine replacements.”

Q. DO YOU AGREE THAT THESE SAFEGUARDS EXIST?

A. Not entirely. We agree that the request has been appropriately made as part of, or in anticipation of, a general rate case and that the Company has incrementally reduced the total amount of costs for which deferral is requested by excluding certain projects. However, we take issue with witness Thill’s assertion that the projects that are included in the Company’s deferral request will be “fully available for review and validation by the Public Staff prior to inclusion in rates.” As detailed in its Motion to Compel filed on April 22, 2020, the Public Staff’s investigation of the Company’s deferral request was impaired and delayed by over a month because it did not timely receive complete responses to two of its data requests.

In addition, because the Company has implemented a very narrow interpretation of what projects constitute routine replacements, the Public Staff does not agree that the Company’s exclusion from its deferral request of some projects on this basis serves as a substantial safeguard. The categorization of projects/costs is further discussed later in our testimony.

Q. DO AQUA'S POST-TEST YEAR COSTS INDIVIDUALLY MEET THE REQUIREMENTS HISTORICALLY IMPOSED BY THE COMMISSION THAT THE COSTS IN QUESTION ARE OF AN "UNUSUAL AND/OR EXTRAORDINARY NATURE" AND "WOULD HAVE A MATERIAL IMPACT ON THE COMPANY'S FINANCIAL CONDITION"?

A. No. In fact, the Company has admitted that, on an individual basis, none of the costs included in the Company's request for deferral accounting treatment are "unusual" or "extraordinary." Furthermore, the Company has admitted that, on an individual basis, none of the costs included in the Company's request for deferral accounting treatment are of a magnitude that would result in a "material" impact on the Company's financial position. Aqua's admissions were provided in response to Public Staff Data Request No. 84, which is **Henry and Junis Exhibit 6**.

Q. GIVEN THE COMPANY'S ADMISSION, WHY DOES THE COMPANY CONTEND ITS DEFERRAL REQUEST SHOULD BE APPROVED?

A. The Company's request is premised on the novel argument that the projects and related costs for which it seeks deferral accounting treatment should be considered not on an individual basis, but in the aggregate. Comparing the Company's facilities to those of the state's electric and gas utilities, Aqua witness Thill states, "The sheer

magnitude of the independent facilities that make up the Company's operational footprint necessitates that the Company's capital spending be divided into hundreds of smaller projects rather than a few large ones."[17] We believe this contention is false and based on an overly simplified comparison. For example, while the electric industry has a limited number of electric generating plants, those plant sites are a complex system of smaller capital assets serving different purposes, such as steam generation, fuel storage, environmental controls, waste management, and safety, in support of providing sufficient and reliable service. In addition, the Company's water distribution and wastewater collection systems consisting of pipes, valves, and pump stations are equivalent to transmission and distribution power lines, transformers, and substations.

Q. PLEASE DESCRIBE THE PUBLIC STAFF'S APPROACH IN EVALUATING THE COMPANY'S REQUEST FOR SPECIAL RATEMAKING TREATMENT OF ITS POST-TEST YEAR CAPITAL PROJECT COSTS IN THE FORM OF AN ACCOUNTING DEFERRAL IN THIS CASE.

A. Consistent with the direction provided by the Commission in its prior decisions on requests for deferral accounting treatment, the Public

[17] Id. at 31, lines 10-13.

Staff assessed the Company's deferral request in the present case by examining whether the Company made a clear and convincing showing that the costs in question are of an unusual and/or extraordinary nature and would have a material impact on the Company's financial condition absent deferral. As stated above, the Company has admitted that its deferral request does not meet this test when the costs in question are considered on an individual basis. Therefore, the Public Staff has evaluated the Company's deferral request based on its aggregated capital expenditures in response to the novel argument advanced by the Company.

First, the engineer reviewed the aggregated projects and capital costs characterized by the Company as being "non-routine" to determine whether they were "unusual" or "extraordinary" in nature and outside the scope of Aqua's normal course of business. Second, the accountant assessed whether or not the magnitude and "material impact" of the aggregated costs justified deferral, including the impact on earnings, current economic conditions, the Company's need for new investment capital, and the impact that the Commission decision will have on future availability and cost of such capital.

The Public Staff's evaluation of the Company's deferral request based on the aggregate of the projects and costs at issue should not be interpreted as endorsement of the Company's novel argument, but instead as a thorough investigation of the Company's proposal

to defer approximately 72%, of its post-test year capital costs[18] as well as similar capital expenditures between the conclusion of this proceeding and the next general rate case. The profile of plant addition costs is further illustrated by the table below.[19]

Table 2

	Blanket/Routine Replacements	Non-routine, Non-WSIC/SSIC	WSIC/SSIC	Grand Total
Project Count (>0)	**3,153**	**377**	**67**	**3,597**
Over $100k	1	9	20	29
$50k-$100k	3	19	11	33
$10k-$50k	83	138	27	248
$1k-10K	1,101	182	9	1,292
Under $1k	1,965	29	0	1,994
Deferral Requested	No	Yes	Yes	
Total Additions Oct19-Mar20	**$ 5.7 M**	**$ 7.6 M**	**$ 7.3 M**	**$ 20.6 M**

Q. PLEASE DESCRIBE THE COMPANY'S RECENT CAPITAL INVESTMENT HISTORY IN NORTH CAROLINA.

A. The Company has made the following statements regarding its capital spending in testimony:

[18] Thill Direct Exhibit 5 categorizes post-test year additions into (1) WSIC/SSIC eligible projects, (2) Non-WSIC/SSIC projects, and (3) Routine Replacements. The Company seeks deferral for categories (1) WSIC/SSIC eligible projects and (2) Non-WSIC/SSIC projects. Therefore, for projects unitized during the period of October 2019 – March 2020, the costs of (1) + (2) / [(1) + (2) + (3)] = ~72%.

[19] Aqua response to Public Staff Data Request No. 82 in Docket No. W-218, Sub 526.

The direct Testimony of Company witness Shannon Becker states on pages 9-10:

- "As demonstrated by Becker Direct Exhibit 3, Aqua North Carolina's investment spend has ranged from $14,000,000 in 2013 to a projected high of nearly $39,000,000 through the end of 2019."

Company witness Edward Thill states on pages 33 and 36, respectively, of his direct testimony:

- "[A]n era of sharply increased spending in the jurisdiction (whether on a few large projects or a combination of many smaller ones)."
- "[T]he Company expects to continue to invest capital at significantly heightened levels."

Henry and Junis Exhibit 7 shows, however, that the Company's capital spending was consistently $12-14 million per year from 2011 through 2014, that it incrementally increased in 2015 and again in 2016, and that beginning in 2017 it reached a level of $36-40 million per year, which the Company plans to maintain at least through 2021. The graph presented in the Revised Becker Direct Exhibit 3 (filed on May 21, 2020) does not portray plant additions and costs for ratemaking purposes but rather, actual capital spend per the capital budget, which we will discuss further below.

Q. WHAT WAS THE SIGNIFICANCE OF HOUSE BILL 710 DURING THIS TIME PERIOD?

A. On June 12, 2013, North Carolina Session Law 2013-106 (House Bill 710) was signed into law, having previously been ratified by the North Carolina General Assembly. Titled 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 Rate Adjustment Mechanism for Water and Sewer Utilities to Recover Costs for Water and Sewer System Improvements, the law enacted N.C. Gen. Stat. § 62-133.12.[20] On May 2, 2014, the Commission issued its Order Granting Partial Rate Increase, Approving Rate Adjustment Mechanism, and Requiring Customer Notice, in Docket No. W-218, Sub 363 (W-218, Sub 363, Order), which, among other things, approved the rate adjustment mechanism as being in the public interest. The Commission's Evidence and Conclusions for Findings of Fact Nos. 39 – 49 (WSIC/SSIC Mechanism) contains a number of noteworthy and applicable sections as follows:

> Moreover, witness Roberts maintained that *the WSIC/SSIC mechanism incents Aqua for earlier and more robust investment in infrastructure for system and water quality improvements*. Such mechanism would allow the Company to allocate its funds to more investment in North Carolina based on an opportunity to recover some of that investment on a more timely basis. p 70

[20] On June 6, 2014, the Commission issued its Order Adopting Rules to Implement G.S. 62-133.12 that made effective Commission Rules R7-39 and R10-26.

> Further, witness Kopas testified that when and if eligible projects are constructed, placed into service, and proposed for inclusion in a WSIC or SSIC, those projects are, at that time, *subject to review by both the Public Staff and the Commission as to the reasonableness of their costs and eligibility*. He commented that under the proposed rules in the WSIC/SSIC Rulemaking such review would be an integral step necessary to support a Commission order approving such cost recovery. In addition, he submitted that *WSIC and SSIC projects would be subject to the full panoply of Commission review in the next general rate case proceeding* -- just as with every other project that a utility puts in service and for which it requests cost recovery. He maintained that the *Commission retains the ability, as part of its broad overall regulatory authority, to make disallowances, order refunds with interest, and/or modify or eliminate the mechanism entirely if it concludes the mechanism is no longer in the public interest*. p 72

> The Commission believes that the primary purpose of G.S. 62-133.12 was to *encourage and accelerate investment* in needed water and sewer infrastructure by means of a mechanism which will alleviate the effects of regulatory lag by allowing for earlier recovery of some portion, not to exceed 5% of approved service revenues, of the incremental depreciation and capital costs associated with eligible investments made between general rate case proceedings. p 76

> The Commission also does not agree with the Attorney General's assertion that system improvements recovered through the WSIC/SSIC mechanism will have reduced review and scrutiny. . . .Witness Fernald testified that due to the detailed examination which would occur with respect to the *specific plant additions reviewed between rate case proceedings* in regard to the WSIC/SSIC mechanism, those same plant additions would likely not require as much review in a general rate case proceeding, but would nonetheless be *subject to further review*. pp 79-80

Based on the Commission's Order and the record, it is reasonable to conclude the that (1) the Company was managing the timing of

and/or was deferring capital projects to sync with rate cases, (2) the Company was expecting to increase capital spending and would be incentivized to do so by the WSIC/SSIC mechanism, (3) the WSIC/SSIC mechanism would alleviate the effects of regulatory lag, (4) the Public Staff and Commission would have the opportunity to review WSIC/SSIC projects within the WSIC/SSIC procedure and then again in the next general rate case,[21] and (5) customer protections were a foundational pillar of the WSIC/SSIC being in the public interest.[22]

Q. HAS THE WSIC/SSIC MECHANISM ADDRESSED THE COMPANY'S CONCERNS REGARDING ADEQUATE AND TIMELY COST RECOVERY?

A. According to the Company, it has not. On pages 6, 14, and 15, respectively, of his direct testimony, Company witness Becker states, the Company "requires adequate and timely cost recovery," "The WSIC/SSIC tool. . . . is not enough," and "restrictions on eligible

[21] The Public Staff filed a brief and presented oral arguments before the North Carolina Supreme Court in Docket No. 347A14 defending the WSIC/SSIC Mechanism. On page 13 of its Brief of Intervenor-Appellee, the Public Staff stated, "As discussed above, the utility's investment in eligible water and sewer system improvements is subject to Commission review for reasonableness and prudence not only when the utility seeks approval of WSIC/SSIC surcharges, but also in general rate case proceedings. (R pp 513-15) Therefore, the review and scrutiny of the Company's system improvement investments will be at least doubled, rather than reduced."

[22] "In summary, N.C. Gen. Stat. § 62-133.12, the Commission's Rate Case Order, the Commission approved WSIC/SSIC procedures in Appendices C and D of the Rate Case Order, and Commission Rules R7-39 and R10-26 contain a multitude of customer protections which provide substantial support for the Commission's public interest finding." Id. at 15.

projects allowed to be recovered within the current WSIC/SSIC program and its 5% revenue cap limit the mechanism's effectiveness."

In response to a Public Staff data request asking for a definition and description of the terms "adequate" and "timely" as used in the context of cost recovery, the Company stated, "The lag between investment in and recovery of and on all of Aqua's capital investment is the impetus for the Company's claim that recovery is inadequate and untimely, and thus deleterious to Aqua's ability to earn its authorized return."[23]

In its WSIC/SSIC Application,[24] the Company proposed updated, cumulative WSIC and SSIC surcharge percentages as follows:

Table 3

Rate Entity	Surcharge Percentage
Aqua Water	3.38%
Brookwood/LaGrange Water	4.90%
Fairways and Beau Rivage Water	0.01%
Aqua Sewer	1.58%
Fairways and Beau Rivage Sewer	0.19%

[23] Aqua response to Public Staff Data Request No. 99-3 in Docket No. W-218, Sub 526.

[24] Aqua filed its Application for Approval of Water and Sewer System Improvement Charge Rate Adjustments Pursuant to N.C. Gen. Stat. § 62-133.12 on April 30, 2020, in Docket No. W-218, Sub 497A. The Company subsequently withdrew its WSIC/SSIC Application on May 8, 2020.

