

**STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH
STAFF CONFERENCE AGENDA**

January 4, 2021

***IMPORTANT NOTE: STAFF CONFERENCE
WILL BE CONDUCTED VIA WEBEX.
INSTRUCTIONS FOR PARTICIPATION AND A LINK TO VIEW
THE MEETING WILL BE POSTED ON THE COMMISSION'S
WEBSITE, NCUC.NET***

COMMISSION STAFF

NO AGENDA ITEMS

PUBLIC STAFF

E. WATER

- P1. [DOCKET NO. W-218, SUB 512 – AQUA NORTH CAROLINA, INC. – NOTIFICATION OF INTENTION TO BEGIN OPERATIONS IN CONTIGUOUS SERVICE AREA](#)

- P2. [DOCKET NO. W-218, SUB 514 – AQUA NORTH CAROLINA, INC. – NOTIFICATION OF INTENTION TO BEGIN OPERATIONS IN CONTIGUOUS SERVICE AREA](#)

- P3. [DOCKET NO. W-218, SUB 515 – AQUA NORTH CAROLINA, INC. – NOTIFICATION OF INTENTION TO BEGIN OPERATIONS IN CONTIGUOUS SERVICE AREA](#)

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- P9. [DOCKET NO. W-218, SUB 526A – AQUA NORTH CAROLINA, INC. – APPLICATION FOR APPROVAL OF WATER AND SEWER SYSTEM IMPROVEMENT RATE ADJUSTMENTS](#)
- P10. [DOCKET NO. W-218, SUB 526A – AQUA NORTH CAROLINA, INC. – APPLICATIONS FOR APPROVAL TO IMPLEMENT SECONDARY WATER QUALITY SYSTEM IMPROVEMENT PROJECTS](#)
- P11. [DOCKET NO. W-218, SUB 544 – AQUA NORTH CAROLINA, INC. – TRANSFER OWNER EXEMPT](#)

TO: Agenda – Commission Conference – January 4, 2021

FROM: PUBLIC STAFF – North Carolina Utilities Commission

E. WATER

P1. DOCKET NO. W-218, SUB 512 – AQUA NORTH CAROLINA, INC. – NOTIFICATION OF INTENTION TO BEGIN OPERATIONS IN CONTIGUOUS SERVICE AREA

EXPLANATION: On November 2, 2018, Aqua North Carolina, Inc. (Aqua), filed a Notification of Intention to Begin Operations in Area Contiguous to Present Service Area (Notification) to provide sewer utility service in The Legacy at Jordan Lake, Phase 6, Subdivision in Chatham County, North Carolina. The Legacy at Jordan Lake, Phase 6, Subdivision is contiguous to Aqua's The Legacy at Jordan Lake, Phase 5A, part of The Legacy at Jordan Lake Wastewater System in Chatham County, North Carolina. Aqua filed an amendment to the Notification on March 7, 2019. Aqua proposes to charge the rates currently approved for its other franchised service areas. The service area is shown on plans filed with the Notification.

The North Carolina Department of Environmental Quality, Division of Water Resources, has issued permit number WQ0040388, dated February 6, 2018, for the construction and operation of The Legacy at Jordan Lake, Phase 6, Subdivision, wastewater collection system extension.

Aqua has entered into an Amended and Restated Agreement dated December 22, 2008, with The Legacy at Jordan Lake, LLC (Developer),¹ under which Developer is contributing the effluent storage pond, upset storage pond, complete wastewater collection system, and spray irrigation facilities, at no cost to Aqua. Developer is also paying \$1,121,089 towards the total cost of the construction of the wastewater treatment plant as a contribution-in-aid-of-construction. For instances of grinder pump station installations, Aqua is requesting that the builder or person first requesting service to a particular lot be required to prepay the outside contractor (specified by Aqua) for the entire cost of installation. Once the grinder pump station is initially installed, Aqua will be responsible to maintain, repair, and replace the grinder pump stations. However, if damage to a grinder pump station is shown to be due to homeowner negligence, the homeowner will be liable for the cost of the repair or replacement of the grinder pump station.

Aqua has entered into an Effluent Easement and Irrigation Agreement dated December 22, 2008, with Developer (Effluent Agreement), under which Aqua is responsible for the operation, maintenance, repair, and replacement of the reuse effluent pumping station and for all aspects of the daily operation of the primary spray irrigation facilities and the

¹ The Bill of Sale and Assignment of Contracts, Trademarks and Escrow Deposit dated April 21, 2014, states F-L Legacy Owner LLC has been assigned and transferred the rights and obligations of Developer, including the Amended and Restated Agreement and Effluent Easement and Irrigation Agreement.

amenity spray irrigation facilities. In addition, Developer is responsible for all aspects of the daily operation, maintenance, repair, and replacement of the secondary spray irrigation facilities, as defined in paragraph 1.19 of the Effluent Agreement.

Aqua presently holds water franchises serving approximately 82,000 customers and sewer franchises serving approximately 20,000 customers throughout North Carolina. Aqua's record of service is satisfactory.

Aqua has filed all exhibits required with the Notification.

Based on the foregoing, the Public Staff is of the opinion that Aqua has the technical, managerial, and financial capacity to provide sewer utility service in this contiguous area and recommends that the contiguous extension be recognized. The Public Staff further recommends that the Commission require posting of a \$10,000 bond for the contiguous extension. Aqua currently has \$13,000,000 of bonds posted with the Commission, which includes sufficient unassigned funds to provide the bond recommended in this docket.

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

RECOMMENDATION: (Junis/Morgan/Grantmyre) That the Commission issue the proposed order recognizing the contiguous extension.

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P2. DOCKET NO. W-218, SUB 514 – AQUA NORTH CAROLINA, INC. – NOTIFICATION OF INTENTION TO BEGIN OPERATIONS IN CONTIGUOUS SERVICE AREA

EXPLANATION: On March 20, 2019, Aqua North Carolina, Inc. (Aqua), filed a Notification of Intention to Begin Operations in Area Contiguous to Present Service Area (Notification) to provide water utility service in Honeycutt Landing Subdivision Extension in Wake County, North Carolina. Honeycutt Landing Subdivision Extension is contiguous to Aqua's Honeycutt Landing service area, part of Honeycutt Landing Water System in Wake County, North Carolina. Aqua proposes to charge the rates currently approved for its other franchised service areas. The service area is shown on plans filed with the Notification.

The North Carolina Department of Environmental Quality, Division of Water Resources, Public Water Supply Section, has issued a plan approval letter for seven additional single family residential connections and one fire department connection in Honeycutt Landing Subdivision, part of Water System No. NC4092103. The plans are approved under serial number 18-01046, dated December 31, 2018.

Aqua has entered into a Water Agreement dated January 15, 2007, with Holland Road, Inc. (Developer), under which Developer is installing the water utility production, storage, and distribution system. Aqua is requesting a meter installation fee of \$70 for water service, to be paid one time by the builder or person first requesting service to a particular lot. Aqua is purchasing the water system for \$400 per lot from Developer, payable quarterly based on the number of water service meters installed during the previous quarter.

Aqua presently holds water franchises serving approximately 82,000 customers and sewer franchises serving approximately 20,000 customers throughout North Carolina. Aqua's record of service is satisfactory.

Aqua has filed all exhibits required with the Notification.

Based on the foregoing, the Public Staff is of the opinion that Aqua has the technical, managerial, and financial capacity to provide water utility service in this contiguous area and recommends that the contiguous extension be recognized. The Public Staff further recommends that the Commission require posting of a \$10,000 bond for the contiguous extension. Aqua currently has \$13,000,000 of bonds posted with the Commission, which includes sufficient unassigned funds to provide the bond recommended in this docket.

EXHIBIT: A proposed order is attached as [Exhibit No. P-2](#).

RECOMMENDATION: (Junis/Henry/Grantmyre) That the Commission issue the proposed order recognizing the contiguous extension.
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P3. DOCKET NO. W-218, SUB 515 – AQUA NORTH CAROLINA, INC. –
NOTIFICATION OF INTENTION TO BEGIN OPERATIONS IN CONTIGUOUS
SERVICE AREA

EXPLANATION: On March 20, 2019, Aqua North Carolina, Inc. (Aqua), filed a Notification of Intention to Begin Operations in Area Contiguous to Present Service Area (Notification) to provide water utility service in Village of Laurel Branch at Olde Beau Motor Coach Resort in Alleghany County, North Carolina. Village of Laurel Branch at Olde Beau Motor Coach Resort is contiguous to Aqua's Olde Beau service area, part of Olde Beau Water System in Alleghany County, North Carolina. Aqua proposes to charge the rates currently approved for its other franchised service areas. The service area is shown on plans filed with the Notification.

The North Carolina Department of Environmental Quality, Division of Water Resources, Public Water Supply Section, has issued a plan approval letter for Village of Laurel Branch at Olde Beau Motor Coach Resort, part of Water System No. NC0103106. The plans are approved under serial number 18-00556, dated December 19, 2018.

Aqua has entered into a Water Utility System Agreement dated June 19, 2018, with KPP LLC (Developer), under which Developer is installing the water utility system, including the interconnection and distribution system. Aqua is requesting a meter installation fee of \$70 and a connection fee of \$335 per unit for water service, to be paid one time by the builder or person first requesting service to a particular lot.

Aqua presently holds water franchises serving approximately 82,000 customers and sewer franchises serving approximately 20,000 customers throughout North Carolina. Aqua's record of service is satisfactory.

Aqua has filed all exhibits required with the Notification.

Based on the foregoing, the Public Staff is of the opinion that Aqua has the technical, managerial, and financial capacity to provide water utility service in this contiguous area and recommends that the contiguous extension be recognized. The Public Staff further recommends that the Commission require posting of a \$10,000 bond for the contiguous extension. Aqua currently has \$13,000,000 of bonds posted with the Commission, which includes sufficient unassigned funds to provide the bond recommended in this docket.

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

RECOMMENDATION: (Junis/Henry/Grantmyre) That the Commission issue the proposed order recognizing the contiguous extension.

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P4. DOCKET NO. W-218, SUB 516 – AQUA NORTH CAROLINA, INC. –
NOTIFICATION OF INTENTION TO BEGIN OPERATIONS IN CONTIGUOUS
SERVICE AREA

EXPLANATION: On May 22, 2019, Aqua North Carolina, Inc. (Aqua), filed a Notification of Intention to Begin Operations in Area Contiguous to Present Service Area (Notification) to provide water and sewer utility service in Copper Ridge Subdivision (also known as Regency at Flowers Plantation) in Johnston County, North Carolina. Copper Ridge Subdivision is contiguous to Aqua's West Ashley and Mill Creek West service areas in Johnston County, North Carolina. Aqua filed an amendment to the Notification on November 15, 2019. Aqua proposes to charge the rates currently approved for its Flowers Plantation Master System service areas. The service area is shown on plans filed with the Notification.