Based on the table above and paragraphs 23 and 28 of the WSIC/SSIC Application, the Company has not reached the 5% cap of the total annual service revenues.

Q. DO YOU HAVE ANY CONCERNS WITH HOW THE COMPANY HAS REPRESENTED REGULATORY LAG?

A. Yes. In response to a Public Staff data request, the Company provided a revision to the passage on page 14, lines 16-19, of Company witness Becker's testimony that would read as follows:[25]

> The WSIC/SSIC legislation reduces rate lag on eligible projects to an average of six months from the time an asset is placed in service versus an average of nearly seventeen months that it would take to begin recovering the twenty-one months of non-WSIC/SSIC project activity included in this filing, using a historical test year.

In response to a subpart of the same Public Staff data request asking what amount of rate lag Company witness Becker contends is acceptable, the Company stated, "As noted in Aqua's response to [PS DR 99] Q3 above, lag erodes the utility's ability to earn an authorized ROE and minimizing such lag as much as feasibly possible using the legislative and Commission tools available is deemed acceptable." Similarly, on page 34 of his direct testimony, Company witness Thill states, "While the WSIC and SSIC

[25] Aqua response to Public Staff Data Request No. 99-5 in Docket No. W-218, Sub 526.

mechanisms do provide a meaningful level of rate lag relief between rate cases, the limitations of the cap and on eligible items, combined with the lag that exists even within those mechanisms, still leave a material hole in the Company's ability to earn its authorized rate of return." The abundance of Company testimony and other statements regarding capital spending, lag in rate recovery, the WSIC/SSIC mechanism deficiencies, and the extensive deferral accounting treatment requests lead the Public Staff to question whether there is a ratemaking procedure that will completely satisfy the Company.

Regarding Company witness Becker's calculations of rate lag, the Public Staff does not believe they accurately represent the actual time period between unitization and recovery in rates because they incorrectly assume plant additions and costs were evenly distributed over the time period. Based on the WSIC/SSIC eligible plant additions, including costs and unitization dates, as categorized and provided by the Company,[26] we have calculated a weighted average lag of 3.48 months between the unitization month of eligible project costs and anticipated recovery through the WSIC/SSIC mechanism beginning on July 1, 2020. 3.48 months represents approximately

[26] Aqua response to Public Staff Data Request No. 82 in Docket No. W-218, Sub 526. This includes 105 plant additions totaling $7,334,820 unitized in Q4 2019 and Q1 2020 (October 2019 through March 2020). This is the same amount sought in the Company's WSIC/SSIC Application.

42% less lag time than the 6 months asserted by Company witness Becker.

Furthermore, by filtering the same data set for plant addition costs categorized as "Non-routine, Non-WSIC/SSIC" by the Company,[27] we have calculated a weighted average lag of 11.25 months, which represents approximately 34% less lag time than the approximately 17 months asserted by Company witness Becker, assuming rates would go into effect October 1, 2020. This is to be expected considering the Company filed a rate case just over one year after the conclusion of its last rate case and this calculation does not include any post post-test year plant additions (unitized after March 31, 2020) that would further reduce the weighted average lag time. The weighted averages show that the Company's scheduling of projects and timing of unitization has effectively minimized lag.

Q. PLEASE BRIEFLY DESCRIBE THE COSTS OF AQUA'S PLANT ADDITIONS OVER THE PAST SEVERAL YEARS.

A. As shown in Thill Direct Exhibit 5, the Company has sorted its plant additions into three categories: (1) WSIC/SSIC eligible projects, (2) Non-WSIC/SSIC projects, and (3) Routine Replacements. **Henry**

[27] Aqua response to Public Staff Data Request No. 82 in Docket No. W-218, Sub 526. This includes 1,947 plant additions totaling $16,790,837 unitized from July 2018 through March 2020.

and Junis Exhibit 8 provides a narrative description of the categories provided by the Company.[28] The Public Staff has evaluated the plant additions unitized during the period from January 1, 2015, through March 31, 2020.[29] **Henry and Junis Exhibits 9** and **10** show the plant addition costs and the number of plant additions by rate entity and category, respectively. While this data set is imperfect, it is the best available and most comprehensive record of the Company's plant additions for the selected time period.[30] The Public Staff chose this time period because it falls after the Commission's issuance on May 2, 2014, of the W-218, Sub 363, Order, which found the WSIC/SSIC to be in the public interest and approved the mechanism.

Q. PLEASE BRIEFLY DESCRIBE OBSERVATIONS FROM YOUR REVIEW OF THE PLANT ADDITIONS COSTS OVER THE PAST SEVERAL YEARS.

A. **Henry and Junis Exhibits 9** and **10** make more evident the increase in Aqua's plant additions since the approval of the WSIC/SSIC mechanism. Over $49 million (or 31% of the total plant additions)

[28] Aqua response to Public Staff Data Request No. 102-9 in Docket No. W-218, Sub 526.

[29] Aqua response to Public Staff Data Request No. 82 in Docket No. W-218, Sub 526.

[30] While not necessary for this high-level evaluation of the aggregate of Aqua's plant additions, we further address the issue of in-service dates and unitization (or posting) dates in our individual testimonies in this proceeding.

was invested in WSIC/SSIC eligible projects for which the Company could receive accelerated rate recovery between rate cases. Other noteworthy observations made by the Public Staff based on **Henry and Junis Exhibits 9** and **10** are as follows:

- Blanket/Routine Replacements steadily increased by over $2 million annually from 2015 through 2018. Since then, they appear to have plateaued in the range of $11-12 million and have been fairly consistently distributed among the rate entities.
- Non-routine, Non-WISC/SSIC spending steadily increased by 30% annually from 2015 through 2017, ballooned into the W-218, Sub 497, rate case, and then appear to have returned to the previous upward trajectory in 2019.
- The WSIC was heavily utilized between rate cases and in the ANC Water rate division, likely due to water filtration and treatment projects.
- The SSIC was consistently utilized in the range of $986k to $2.230 million annually.
- WSIC/SSIC projects and spending have outpaced Non-routine, non-WSIC/SSIC plant additions costs in 2015, 2016, 2019, and 2020, and overall are a 44.5% / 54.5% split when compared with each other.

Company witness Becker states in his direct testimony that, "most projects making up Aqua's capital investment required to maintain the Company's water and wastewater operations on an on-going basis are not eligible for WSIC/SSIC treatment under this program, as it exists today."[31] This evidence shows that WSIC/SSIC projects and spending have consistently exceeded non-WSIC/SSIC spending.

The observations described above prompted us to evaluate the quarterly plant additions shown in **Henry and Junis Exhibit 11**. The exhibit shows that the scheduling and timing of unitization of projects has had the effect that the start of depreciation is closely synched with the point at which cost recovery begins. This is particularly true of WSIC/SSIC eligible plant additions, which, as **Henry and Junis Exhibit 11** illustrates, occur almost exclusively in the second of the two quarters of every WSIC/SSIC application period. For example, after the W-218, Sub 497, rate case that included Q2 2018 plant additions, the Company did not file an application around November 1, 2018, for a surcharge covering Q3 2018 projects totaling $9,682. The Company then unitized $28,778 in Q4 2018 and $6,125,962 in Q1 2019, before filing an application on May 1, 2019, for WSIC/SSIC recovery effective July 1, 2019.

[31] Page 14, lines 20-23, Direct Testimony of Company witness Shannon Becker filed in Docket No. W-218, Sub 526, on December 31, 2019.

Henry and Junis Exhibits 9, **10**, and **11** not only demonstrate the effect of the Company's scheduling and timing of the unitization of projects on depreciation – they also show that the Company's expenditures in Q4 2019 and Q1 2020 are not unusual or extraordinary in magnitude or nature, due in part to the Company's ability to recover through the WSIC/SSIC mechanism nearly half of the capital expenditures sought for deferral. For example, the approximately $7.6 million (Q4 2019 and Q1 2020 combined) in non-routine, non-WSIC/SSIC plant additions is nearly the same amount as the $7.5 million (Q4 2018 and Q1 2019 combined) from the previous year.

Q. PLEASE BRIEFLY DESCRIBE THE TYPES OF PLANT ADDITIONS THAT HAVE OCCURRED OVER THE PAST SEVERAL YEARS.

A. **Henry and Junis Exhibits 12** and **13** show the plant addition costs by plant account (similar assets grouped for depreciation) and year for water and wastewater operations, respectively. We selected the seven largest plant accounts for both water and wastewater operations based on total plant additions costs.[32] This is another

[32] For wastewater, we included an eighth plant account, 389000 – Other Plant & Misc Equipment, because the $2,120,000 (total amount paid to Johnston County for wastewater treatment capacity and transmission fees) in plant account 351100 – Organization has been appropriately reduced to $1,335,000 and transferred to plant account 389000 – Other Plant & Misc Equipment, which includes the subsequent capacity

subset of Aqua's plant additions that does not appear to be unusual and/or extraordinary in nature during 2019 and 2020.

For example, investments in plant account 334400 – Meters & Meter Installations would be WSIC eligible and would therefore receive accelerated recovery. The Company has provided insufficient evidence that the projects and their associated costs are unusual or extraordinary so as to warrant deferral accounting. The need to replace meters on a planned schedule is an anticipated need of the business, and the timing and manner of implementing such replacements is entirely within the control of the Company.

Q. PLEASE BRIEFLY DESCRIBE THE COMPANY'S PLANT ADDITIONS AND COSTS DURING THE POST TEST YEAR PERIOD FROM OCTOBER 2019 THROUGH MARCH 2020.

A. As discussed above, the nature and magnitude of plant additions or projects and their associated costs during the period from October 2019 through March 2020 (Q4 2019 and Q1 2020) are neither unusual nor extraordinary. Said another way, considered individually or in aggregate, the projects are not major non-routine, infrequent, non-regularly occurring, unforeseen investments of considerable complexity and significance for Aqua. **Henry and Junis Exhibit 7** is

purchase of $330,244.80. It is our understanding that this discrepancy in the data set is due to a limitation in the Company's accounting system.

a graph that demonstrates how the Company has spent and plans to spend capital (Becker Exh 3 and Exh 2), consistently in the neighborhood of $40 million annually starting in 2017 and continuing through at least 2021, and when those expenditures have been unitized for ratemaking purposes.

Q. ARE THESE INVESTMENTS NEW TO THE COMPANY?

A. No. In general, the Company continues to spend capital on projects such as pipes, pumps, and treatment systems. Since the last rate case, there has not been a substantial change in the Company's capital investment prompted by the passing of legislation or adoption of regulations that were transformative for the industry. No new technology has been developed that is a cure all for aging infrastructure or water quality issues. The capital spending between plant accounts can vary from year to year based on age and/or deterioration. However, overall sustained and strategic investment is necessary and has been shown to be consistent in recent years, and the WSIC /SSIC mechanism addresses lag concerns for nearly half of this investment.

To reiterate, consideration of costs for deferral on an aggregated basis deemphasizes the nature of the capital expenditures and could even be characterized as an attempt to neutralize a key component of the Commission's longstanding criteria for deferral. In addition,

there is a no overarching “unusual and/or extraordinary” requirement or initiative naturally linking Aqua’s capital expenditures.

Q. DO YOU TAKE ISSUE WITH ANY OF THE PLANT ADDITION COSTS FOR WHICH AQUA HAS REQUESTED RECOVERY IN THIS CASE?

A. Yes. The Company has “excluded from this deferral request approximately $7.0 million in anticipated post-test year capital expenditures that it deems routine replacements.”[33] As stated above, the Public Staff believes the Company has implemented a very narrow interpretation of what projects are routine replacements. While the Public Staff does not believe it is appropriate to implement project-specific adjustments to the Company’s deferral request at this time, the Public Staff reserves the right to file supplemental testimony regarding the revised deferral request detailed in Thill Revised Exhibit 5[34] and address any post post-test year plant additions that the Company seeks deferral accounting treatment for.

[33] Page 34, lines 5-8, Direct Testimony of Company witness Edward Thill filed in Docket No. W-218, Sub 526, on December 31, 2019.

[34] As stated on pages 22-23 above, on May 21, 2020, the Company filed Thill Revised Exhibit 5 which replaces estimates with actual post-test year plant addition costs and summarizes the calculations of the requested deferral amount. Unlike the original, the revised exhibit does not include Table 4, which is the calculation of the asserted revenue deficiency. As of noon on the day of the Public Staff’s filing deadline, the native Excel file with working formulas and supporting data had not been provided to the Public Staff. This file is material to the Public Staff’s review of the Company’s revised requested deferral amount.

Q. IF THE COMMISSION CONSIDERS THE PLANT ADDITIONS IN AGGREGATE, WHAT IS YOUR RECOMMENDATION REGARDING THE COMPANY'S REQUESTS FOR DEFERRAL ACCOUNTING TREATMENT?

A. The Public Staff recommends that the Commission deny Aqua's requests for deferral accounting treatment based on the absence of "a clear and convincing showing that the costs in question were of an unusual and/or extraordinary nature" whether considered individually or in aggregate. Having demonstrated that the Company failed to satisfy the requirement that it make a clear and convincing showing that its plant additions and the related costs are unusual or extraordinary so as to justify deferral accounting treatment, the Public Staff does not reach the issue of whether the costs sought to be deferred would have a material impact on the Company's financial condition or stability.

JOHNSTON COUNTY TRANSMISSION FEE

Q. DID THE COMMISSION MAKE A DETERMINATION REGARDING THE TRANSMISSION FEE CHARGED BY JOHNSTON COUNTY AND PAID BY AQUA IN THE PREVIOUS RATE CASE IN DOCKET NO. W-218, SUB 497?

A. Yes. In its order issued in the Company's last rate case, the Commission stated that it "determines to treat the $785,000

transmission fee as an expense, it further concludes, in its discretion, that this expense should not be recognized entirely in one cost of service year, but instead should be amortized and recovered over six years with no unamortized balance in rate base."[35]

Q. WHAT IS THE COMPANY'S PROPOSED ACCOUNTING TREATMENT FOR THE TRANSMISSION FEE?

A. The Company requests that the transmission fee be retroactively accounted for as a regulatory asset. The regulatory asset would have the unamortized balance included in rate base, and earn a return. In addition, the Company requests the return be recovered retroactively to December 18, 2018, which is the date of the Commission's Order in the previous rate case determining that the transmission fee is an expense to be amortized over six years.

Q. WHY DOES THE COMPANY BELIEVE THE COMMISSION SHOULD RECONSIDER THIS MATTER?

A. On page 40 of his direct testimony filed on December 31, 2019, Aqua witness Edward Thill states regarding the Commission's determination, "[t]hat treatment was argued by neither the Company nor the Public Staff, so the Company did not have an opportunity within the case to respond." While the Company did not propose the

[35] Order Approving Partial Settlement Agreement and Stipulation, Granting Partial Rate Increase, and Requiring Customer Notice, Docket No. W-218, Sub 497 at 85.

transmission fee be recovered in rates as an expense, the Company vigorously contended that the transmission fee of $3.14 per gpd was separate and in addition to the capacity fee contemplated in the Amended Purchase Agreement.

Q. WHAT IS THE PUBLIC STAFF'S RECOMMENDATION REGARDING THE JOHNSTON COUNTY TRANSMISSION FEE?

A. The Public Staff recommends the Commission deny the Company's request that the Commission overturn its decision and retroactively ratemake to the detriment of ratepayers. The customers should not pay a higher cost in rates for a return on an expenditure determined to be an expense by the Commission. The Company fully litigated the issues associated with the payment of the wastewater capacity fee and transmission fee to Johnston County, and to the extent the Company took issue with the Commission's decision on this issue, the Company should have filed a motion for reconsideration or appealed from the decision. The Public Staff further notes that the Company began to recover the expense as of the effective date of rates on December 18, 2018, and, if considered rate base, the transmission fee would not have been used and useful just the same as the wastewater capacity fee because the interconnection was not complete and in service. Said another way, it could be argued that the Company received accelerated recovery of the transmission fee.

Q. DOES THIS CONCLUDE YOUR TESTIMONY?

A. Yes, it does.

APPENDIX A

QUALIFICATIONS AND EXPERIENCE

WINDLEY E. HENRY

I graduated from the University of North Carolina at Wilmington with a Bachelor of Science degree in Accountancy. Prior to joining the Public Staff, I was employed by the Seymour Johnson Federal Credit Union. My duties there involved supervision of the accounting department and preparing financial reports. I joined the Public Staff as a Staff Accountant on July 16, 1990. Since joining the Public Staff, I have presented testimony and exhibits in numerous cases before this Commission involving water, sewer, and natural gas utilities. I am a Certified Public Accountant licensed in the State of North Carolina.

APPENDIX B

QUALIFICATIONS AND EXPERIENCE

CHARLES M. JUNIS

I graduated from North Carolina State University in 2011, earning a Bachelor of Science Degree in Civil Engineering. I have nine years of engineering experience, and since joining the Public Staff in April 2013, have worked on utility rate case proceedings, new franchise and transfer applications, emergency operations, customer complaints, general rate cases, and other aspects of utility regulation. Prior to joining the Public Staff, I worked for Farnsworth Group, an engineering and architectural consulting firm. I am a licensed Professional Engineer in North Carolina.

In Service Date and Unitization Date Discrepancies (Sub 497)

Non-routine, Non-WISC/SSIC Plant Additions (Per Aqua)

description	Rate Entity	cpr_activity_wo_number	cpr_activity_wo_desc	gl_posting_mo_yr	activity_cost	in_service_date
380000-Treatment & Disposal Equip	ANC WW	35880077580	Colvard Frm Rplc 5Day Upset Pnd Lnr	3/1/2018 0:00	75,367.69	10/31/2017
380000-Treatment & Disposal Equip	ANC WW	35880065274	Crooked Crk Filter Rplc Nozzle/Medi	3/1/2018 0:00	50,062.98	10/31/2017
334400-Meters & Meter Installations	ANC Water	35100064936	Fleetwood Falls Instl RF Meters	3/1/2018 0:00	117,118.21	10/31/2017
380000-Treatment & Disposal Equip	ANC WW	35880094189	Hawthorne WWTP Nitrogen Upgrds	3/1/2018 0:00	699,703.92	10/31/2017
354000-Structures & Improvements	ANC WW	35880094189	Hawthorne WWTP Nitrogen Upgrds	3/1/2018 0:00	58,217.87	10/31/2017
380000-Treatment & Disposal Equip	ANC WW	35880070155	HM Hawthorne WWTP Train #3	3/1/2018 0:00	207,905.96	11/30/2017
304000-Structures & Improvements	ANC Water	35100071595	Old Beau VFD Installation	2/1/2018 0:00	73,741.91	10/31/2017
380000-Treatment & Disposal Equip	ANC WW	35880069833	RC Gov Club EQ Replacement	4/1/2018 0:00	1,071,792.87	12/31/2017
354000-Structures & Improvements	ANC WW	35880069833	RC Gov Club EQ Replacement	4/1/2018 0:00	76,927.34	12/31/2017
				Total	**$ 2,430,838.75**	

WISC/SSIC Plant Additions (Per Aqua)

description	Rate Entity	cpr_activity_wo_number	cpr_activity_wo_desc	gl_posting_mo_yr	activity_cost	in_service_date
331400-T&D Mains	ANC Water	35800052806	WSIC Rplc Main/Svc Camelot	2/1/2018 0:00	689,545.39	10/31/2017
333400-Services	ANC Water	35800052806	WSIC Rplc Main/Svc Camelot	2/1/2018 0:00	130,377.53	10/31/2017
331400-T&D Mains	ANC Water	35800052807	WSIC Rplc Main/Svc Medfield Est	1/1/2018 0:00	1,612,539.11	10/31/2017
333400-Services	ANC Water	35800052807	WSIC Rplc Main/Svc Medfield Est	1/1/2018 0:00	725,585.47	10/31/2017
334400-Meters & Meter Installations	ANC Water	35800052807	WSIC Rplc Main/Svc Medfield Est	1/1/2018 0:00	178,979.55	10/31/2017
304000-Structures & Improvements	ANC Water	35800052807	WSIC Rplc Main/Svc Medfield Est	1/1/2018 0:00	79,373.41	10/31/2017
				Total	**$ 3,416,400.46**	
				Grand Total	**$ 5,847,239.21**	

The transaction listings in the tables above were compiled from Aqua's response to Public Staff Data Request No. 82 in Docket No. W-218, Sub 526.

Plant Additions Unitized in September 2019

#	description	Rate Entity	cpr_activity_wo_number	cpr_activity_wo_desc	gl_posting_mo_yr	activity_cost	in_service_date
1	320300-Water Treatment Equipment	ANC Water	35800042129	2WSIC Kensington Manor #2 Fe/Mn	9/1/2019 0:00	258,199.53	8/13/2019
2	304000-Structures & Improvements	ANC Water	35800042129	2WSIC Kensington Manor #2 Fe/Mn	9/1/2019 0:00	111,044.89	8/13/2019
3	309200-Supply Mains	ANC Water	35800042129	2WSIC Kensington Manor #2 Fe/Mn	9/1/2019 0:00	26,838.72	8/13/2019
4	320300-Water Treatment Equipment	ANC Water	35800042142	2WSIC Trappers Creek #2 FeMn Filter	9/1/2019 0:00	175,703.92	9/30/2019
5	304000-Structures & Improvements	ANC Water	35800042142	2WSIC Trappers Creek #2 FeMn Filter	9/1/2019 0:00	117,956.33	9/30/2019
6	309200-Supply Mains	ANC Water	35800042142	2WSIC Trappers Creek #2 FeMn Filter	9/1/2019 0:00	20,121.06	9/30/2019
7	380000-Treatment & Disposal Equip	ANC WW	35101578322	SSIC Avendale Replace Mixers	9/1/2019 0:00	13,810.47	9/30/2019
8	380000-Treatment & Disposal Equip	ANC WW	35881005038	SSIC Country Valley Blwr Motor Rplc	9/1/2019 0:00	42,088.51	9/30/2019
9	380000-Treatment & Disposal Equip	ANC WW	35881005172	SSIC Crismark #3 LS Blower Rplc	9/1/2019 0:00	3,231.59	7/31/2019
10	371000-Pumping Equipment	ANC WW	35881008020	SSIC CWE Hawthorne LS Pmp Rplc	9/1/2019 0:00	1,910.46	8/31/2019
11	380000-Treatment & Disposal Equip	ANC WW	35881078137	SSIC Diamond Head Replc Blowers	9/1/2019 0:00	53,650.24	9/30/2019
12	354000-Structures & Improvements	ANC WW	35881078137	SSIC Diamond Head Replc Blowers	9/1/2019 0:00	11,920.95	9/30/2019
13	371000-Pumping Equipment	ANC WW	35880006758	SSIC Governors SoEntrnc LS Pmp Rplc	9/1/2019 0:00	14,186.90	6/30/2019
14	380000-Treatment & Disposal Equip	ANC WW	35101088862	SSIC Greystone Blower Rplc	9/1/2019 0:00	18,566.58	9/30/2019
15	380000-Treatment & Disposal Equip	ANC WW	35880007881	SSIC Hasentree Rplc Motor/Gears	9/1/2019 0:00	23,261.03	9/30/2019
16	371000-Pumping Equipment	ANC WW	35880005626	SSIC Hawthorne Glenlvt LS Pump Rplc	9/1/2019 0:00	56,139.02	8/31/2019
17	371000-Pumping Equipment	ANC WW	35880008164	SSIC Neuse Colony LS Pump Rplc	9/1/2019 0:00	14,282.49	9/30/2019
18	371000-Pumping Equipment	ANC WW	35881008021	SSIC Oak Harbor LS Pump Rplc	9/1/2019 0:00	4,756.78	8/31/2019
19	380000-Treatment & Disposal Equip	ANC WW	35881005171	SSIC Parkway Cross LS Blower Rplc	9/1/2019 0:00	4,118.77	9/30/2019
20	380000-Treatment & Disposal Equip	ANC WW	35881051959	SSIC Rplc Blowers Country Wds East	9/1/2019 0:00	339,991.09	8/27/2019
21	354000-Structures & Improvements	ANC WW	35881051959	SSIC Rplc Blowers Country Wds East	9/1/2019 0:00	161,249.63	8/27/2019
22	380000-Treatment & Disposal Equip	ANC WW	35101065054	SSIC Salem Qrtrs Rplc Aeratn Blwr	9/1/2019 0:00	35,285.83	9/30/2019
23	380000-Treatment & Disposal Equip	ANC WW	35101006482	SSIC Wellesley Pl Aeration Blwr Rpl	9/1/2019 0:00	3,609.20	7/31/2019
24	331400-T&D Mains	ANC Water	35800005002	WSIC Bayleaf Rplc Valves	9/1/2019 0:00	3,580.66	9/30/2019
25	331400-T&D Mains	ANC Water	35800005002	WSIC Bayleaf Rplc Valves	9/1/2019 0:00	2,895.49	9/30/2019
26	331400-T&D Mains	ANC Water	35800005002	WSIC Bayleaf Rplc Valves	9/1/2019 0:00	2,646.44	9/30/2019
27	331400-T&D Mains	ANC Water	35800005002	WSIC Bayleaf Rplc Valves	9/1/2019 0:00	2,146.88	9/30/2019
28	331400-T&D Mains	ANC Water	35800005002	WSIC Bayleaf Rplc Valves	9/1/2019 0:00	675.90	9/30/2019
29	320300-Water Treatment Equipment	ANC Water	35800081515	WSIC Carlyle Manor FeMn Filter P3B	9/1/2019 0:00	203,256.62	9/17/2019
30	304000-Structures & Improvements	ANC Water	35800081515	WSIC Carlyle Manor FeMn Filter P3B	9/1/2019 0:00	129,238.23	9/17/2019
31	309200-Supply Mains	ANC Water	35800081515	WSIC Carlyle Manor FeMn Filter P3B	9/1/2019 0:00	25,615.33	9/17/2019
32	311000-Pumping Equipment	ANC Water	35800081515	WSIC Carlyle Manor FeMn Filter P3B	9/1/2019 0:00	2,056.64	9/17/2019
33	331400-T&D Mains	ANC Water	35801065095	WSIC Diamond Head Rplc Valve	9/1/2019 0:00	29,940.09	7/31/2019
34	320300-Water Treatment Equipment	Brookwood	35740078381	WSIC Emerald Gardens #8 Radium Filt	9/1/2019 0:00	133,240.59	8/30/2019
35	304000-Structures & Improvements	Brookwood	35740078381	WSIC Emerald Gardens #8 Radium Filt	9/1/2019 0:00	105,711.22	8/30/2019
36	309200-Supply Mains	Brookwood	35740078381	WSIC Emerald Gardens #8 Radium Filt	9/1/2019 0:00	8,607.71	8/30/2019
37	320300-Water Treatment Equipment	ANC Water	35800081586	WSIC Forest Glen FeMn Filter P02	9/1/2019 0:00	173,105.68	9/17/2019
38	304000-Structures & Improvements	ANC Water	35800081586	WSIC Forest Glen FeMn Filter P02	9/1/2019 0:00	133,366.78	9/17/2019
39	309200-Supply Mains	ANC Water	35800081586	WSIC Forest Glen FeMn Filter P02	9/1/2019 0:00	15,675.93	9/17/2019
40	331400-T&D Mains	Brookwood	35740015558	WSIC Main Extend Dandy Loop 1,000'	9/1/2019 0:00	164,775.87	9/20/2019
41	333400-Services	Brookwood	35740015558	WSIC Main Extend Dandy Loop 1,000'	9/1/2019 0:00	46,429.23	9/20/2019
42	304000-Structures & Improvements	Brookwood	35740015558	WSIC Main Extend Dandy Loop 1,000'	9/1/2019 0:00	22,866.50	9/20/2019