The North Carolina Department of Environmental Quality, Division of Water Resources, Public Water Supply Section, has issued a plan approval letter for Copper Ridge Subdivision, part of Water System No. NC0351195. The plans are approved under serial number 19-00358, dated May 19, 2019.

The North Carolina Department of Environmental Quality, Division of Water Resources, has issued permit number WQ0040922, dated June 6, 2019, for the construction and operation of Copper Ridge Subdivision, wastewater collection system extension.

Aqua has entered into an Agreement dated April 10, 2019, with Toll Bros. of North Carolina, Inc. (Developer),² under which Developer is installing the water and wastewater utility systems. Developer will pay to Aqua as a contribution in aid of construction (CIAC) the water capital cost recovery charges (presently \$6.25 per gallon per day of capacity) due to Johnston County and the wastewater capacity fee (presently \$9.47 per gallon per day of capacity) due to Aqua. Aqua is requesting a meter installation fee of \$70 for water service, to be paid one time by the builder or person first requesting service to a particular lot. Aqua is purchasing the water system from Developer for \$400 per single-family residential equivalent, payable quarterly based on the number of water service meters installed during the previous quarter. Aqua is acquiring the wastewater system from Developer at no cost.

The Agreement states that prior to closing, Developer shall pay to Aqua the grossed-up tax payment attributable to contributions in aid of construction (CIAC). Aqua will not close and will not provide services until it receives such grossed-up tax payment. If Developer constructs in phases that are approved by Aqua, then the Agreement requirements associated with tax gross-up for CIAC shall apply to each phase.

Aqua presently holds water franchises serving approximately 82,000 customers and sewer franchises serving approximately 20,000 customers throughout North Carolina. Aqua's record of service is satisfactory.

² The General Assignment dated August 18, 2020, states KL Flowers Plantation, Inc. has been assigned and transferred the rights and obligations of Developer, including the Agreement.

Aqua has filed all exhibits required with the Notification.

Based on the foregoing, the Public Staff is of the opinion that Aqua has the technical, managerial, and financial capacity to provide water and sewer utility service in this contiguous area and recommends that the contiguous extension be recognized. The Public Staff further recommends that the Commission require posting of a \$20,000 bond for the contiguous extension. Aqua currently has \$13,000,000 of bonds posted with the Commission, which includes sufficient unassigned funds to provide the bond recommended in this docket.

EXHIBIT: A proposed order is attached as [Exhibit No. P-4](#).

RECOMMENDATION: (Junis/Morgan/Grantmyre) That the Commission issue the proposed order recognizing the contiguous extension.

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P5. DOCKET NO. W-218, SUB 519 – AQUA NORTH CAROLINA, INC. –
NOTIFICATION OF INTENTION TO BEGIN OPERATIONS IN CONTIGUOUS
SERVICE AREA

EXPLANATION: On May 13, 2019, Aqua North Carolina, Inc. (Aqua), filed a Notification of Intention to Begin Operations in Area Contiguous to Present Service Area (Notification) to provide water and sewer utility service in River Dell East, Phase 4, Subdivision in Johnston County, North Carolina. River Dell East, Phase 4, Subdivision is contiguous to Aqua's River Dell East, Phase 3, service area in Johnston County, North Carolina. Aqua filed amendments to the Notification on May 22, 2019, and November 15, 2019. Aqua proposes to charge the rates currently approved for its Flowers Plantation Master System service areas. The service area is shown on plans filed with the Notification.

The North Carolina Department of Environmental Quality, Division of Water Resources, Public Water Supply Section, has issued a plan approval letter for River Dell East, Phase 4, Subdivision, part of Water System No. NC0351195. The plans are approved under serial number 19-00245, dated April 5, 2019.

The North Carolina Department of Environmental Quality, Division of Water Resources, has issued permit number WQ0040815, dated June 13, 2019, for the construction and operation of River Dell East, Phase 4, Subdivision, wastewater collection system extension.

Aqua has entered into an Agreement dated June 3, 2015, with DWF Development, Inc. (Developer), under which Developer is installing the water and wastewater utility systems. Developer will pay to Aqua as a contribution in aid of construction (CIAC) the water capital cost recovery charges (presently \$6.25 per gallon per day of capacity) and the purchased bulk wastewater capacity fee (presently \$11.00 per gallon per day of capacity) due to Johnston County. In addition, Developer will pay to Aqua as CIAC the Buffalo Creek Pump Station and Force Main fee of \$220.41 per single-family residential equivalent (SFRE). Aqua is requesting a meter installation fee of \$70 for water service, to be paid one time by the builder or person first requesting service to a particular lot. Aqua is purchasing the water system from Developer for \$400 per SFRE, payable quarterly based upon the number of water service meters installed during the previous quarter. Aqua is acquiring the wastewater system from Developer at no cost.

Aqua presently holds water franchises serving approximately 82,000 customers and sewer franchises serving approximately 20,000 customers throughout North Carolina. Aqua's record of service is satisfactory.

Aqua has filed all exhibits required with the Notification.

Based on the foregoing, the Public Staff is of the opinion that Aqua has the technical, managerial, and financial capacity to provide water and sewer utility service in this contiguous area and recommends that the contiguous extension be recognized. The Public Staff further recommends that the Commission require posting of a \$20,000 bond for the contiguous extension. Aqua currently has \$13,000,000 of bonds posted with the

Commission, which includes sufficient unassigned funds to provide the bond recommended in this docket.

EXHIBIT: A proposed order is attached as [Exhibit No. P-5](#).

RECOMMENDATION: (Junis/Morgan/Grantmyre) That the Commission issue the proposed order recognizing the contiguous extension.

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P6. DOCKET NO. W-218, SUB 521 – AQUA NORTH CAROLINA, INC. –
NOTIFICATION OF INTENTION TO BEGIN OPERATIONS IN CONTIGUOUS
SERVICE AREA

EXPLANATION: On September 9, 2019, Aqua North Carolina, Inc. (Aqua), filed a Notification of Intention to Begin Operations in Area Contiguous to Present Service Area (Notification) to provide water utility service in Meadows of Banks, Phase 2, Subdivision in Wake County, North Carolina. Meadows of Banks, Phase 2, Subdivision is contiguous to Aqua's Meadows of Banks, Phase 1, service area, part of Kensington Meadows Water System in Wake County, North Carolina. Aqua proposes to charge the rates currently approved for its other franchised service areas. The service area is shown on plans filed with the Notification.

The North Carolina Department of Environmental Quality, Division of Water Resources, Public Water Supply Section, has issued a plan approval letter for Meadows of Banks, Phase 2 Subdivision, part of Water System No. NC0392314. The plans are approved under serial number 19-00554, dated July 25, 2019.

Aqua has entered into a Water Utility System Agreement (Agreement) dated September 5, 2019, with Perry Properties & Development, Inc. (Developer), under which Developer is installing the water utility system. Aqua is requesting a meter installation fee of \$70 for water service, to be paid one time by the builder or person first requesting service to a particular lot. Aqua is purchasing the water system from Developer for \$700 per single-family residential equivalent, payable quarterly based on the number of water service meters installed during the previous quarter.

The Agreement states that prior to closing, Developer shall pay to Aqua the grossed-up tax payment applicable to contributions in aid of construction (CIAC). Aqua will not close and will not provide services until it receives such grossed-up tax payment. If Developer constructs in phases that are approved by Aqua, then the Agreement requirements associated with tax gross-up for CIAC shall apply to each phase.

Aqua presently holds water franchises serving approximately 82,000 customers and sewer franchises serving approximately 20,000 customers throughout North Carolina. Aqua's record of service is satisfactory.

Aqua has filed all exhibits required with the Notification.

Based on the foregoing, the Public Staff is of the opinion that Aqua has the technical, managerial, and financial capacity to provide water utility service in this contiguous area and recommends that the contiguous extension be recognized. The Public Staff further recommends that the Commission require posting of a \$10,000 bond for the contiguous extension. Aqua currently has \$13,000,000 of bonds posted with the Commission, which includes sufficient unassigned funds to provide the bond recommended in this docket.

EXHIBIT: A proposed order is attached as [Exhibit No. P-6](#).

RECOMMENDATION: (Junis/Henry/Luhr) That the Commission issue the proposed order recognizing the contiguous extension.

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P7. DOCKET NO. W-218, SUB 522 – AQUA NORTH CAROLINA, INC. –
NOTIFICATION OF INTENTION TO BEGIN OPERATIONS IN CONTIGUOUS
SERVICE AREA

EXPLANATION: On September 9, 2019, Aqua North Carolina, Inc. (Aqua), filed a Notification of Intention to Begin Operations in Area Contiguous to Present Service Area (Notification) to provide water and sewer utility service in Forrest at Flowers Plantation Subdivision in Johnston County, North Carolina. Forrest at Flowers Plantation Subdivision is contiguous to Aqua's Bedford at Flowers Plantation service area in Johnston County, North Carolina. Aqua filed amendments to the Notification on September 11, 2019, and September 17, 2019. Aqua proposes to charge the rates currently approved for its Flowers Plantation Master System service areas. The service area is shown on plans filed with the Notification.

The North Carolina Department of Environmental Quality, Division of Water Resources, Public Water Supply Section, has issued a plan approval letter for Forrest at Flowers Plantation Subdivision, part of Water System No. NC0351195. The plans are approved under serial number 19-00542, dated July 15, 2019.

The North Carolina Department of Environmental Quality, Division of Water Resources, has issued permit number WQ0040979, dated September 11, 2019, for the construction and operation of Forrest at Flowers Plantation Subdivision, wastewater collection system extension.

Aqua has entered into an Agreement dated September 5, 2019, and amended on September 11, 2019, with Meritage Homes of North Carolina, Inc. (Developer), under which Developer is installing the water and wastewater utility systems. Developer will pay to Aqua as a contribution in aid of construction (CIAC) the water capital cost recovery charges (presently \$6.25 per gallon per day of capacity) and the purchased bulk wastewater capacity fee (presently \$11.00 per gallon per day of capacity) due to Johnston County. In addition, Developer will pay to Aqua as CIAC the Buffalo Creek Pump Station and Force Main fee of \$220.41 per single-family residential equivalent (SFRE). Aqua is requesting a meter installation fee of \$70 for water service, to be paid one time by the builder or person first requesting service to a particular lot. Aqua is purchasing the water system from Developer for \$400 per SFRE, payable quarterly based on the number of water service meters installed during the previous quarter. Aqua is acquiring the wastewater system from Developer at no cost.