Plant Additions Unitized in September 2019

#	description	Rate Entity	cpr_activity_wo_number	cpr_activity_wo_desc	gl_posting_mo_yr	activity_cost	in_service_date
43	335400-Hydrants	Brookwood	35740015558	WSIC Main Extend Dandy Loop 1,000'	9/1/2019 0:00	9,130.07	9/20/2019
44	331400-T&D Mains	ANC Water	35801016108	WSIC Murdock Main Replacement	9/1/2019 0:00	1,108,710.99	9/23/2019
45	333400-Services	ANC Water	35801016108	WSIC Murdock Main Replacement	9/1/2019 0:00	239,887.31	9/23/2019
46	304000-Structures & Improvements	ANC Water	35801016108	WSIC Murdock Main Replacement	9/1/2019 0:00	56,295.51	9/23/2019
47	304000-Structures & Improvements	ANC Water	35801016118	WSIC Snow Crk Htgs Fe/Mn Filter	9/1/2019 0:00	180,805.31	9/5/2019
48	320300-Water Treatment Equipment	ANC Water	35801016118	WSIC Snow Crk Htgs Fe/Mn Filter	9/1/2019 0:00	91,353.78	9/5/2019
49	303000-Land & Land Rights	ANC Water	35801016118	WSIC Snow Crk Htgs Fe/Mn Filter	9/1/2019 0:00	10,461.32	9/5/2019
50	309200-Supply Mains	ANC Water	35801016118	WSIC Snow Crk Htgs Fe/Mn Filter	9/1/2019 0:00	346.39	9/5/2019
51	333400-Services	ANC Water	35801078051	WSIC Spencer Forest Rplc Services	9/1/2019 0:00	49,588.23	8/31/2019
52	331400-T&D Mains	ANC Water	35800088474	WSIC Stonehenge Rpl Valves (20)	9/1/2019 0:00	33,998.51	9/30/2019
53	331400-T&D Mains	Brookwood	35740078376	WSIC Strickland Rd DOT project	9/1/2019 0:00	183,109.33	9/9/2019
54	304000-Structures & Improvements	Brookwood	35740078376	WSIC Strickland Rd DOT project	9/1/2019 0:00	30,956.02	9/9/2019
55	333400-Services	Brookwood	35740078376	WSIC Strickland Rd DOT project	9/1/2019 0:00	23,360.87	9/9/2019
56	331400-T&D Mains	Brookwood	35740088839	WSIC StricklndBdg Rplc Main/Intrcon	9/1/2019 0:00	70,016.83	9/5/2019
57	331400-T&D Mains	Brookwood	35740088839	WSIC StricklndBdg Rplc Main/Intrcon	9/1/2019 0:00	70,016.79	9/5/2019
58	304000-Structures & Improvements	Brookwood	35740088839	WSIC StricklndBdg Rplc Main/Intrcon	9/1/2019 0:00	7,944.91	9/5/2019
59	304000-Structures & Improvements	Brookwood	35740088839	WSIC StricklndBdg Rplc Main/Intrcon	9/1/2019 0:00	7,944.91	9/5/2019
60	331400-T&D Mains	ANC Water	35801078044	WSIC Woodleigh Rplc Valves	9/1/2019 0:00	78,500.00	9/30/2019
					Total	**$ 4,970,182.86**	

The transaction listings in the table above were compiled from Aqua's response to Public Staff Data Request No. 82 in Docket No. W-218, Sub 526.

Plant Additions Unitized in October 2019

#	description	Rate Entity	cpr_activity_wo_number	cpr_activity_wo_desc	gl_posting_mo_yr	activity_cost	in_service_date
1	309200-Supply Mains	ANC Water	35800042142	2WSIC Trappers Creek #2 FeMn Filter	10/1/2019 0:00	(37.94)	9/30/2019
2	304000-Structures & Improvements	ANC Water	35800042142	2WSIC Trappers Creek #2 FeMn Filter	10/1/2019 0:00	(222.38)	9/30/2019
3	320300-Water Treatment Equipment	ANC Water	35800042142	2WSIC Trappers Creek #2 FeMn Filter	10/1/2019 0:00	(331.25)	9/30/2019
4	380000-Treatment & Disposal Equip	ANC WW	35101088862	SSIC Greystone Blower Rplc	10/1/2019 0:00	(1,178.94)	9/30/2019
5	380000-Treatment & Disposal Equip	ANC WW	35880007881	SSIC Hasentree Rplc Motor/Gears	10/1/2019 0:00	-	9/30/2019
6	371000-Pumping Equipment	ANC WW	35880008164	SSIC Neuse Colony LS Pump Rplc	10/1/2019 0:00	-	9/30/2019
7	354000-Structures & Improvements	ANC WW	35881051959	SSIC Rplc Blowers Country Wds East	10/1/2019 0:00	(1,120.95)	8/27/2019
8	380000-Treatment & Disposal Equip	ANC WW	35881051959	SSIC Rplc Blowers Country Wds East	10/1/2019 0:00	(2,363.49)	8/27/2019
9	380000-Treatment & Disposal Equip	ANC WW	35101065054	SSIC Salem Qrtrs Rplc Aeratn Blwr	10/1/2019 0:00	(649.92)	9/30/2019
10	380000-Treatment & Disposal Equip	ANC WW	35101006482	SSIC Wellesley Pl Aeration Blwr Rpl	10/1/2019 0:00	-	7/31/2019
11	331400-T&D Mains	ANC Water	35800005002	WSIC Bayleaf Rplc Valves	10/1/2019 0:00	(1.86)	9/30/2019
12	331400-T&D Mains	ANC Water	35800005002	WSIC Bayleaf Rplc Valves	10/1/2019 0:00	(5.30)	9/30/2019
13	331400-T&D Mains	ANC Water	35800005002	WSIC Bayleaf Rplc Valves	10/1/2019 0:00	(5.90)	9/30/2019
14	331400-T&D Mains	ANC Water	35800005002	WSIC Bayleaf Rplc Valves	10/1/2019 0:00	(7.96)	9/30/2019
15	331400-T&D Mains	ANC Water	35800005002	WSIC Bayleaf Rplc Valves	10/1/2019 0:00	(9.86)	9/30/2019
16	311000-Pumping Equipment	ANC Water	35800081515	WSIC Carlyle Manor FeMn Filter P3B	10/1/2019 0:00	(17.10)	9/17/2019
17	309200-Supply Mains	ANC Water	35800081515	WSIC Carlyle Manor FeMn Filter P3B	10/1/2019 0:00	(213.00)	9/17/2019
18	304000-Structures & Improvements	ANC Water	35800081515	WSIC Carlyle Manor FeMn Filter P3B	10/1/2019 0:00	(1,074.63)	9/17/2019
19	320300-Water Treatment Equipment	ANC Water	35800081515	WSIC Carlyle Manor FeMn Filter P3B	10/1/2019 0:00	(1,690.10)	9/17/2019
20	331400-T&D Mains	ANC Water	35801065095	WSIC Diamond Head Rplc Valve	10/1/2019 0:00	-	7/31/2019
21	309200-Supply Mains	ANC Water	35800081586	WSIC Forest Glen FeMn Filter P02	10/1/2019 0:00	(95.93)	9/17/2019
22	304000-Structures & Improvements	ANC Water	35800081586	WSIC Forest Glen FeMn Filter P02	10/1/2019 0:00	(816.10)	9/17/2019
23	320300-Water Treatment Equipment	ANC Water	35800081586	WSIC Forest Glen FeMn Filter P02	10/1/2019 0:00	(1,059.25)	9/17/2019
24	335400-Hydrants	Brookwood	35740015558	WSIC Main Extend Dandy Loop 1,000'	10/1/2019 0:00	(26.39)	9/20/2019
25	304000-Structures & Improvements	Brookwood	35740015558	WSIC Main Extend Dandy Loop 1,000'	10/1/2019 0:00	(66.10)	9/20/2019
26	333400-Services	Brookwood	35740015558	WSIC Main Extend Dandy Loop 1,000'	10/1/2019 0:00	(134.21)	9/20/2019
27	331400-T&D Mains	Brookwood	35740015558	WSIC Main Extend Dandy Loop 1,000'	10/1/2019 0:00	(476.31)	9/20/2019
28	304000-Structures & Improvements	ANC Water	35801016108	WSIC Murdock Main Replacement	10/1/2019 0:00	(125.50)	9/23/2019
29	333400-Services	ANC Water	35801016108	WSIC Murdock Main Replacement	10/1/2019 0:00	(514.95)	9/23/2019
30	331400-T&D Mains	ANC Water	35801016108	WSIC Murdock Main Replacement	10/1/2019 0:00	(2,469.33)	9/23/2019
31	333400-Services	ANC Water	35801078051	WSIC Spencer Forest Rplc Services	10/1/2019 0:00	(399.77)	8/31/2019
32	331400-T&D Mains	ANC Water	35800088474	WSIC Stonehenge Rpl Valves (20)	10/1/2019 0:00	(94.64)	9/30/2019
33	333400-Services	Brookwood	35740078376	WSIC Strickland Rd DOT project	10/1/2019 0:00	(67.86)	9/9/2019
34	304000-Structures & Improvements	Brookwood	35740078376	WSIC Strickland Rd DOT project	10/1/2019 0:00	(89.93)	9/9/2019
35	331400-T&D Mains	Brookwood	35740078376	WSIC Strickland Rd DOT project	10/1/2019 0:00	(531.93)	9/9/2019
36	304000-Structures & Improvements	Brookwood	35740088839	WSIC StricklndBdg Rplc Main/Intrcon	10/1/2019 0:00	(23.22)	9/5/2019
37	304000-Structures & Improvements	Brookwood	35740088839	WSIC StricklndBdg Rplc Main/Intrcon	10/1/2019 0:00	(23.22)	9/5/2019
38	331400-T&D Mains	Brookwood	35740088839	WSIC StricklndBdg Rplc Main/Intrcon	10/1/2019 0:00	(204.63)	9/5/2019
39	331400-T&D Mains	Brookwood	35740088839	WSIC StricklndBdg Rplc Main/Intrcon	10/1/2019 0:00	(204.63)	9/5/2019
					Total	**$ (16,354.48)**	

The transaction listings in the table above were compiled from Aqua's response to Public Staff Data Request No. 82 in Docket No. W-218, Sub 526.