The Agreement states that prior to closing, Developer shall pay to Aqua the grossed-up tax payment applicable to contributions in aid of construction (CIAC). Aqua will not close and will not provide services until it receives such grossed-up tax payment. If Developer constructs in phases that are approved by Aqua, then the Agreement requirements associated with tax gross-up for CIAC shall apply to each phase.

Aqua presently holds water franchises serving approximately 82,000 customers and sewer franchises serving approximately 20,000 customers throughout North Carolina. Aqua's record of service is satisfactory.

Aqua has filed all exhibits required with the Notification.

Based on the foregoing, the Public Staff is of the opinion that Aqua has the technical, managerial, and financial capacity to provide water and sewer utility service in this contiguous area and recommends that the contiguous extension be recognized. The Public Staff further recommends that the Commission require posting of a \$20,000 bond for the contiguous extension. Aqua currently has \$13,000,000 of bonds posted with the Commission, which includes sufficient unassigned funds to provide the bond recommended in this docket.

EXHIBIT: A proposed order is attached as [Exhibit No. P-7](#).

RECOMMENDATION: (Junis/Henry/Creech) That the Commission issue the proposed order recognizing the contiguous extension.

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P8. DOCKET NO. W-218, SUB 523 – AQUA NORTH CAROLINA, INC. –
NOTIFICATION OF INTENTION TO BEGIN OPERATIONS IN CONTIGUOUS
SERVICE AREA

EXPLANATION: On November 1, 2019, Aqua North Carolina, Inc. (Aqua), filed a Notification of Intention to Begin Operations in Area Contiguous to Present Service Area (Notification) to provide water utility service in Bloomfield, Phase 6, Subdivision in Wake County, North Carolina. Bloomfield, Phase 6, Subdivision is contiguous to Aqua's Bloomfield, Phase 1, service area, part of Myatt Mill Water System in Wake County, North Carolina. Aqua filed amendments to the Notification on December 11, 2020, and December 17, 2020. Aqua proposes to charge the rates currently approved for its other franchised service areas. The service area is shown on plans filed with the Notification.

The North Carolina Department of Environmental Quality, Division of Water Resources, Public Water Supply Section, has issued a plan approval letter for Bloomfield, Phase 6, Subdivision, part of Water System No. NC4092201. The plans are approved under serial number 19-00936, dated April 20, 2020.

Aqua has entered into a Water Utility System Agreement (Agreement) dated October 3, 2019, with Ponderosa Group, LLC (Developer), under which Developer is installing the water utility system. Aqua is requesting a meter installation fee of \$70 for water service, to be paid one time by the builder or person first requesting service to a particular lot. Aqua is to pay the Developer up to \$1,200 per well towards costs associated with well testing. Aqua is purchasing the water system from Developer for \$1,750 per single-family residential equivalent, payable quarterly based on the number of water service meters installed during the previous quarter.

The Agreement states that prior to closing, Developer shall pay to Aqua the grossed-up tax payment applicable to contributions in aid of construction (CIAC). Aqua will not close and will not provide services until it receives such grossed-up tax payment. If Developer constructs in phases that are approved by Aqua, then the Agreement requirements associated with tax gross-up for CIAC shall apply to each phase.

Aqua presently holds water franchises serving approximately 82,000 customers and sewer franchises serving approximately 20,000 customers throughout North Carolina. Aqua's record of service is satisfactory.

Aqua has filed all exhibits required with the Notification.

Based on the foregoing, the Public Staff is of the opinion that Aqua has the technical, managerial, and financial capacity to provide water utility service in this contiguous area and recommends that the contiguous extension be recognized. The Public Staff further recommends that the Commission require posting of a \$10,000 bond for the contiguous extension. Aqua currently has \$13,000,000 of bonds posted with the Commission, which includes sufficient unassigned funds to provide the bond recommended in this docket.

EXHIBIT: A proposed order is attached as [Exhibit No. P-8](#).

RECOMMENDATION: (Junis/Feasel/Jost) That the Commission issue the proposed order recognizing the contiguous extension.

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P9. DOCKET NO. W-218, SUB 526A – AQUA NORTH CAROLINA, INC. – APPLICATION FOR APPROVAL OF WATER AND SEWER SYSTEM IMPROVEMENT RATE ADJUSTMENTS

EXPLANATION: On October 29, 2020, Aqua North Carolina, Inc. (Aqua), filed an application requesting authority to adjust its Water System Improvement Charges (WSIC) and Sewer System Improvement Charges (SSIC) effective January 1, 2021, pursuant to Commission Rules R7-39 and R10-26 (Application).

On December 18, 2020, the Public Staff filed a Notice of Public Staff's Plan to Present Comments and Recommendation (Notice) at the Commission's January 4, 2021, Regular Staff Conference. This Notice is incorporated by reference herein.

Aqua's WSIC and SSIC percentages were reset to zero as of October 26, 2020, the effective date of Aqua's new base rates in its general rate case, Docket No. W-218, Sub 526 (Sub 526 Rate Case). This is Aqua's first filing to implement charges under the WSIC and SSIC mechanisms since the Sub 526 Rate Case.

The implementation of the WSIC and SSIC for Aqua was first approved by the Commission on December 22, 2014, effective January 1, 2015. The WSIC and SSIC procedures allow for semi-annual adjustments to Aqua's rates every January 1st and July 1st based upon reasonable and prudently incurred investment in eligible system improvements completed and placed in service prior to the filing of the request.

Aqua is requesting authority to impose the following WSIC and SSIC percentages effective for service rendered on and after January 1, 2021:

	<u>WSIC/SSIC Revenue Requirement</u>	<u>Projected Service Revenues</u>	<u>WSIC/SSIC Percentage</u>
Uniform water	\$139,175	\$38,546,489	0.36%
Uniform sewer	\$85,893	\$17,370,725	0.49%
Fairways water	\$0	N/A	0.00%
Fairways sewer	\$1,018	\$2,190,669	0.05%
Brookwood water	\$0	N/A	0.00%

The WSIC and SSIC percentages above do not include the Experience Modification Factor (EMF) adjustments from the 2019 annual WSIC and SSIC revenue review which went into effect on July 1, 2020. The impact of the 2019 EMF on Aqua's requested WSIC and SSIC percentages are as follows:

	WSIC/SSIC Percentage	2019 Experience Modification Factor	Cumulative WSIC/SSIC Percentage
Uniform water	0.36%	-0.020%	0.34%
Uniform sewer	0.49%	-0.005%	0.49%
Fairways water	0.00%	0.010%	0.01%
Fairways sewer	0.05%	0.005%	0.06%
Brookwood water	0.00%	-0.010%	-0.01%

Pursuant to N.C. Gen. Stat. § 62-133.12(g), the cumulative WSIC and SSIC percentages are capped at 5% of total annual service revenues approved by the Commission in the Sub 526 Rate Case, resulting in the following maximum revenue requirements for water and sewer operations:

	Sub 526 Annual Service Revenues	Maximum WSIC/SSIC Percentage	Maximum WSIC/SSIC Revenue Requirement
Uniform water	\$38,546,489	x 5% =	\$1,927,324
Uniform sewer	\$16,426,070	x 5% =	\$821,304
Fairways water	\$1,159,708	x 5% =	\$57,985
Fairways sewer	\$2,152,586	x 5% =	\$107,629
Brookwood water	\$6,433,919	x 5% =	\$321,696

As shown above, Aqua's proposed WSIC and SSIC revenue requirements do not exceed the maximum WSIC and SSIC revenue requirement for water and sewer operations.

Aqua is proposing the above increases/decreases in the WSIC and SSIC in order to recover the incremental depreciation and capital costs associated with the following WSIC and SSIC projects completed and placed in service from April 1, 2020, through September 30, 2020:

Secondary drinking water standards	\$1,209,775
Primary drinking water standards	47,280
Total WSIC plant additions	<u>\$1,257,055</u>
Replace of headworks/fine screen at WWTP	\$335,883
Lift station and grinder pump replacement	284,913
Replace motors and blowers	84,101
Inflow and infiltration	34,867
Total SSIC plant additions	<u>\$739,764</u>

Under N.C. Gen. Stat. § 62-133.12(c), eligible water system improvements include “equipment and infrastructure installed at the direction of the Commission to comply with secondary drinking water standards.” During the six months ended September 30, 2020, Aqua installed four iron and manganese filter projects in the following subdivisions at a total cost of \$1,209,775:

Duncan Ridge, Well #5	\$293,213
Barton Creek Overlook, Well #1	343,946
Chari Heights, Well #1	286,517
Vintage Acres, Well #1	286,099
Total FeMn filter projects	<u>\$1,209,775</u>

The Commission authorized the implementation of these filtration projects in its Order Approving Secondary Water Quality Improvement Projects issued on September 16, 2019 and April 3, 2020, in Docket No. W-218, Sub 497A.

As stated by the Commission in its June 6, 2014, *Order Adopting Rules to Implement N.C. Gen. Stat. § 62-133.12*, in Docket No. W-100, Sub 54, the Public Staff is to review all infrastructure improvements proposed for recovery for eligibility and reasonableness prior to making its recommendation to the Commission on WSIC or SSIC rate adjustments. Furthermore, any WSIC or SSIC rate adjustments will be allowed to become effective, but not unconditionally approved. These adjustments shall be further examined for a determination of their justness and reasonableness in a utility’s next general rate case. At that time, the adjustments may be rescinded retroactively if the Commission determines that the adjustments were not prudent, just and/or reasonable.

The Public Staff has carefully reviewed Aqua’s stated WSIC and SSIC improvements, including reviewing in detail construction work in progress ledgers and transactions, invoices, work orders, engineering certifications and other accounting records. Based on this review, the Public Staff is recommending the following adjustments to Aqua’s WSIC and SSIC revenue requirement:

1) Correction to accumulated depreciation – Aqua understated the amount of 2020 accumulated depreciation calculated on pumping equipment used in determining the SSIC revenue requirement for Fairways & Beau Rivage. In response to Public Staff data request, Aqua acknowledged that there was a formula error in the Excel file used to calculate accumulated depreciation and provided the Public Staff with an updated Appendix B which corrected this error. The effect of the accumulated depreciation adjustment reduces the overall revenue requirement for Fairways & Beau Rivage wastewater operations however, the proposed SSIC percentage did not change based on the projected 2021 non-SSIC revenues.

2) Adjust WSIC/SSIC percentages to include EMF – Aqua inadvertently omitted the 2019 EMF percentages from the cumulative WSIC/SSIC percentages requested in this proceeding. The 2019 EMF, which went into effect on July 1, 2020, will remain in effect through June 30, 2021. In response to Public Staff data request, Aqua

stated that the omission of the EMF percentages from this proceeding was an oversight on the part of the Company.

3) Adjustment to remove grinder pumps – Aqua included \$153,268 of grinder pump replacements in plant in service used to calculate the SSIC revenue requirement for Uniform Sewer operations. The grinder pump projects included 44 individual grinder pump replacements. Based on Aqua’s response to Public Staff data request, the Public Staff has determined that these grinder pump replacements did not benefit the entire system in which they were replaced but benefited individual customers in each subdivision. Additionally, the average cost of the grinder pump projects was approximately \$3,460, making them a low cost plant addition that will erode the 5% revenue requirement allowed in between general rate cases. Finally, the grinder pumps were not included in Aqua’s most recent Ongoing Three-Year WSIC/SSIC Plan filed with the Commission on March 2, 2020 and have not been evaluated by the Public Staff prior to inclusion of the grinder pumps in the SSIC surcharge application. Therefore, the grinder pumps should not be allowed for SSIC recovery.

Based on the adjustments above, the Public Staff recommends the following adjustments to the WSIC and SSIC revenue requirements and percentages proposed by Aqua:

	WSIC/SSIC Percentage Per Aqua	WSIC/SSIC Revenue Requirement Per Public Staff	Impact of Public Staff Adjustments	WSIC/SSIC Percentage Per Public Staff
Uniform water	0.36%	\$139,175	-0.02%	0.34%
Uniform sewer	0.49%	\$62,761	-0.13%	0.36%
Fairways/Beau Riv. water	0.00%	\$0	0.01%	0.01%
Fairways/Beau Riv. sewer	0.05%	\$1,009	0.01%	0.06%
Brookwood/LaGrange water	0.00%	\$0	-0.01%	-0.01%

On December 29, 2020, Aqua filed a letter with the Commission in this docket in which Aqua indicated:

“Aqua appreciates the Public Staff’s review and agrees with its recommendations, except for paragraph number 3 (at pages 5 – 6), which makes an adjustment of \$153,268 for removal of grinder pumps. Though not in agreement about the fundamental eligibility of grinder pumps for recovery under G.S. 62-133.12, in light of the Commission’s useful guidance in the recent CWSNC Order and in the interest of efficiency, Aqua withdraws from consideration in this case the grinder pumps, respectfully reserving the right to present them for consideration in a future SSIC surcharge case, with additional support and under a procedure that is more consistent with that prescribed by the Commission in the CWSNC Sub 364A case.”

The Public Staff recommends that Aqua be allowed to implement the Public Staff proposed WSIC and SSIC percentages effective for service rendered on or after January 1, 2021, subject to true-up. The Public Staff will continue to review the justness, prudence, and reasonableness of these improvements during its review of Aqua's future WSIC and SSIC filings and in Aqua's next general rate case.

EXHIBIT: A proposed order is attached as [Exhibit No. P-9](#).

RECOMMENDATION: (Henry/Junis/Grantmyre) That the Commission issue the proposed order approving The Public Staff's proposed water and sewer system improvement charges effective for service rendered on or after January 1, 2021, subject to true-up, and requiring customer notice.

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P10. DOCKET NO. W-218, SUB 526A – AQUA NORTH CAROLINA, INC. – APPLICATIONS FOR APPROVAL TO IMPLEMENT SECONDARY WATER QUALITY SYSTEM IMPROVEMENT PROJECTS

EXPLANATION: On December 9, 2020, Aqua North Carolina, Inc. (Aqua), filed an application for approval to implement three secondary water quality system improvement projects pursuant to N.C. Gen. Stat. § 62-133.12 and Commission Rule R7-39. Aqua plans to use an AdEdge filtration system for the removal of iron and manganese similar to greensand or manganese dioxide. The projects and the estimated costs are summarized below.

<u>System</u>	<u>County</u>	<u>Pumping Capacity Gallons Per Minute</u>	<u>Aqua Estimated Cost 000's</u>
The Cape Well 8	New Hanover	300	\$680-\$705
Enclave at Barton's Creek Well 18	Wake	51	\$274-\$299
Whitetail Farms Well 1	Wake	21	\$222.4-\$247.4
		Total	\$1.1764-\$1.2514 Million

On December 30, the Public Staff filed its Report and Recommendations regarding Aqua's application. The Public Staff stated that it had thoroughly reviewed the filter projects proposed by Aqua. Based on its review of the application, the Public Staff concluded that for these projects, the filters are necessary for Aqua to provide adequate secondary standard water quality.

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

EXHIBIT: A proposed order is attached as [Exhibit No. P-10](#).

RECOMMENDATION: (Junis/Grantmyre) That the Commission issue the proposed order authorizing Aqua to implement its three proposed filtration projects to comply with secondary water quality standards.

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P11. DOCKET NO. W-218, SUB 544 – AQUA NORTH CAROLINA, INC. –
TRANSFER OWNER EXEMPT

EXPLANATION: On November 25, 2020, Aqua North Carolina, Inc. (Aqua), filed an application with the Commission for authority to transfer franchises for providing water utility service in Shepherds Way and The Oaks at Hunter Hill Subdivisions in Nash County to Nash County (County), which is exempt from Commission regulation.

Aqua's present rates and the County's present rates for water utility service are as follows:

Aqua's Present Rates

Monthly Metered Water Utility Service

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

<1" meter	\$ 20.70
1" meter	\$ 51.75
1½" meter	\$ 103.50
2" meter	\$ 165.00
3" meter	\$ 310.50
4" meter	\$ 517.50
6" meter	\$1,035.00

Usage charge, per 1,000 gallons	\$ 6.38
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County's Present Rates

Monthly Metered Water Utility Service

Base fee	\$ 30.00
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Tiered usage charge, per 1,000 gallons

1 - 3,000 gallons	\$ 6.00
3,001 - 6,000 gallons	\$ 7.75
6,001 - 9,000 gallons	\$ 9.50
9,001 - 12,000 gallons	\$ 10.25
12,000 + gallons	\$ 11.00

Note: Water Conservation Rate Structure – If the County Manager approves Stage 3 or Stage 4 water restrictions, the following multipliers will come into effect immediately to the current billing cycle. Stage 3, all water usages above 5,000 gallons will be billed with an additional 10% charge above the rates provided above. Stage 4, all water usages above 1,000 gallons will be billed with an additional 25% charge above the rates provided above. Conservation Rates also apply to Bailey Area system. Applicable fines for violations of any restrictions are provided in the County's most recent "Water Shortage Response Plan" document.

The County's rates would increase the monthly metered water bill by \$10.90, from \$52.60 to \$63.50, based on 5,000 gallons usage.

The Public Staff has reviewed Aqua's application and recommends that Aqua be required to deliver notice to affected customers of the applied for transfer of the water utility systems. The Public Staff is of the opinion that the matter may be determined without public hearing if no significant protests are received subsequent to customer notice.

EXHIBIT: The Public Staff's proposed order is attached as [Exhibit No. P-11](#).

RECOMMENDATION: (Junis/Chiu/Jost) That the Commission issue the proposed order requiring customer notice, specifying that the matter may be determined without public hearing if no significant protests are received subsequent to customer notice.

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**STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH**

DOCKET NO. W-218, SUB 512

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of	
Notification by Aqua North Carolina, Inc.,)
202 MacKenan Court, Cary, North Carolina)
27511, of Intention to Begin Operations in an)
Area Contiguous to a Present Service Area to)
Provide Sewer Utility Service in The Legacy at)
Jordan Lake, Phase 6, Subdivision in Chatham)
County, North Carolina)

ORDER RECOGNIZING
CONTIGUOUS EXTENSION AND
APPROVING RATES

BY THE COMMISSION: On November 2, 2018, Aqua North Carolina, Inc. (Aqua), filed a Notification of Intention to Begin Operations in Area Contiguous to Present Service Area (Notification) to provide sewer utility service in The Legacy at Jordan Lake, Phase 6, Subdivision in Chatham County, North Carolina. The Legacy at Jordan Lake, Phase 6, Subdivision is contiguous to Aqua's The Legacy at Jordan Lake, Phase 5A, part of The Legacy at Jordan Lake Wastewater System in Chatham County, North Carolina. Aqua filed an amendment to the Notification on March 7, 2019. Aqua proposes to charge the rates currently approved for its other franchised service areas.

The Public Staff – North Carolina Utilities Commission (Public Staff) presented this matter at the Commission's Regular Staff Conference on January 4, 2021. The Public Staff recommended that the Commission issue an order recognizing the contiguous extension and approving the requested rates.

Based upon the verified Notification, and the entire record in this matter, the Commission makes the following

FINDINGS OF FACT

1. Aqua presently holds water franchises serving approximately 82,000 customers and sewer franchises serving approximately 20,000 customers throughout North Carolina. Aqua's record of service is satisfactory.

2. Aqua presently serves six sewer customers in The Legacy at Jordan Lake, Phase 6, Subdivision. Aqua expects eventually to serve 54 sewer customers in The Legacy at Jordan Lake, Phase 6, Subdivision. The service area is shown on plans filed with the Notification.

3. The North Carolina Department of Environmental Quality, Division of Water Resources, has issued permit number WQ0040388, dated February 6, 2018, for the construction and operation of The Legacy at Jordan Lake, Phase 6, Subdivision, wastewater collection system extension.

4. Aqua has entered into an Amended and Restated Agreement dated December 22, 2008, with The Legacy at Jordan Lake, LLC (Developer),³ under which Developer is contributing the effluent storage pond, upset storage pond, complete wastewater collection system, and spray irrigation facilities, at no cost to Aqua. Developer is also paying \$1,121,089 towards the total cost of the construction of the wastewater treatment plant as a contribution-in-aid-of-construction. For instances of grinder pump station installations, Aqua is requesting that the builder or person first requesting service to a particular lot be required to prepay the outside contractor (specified by Aqua) for the entire cost of installation. Once the grinder pump station is initially installed, Aqua will be responsible to maintain, repair, and replace the grinder pump stations. However, if damage to a grinder pump station is shown to be due to homeowner negligence, the homeowner will be liable for the cost of the repair or replacement of the grinder pump station.

5. Aqua has entered into an Effluent Easement and Irrigation Agreement dated December 22, 2008, with Developer (Effluent Agreement), under which Aqua is responsible for the operation, maintenance, repair, and replacement of the reuse effluent pumping station and for all aspects of the daily operation of the primary spray irrigation facilities and the amenity spray irrigation facilities. In addition, Developer is responsible for all aspects of the daily operation, maintenance, repair, and replacement of the secondary spray irrigation facilities, as defined in paragraph 1.19 of the Effluent Agreement.