APPENDIX B

ANCW-1

Aqua North Carolina, Inc.
Construction Status Report
ANC Water
For period ending March 31, 2019

Construction in-service closed to UPIS:

Funding Projec	Project Description	7/1/2018 Closed to UPIS	8/1/2018 Closed to UPIS	9/1/2018 Closed to UPIS	Q3 2018 Closed to UPIS	10/1/2018 Closed to UPIS	11/1/2018 Closed to UPIS	12/1/2018 Closed to UPIS	Q4 2018 Closed to UPIS	1/1/2019 Closed to UPIS	2/1/2019 Closed to UPIS	3/1/2019 Closed to UPIS	Q1 2019 UPIS (a)	Cummulative Closed to UPIS	Tax Rpr Y or N
FP3510007752	WSIC Candy Crk #1 Inst Phosph OCCT			4,963.52	4,963.52				0.00				0.00	4,963.52	N
FP3580107762	WSIC Fremont Pk Instl phosphate (O			4,718.61	4,718.61				0.00				0.00	4,718.61	N
FP3580008887	WSIC Riverview Est Uranium/Rad Filter				0.00				0.00	88,236.00			88,236.00	88,236.00	N
FP3580004213	WSIC Stonehenge 1 & 6 Rads/Fe/Mn		738,027.35		738,027.35				0.00		0.00		0.00	738,027.35	N
FP3580008092	WSIC Chapel Rdg NCDOT Bridge Reloc				0.00				0.00		118,979.33		118,979.33	118,979.33	Y
FP3580001595	WSIC Shannon Wds #3 Radium Filter				0.00				0.00			445,732.78	445,732.78	445,732.78	N
FP3580006536	WSIC The Barony #5 Fe/Mn Filter				0.00				0.00			0.00	0.00	0.00	N
FP3580006536	WSIC Woodvalley #9 Fe/Mn Filter				0.00				0.00			0.00	0.00	0.00	N
FP3580008110	WSIC Camelot Radium Filter		236,653.69		236,653.69				0.00			0.00	0.00	236,653.69	N
FP3580008157	WSIC Upchurch Place Fe/Mn Filter				0.00				0.00			382,535.78	382,535.78	382,535.78	N
FP3580008887	WSIC Wesley Woods Radium Filter				0.00				0.00			207,265.85	207,265.85	207,265.85	N
FP3580107758	WSIC Coral Park Instl Calcite Filter		21,611.00		21,611.00				0.00			0.00	0.00	21,611.00	N
FP3580109422	WSIC Southgate Main/Service Rplc				0.00				0.00			665,817.66	665,817.66	665,817.66	N
FP3510007800	WSIC Quails Nest Radium Filter				0.00			237,509.36	237,509.36			0.00	0.00	237,509.36	N
FP3580004214	2WSIC Westbury Well #1 FeMn Filter				0.00				0.00			311,388.41	311,388.41	311,388.41	N
FP3580005180	WSIC Silver Pointe VOC Filter				0.00				0.00			84,402.93	84,402.93	84,402.93	N
FP3510009069	WSIC Cross Crk OCCT Improvements				0.00				0.00			1,288.79	1,288.79	1,288.79	N
FP3580005178	WSIC Brayton Park Fe/Mn Filter				0.00				0.00			351,482.55	351,482.55	351,482.55	N
Total ANC Water		**-**	**996,292.04**	**9,682.13**	**1,005,974.17**	**-**	**-**	**237,509.36**	**237,509.36**	**88,236.00**	**118,979.33**	**2,449,914.75**	**2,657,130.08**	**3,900,613.61**	

APPENDIX B

ANCWW-1

Aqua North Carolina, Inc.
Construction Status Report
ANC Wastewater
For period ending March 31, 2019

Construction in-service closed to UPIS:

Funding Project	Project Description	10/1/2018 Closed to UPIS	11/1/2018 Closed to UPIS	12/1/2018 Closed to UPIS	Q4 2018 Closed to UPIS	1/1/2019 Closed to UPIS	2/1/2019 Closed to UPIS	3/1/2019 Closed to UPIS	Q1 2019 UPIS (a)	Cummulative Closed to UPIS
FP3510108948	SSIC Mikkola Downs Repl blowers	13,993.99			13,993.99	0.00			0.00	13,993.99
FP3588008092	SSIC Chapel Rdg NCDOT Bridge Reloc				0.00		149,410.78		149,410.78	149,410.78
FP3510158842	SSIC Castle Bay Fltr Bckwsh Pmp Rpl				0.00			12,381.12	12,381.12	12,381.12
FP3588000452	SSIC Mallard Crs InfluentLS Pmp Rpl				0.00			16,528.29	16,528.29	16,528.29
FP3510100270	SSIC Melbille Rplc EQ Pumps				0.00			4,730.64	4,730.64	4,730.64
FP3510100408	SSIC Salem Gln Keswick LS Pump Rplc				0.00			4,163.58	4,163.58	4,163.58
FP3510100176	SSIC Spring Creek EQ Blower				0.00			7,205.49	7,205.49	7,205.49
FP3510100408	SSIC Willow Crk Rplc CondosLS Pumps				0.00			5,368.57	5,368.57	5,368.57
FP3510100419	SSIC Willow Crk Rplc Pump Influ LS				0.00			4,507.48	4,507.48	4,507.48
FP3588300443	SSIC Woodlake LS #9 Pump Rplc	18,022.25			18,022.25			0.00	0.00	18,022.25
FP3510157832	SSIC Grand Villas Rplc EQ Pumps	14,718.22			14,718.22			0.00	0.00	14,718.22
FP3510157832	SSIC Cannons Gate EQ Rplc pumps	15,346.91			15,346.91			0.00	0.00	15,346.91
FP3588006528	SSIC Hawthorne Fine Screen	213,814.61			213,814.61			0.00	0.00	213,814.61
FP3588008965	SSIC Beachwood Rplc Blowers	78,832.27			78,832.27			0.00	0.00	78,832.27
FP3510106505	SSIC Salem Glen Rplc Eq Blower	2,182.47			2,182.47			0.00	0.00	2,182.47
FP3588006538	SSIC Tradewinds EQ Blower				0.00			4,310.77	4,310.77	4,310.77
		356,910.72	0.00	0.00	356,910.72	0.00	149,410.78	59,195.94	208,606.72	565,517.44

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APPENDIX B

BW-1

Aqua North Carolina, Inc.
Construction Status Report
Brookwood & LaGrange Water
For period ending March 31, 2019

Construction in-service closed to UPIS:

Funding Projec	Project Description	10/1/2018 Closed to UPIS	11/1/2018 Closed to UPIS	12/1/2018 Closed to UPIS	Q4 2018 Closed to UPIS	1/1/2019 Closed to UPIS	2/1/2019 Closed to UPIS	3/1/2019 Closed to UPIS	Q1 2019 UPIS (a)	Cummulative Closed to UPIS	Tax Rpr Y or N
FP3574006089	Raeford Rd DOT Main Rplc				0.00	958,086.24		0.00	958,086.24	958,086.24	N
FP3574009247	WSIC Arran Hills Service Rplc	40,184.54			40,184.54			0.00	0.00	40,184.54	Y
FP3574009247	WSIC Brentwood Service Rplc	22,808.77			22,808.77			0.00	0.00	22,808.77	N
					0.00			0.00	0.00	0.00	
					0.00			0.00	0.00	0.00	
					0.00			0.00	0.00	0.00	
					0.00			0.00	0.00	0.00	
					0.00			0.00	0.00	0.00	
					0.00			0.00	0.00	0.00	
					0.00			0.00	0.00	0.00	
		62,993.31	-	-	62,993.31	958,086.24	-	-	958,086.24	1,021,079.55	

Public Staff Adjustments to Utility Plant In Service

#	description	Rate Entity	cpr_activity_ wo_number	cpr_activity_wo_desc	Category	gl_posting_mo _yr	PS Adj In-Service	activity_cost	PS Adj	PS Adj Cost	in_service_d ate
1	340500-Office Furniture & Equipment	Allocated	35900186922	Field Tablets - 2019	Non-routine, Non- WSIC/SSIC	3/1/2020 0:00	12/31/2019	218,901.28	(12,526.25)	206,375.03	12/31/2019
2	304000-Structures & Improvements	Brookwood	35740078384	Wellhouse Reno Cliffdale West #72	Non-routine, Non- WSIC/SSIC	2/1/2020 0:00	11/30/2019	66,595.03	-	66,595.03	11/30/2019
3	333400-Services	Brookwood	35740088876	2WSIC Creeks Edge Apt Srvc Rplc	WSIC/SSIC	2/1/2020 0:00	11/30/2019	164,651.19	-	164,651.19	11/30/2019
4	334400-Meters & Meter Installations	Brookwood	35740088876	2WSIC Creeks Edge Apt Srvc Rplc	WSIC/SSIC	2/1/2020 0:00	11/30/2019	61,303.42	-	61,303.42	11/30/2019
5	320300-Water Treatment Equipment	Brookwood	35740007783	Simmons Hgts Filter Replace	Non-routine, Non- WSIC/SSIC	1/1/2020 0:00	11/30/2019	103,149.42	-	103,149.42	11/30/2019
6	340500-Office Furniture & Equipment	Allocated	35900191943	SIEM Transition to Splunk	Non-routine, Non- WSIC/SSIC	1/1/2020 0:00	11/5/2019	80,504.35	-	80,504.35	11/5/2019
7	320300-Water Treatment Equipment	Brookwood	35740085897	Braxton Hills Filter Replacement	Non-routine, Non- WSIC/SSIC	1/1/2020 0:00	11/30/2019	64,001.55	-	64,001.55	11/30/2019
8	330400-Dist Reservoirs & Standpipes	ANC Water	35801065085	South Hill Est Rplc 5k NonCode Tk	Non-routine, Non- WSIC/SSIC	2/1/2020 0:00	11/30/2019	32,468.04	-	32,468.04	11/30/2019
9	331400-T&D Mains	ANC Water	35801065085	South Hill Est Rplc 5k NonCode Tk	Non-routine, Non- WSIC/SSIC	2/1/2020 0:00	11/30/2019	10,715.79	-	10,715.79	11/30/2019
10	309200-Supply Mains	ANC Water	35801065085	South Hill Est Rplc 5k NonCode Tk	Non-routine, Non- WSIC/SSIC	2/1/2020 0:00	11/30/2019	4,038.11	-	4,038.11	11/30/2019
11	311000-Pumping Equipment	ANC Water	35801065085	South Hill Est Rplc 5k NonCode Tk	Non-routine, Non- WSIC/SSIC	2/1/2020 0:00	11/30/2019	3,264.74	-	3,264.74	11/30/2019
12	304000-Structures & Improvements	ANC Water	35801065085	South Hill Est Rplc 5k NonCode Tk	Non-routine, Non- WSIC/SSIC	2/1/2020 0:00	11/30/2019	2,262.63	-	2,262.63	11/30/2019
13	331400-T&D Mains	ANC Water	35801065101	WSIC Hickory Creek Replace Valves	WSIC/SSIC	1/1/2020 0:00	11/30/2019	50,100.00	-	50,100.00	1/31/2020
14	371000-Pumping Equipment	ANC WW	35101588420	SSIC Sterling Frm Membrane Pmp Rplc	WSIC/SSIC	1/1/2020 0:00	11/30/2019	28,125.55	-	28,125.55	11/30/2019
15	371000-Pumping Equipment	ANC WW	35101005553	SSIC Salem Glen GB LS Pump Rplc	WSIC/SSIC	1/1/2020 0:00	12/31/2019	12,040.00	-	12,040.00	1/31/2020
16	371000-Pumping Equipment	ANC WW	35101008643	SSIC Willow Creek LS #5 Pump Rplc	WSIC/SSIC	1/1/2020 0:00	12/31/2019	4,818.94	-	4,818.94	1/31/2020
17	380000-Treatment & Disposal Equip	ANC WW	35101009029	SSIC Salem Gln Aeration BlwrMtr Rpl	WSIC/SSIC	1/1/2020 0:00	11/30/2019	1,998.90	-	1,998.90	1/31/2020
18	371000-Pumping Equipment	ANC WW	35101009612	SSIC Willow Crk Rplc EQ Pump	WSIC/SSIC	1/1/2020 0:00	12/31/2019	1,596.67	-	1,596.67	1/31/2020
19	330400-Dist Reservoirs & Standpipes	ANC Water	35800051774	Bell Ridge Tank Replacement	Non-routine, Non- WSIC/SSIC	1/1/2020 0:00	12/31/2019	41,061.31	-	41,061.31	12/31/2019