6. Aqua has filed all exhibits required with the Notification.

7. Aqua has the technical, managerial, and financial capacity to provide sewer utility service in this franchise location.

³ The Bill of Sale and Assignment of Contracts, Trademarks and Escrow Deposit dated April 21, 2014, states F-L Legacy Owner LLC has been assigned and transferred the rights and obligations of Developer, including the Amended and Restated Agreement and Effluent Easement and Irrigation Agreement.

8. Upon acquisition of the system, Aqua proposes to charge its uniform statewide sewer utility service rates approved in Docket No. W-218, Sub 526.

9. The Public Staff has recommended that Aqua be required to post a \$10,000 bond for The Legacy at Jordan Lake, Phase 6, Subdivision. Aqua currently has \$13,000,000 of bonds posted with the Commission. Of this amount, \$12,270,000 of bond surety is assigned to specific subdivisions and \$730,000 of bond surety is unassigned.

CONCLUSIONS

Based on the foregoing and the recommendations of the Public Staff, the Commission is of the opinion that \$10,000 of Aqua's unassigned bond surety should be assigned to the contiguous extension; that the contiguous extension by Aqua in The Legacy at Jordan Lake, Phase 6, Subdivision should be recognized as meeting the Commission's criteria for the extension; and that the requested rates should be approved.

IT IS, THEREFORE, ORDERED as follows:

1. That \$10,000 of Aqua's unassigned bond surety is assigned to The Legacy at Jordan Lake, Phase 6, Subdivision. The remaining unassigned bond surety shall be \$620,000 (a total of \$110,000 is being assigned concurrently in Docket Nos. W-218, Subs 512, 514, 515, 516, 519, 521, 522, and 523);

2. That the contiguous extension of sewer utility service from The Legacy at Jordan Lake, Phase 5A, service area to The Legacy at Jordan Lake, Phase 6, Subdivision in Chatham County, North Carolina, is recognized as meeting the Commission's criteria for the extension;

3. That the contiguous extension to The Legacy at Jordan Lake, Phase 6, Subdivision in Chatham County, North Carolina is recognized as meeting the Commission's criteria for the extension pursuant to N.C. Gen. Stat. § 62-110(a), and Appendix A __, attached hereto, constitutes Aqua's Certificate of Public Convenience and Necessity covering the contiguous extension; and

4. That Aqua's existing Schedule of Rates approved by Commission Order issued on October 26, 2020, in Docket No. W-218, Sub 526, is approved for sewer utility service in The Legacy at Jordan Lake, Phase 6, Subdivision.

ISSUED BY ORDER OF THE COMMISSION.

This the ____ day of _____, 2021.

NORTH CAROLINA UTILITIES COMMISSION

Kimberley A. Campbell, Chief Clerk

**STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH**

DOCKET NO. W-218, SUB 512

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

AQUA NORTH CAROLINA, INC.

is given this acknowledgement of
contiguous extension to Aqua's
CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY
pursuant to N.C. Gen. Stat. § 62-110(a)

to provide sewer utility service

in

The Legacy at Jordan Lake, Phase 6, Subdivision

Chatham County, North Carolina,

subject to any orders, rules, regulations,
and conditions now or hereafter lawfully made
by the North Carolina Utilities Commission.

ISSUED BY ORDER OF THE COMMISSION.

This the ____ day of _____, 2021.

NORTH CAROLINA UTILITIES COMMISSION

Kimberley A. Campbell, Chief Clerk

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**STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH**

DOCKET NO. W-218, SUB 514

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of	
Notification by Aqua North Carolina, Inc.,)
202 MacKenan Court, Cary, North Carolina)
27511, of Intention to Begin Operations in an)
Area Contiguous to a Present Service Area to)
Provide Water Utility Service in Honeycutt)
Landing Subdivision Extension in Wake County,)
North Carolina)
	ORDER RECOGNIZING
	CONTIGUOUS EXTENSION AND
	APPROVING RATES

BY THE COMMISSION: On March 20, 2019, Aqua North Carolina, Inc. (Aqua), filed a Notification of Intention to Begin Operations in Area Contiguous to Present Service Area (Notification) to provide water utility service in Honeycutt Landing Subdivision Extension in Wake County, North Carolina. Honeycutt Landing Subdivision Extension is contiguous to Aqua's Honeycutt Landing service area, part of Honeycutt Landing Water System in Wake County, North Carolina. Aqua proposes to charge the rates currently approved for its other franchised service areas.

The Public Staff – North Carolina Utilities Commission (Public Staff) presented this matter at the Commission's Regular Staff Conference on January 4, 2021. The Public Staff recommended that the Commission issue an order recognizing the contiguous extension and approving the requested rates.

Based upon the verified Notification, and the entire record in this matter, the Commission makes the following

FINDINGS OF FACT

1. Aqua presently holds water franchises serving approximately 82,000 customers and sewer franchises serving approximately 20,000 customers throughout North Carolina. Aqua's record of service is satisfactory.

2. Aqua presently serves 137 water customers in Honeycutt Landing Subdivision. Aqua expects eventually to serve eight water customers, including seven residential homes and a fire department, in Honeycutt Landing Subdivision Extension and a cumulative total of 186 water customers in Honeycutt Landing Subdivision. The service area is shown on plans filed with the Notification.

3. The North Carolina Department of Environmental Quality, Division of Water Resources, Public Water Supply Section, has issued a plan approval letter for seven additional single family residential connections and one fire department connection in Honeycutt Landing Subdivision, part of Water System No. NC4092103. The plans are approved under serial number 18-01046, dated December 31, 2018.

4. Aqua has entered into a Water Agreement dated January 15, 2007, with Holland Road, Inc. (Developer), under which Developer is installing the water utility production, storage, and distribution system. Aqua is requesting a meter installation fee of \$70 for water service, to be paid one time by the builder or person first requesting service to a particular lot. Aqua is purchasing the water system for \$400 per lot from Developer, payable quarterly based on the number of water service meters installed during the previous quarter.

5. Aqua has filed all exhibits required with the Notification.

6. Aqua has the technical, managerial, and financial capacity to provide water utility service in this franchise location.

7. Upon acquisition of the system, Aqua proposes to charge its uniform statewide water utility service rates approved in Docket No. W-218, Sub 526.

8. The Public Staff has recommended that Aqua be required to post a \$10,000 bond for Honeycutt Landing Subdivision Extension. Aqua currently has \$13,000,000 of bonds posted with the Commission. Of this amount, \$12,270,000 of bond surety is assigned to specific subdivisions, and \$730,000 of bond surety is unassigned.

CONCLUSIONS

Based on the foregoing and the recommendations of the Public Staff, the Commission is of the opinion that \$10,000 of Aqua's unassigned bond surety should be assigned to the contiguous extension; that the contiguous extension by Aqua in Honeycutt Landing Subdivision Extension should be recognized as meeting the Commission's criteria for the extension; that the meter installation fee should be approved; and that the requested rates should be approved.

IT IS, THEREFORE, ORDERED as follows:

1. That \$10,000 of Aqua's unassigned bond surety is assigned to the Honeycutt Landing Subdivision Extension. The remaining unassigned bond surety shall be \$620,000 (a total of \$110,000 is being assigned concurrently in Docket Nos. W-218, Subs 512, 514, 515, 516, 519, 521, 522, and 523);
2. That the contiguous extension of water utility service from Honeycutt Landing service area to Honeycutt Landing Subdivision Extension in Wake County, North Carolina, is recognized as meeting the Commission's criteria for the extension;
3. That the contiguous extension to Honeycutt Landing Subdivision Extension in Wake County, North Carolina is recognized as meeting the Commission's criteria for the extension pursuant to N.C. Gen. Stat. § 62-110(a), and Appendix A __, attached hereto, constitutes Aqua's Certificate of Public Convenience and Necessity covering the contiguous extension;
4. That Aqua's existing Schedule of Rates approved by Commission Order issued on October 26, 2020, in Docket No. W-218, Sub 526, is approved for water utility service in the Honeycutt Landing Subdivision Extension; and
5. That a meter installation fee of \$70 for water service is approved for Honeycutt Landing Subdivision Extension.

ISSUED BY ORDER OF THE COMMISSION.

This the ____ day of _____, 2021.

NORTH CAROLINA UTILITIES COMMISSION

Kimberley A. Campbell, Chief Clerk

**STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH**

DOCKET NO. W-218, SUB 514

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

AQUA NORTH CAROLINA, INC.

is given this acknowledgement of
contiguous extension to Aqua's
CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY
pursuant to N.C. Gen. Stat. § 62-110(a)

to provide water utility service

in

Honeycutt Landing Subdivision Extension

Wake County, North Carolina,

subject to any orders, rules, regulations,
and conditions now or hereafter lawfully made
by the North Carolina Utilities Commission.

ISSUED BY ORDER OF THE COMMISSION.

This the ____ day of _____, 2021.

NORTH CAROLINA UTILITIES COMMISSION

Kimberley A. Campbell, Chief Clerk

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**STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH**

DOCKET NO. W-218, SUB 515

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of	
Notification by Aqua North Carolina, Inc.,)
202 MacKenan Court, Cary, North Carolina)
27511, of Intention to Begin Operations in an)
Area Contiguous to a Present Service Area to)
Provide Water Utility Service in Village of)
Laurel Branch at Olde Beau Motor Coach)
Resort in Alleghany County, North Carolina)
	ORDER RECOGNIZING
	CONTIGUOUS EXTENSION
	AND APPROVING RATES

BY THE COMMISSION: On March 20, 2019, Aqua North Carolina, Inc. (Aqua), filed a Notification of Intention to Begin Operations in Area Contiguous to Present Service Area (Notification) to provide water utility service in Village of Laurel Branch at Olde Beau Motor Coach Resort in Alleghany County, North Carolina. Village of Laurel Branch at Olde Beau Motor Coach Resort is contiguous to Aqua's Olde Beau service area, part of Olde Beau Water System in Alleghany County, North Carolina. Aqua proposes to charge the rates currently approved for its other franchised service areas.

The Public Staff – North Carolina Utilities Commission (Public Staff) presented this matter at the Commission's Regular Staff Conference on January 4, 2021. The Public Staff recommended that the Commission issue an order recognizing the contiguous extension and approving the requested rates.

Based upon the verified Notification, and the entire record in this matter, the Commission makes the following

FINDINGS OF FACT

1. Aqua presently holds water franchises serving approximately 82,000 customers and sewer franchises serving approximately 20,000 customers throughout North Carolina. Aqua's record of service is satisfactory.