Public Staff Adjustments to Utility Plant In Service

#	description	Rate Entity	cpr_activity_wo_number	cpr_activity_wo_desc	Category	gl_posting_mo_yr	PS Adj In-Service	activity_cost	PS Adj	PS Adj Cost	in_service_date
20	304000-Structures & Improvements	ANC Water	35800051774	Bell Ridge Tank Replacement	Non-routine, Non- WSIC/SSIC	1/1/2020 0:00	12/31/2019	6,060.66	-	6,060.66	12/31/2019
21	311000-Pumping Equipment	ANC Water	35800051774	Bell Ridge Tank Replacement	Non-routine, Non- WSIC/SSIC	1/1/2020 0:00	12/31/2019	1,318.67	-	1,318.67	12/31/2019
22	309200-Supply Mains	ANC Water	35800051774	Bell Ridge Tank Replacement	Non-routine, Non- WSIC/SSIC	1/1/2020 0:00	12/31/2019	1,306.58	-	1,306.58	12/31/2019
23	330400-Dist Reservoirs & Standpipes	ANC Water	35800065335	Greymoss Replace Tank	Non-routine, Non- WSIC/SSIC	2/1/2020 0:00	12/31/2019	37,340.14	-	37,340.14	12/31/2019
24	309200-Supply Mains	ANC Water	35800065335	Greymoss Replace Tank	Non-routine, Non- WSIC/SSIC	2/1/2020 0:00	12/31/2019	4,104.13	-	4,104.13	12/31/2019
25	304000-Structures & Improvements	ANC Water	35800065335	Greymoss Replace Tank	Non-routine, Non- WSIC/SSIC	2/1/2020 0:00	12/31/2019	2,962.47	-	2,962.47	12/31/2019
26	355000-Power Generation Equipment	ANC WW	35881078157	Castaways Rplc portable generator	Non-routine, Non- WSIC/SSIC	1/1/2020 0:00	12/31/2019	38,466.51	-	38,466.51	1/31/2020
27	380000-Treatment & Disposal Equip	ANC WW	35881007655	RC River Park Rebed Filters	Non-routine, Non- WSIC/SSIC	1/1/2020 0:00	12/31/2019	35,126.28	-	35,126.28	1/31/2020
28	354000-Structures & Improvements	Fairways WW	35640108163	Rebld LS West Telfair @ The Cape	Non-routine, Non- WSIC/SSIC	2/1/2020 0:00	12/31/2019	34,692.88	-	34,692.88	2/28/2020
29	307200-Wells & Springs	ANC Water	35800085610	Bridgepoint #8 Instl AquaGuard	Non-routine, Non- WSIC/SSIC	12/1/2019 0:00	5/31/2018	32,639.47	(856.55)	31,782.92	5/31/2018
30	355000-Power Generation Equipment	ANC WW	35880026554	RC New Generator Beachwood 02-196	Non-routine, Non- WSIC/SSIC	2/1/2020 0:00	10/31/2018	30,136.36	(20,092.41)	10,043.95	11/30/2019
31	354000-Structures & Improvements	ANC WW	35881007654	RC Bridgeport Reline 3 Lift Sta	Non-routine, Non- WSIC/SSIC	1/1/2020 0:00	12/31/2019	29,473.00	-	29,473.00	1/31/2020
32	340500-Office Furniture & Equipment	Allocated	35900103002	Security Enhancements - 2019	Non-routine, Non- WSIC/SSIC	2/1/2020 0:00	12/31/2019	28,762.64	-	28,762.64	12/31/2019
33	393700-Tools, Shop & Garage Equip	Fairways WW	35640107578	RC Pur 4" Diesel Pump/Acc	Non-routine, Non- WSIC/SSIC	1/1/2020 0:00	11/30/2019	28,307.69	-	28,307.69	11/30/2019
34	330400-Dist Reservoirs & Standpipes	ANC Water	35800051771	Ridgebrook Bluffs Tank Replace	Non-routine, Non- WSIC/SSIC	1/1/2020 0:00	12/31/2019	18,267.61	-	18,267.61	12/31/2019
35	309200-Supply Mains	ANC Water	35800051771	Ridgebrook Bluffs Tank Replace	Non-routine, Non- WSIC/SSIC	1/1/2020 0:00	12/31/2019	5,724.50	-	5,724.50	12/31/2019
36	304000-Structures & Improvements	ANC Water	35800051771	Ridgebrook Bluffs Tank Replace	Non-routine, Non- WSIC/SSIC	1/1/2020 0:00	12/31/2019	3,592.66	-	3,592.66	12/31/2019
37	307200-Wells & Springs	ANC Water	35800051758	Instl AquaGard Coachmans Trl #3	Non-routine, Non- WSIC/SSIC	12/1/2019 0:00	8/31/2017	26,700.42	(2,296.21)	24,404.21	8/31/2017

Public Staff Adjustments to Utility Plant In Service

#	description	Rate Entity	cpr_activity_ wo_number	cpr_activity_wo_desc	Category	gl_posting_mo _yr	PS Adj In-Service	activity_cost	PS Adj	PS Adj Cost	in_service_d ate
38	355000-Power Generation Equipment	ANC WW	35881078174	Willowbrook WWTP Rplc Generator	Non-routine, Non- WSIC/SSIC	1/1/2020 0:00	12/31/2019	19,858.49	-	19,858.49	1/31/2020
39	309200-Supply Mains	ANC Water	35801007801	Ph 2 AIA Improvements Knob Crk	Non-routine, Non- WSIC/SSIC	2/1/2020 0:00	11/30/2019	13,758.80	-	13,758.80	11/30/2019
40	304000-Structures & Improvements	ANC Water	35801007801	Ph 2 AIA Improvements Knob Crk	Non-routine, Non- WSIC/SSIC	2/1/2020 0:00	11/30/2019	2,345.29	-	2,345.29	11/30/2019
41	333400-Services	ANC Water	35801007801	Ph 2 AIA Improvements Knob Crk	Non-routine, Non- WSIC/SSIC	2/1/2020 0:00	11/30/2019	1,052.05	-	1,052.05	11/30/2019
42	331400-T&D Mains	ANC Water	35801007801	Ph 2 AIA Improvements Knob Crk	Non-routine, Non- WSIC/SSIC	2/1/2020 0:00	11/30/2019	718.37	-	718.37	11/30/2019
43	340500-Office Furniture & Equipment	Allocated	35900186909	FIS Business Need Support 2019	Non-routine, Non- WSIC/SSIC	2/1/2020 0:00	12/31/2019	13,943.87	-	13,943.87	12/31/2019
44	340500-Office Furniture & Equipment	Allocated	35900103354	Customer Service Improvements -2019	Non-routine, Non- WSIC/SSIC	2/1/2020 0:00	12/31/2019	13,614.53	-	13,614.53	12/31/2019
							Total	**$ 1,381,870.99**	**$ (35,771.42)**	**$ 1,346,099.57**	

The transaction listings in the table above were compiled from Aqua's response to Public Staff Data Request No. 82 in Docket No. W-218, Sub 526.

Aqua North Carolina, Inc.
Docket No. W-218, Sub 526
Public Staff Data Request No. 84
Date Sent: April 9, 2020
Date Requested: April 14, 2020

Public Staff Legal Contacts:

Megan Jost: Phone # (919) 733-0978
E-Mail megan.jost@psncuc.nc.gov

Zeke Creech: Phone # (919) 733-0974
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Subject of Data Request: Request for Deferred Accounting Treatment

Please refer to Public Staff Data Request 1 for instructions for responding to this and all other Data Requests served on the Company by the Public Staff in the above-captioned proceeding.

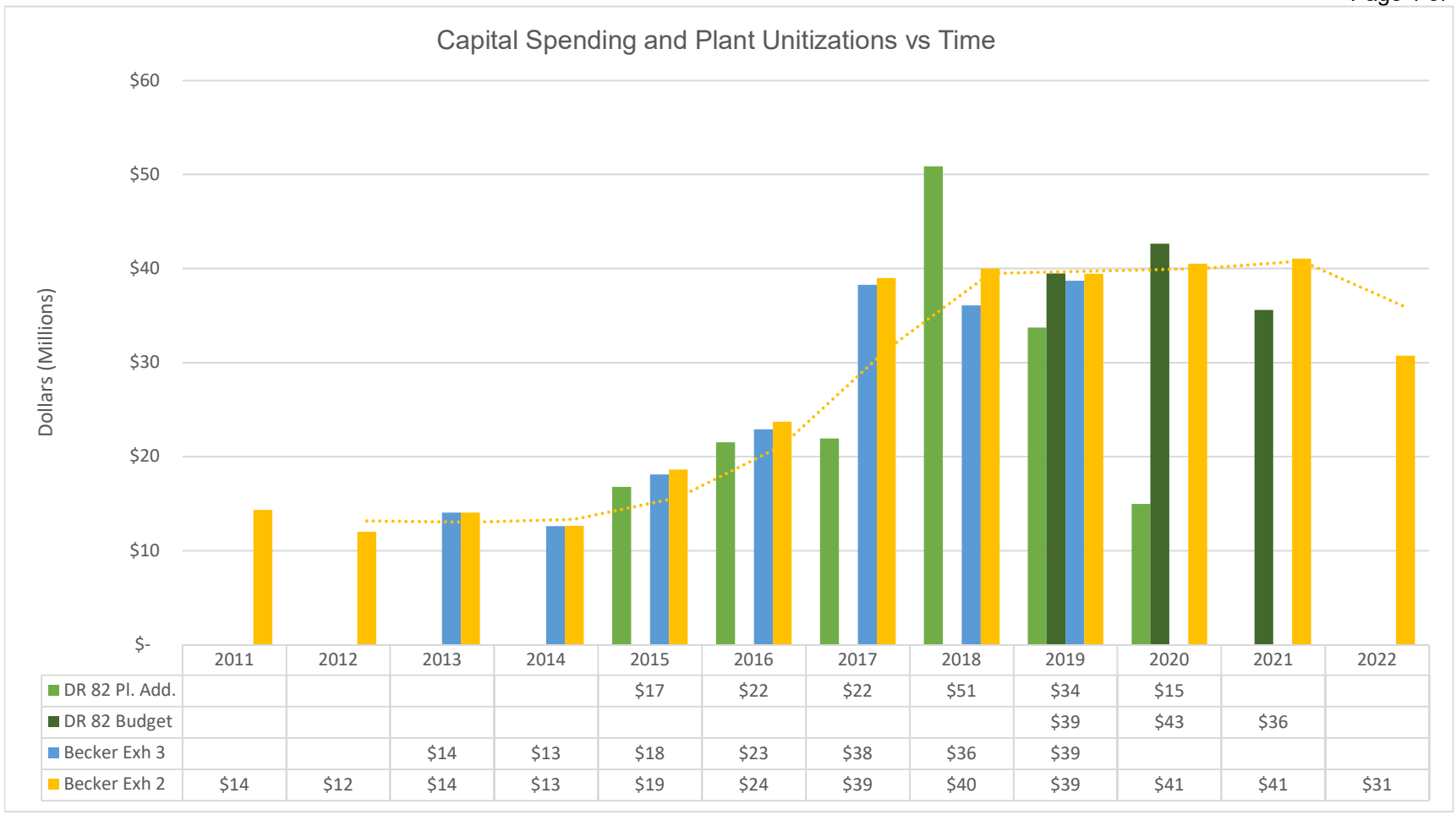
Please provide all responses to this request in searchable native electronic format (e.g., Excel, Word, or PDF files). If in Excel format, please include all working formulas. In addition, please include (1) the name and title of the individual who has the responsibility for the subject matter addressed therein, and (2) the identity of the person making the response by name, occupation, and job title.

1. Please admit that, on an individual basis, none of the costs included in the Company's request for deferred accounting treatment are "unusual" or "extraordinary" as the North Carolina Utilities Commission has used those terms in determining whether to grant a utility's request for deferred accounting treatment.

   RESPONSE: Admitted. Aqua's petition for deferral accounting is premised on a request that the Commission consider its projects and costs in the aggregate for purposes of determining whether they are "unusual" or "extraordinary," as the North Carolina Utilities Commission ("NCUC") has used those terms in determining whether to grant a utility's request for deferred accounting treatment.

2. Please admit that, on an individual basis, none of the costs included in the Company's request for deferred accounting treatment are of a magnitude that would result in a "material" impact on the Company's financial position as the term "material" has been used by the Commission in determining whether to grant a utility's request for deferred accounting treatment.

RESPONSE: Admitted. Aqua's petition for deferral accounting is premised on a request that the Commission consider its projects and costs in the aggregate for purposes of determining whether they are of a magnitude that would result in a "material" impact on the Company's financial position, as the term "material" has been used by the Commission in determining whether to grant a utility's request for deferred accounting treatment.



	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
DR 82 Pl. Add.					$17	$22	$22	$51	$34	$15		
DR 82 Budget									$39	$43	$36	
Becker Exh 3			$14	$13	$18	$23	$38	$36	$39			
Becker Exh 2	$14	$12	$14	$13	$19	$24	$39	$40	$39	$41	$41	$31

Aqua North Carolina, Inc.
Docket No. W-218, Sub 526
Public Staff Data Request No. 102
Date Sent: April 20, 2020
Date Requested: April 30, 2020

Public Staff Technical Contact:

Charles Junis
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Public Staff Legal Contact:

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Subject of Data Request: Direct Testimony – Thill Non-Deferral

Question 9

Q. On page 34, lines 4-8, of his direct testimony, witness Thill states, "Aqua has excluded from this deferral request approximately $7.0 million in anticipated post-test year capital expenditures that the Company has deemed to be routine replacements." Please provide a detailed explanation of why the Company designated some projects as Blanket/Routine Replacements and others as WSIC/SSIC. Please include any criteria used and any related workpapers.