2. Aqua presently serves 19 water customers in Village of Laurel Branch at Olde Beau Motor Coach Resort. Aqua expects eventually to serve 19 water customers, in Village of Laurel Branch at Olde Beau Motor Coach Resort. The service area is shown on plans filed with the Notification.

3. The North Carolina Department of Environmental Quality, Division of Water Resources, Public Water Supply Section, has issued a plan approval letter for Village of Laurel Branch at Olde Beau Motor Coach Resort, part of Water System No. NC0103106. The plans are approved under serial number 18-00556, dated December 19, 2018.

4. Aqua has entered into a Water Utility System Agreement dated June 19, 2018, with KPP LLC (Developer), under which Developer is installing the water utility system, including the interconnection and distribution system. Aqua is requesting a meter installation fee of \$70 and a connection fee of \$335 per unit for water service, to be paid one time by the builder or person first requesting service to a particular lot.

5. Aqua has filed all exhibits required with the Notification.

6. Aqua has the technical, managerial, and financial capacity to provide water utility service in this franchise location.

7. Upon acquisition of the system, Aqua proposes to charge its uniform statewide water utility service rates approved in Docket No. W-218, Sub 526.

8. The Public Staff has recommended that Aqua be required to post a \$10,000 bond for Village of Laurel Branch at Olde Beau Motor Coach Resort. Aqua currently has \$13,000,000 of bonds posted with the Commission. Of this amount, \$12,270,000 of bond surety is assigned to specific subdivisions, and \$730,000 of bond surety is unassigned.

CONCLUSIONS

Based on the foregoing and the recommendations of the Public Staff, the Commission is of the opinion that \$10,000 of Aqua's unassigned bond surety should be assigned to the contiguous extension; that the contiguous extension by Aqua in Village of Laurel Branch at Olde Beau Motor Coach Resort should be recognized as meeting the Commission's criteria for the extension; that the meter installation fee and connection fee for water utility service should be approved; and that the requested rates should be approved.

IT IS, THEREFORE, ORDERED as follows:

1. That \$10,000 of Aqua's unassigned bond surety is assigned to the Village of Laurel Branch at Olde Beau Motor Coach Resort. The remaining unassigned bond surety shall be \$620,000 (a total of \$110,000 is being assigned concurrently in Docket Nos. W-218, Subs 512, 514, 515, 516, 519, 521, 522, and 523);

2. That the contiguous extension of water utility service from Olde Beau service area to Village of Laurel Branch at Olde Beau Motor Coach Resort in Alleghany County, North Carolina, is recognized as meeting the Commission's criteria for the extension;

3. That the contiguous extension to Village of Laurel Branch at Olde Beau Motor Coach Resort in Alleghany County, North Carolina is recognized as meeting the Commission's criteria for the extension pursuant to N.C. Gen. Stat. § 62-110(a), and Appendix A __, attached hereto, constitutes Aqua's Certificate of Public Convenience and Necessity covering the contiguous extension;

4. That Aqua's existing Schedule of Rates approved by Commission Order issued on October 26, 2020, in Docket No. W-218, Sub 526, is approved for water utility service in the Village of Laurel Branch at Olde Beau Motor Coach Resort; and

5. That a meter installation fee of \$70 and a connection fee of \$335 per unit for water utility service is approved for Village of Laurel Branch at Olde Beau Motor Coach Resort.

ISSUED BY ORDER OF THE COMMISSION.

This the ____ day of _____, 2021.

NORTH CAROLINA UTILITIES COMMISSION

Kimberley A. Campbell, Chief Clerk

**STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH**

DOCKET NO. W-218, SUB 515

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

AQUA NORTH CAROLINA, INC.

is given this acknowledgement of
contiguous extension to Aqua's
CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY
pursuant to N.C. Gen. Stat. § 62-110(a)

to provide water utility service

in

Village of Laurel Branch at Olde Beau Motor Coach Resort

Alleghany County, North Carolina,

subject to any orders, rules, regulations,
and conditions now or hereafter lawfully made
by the North Carolina Utilities Commission.

ISSUED BY ORDER OF THE COMMISSION.

This the ____ day of _____, 2021.

NORTH CAROLINA UTILITIES COMMISSION

Kimberley A. Campbell, Chief Clerk

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**STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH**

DOCKET NO. W-218, SUB 516

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of		
Notification by Aqua North Carolina, Inc.,)	
202 MacKenan Court, Cary, North Carolina)	
27511, of Intention to Begin Operations in an	)	ORDER RECOGNIZING
Area Contiguous to a Present Service Area to	)	CONTIGUOUS EXTENSION
Provide Water and Sewer Utility Service in	)	AND APPROVING RATES
Copper Ridge Subdivision in Johnston County,)	
North Carolina)	

BY THE COMMISSION: On May 22, 2019, Aqua North Carolina, Inc. (Aqua), filed a Notification of Intention to Begin Operations in Area Contiguous to Present Service Area (Notification) to provide water and sewer utility service in Copper Ridge Subdivision (also known as Regency at Flowers Plantation) in Johnston County, North Carolina. Copper Ridge Subdivision is contiguous to Aqua's West Ashley and Mill Creek West service areas in Johnston County, North Carolina. Aqua filed an amendment to the Notification on November 15, 2019. Aqua proposes to charge the rates currently approved for its Flowers Plantation Master System service areas.

The Public Staff – North Carolina Utilities Commission (Public Staff) presented this matter at the Commission's Regular Staff Conference on January 4, 2021. The Public Staff recommended that the Commission issue an order recognizing the contiguous extension and approving the requested rates.

Based upon the verified Notification, and the entire record in this matter, the Commission makes the following

FINDINGS OF FACT

1. Aqua presently holds water franchises serving approximately 82,000 customers and sewer franchises serving approximately 20,000 customers throughout North Carolina. Aqua's record of service is satisfactory.

2. Aqua does not presently serve any water and sewer customers in Copper Ridge Subdivision. Aqua expects eventually to serve 100 water and sewer customers in Copper Ridge Subdivision. The service area is shown on plans filed with the Notification.

3. The North Carolina Department of Environmental Quality, Division of Water Resources, Public Water Supply Section, has issued a plan approval letter for Copper Ridge Subdivision, part of Water System No. NC0351195. The plans are approved under serial number 19-00358, dated May 19, 2019.

4. The North Carolina Department of Environmental Quality, Division of Water Resources, has issued permit number WQ0040922, dated June 6, 2019, for the construction and operation of Copper Ridge Subdivision, wastewater collection system extension.

5. Aqua has entered into an Agreement dated April 10, 2019, with Toll Bros. of North Carolina, Inc. (Developer),⁴ under which Developer is installing the water and wastewater utility systems. Developer will pay to Aqua as a contribution in aid of construction (CIAC) the water capital cost recovery charges (presently \$6.25 per gallon per day of capacity) due to Johnston County and the wastewater capacity fee (presently \$9.47 per gallon per day of capacity) due to Aqua. Aqua is requesting a meter installation fee of \$70 for water service, to be paid one time by the builder or person first requesting service to a particular lot. Aqua is purchasing the water system from Developer for \$400 per single-family residential equivalent, payable quarterly based on the number of water service meters installed during the previous quarter. Aqua is acquiring the wastewater system from Developer at no cost.

6. The Agreement states that prior to closing, Developer shall pay to Aqua the grossed-up tax payment attributable to contributions in aid of construction (CIAC). Aqua will not close and will not provide services until it receives such grossed-up tax payment. If Developer constructs in phases that are approved by Aqua, then the Agreement requirements associated with tax gross-up for CIAC shall apply to each phase.

7. Aqua has filed all exhibits required with the Notification.

8. Aqua has the technical, managerial, and financial capacity to provide water and sewer utility service in this franchise location.

9. Upon acquisition of the system, Aqua proposes to charge its uniform statewide water and sewer utility service rates, with the exception of the bulk purchased water system usage rate from Johnston County, approved in Docket Nos. W-218, Sub 526 and W-218, Sub 540.

⁴ The General Assignment dated August 18, 2020, states KL Flowers Plantation, Inc. has been assigned and transferred the rights and obligations of Developer, including the Agreement.

10. The Public Staff has recommended that Aqua be required to post a \$20,000 bond for Copper Ridge Subdivision. Aqua currently has \$13,000,000 of bonds posted with the Commission. Of this amount, \$12,270,000 of bond surety is assigned to specific subdivisions and \$730,000 of bond surety is unassigned.

CONCLUSIONS

Based on the foregoing and the recommendations of the Public Staff, the Commission is of the opinion that \$20,000 of Aqua's unassigned bond surety should be assigned to the contiguous extension; that the contiguous extension by Aqua in Copper Ridge Subdivision should be recognized as meeting the Commission's criteria for the extension; that the meter installation fee and capacity fees for water and sewer utility service should be approved; and that the requested rates should be approved.

IT IS, THEREFORE, ORDERED as follows:

1. That \$20,000 of Aqua's unassigned bond surety is assigned to the Copper Ridge Subdivision. The remaining unassigned bond surety shall be \$620,000 (a total of \$110,000 is being assigned concurrently in Docket Nos. W-218, Subs 512, 514, 515, 516, 519, 521, 522, and 523);
2. That the contiguous extension of water and sewer utility service from West Ashley and Mill Creek West service areas to Copper Ridge Subdivision in Johnston County, North Carolina, is recognized as meeting the Commission's criteria for the extension;
3. That the contiguous extension to Copper Ridge Subdivision in Johnston County, North Carolina is recognized as meeting the Commission's criteria for the extension pursuant to N.C. Gen. Stat. § 62-110(a), and Appendix A __, attached hereto, constitutes Aqua's Certificate of Public Convenience and Necessity covering the contiguous extension;
4. That Aqua's existing Schedule of Rates approved by Commission Orders issued on October 26, 2020, in Docket No. W-218, Sub 526, and on November 24, 2020, in Docket No. W-218, Sub 540, are approved for water and sewer utility service in the Copper Ridge Subdivision;
5. That a meter installation fee of \$70 and capacity fee of \$6.25 per gallon per day of capacity for water utility service are approved for Copper Ridge Subdivision; and
6. That a capacity fee of \$9.47 per gallon per day of capacity for sewer utility service are approved for Copper Ridge Subdivision.

ISSUED BY ORDER OF THE COMMISSION.

This the ____ day of _____, 2021.

NORTH CAROLINA UTILITIES COMMISSION

Kimberley A. Campbell, Chief Clerk

**STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH**

DOCKET NO. W-218, SUB 516

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

AQUA NORTH CAROLINA, INC.

is given this acknowledgement of
contiguous extension to Aqua's
CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY
pursuant to N.C. Gen. Stat. § 62-110(a)

to provide water and sewer utility service

in

Copper Ridge Subdivision

Johnston County, North Carolina,

subject to any orders, rules, regulations,
and conditions now or hereafter lawfully made
by the North Carolina Utilities Commission.