A. A differentiation was made between Blanket/Routine Replacements, WSIC/SSIC and other Non-WSIC/SSIC projects in recognition of the different recovery mechanisms available to the company.

- WSIC/SSIC eligible projects are generally well-defined and are separately approved by the Commission for recovery between rate cases. These projects are still subject to rate lag, but to a lesser degree than non-WSIC/SSIC projects. These projects were separately delineated in the discussion of deferred accounting because to the extent any interim recovery was approved under a WSIC/SSIC filing, that recovery would appropriately be deducted from a deferred accounting request. The distinction between these assets and the Other Non-WSIC/SSIC projects is only for purposes of estimating the revenue recovery to be used in the computation.
- Blankets/Routine Replacements consist of non-project work, often of an emergency nature, that is immediately placed into service. These expenditures are typically replacing other assets already in the Company's UPIS inventory, and retirements are simultaneously recorded (using the Handy Whitman Index). In that these assets are primarily in replacement of assets already in the asset base and therefore being recovered in current rates, recovery in deferred accounting would

be duplicative so these assets have been excluded from the deferred accounting request.

- Other Non-WSIC/SSIC projects are simply the residual of the Company's capital spend after deducting assets in the WSIC/SSIC and Blanket categories. These expenditures have been employed for the current benefit of customers but without a current recovery mechanism. Absent inclusion in a deferred accounting asset, the Company absorbs 100% of the financing cost as well as the lost principal portion of this expenditure (depreciation) until eventually included in the rate base of a future proceeding.

Prepared by: Ed Thill
Controller, Aqua NC

Year / Rate Entity	Blanket/Routine Replacements Sum of Cost	Non-routine, Non-WSIC/SSIC Sum of Cost	WSIC/SSIC Sum of Cost	Total Sum of Cost
2015	**$ 5,165,440.27**	**$ 4,377,578.92**	**$ 7,260,838.39**	**$ 16,803,857.58**
Allocated	$ 37,668.20	$ 1,062,063.08		$ 1,099,731.28
ANC Water	$ 3,304,795.63	$ 1,347,042.94	$ 4,541,747.30	$ 9,193,585.87
ANC WW	$ 1,187,228.70	$ 1,484,779.83	$ 2,137,889.50	$ 4,809,898.03
Brookwood	$ 451,904.78	$ 376,296.46	$ 488,573.74	$ 1,316,774.98
Fairways Water	$ 91,134.42	$ 43,127.88	$ 675.81	$ 134,938.11
Fairways WW	$ 92,708.54	$ 64,268.73	$ 91,952.04	$ 248,929.31
2016	**$ 7,375,092.26**	**$ 5,595,368.44**	**$ 8,578,718.97**	**$ 21,549,179.67**
Allocated	$ 699,653.64	$ 1,054,909.77		$ 1,754,563.41
ANC Water	$ 3,680,053.80	$ 3,126,127.07	$ 6,005,581.79	$ 12,811,762.66
ANC WW	$ 1,845,530.70	$ 1,177,699.67	$ 1,355,722.87	$ 4,378,953.24
Brookwood	$ 901,940.58	$ 111,607.90	$ 984,715.32	$ 1,998,263.80
Fairways Water	$ 127,983.15	$ 84,525.77	$ 232,698.99	$ 445,207.91
Fairways WW	$ 119,930.39	$ 40,498.26		$ 160,428.65
2017	**$ 9,754,307.56**	**$ 7,332,739.45**	**$ 4,849,551.91**	**$ 21,936,598.92**
Allocated	$ 345,151.81	$ 739,192.82		$ 1,084,344.63
ANC Water	$ 4,832,797.23	$ 3,910,393.66	$ 2,680,222.69	$ 11,423,413.58
ANC WW	$ 3,083,598.43	$ 968,506.74	$ 1,230,593.15	$ 5,282,698.32
Brookwood	$ 1,156,890.63	$ 609,636.92	$ 294,780.25	$ 2,061,307.80
Fairways Water	$ 176,000.62	$ 3,495.17	$ 176,398.37	$ 355,894.16
Fairways WW	$ 159,868.84	$ 1,101,514.14	$ 467,557.45	$ 1,728,940.43
2018	**$ 11,878,938.47**	**$ 29,701,973.07**	**$ 9,276,458.55**	**$ 50,857,370.09**
Allocated	$ 581,694.46	$ 1,774,475.59		$ 2,356,170.05
ANC Water	$ 5,850,606.64	$ 6,394,729.48	$ 8,211,419.37	$ 20,456,755.49
ANC WW	$ 3,517,106.41	$ 14,352,363.96	$ 957,155.94	$ 18,826,626.31
Brookwood	$ 1,461,787.29	$ 1,014,215.31		$ 2,476,002.60
Fairways Water	$ 211,173.71	$ 363,853.06	$ 79,105.18	$ 654,131.95
Fairways WW	$ 256,569.96	$ 5,802,335.67	$ 28,778.06	$ 6,087,683.69
2019	**$ 12,073,151.61**	**$ 9,061,213.10**	**$ 12,612,301.84**	**$ 33,746,666.55**
Allocated	$ 995,938.09	$ 573,860.27		$ 1,569,798.36
ANC Water	$ 5,759,504.04	$ 3,058,433.34	$ 8,299,287.89	$ 17,117,225.27
ANC WW	$ 3,044,661.68	$ 4,055,020.19	$ 1,919,426.00	$ 9,019,107.87
Brookwood	$ 1,862,627.79	$ 934,460.68	$ 2,393,587.95	$ 5,190,676.42
Fairways Water	$ 160,722.73	$ 29,666.51		$ 190,389.24
Fairways WW	$ 249,697.28	$ 409,772.11		$ 659,469.39
2020	**$ 2,800,524.62**	**$ 5,410,100.27**	**$ 6,778,043.60**	**$ 14,988,668.49**
Allocated	$ 189,916.54	$ 668,645.41		$ 858,561.95
ANC Water	$ 1,392,122.99	$ 2,401,825.75	$ 3,437,578.61	$ 7,231,527.35
ANC WW	$ 630,186.21	$ 1,816,562.08	$ 553,832.53	$ 3,000,580.82
Brookwood	$ 449,907.63	$ 319,603.89	$ 2,779,249.46	$ 3,548,760.98
Fairways Water	$ 73,345.52	$ 1,208.46		$ 74,553.98
Fairways WW	$ 65,045.73	$ 202,254.68	$ 7,383.00	$ 274,683.41
Grand Total	**$ 49,047,454.79**	**$ 61,478,973.25**	**$ 49,355,913.26**	**$ 159,882,341.30**

	Blanket/Routine Replacements	Non-routine, Non-WSIC/SSIC	WSIC/SSIC	Total		
	Count	Count	Count	Count	Sum of Cost	Average
2015	**7845**	**2269**	**772**	**10886**	**$ 16,803,857.58**	**$ 1,543.62**
Allocated	18	186		204	$ 1,099,731.28	$ 5,390.84
ANC Water	5983	1220	555	7758	$ 9,193,585.87	$ 1,185.05
ANC WW	1024	375	70	1469	$ 4,809,898.03	$ 3,274.27
Brookwood	612	432	139	1183	$ 1,316,774.98	$ 1,113.08
Fairways Water	127	38	5	170	$ 134,938.11	$ 793.75
Fairways WW	81	18	3	102	$ 248,929.31	$ 2,440.48
2016	**9067**	**535**	**134**	**9736**	**$ 21,549,179.67**	**$ 2,213.35**
Allocated	62	103		165	$ 1,754,563.41	$ 10,633.72
ANC Water	6087	230	87	6404	$ 12,811,762.66	$ 2,000.59
ANC WW	1441	152	27	1620	$ 4,378,953.24	$ 2,703.06
Brookwood	960	36	19	1015	$ 1,998,263.80	$ 1,968.73
Fairways Water	149	6	1	156	$ 445,207.91	$ 2,853.90
Fairways WW	368	8		376	$ 160,428.65	$ 426.67
2017	**9404**	**604**	**68**	**10076**	**$ 21,936,598.92**	**$ 2,177.11**
Allocated	73	93		166	$ 1,084,344.63	$ 6,532.20
ANC Water	6264	282	36	6582	$ 11,423,413.58	$ 1,735.55
ANC WW	1768	186	20	1974	$ 5,282,698.32	$ 2,676.14
Brookwood	1071	17	6	1094	$ 2,061,307.80	$ 1,884.19
Fairways Water	153	13	2	168	$ 355,894.16	$ 2,118.42
Fairways WW	75	13	4	92	$ 1,728,940.43	$ 18,792.83
2018	**13126**	**1618**	**322**	**15066**	**$ 50,857,370.09**	**$ 3,375.64**
Allocated	155	93		248	$ 2,356,170.05	$ 9,500.69
ANC Water	9484	996	309	10789	$ 20,456,755.49	$ 1,896.08
ANC WW	1800	305	10	2115	$ 18,826,626.31	$ 8,901.48
Brookwood	1465	113		1578	$ 2,476,002.60	$ 1,569.08
Fairways Water	153	56	1	210	$ 654,131.95	$ 3,114.91
Fairways WW	69	55	2	126	$ 6,087,683.69	$ 48,314.95
2019	**11974**	**1341**	**243**	**13558**	**$ 33,746,666.55**	**$ 2,489.06**
Allocated	253	46		299	$ 1,569,798.36	$ 5,250.16
ANC Water	8020	980	128	9128	$ 17,117,225.27	$ 1,875.24
ANC WW	1647	180	81	1908	$ 9,019,107.87	$ 4,727.00
Brookwood	1764	80	34	1878	$ 5,190,676.42	$ 2,763.94
Fairways Water	178	23		201	$ 190,389.24	$ 947.21
Fairways WW	112	32		144	$ 659,469.39	$ 4,579.65
2020	**2468**	**373**	**96**	**2937**	**$ 14,988,668.49**	**$ 5,103.39**
Allocated	62	23		85	$ 858,561.95	$ 10,100.73
ANC Water	1682	226	46	1954	$ 7,231,527.35	$ 3,700.88
ANC WW	351	86	9	446	$ 3,000,580.82	$ 6,727.76
Brookwood	310	6	40	356	$ 3,548,760.98	$ 9,968.43
Fairways Water	44	1		45	$ 74,553.98	$ 1,656.76
Fairways WW	19	31	1	51	$ 274,683.41	$ 5,385.95
Grand Total	**53884**	**6740**	**1635**	**62259**	**$ 159,882,341.30**	**$ 2,568.02**

Row Labels	Blanket/Routine Replacements	% of Year Bla $	Non-routine, Non-WSIC/SSIC	% of Year Non $	WSIC/SSIC	% of Year W/S $	Grand Total	Rate Recovery
2015	$ 5,165,440.27		$ 4,377,578.92		$ 7,260,838.39		$ 16,803,857.58	
Qtr1	$ 1,033,853.94	20.0%	$ 813,268.19	18.6%	$ 1,779,188.52	24.5%	$ 3,626,310.65	SIC
Qtr2	$ 1,197,122.15	23.2%	$ 559,590.38	12.8%	$ 196,401.49	2.7%	$ 1,953,114.02	
Qtr3	$ 1,327,485.37	25.7%	$ 1,484,411.86	33.9%	$ 5,098,737.39	70.2%	$ 7,910,634.62	SIC
Qtr4	$ 1,606,978.81	31.1%	$ 1,520,308.49	34.7%	$ 186,510.99	2.6%	$ 3,313,798.29	
2016	$ 7,375,092.26		$ 5,595,368.44		$ 8,578,718.97		$ 21,549,179.67	
Qtr1	$ 1,476,496.86	20.0%	$ 2,404,207.43	43.0%	$ 3,404,741.99	39.7%	$ 7,285,446.28	SIC
Qtr2	$ 1,660,438.46	22.5%	$ 1,020,822.27	18.2%	$ (1,337.00)	0.0%	$ 2,679,923.73	
Qtr3	$ 2,185,765.68	29.6%	$ 789,997.44	14.1%	$ 5,156,893.98	60.1%	$ 8,132,657.10	SIC
Qtr4	$ 2,052,391.26	27.8%	$ 1,380,341.30	24.7%	$ 18,420.00	0.2%	$ 3,451,152.56	
2017	$ 9,754,307.56		$ 7,332,739.45		$ 4,849,551.91		$ 21,936,598.92	
Qtr1	$ 1,821,878.39	18.7%	$ 1,717,308.83	23.4%	$ 3,842,870.43	79.2%	$ 7,382,057.65	SIC
Qtr2	$ 2,029,773.64	20.8%	$ 1,058,933.84	14.4%	$ -	0.0%	$ 3,088,707.48	
Qtr3	$ 2,726,173.38	27.9%	$ 2,046,529.98	27.9%	$ 980,951.59	20.2%	$ 5,753,654.95	SIC
Qtr4	$ 3,176,482.15	32.6%	$ 2,509,966.80	34.2%	$ 25,729.89	0.5%	$ 5,712,178.84	
2018	$ 11,878,938.47		$ 29,701,973.07		$ 9,276,458.55		$ 50,857,370.09	
Qtr1	$ 2,688,681.70	22.6%	$ 4,978,144.26	16.8%	$ 4,827,282.97	52.0%	$ 12,494,108.93	SIC
Qtr2	$ 3,292,700.57	27.7%	$ 22,404,304.76	75.4%	$ 4,410,715.39	47.5%	$ 30,107,720.72	RC Update
Qtr3	$ 2,957,871.44	24.9%	$ 942,564.27	3.2%	$ 9,682.13	0.1%	$ 3,910,117.84	
Qtr4	$ 2,939,684.76	24.7%	$ 1,376,959.78	4.6%	$ 28,778.06	0.3%	$ 4,345,422.60	
2019	$ 12,073,151.61		$ 9,061,213.10		$ 12,612,301.84		$ 33,746,666.55	
Qtr1	$ 2,412,581.29	20.0%	$ 865,432.63	9.6%	$ 6,125,962.40	48.6%	$ 9,403,976.32	SIC
Qtr2	$ 3,413,698.58	28.3%	$ 855,155.23	9.4%	$ -	0.0%	$ 4,268,853.81	
Qtr3	$ 3,309,640.48	27.4%	$ 5,172,887.76	57.1%	$ 5,945,917.13	47.1%	$ 14,428,445.37	SIC
Qtr4	$ 2,937,231.26	24.3%	$ 2,167,737.48	23.9%	$ 540,422.31	4.3%	$ 5,645,391.05	
2020	$ 2,800,524.62		$ 5,410,100.27		$ 6,778,043.60		$ 14,988,668.49	
Qtr1	$ 2,800,524.62	100.0%	$ 5,410,100.27	100.0%	$ 6,778,043.60	100.0%	$ 14,988,668.49	RC Update
Grand Total	$ 49,047,454.79		$ 61,478,973.25		$ 49,355,913.26		$ 159,882,341.30	

Sum of activity_cost	Column Labels			
Row Labels	Blanket/Routine Replacements	Non-routine, Non- WSIC/SSIC	WSIC/SSIC	Grand Total
1-Water	**$ 32,157,035.08**	**$ 15,314,276.47**	**$ 39,443,814.83**	**$ 86,915,126.38**
304000-Structures & Improvements	**$ 3,976,347.37**	**$ 3,773,071.49**	**$ 7,688,482.08**	**$ 15,437,900.94**
2015	$ 488,602.52	$ 184,898.21	$ 1,233,229.61	$ 1,906,730.34
2016	$ 493,801.75	$ 190,497.76	$ 1,833,078.67	$ 2,517,378.18
2017	$ 777,873.87	$ 380,197.22	$ 843,007.15	$ 2,001,078.24
2018	$ 1,063,297.39	$ 1,657,568.21	$ 380,603.08	$ 3,101,468.68
2019	$ 936,830.30	$ 754,478.05	$ 2,751,723.58	$ 4,443,031.93
2020	$ 215,941.54	$ 605,432.04	$ 646,839.99	$ 1,468,213.57
311000-Pumping Equipment	**$ 5,190,491.86**	**$ 404,462.03**	**$ 132,933.62**	**$ 5,727,887.51**
2015	$ 608,009.47	$ 18,209.65	$ 89,015.43	$ 715,234.55
2016	$ 656,793.22	$ 27,794.03	$ 11,884.12	$ 696,471.37
2017	$ 1,162,948.61	$ 90,706.44		$ 1,253,655.05
2018	$ 1,313,821.01	$ 78,865.13	$ 20,280.31	$ 1,412,966.45
2019	$ 1,133,461.31	$ 168,903.91	$ 6,798.35	$ 1,309,163.57
2020	$ 315,458.24	$ 19,982.87	$ 4,955.41	$ 340,396.52
320300-Water Treatment Equipment	**$ 2,619,262.58**	**$ 2,083,274.46**	**$ 9,613,627.87**	**$ 14,316,164.91**
2015	$ 328,992.02	$ 300,482.43	$ 2,685,624.20	$ 3,315,098.65
2016	$ 297,507.63	$ 108,962.33	$ 1,827,919.46	$ 2,234,389.42
2017	$ 628,864.63	$ 291,588.53	$ 771,005.73	$ 1,691,458.89
2018	$ 565,692.83	$ 1,007,390.62	$ 355,525.74	$ 1,928,609.19
2019	$ 608,433.51	$ 178,962.74	$ 3,175,203.77	$ 3,962,600.02
2020	$ 189,771.96	$ 195,887.81	$ 798,348.97	$ 1,184,008.74
331400-T&D Mains	**$ 7,375,314.33**	**$ 2,313,775.97**	**$ 11,904,619.28**	**$ 21,593,709.58**
2015	$ 921,759.27	$ 141,936.14	$ 306,970.89	$ 1,370,666.30
2016	$ 1,164,243.19	$ 176,913.16	$ 2,321,997.84	$ 3,663,154.19
2017	$ 1,224,887.99	$ 317,796.91	$ 1,284,780.19	$ 2,827,465.09
2018	$ 1,651,636.63	$ 1,286,735.99	$ 2,430,035.12	$ 5,368,407.74
2019	$ 1,901,043.68	$ 183,427.53	$ 3,594,391.85	$ 5,678,863.06
2020	$ 511,743.57	$ 206,966.24	$ 1,966,443.39	$ 2,685,153.20
333400-Services	**$ 7,283,532.66**	**$ 731,452.39**	**$ 3,860,699.14**	**$ 11,875,684.19**
2015	$ 747,061.91	$ 558,167.78	$ 335,397.56	$ 1,640,627.25
2016	$ 1,332,855.25	$ 1,829.11	$ 1,006,161.81	$ 2,340,846.17
2017	$ 1,384,564.82	$ 21,010.20	$ 151,508.96	$ 1,557,083.98
2018	$ 1,677,726.86	$ 119,371.65	$ 855,963.00	$ 2,653,061.51
2019	$ 1,858,314.07	$ 26,072.12	$ 653,798.66	$ 2,538,184.85
2020	$ 283,009.75	$ 5,001.53	$ 857,869.15	$ 1,145,880.43
334400-Meters & Meter Installations	**$ 2,862,063.54**	**$ 169,771.47**	**$ 6,200,071.40**	**$ 9,231,906.41**
2015	$ 392,676.53	$ (170,589.68)	$ 260,126.24	$ 482,213.09
2016	$ 387,319.94	$ 67,191.09		$ 454,511.03
2017	$ 524,753.29		$ 17,204.49	$ 541,957.78
2018	$ 602,142.14	$ 249,271.88	$ 4,133,384.64	$ 4,984,798.66
2019	$ 753,089.30	$ 23,730.64	$ 15,261.67	$ 792,081.61
2020	$ 202,082.34	$ 167.54	$ 1,774,094.36	$ 1,976,344.24
340500-Office Furniture & Equipment	**$ 2,850,022.74**	**$ 5,838,468.66**	**$ 43,381.44**	**$ 8,731,872.84**
2015	$ 37,668.20	$ 1,043,087.84		$ 1,080,756.04
2016	$ 699,653.64	$ 1,055,428.27		$ 1,755,081.91
2017	$ 345,151.81	$ 739,213.03		$ 1,084,364.84
2018	$ 581,694.46	$ 1,761,560.81	$ 43,381.44	$ 2,386,636.71
2019	$ 995,938.09	$ 573,860.27		$ 1,569,798.36
2020	$ 189,916.54	$ 665,318.44		$ 855,234.98
Grand Total	**$ 32,157,035.08**	**$ 15,314,276.47**	**$ 39,443,814.83**	**$ 86,915,126.38**

Sum of activity_cost Row Labels	Column Labels Blanket/Routine Replacements	Non-routine, Non- WSIC/SSIC	WSIC/SSIC	Grand Total
2-Wastewater	**$ 13,327,636.81**	**$ 28,152,346.37**	**$ 8,743,720.37**	**$ 50,223,703.55**
351100-Organization		**$ 2,120,000.00**		**$ 2,120,000.00**
2018		$ 2,120,000.00		$ 2,120,000.00
354000-Structures & Improvements	**$ 2,464,051.29**	**$ 6,887,988.28**	**$ 294,347.16**	**$ 9,646,386.73**
2015	$ 256,698.05	$ 72,100.88		$ 328,798.93
2016	$ 347,442.21	$ 174,304.23	$ 38,105.61	$ 559,852.05
2017	$ 630,659.05	$ 302,937.63	$ 51,912.09	$ 985,508.77
2018	$ 711,811.87	$ 4,152,398.51		$ 4,864,210.38
2019	$ 411,400.06	$ 1,497,983.25	$ 204,329.46	$ 2,113,712.77
2020	$ 106,040.05	$ 688,263.78		$ 794,303.83
360200-Collection Sewers-Force	**$ 671,693.38**	**$ 1,185,438.28**	**$ 627,323.27**	**$ 2,484,454.93**
2015	$ 90,893.69	$ 49,588.93	$ 46,384.48	$ 186,867.10
2016	$ 73,882.38	$ 464,243.06		$ 538,125.44
2017	$ 115,197.69	$ 22,000.00	$ 431,528.01	$ 568,725.70
2018	$ 164,465.79	$ 244,174.20		$ 408,639.99
2019	$ 211,242.26	$ 405,432.09	$ 149,410.78	$ 766,085.13
2020	$ 16,011.57			$ 16,011.57
361200-Collection Sewers-Gravity	**$ 538,237.55**	**$ 540,534.96**	**$ 2,137,355.03**	**$ 3,216,127.54**
2015	$ 23,115.53	$ 71,673.10	$ 1,482,534.44	$ 1,577,323.07
2016	$ 51,513.88	$ 49,084.74	$ 654,820.59	$ 755,419.21
2017	$ 88,792.77	$ 25,711.34		$ 114,504.11
2018	$ 244,596.53	$ 289,112.05		$ 533,708.58
2019	$ 112,880.69	$ 64,735.11		$ 177,615.80
2020	$ 17,338.15	$ 40,218.62		$ 57,556.77
363200-Services to Customers	**$ 2,869,695.97**	**$ 123,495.01**	**$ 821,561.12**	**$ 3,814,752.10**
2015	$ 313,211.49	$ 35,679.36	$ 380,148.83	$ 729,039.68
2016	$ 407,555.38	$ 14,910.80	$ 405,382.85	$ 827,849.03
2017	$ 847,731.39	$ 15,377.95	$ 36,029.44	$ 899,138.78
2018	$ 790,804.44	$ 35,183.12		$ 825,987.56
2019	$ 441,378.48	$ 22,343.78		$ 463,722.26
2020	$ 69,014.79			$ 69,014.79
371000-Pumping Equipment	**$ 4,157,725.81**	**$ 1,302,288.16**	**$ 955,390.21**	**$ 6,415,404.18**
2015	$ 377,712.86	$ 176,344.69	$ 284,213.97	$ 838,271.52
2016	$ 620,879.73	$ 112,034.49	$ 79,530.84	$ 812,445.06
2017	$ 641,523.40	$ 37,997.08	$ 34,866.15	$ 714,386.63
2018	$ 1,028,002.84	$ 621,643.45	$ 34,468.57	$ 1,684,114.86
2019	$ 1,247,199.68	$ 347,388.40	$ 468,346.52	$ 2,062,934.60
2020	$ 242,407.30	$ 6,880.05	$ 53,964.16	$ 303,251.51
380000-Treatment & Disposal Equip	**$ 2,626,232.81**	**$ 15,662,356.88**	**$ 3,907,743.58**	**$ 22,196,333.27**
2015	$ 145,942.30	$ 1,052,255.22	$ 31,235.90	$ 1,229,433.42
2016	$ 294,344.86	$ 206,913.28	$ 177,882.98	$ 679,141.12
2017	$ 709,141.99	$ 1,263,934.80	$ 1,142,568.66	$ 3,115,645.45
2018	$ 694,363.80	$ 11,162,553.67	$ 951,465.43	$ 12,808,382.90
2019	$ 582,462.76	$ 946,961.25	$ 1,097,339.24	$ 2,626,763.25
2020	$ 199,977.10	$ 1,029,738.66	$ 507,251.37	$ 1,736,967.13
389000-Other Plant & Misc Equipment		**$ 330,244.80**		**$ 330,244.80**
2019		$ 330,244.80		$ 330,244.80
Grand Total	**$ 13,327,636.81**	**$ 28,152,346.37**	**$ 8,743,720.37**	**$ 50,223,703.55**