ISSUED BY ORDER OF THE COMMISSION.

This the ____ day of _____, 2021.

NORTH CAROLINA UTILITIES COMMISSION

Kimberley A. Campbell, Chief Clerk

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**STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH**

DOCKET NO. W-218, SUB 519

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of		
Notification by Aqua North Carolina, Inc.,)	
202 MacKenan Court, Cary, North Carolina)	
27511, of Intention to Begin Operations in an	)	ORDER RECOGNIZING
Area Contiguous to a Present Service Area to	)	CONTIGUOUS EXTENSION
Provide Water and Sewer Utility Service in	)	AND APPROVING RATES
River Dell East, Phase 4, Subdivision in)	
Johnston County, North Carolina)	

BY THE COMMISSION: On May 13, 2019, Aqua North Carolina, Inc. (Aqua), filed a Notification of Intention to Begin Operations in Area Contiguous to Present Service Area (Notification) to provide water and sewer utility service in River Dell East, Phase 4, Subdivision in Johnston County, North Carolina. River Dell East, Phase 4, Subdivision is contiguous to Aqua's River Dell East, Phase 3, service area in Johnston County, North Carolina. Aqua filed amendments to the Notification on May 22, 2019, and November 15, 2019. Aqua proposes to charge the rates currently approved for its Flowers Plantation Master System service areas.

The Public Staff – North Carolina Utilities Commission (Public Staff) presented this matter at the Commission's Regular Staff Conference on January 4, 2021. The Public Staff recommended that the Commission issue an order recognizing the contiguous extension and approving the requested rates.

Based upon the verified Notification, and the entire record in this matter, the Commission makes the following

FINDINGS OF FACT

1. Aqua presently holds water franchises serving approximately 82,000 customers and sewer franchises serving approximately 20,000 customers throughout North Carolina. Aqua's record of service is satisfactory.

2. Aqua presently serves 38 water and sewer customers in River Dell East, Phase 4, Subdivision. Aqua expects eventually to serve 53 water and sewer customers in River Dell East, Phase 4, Subdivision. The service area is shown on plans filed with the Notification.

3. The North Carolina Department of Environmental Quality, Division of Water Resources, Public Water Supply Section, has issued a plan approval letter for River Dell East, Phase 4, Subdivision, part of Water System No. NC0351195. The plans are approved under serial number 19-00245, dated April 5, 2019.

4. The North Carolina Department of Environmental Quality, Division of Water Resources, has issued permit number WQ0040815, dated June 13, 2019, for the construction and operation of River Dell East, Phase 4, Subdivision, wastewater collection system extension.

5. Aqua has entered into an Agreement dated June 3, 2015, with DWF Development, Inc. (Developer), under which Developer is installing the water and wastewater utility systems. Developer will pay to Aqua as a contribution in aid of construction (CIAC) the water capital cost recovery charges (presently \$6.25 per gallon per day of capacity) and the purchased bulk wastewater capacity fee (presently \$11.00 per gallon per day of capacity) due to Johnston County. In addition, Developer will pay to Aqua as CIAC the Buffalo Creek Pump Station and Force Main fee of \$220.41 per single-family residential equivalent (SFRE). Aqua is requesting a meter installation fee of \$70 for water service, to be paid one time by the builder or person first requesting service to a particular lot. Aqua is purchasing the water system from Developer for \$400 per SFRE, payable quarterly based upon the number of water service meters installed during the previous quarter. Aqua is acquiring the wastewater system from Developer at no cost.

6. Aqua has filed all exhibits required with the Notification.

7. Aqua has the technical, managerial, and financial capacity to provide water and sewer utility service in this franchise location.

8. Upon acquisition of the system, Aqua proposes to charge its uniform statewide water and sewer utility service rates, with the exception of the bulk purchased water system usage rate from Johnston County, approved in Docket Nos. W-218, Sub 526 and W-218, Sub 540.

9. The Public Staff has recommended that Aqua be required to post a \$20,000 bond for River Dell East, Phase 4, Subdivision. Aqua currently has \$13,000,000 of bonds posted with the Commission. Of this amount, \$12,270,000 of bond surety is assigned to specific subdivisions and \$730,000 of bond surety is unassigned.

CONCLUSIONS

Based on the foregoing and the recommendations of the Public Staff, The Commission is of the opinion that \$20,000 of Aqua's unassigned bond surety should be assigned to the contiguous extension; that the contiguous extension by Aqua in River Dell East, Phase 4, Subdivision should be recognized as meeting the Commission's criteria for the extension; that the meter installation fee and capacity fees for water and sewer utility service should be approved; and that the requested rates should be approved.

IT IS, THEREFORE, ORDERED as follows:

1. That \$20,000 of Aqua's unassigned bond surety is assigned to the River Dell East, Phase 4, Subdivision. The remaining unassigned bond surety shall be \$620,000 (a total of \$110,000 is being assigned concurrently in Docket Nos. W-218, Subs 512, 514, 515, 516, 519, 521, 522, and 523);
2. That the contiguous extension of water and sewer utility service from River Dell East, Phase 3, service area to River Dell East, Phase 4, Subdivision in Johnston County, North Carolina, is recognized as meeting the Commission's criteria for the extension;
3. That the contiguous extension to River Dell East, Phase 4, Subdivision in Johnston County, North Carolina is recognized as meeting the Commission's criteria for the extension pursuant to N.C. Gen. Stat. § 62-110(a), and Appendix A, attached hereto, constitutes Aqua's Certificate of Public Convenience and Necessity covering the contiguous extension;
4. That Aqua's existing Schedule of Rates approved by Commission Orders issued on October 26, 2020, in Docket No. W-218, Sub 526, and on November 24, 2020, in Docket No. W-218, Sub 540, are approved for water and sewer utility service in the River Dell East, Phase 4, Subdivision;
5. That a meter installation fee of \$70 and capacity fee of \$6.25 per gallon per day of capacity for water utility service are approved for River Dell East, Phase 4, Subdivision; and
6. That a capacity fee of \$11.00 per gallon per day of capacity and \$220.41 per single-family residential equivalent connection for sewer utility service are approved for River Dell East, Phase 4, Subdivision.

ISSUED BY ORDER OF THE COMMISSION.

This the ____ day of _____, 2021.

NORTH CAROLINA UTILITIES COMMISSION

Kimberley A. Campbell, Chief Clerk

**STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH**

DOCKET NO. W-218, SUB 519

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

AQUA NORTH CAROLINA, INC.

is given this acknowledgement of
contiguous extension to Aqua's
CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY
pursuant to N.C. Gen. Stat. § 62-110(a)

to provide water and sewer utility service

in

River Dell East, Phase 4, Subdivision

Johnston County, North Carolina,

subject to any orders, rules, regulations,
and conditions now or hereafter lawfully made
by the North Carolina Utilities Commission.

ISSUED BY ORDER OF THE COMMISSION.

This the ____ day of _____, 2021.

NORTH CAROLINA UTILITIES COMMISSION

Kimberley A. Campbell, Chief Clerk

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**STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH**

DOCKET NO. W-218, SUB 521

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of		
Notification by Aqua North Carolina, Inc.,)	
202 MacKenan Court, Cary, North Carolina)	
27511, of Intention to Begin Operations in an	)	ORDER RECOGNIZING
Area Contiguous to a Present Service Area to	)	CONTIGUOUS EXTENSION
Provide Water Utility Service in Meadows of	)	AND APPROVING RATES
Banks, Phase 2, Subdivision in Wake County,)	
North Carolina)	

BY THE COMMISSION: On September 9, 2019, Aqua North Carolina, Inc. (Aqua), filed a Notification of Intention to Begin Operations in Area Contiguous to Present Service Area (Notification) to provide water utility service in Meadows of Banks, Phase 2, Subdivision in Wake County, North Carolina. Meadows of Banks, Phase 2, Subdivision is contiguous to Aqua's Meadows of Banks, Phase 1, service area, part of Kensington Meadows Water System in Wake County, North Carolina. Aqua proposes to charge the rates currently approved for its other franchised service areas.

The Public Staff – North Carolina Utilities Commission (Public Staff) presented this matter at the Commission's Regular Staff Conference on January 4, 2021. The Public Staff recommended that the Commission issue an order recognizing the contiguous extension and approving the requested rates.

Based upon the verified Notification, and the entire record in this matter, the Commission makes the following

FINDINGS OF FACT

1. Aqua presently holds water franchises serving approximately 82,000 customers and sewer franchises serving approximately 20,000 customers throughout North Carolina. Aqua's record of service is satisfactory.

2. Aqua presently serves three water customers in Meadows of Banks, Phase 2 Subdivision. Aqua expects eventually to serve 11 water customers in Meadows of Banks, Phase 2, Subdivision. The service area is shown on plans filed with the Notification.

3. The North Carolina Department of Environmental Quality, Division of Water Resources, Public Water Supply Section, has issued a plan approval letter for Meadows of Banks, Phase 2, Subdivision, part of Water System No. NC0392314. The plans are approved under serial number 19-00554, dated July 25, 2019.

4. Aqua has entered into a Water Utility System Agreement (Agreement) dated September 5, 2019, with Perry Properties & Development, Inc. (Developer), under which Developer is installing the water utility system. Aqua is requesting a meter installation fee of \$70 for water service, to be paid one time by the builder or person first requesting service to a particular lot. Aqua is purchasing the water system from Developer for \$700 per single-family residential equivalent, payable quarterly based on the number of water service meters installed during the previous quarter.

5. The Agreement states that prior to closing, Developer shall pay to Aqua the grossed-up tax payment applicable to contributions in aid of construction (CIAC). Aqua will not close and will not provide services until it receives such grossed-up tax payment. If Developer constructs in phases that are approved by Aqua, then the Agreement requirements associated with tax gross-up for CIAC shall apply to each phase.

6. Aqua has filed all exhibits required with the Notification.

7. Aqua has the technical, managerial, and financial capacity to provide water utility service in this franchise location.

8. Upon acquisition of the system, Aqua proposes to charge its uniform statewide water utility service rates approved in Docket No. W-218, Sub 526.

9. The Public Staff has recommended that Aqua be required to post a \$10,000 bond for Meadows of Banks, Phase 2, Subdivision. Aqua currently has \$13,000,000 of bonds posted with the Commission. Of this amount, \$12,270,000 of bond surety is assigned to specific subdivisions and \$730,000 of bond surety is unassigned.

CONCLUSIONS

Based on the foregoing and the recommendations of the Public Staff, the Commission is of the opinion that \$10,000 of Aqua's unassigned bond surety should be assigned to the contiguous extension; that the contiguous extension by Aqua in Meadows of Banks, Phase 2, Subdivision should be recognized as meeting the Commission's criteria for the extension; that the meter installation fee should be approved; and that the requested rates should be approved.

IT IS, THEREFORE, ORDERED as follows:

1. That \$10,000 of Aqua's unassigned bond surety is assigned to the Meadows of Banks, Phase 2, Subdivision. The remaining unassigned bond surety shall be \$620,000 (a total of \$110,000 is being assigned concurrently in Docket Nos. W-218, Subs 512, 514, 515, 516, 519, 521, 522, and 523);
2. That the contiguous extension of water utility service from Meadows of Banks, Phase 1, service area to Meadows of Banks, Phase 2, Subdivision in Wake County, North Carolina, is recognized as meeting the Commission's criteria for the extension;
3. That the contiguous extension to Meadows of Banks, Phase 2, Subdivision in Wake County, North Carolina is recognized as meeting the Commission's criteria for the extension pursuant to N.C. Gen. Stat. § 62-110(a), and Appendix A __, attached hereto, constitutes Aqua's Certificate of Public Convenience and Necessity covering the contiguous extension;
4. That Aqua's existing Schedule of Rates approved by Commission Order issued on October 26, 2020, in Docket No. W-218, Sub 526, is approved for water utility service in the Meadows of Banks, Phase 2, Subdivision; and
5. That a meter installation fee of \$70 for water service is approved for Meadows of Banks, Phase 2, Subdivision.

ISSUED BY ORDER OF THE COMMISSION.

This the ____ day of _____, 2021.

NORTH CAROLINA UTILITIES COMMISSION

Kimberley A. Campbell, Chief Clerk

**STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH**

DOCKET NO. W-218, SUB 521

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

AQUA NORTH CAROLINA, INC.

is given this acknowledgement of
contiguous extension to Aqua's
CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY
pursuant to N.C. Gen. Stat. § 62-110(a)

to provide water utility service

in

Meadows of Banks, Phase 2, Subdivision

Wake County, North Carolina,

subject to any orders, rules, regulations,
and conditions now or hereafter lawfully made
by the North Carolina Utilities Commission.

ISSUED BY ORDER OF THE COMMISSION.

This the ____ day of _____, 2021.

NORTH CAROLINA UTILITIES COMMISSION

Kimberley A. Campbell, Chief Clerk

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**STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH**

DOCKET NO. W-218, SUB 522

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of	
Notification by Aqua North Carolina, Inc.,)
202 MacKenan Court, Cary, North Carolina)
27511, of Intention to Begin Operations in an)
Area Contiguous to a Present Service Area to)
Provide Water and Sewer Utility Service in)
Forrest at Flowers Plantation Subdivision in)
Johnston County, North Carolina)
	ORDER RECOGNIZING
	CONTIGUOUS EXTENSION
	AND APPROVING RATES

BY THE COMMISSION: On September 9, 2019, Aqua North Carolina, Inc. (Aqua), filed a Notification of Intention to Begin Operations in Area Contiguous to Present Service Area (Notification) to provide water and sewer utility service in Forrest at Flowers Plantation Subdivision in Johnston County, North Carolina. Forrest at Flowers Plantation Subdivision is contiguous to Aqua's Bedford at Flowers Plantation service area in Johnston County, North Carolina. Aqua filed amendments to the Notification on September 11, 2019, and September 17, 2019. Aqua proposes to charge the rates currently approved for its Flowers Plantation Master System service areas.

The Public Staff – North Carolina Utilities Commission (Public Staff) presented this matter at the Commission's Regular Staff Conference on January 4, 2021. The Public Staff recommended that the Commission issue an order recognizing the contiguous extension and approving the requested rates.

Based upon the verified Notification, and the entire record in this matter, the Commission makes the following

FINDINGS OF FACT

1. Aqua presently holds water franchises serving approximately 82,000 customers and sewer franchises serving approximately 20,000 customers throughout North Carolina. Aqua's record of service is satisfactory.

2. Aqua presently serves 20 water and sewer customers in Forrest at Flowers Plantation Subdivision. Aqua expects eventually to serve 128 water and sewer customers in Forrest at Flowers Plantation Subdivision. The service area is shown on plans filed with the Notification.

3. The North Carolina Department of Environmental Quality, Division of Water Resources, Public Water Supply Section, has issued a plan approval letter for Forrest at Flowers Plantation Subdivision, part of Water System No. NC0351195. The plans are approved under serial number 19-00542, dated July 15, 2019.

4. The North Carolina Department of Environmental Quality, Division of Water Resources, has issued permit number WQ0040979, dated September 11, 2019, for the construction and operation of Forrest at Flowers Plantation Subdivision, wastewater collection system extension.

5. Aqua has entered into an Agreement dated September 5, 2019, and amended on September 11, 2019, with Meritage Homes of North Carolina, Inc. (Developer), under which Developer is installing the water and wastewater utility systems. Developer will pay to Aqua as a contribution in aid of construction (CIAC) the water capital cost recovery charges (presently \$6.25 per gallon per day of capacity) and the purchased bulk wastewater capacity fee (presently \$11.00 per gallon per day of capacity) due to Johnston County. In addition, Developer will pay to Aqua as CIAC the Buffalo Creek Pump Station and Force Main fee of \$220.41 per single-family residential equivalent (SFRE). Aqua is requesting a meter installation fee of \$70 for water service, to be paid one time by the builder or person first requesting service to a particular lot. Aqua is purchasing the water system from Developer for \$400 per SFRE, payable quarterly based on the number of water service meters installed during the previous quarter. Aqua is acquiring the wastewater system from Developer at no cost.

6. The Agreement states that prior to closing, Developer shall pay to Aqua the grossed-up tax payment applicable to contributions in aid of construction (CIAC). Aqua will not close and will not provide services until it receives such grossed-up tax payment. If Developer constructs in phases that are approved by Aqua, then the Agreement requirements associated with tax gross-up for CIAC shall apply to each phase.

7. Aqua has filed all exhibits required with the Notification.

8. Aqua has the technical, managerial, and financial capacity to provide water and sewer utility service in this franchise location.

9. Upon acquisition of the system, Aqua proposes to charge its uniform statewide water and sewer utility service rates, with the exception of the bulk purchased water system usage rate from Johnston County, approved in Docket Nos. W-218, Sub 526 and W-218, Sub 540.

10. The Public Staff has recommended that Aqua be required to post a \$20,000 bond for Forrest at Flowers Plantation Subdivision. Aqua currently has \$13,000,000 of bonds posted with the Commission. Of this amount, \$12,270,000 of bond surety is assigned to specific subdivisions and \$730,000 of bond surety is unassigned.

CONCLUSIONS

Based on the foregoing and the recommendations of the Public Staff, the Commission is of the opinion that \$20,000 of Aqua's unassigned bond surety should be assigned to the contiguous extension; that the contiguous extension by Aqua in Forrest at Flowers Plantation Subdivision should be recognized as meeting the Commission's criteria for the extension; that the meter installation fee and capacity fees for water and sewer utility service should be approved; and that the requested rates should be approved.

IT IS, THEREFORE, ORDERED as follows:

1. That \$20,000 of Aqua's unassigned bond surety is assigned to the Forrest at Flowers Plantation Subdivision. The remaining unassigned bond surety shall be \$620,000 (a total of \$110,000 is being assigned concurrently in Docket Nos. W-218, Subs 512, 514, 515, 516, 519, 521, 522, and 523);

2. That the contiguous extension of water and sewer utility service from Bedford at Flowers Plantation service area to Forrest at Flowers Plantation Subdivision in Johnston County, North Carolina, is recognized as meeting the Commission's criteria for the extension;

3. That the contiguous extension to Forrest at Flowers Plantation Subdivision in Johnston County, North Carolina is recognized as meeting the Commission's criteria for the extension pursuant to N.C. Gen. Stat. § 62-110(a), and Appendix A __, attached hereto, constitutes Aqua's Certificate of Public Convenience and Necessity covering the contiguous extension;

4. That Aqua's existing Schedule of Rates approved by Commission Orders issued on October 26, 2020, in Docket No. W-218, Sub 526, and on November 24, 2020, in Docket No. W-218, Sub 540, are approved for water and sewer utility service in the Forrest at Flowers Plantation Subdivision;

5. That a meter installation fee of \$70 and capacity fee of \$6.25 per gallon per day of capacity for water utility service are approved for Forrest at Flowers Plantation Subdivision; and

6 That a capacity fee of \$11.00 per gallon per day of capacity and \$220.41 per single-family residential equivalent connection for sewer utility service are approved for Forrest at Flowers Plantation Subdivision.

ISSUED BY ORDER OF THE COMMISSION.

This the ____ day of _____, 2021.

NORTH CAROLINA UTILITIES COMMISSION

Kimberley A. Campbell, Chief Clerk

**STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH**

DOCKET NO. W-218, SUB 522

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

AQUA NORTH CAROLINA, INC.

is given this acknowledgement of
contiguous extension to Aqua's
CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY
pursuant to N.C. Gen. Stat. § 62-110(a)

to provide water and sewer utility service

in

Forrest at Flowers Plantation Subdivision

Johnston County, North Carolina,

subject to any orders, rules, regulations,
and conditions now or hereafter lawfully made
by the North Carolina Utilities Commission.

ISSUED BY ORDER OF THE COMMISSION.

This the ____ day of _____, 2021.

NORTH CAROLINA UTILITIES COMMISSION

Kimberley A. Campbell, Chief Clerk

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**STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH**

DOCKET NO. W-218, SUB 523

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of		
Notification by Aqua North Carolina, Inc.,)	
202 MacKenan Court, Cary, North Carolina)	
27511, of Intention to Begin Operations in an	)	ORDER RECOGNIZING
Area Contiguous to a Present Service Area to	)	CONTIGUOUS EXTENSION
Provide Water Utility Service in Bloomfield,	)	AND APPROVING RATES
Phase 6, Subdivision in Wake County, North)	
Carolina)	

BY THE COMMISSION: On November 1, 2019, Aqua North Carolina, Inc. (Aqua), filed a Notification of Intention to Begin Operations in Area Contiguous to Present Service Area (Notification) to provide water utility service in Bloomfield, Phase 6, Subdivision in Wake County, North Carolina. Bloomfield, Phase 6, Subdivision is contiguous to Aqua's Bloomfield, Phase 1, service area, part of Myatt Mill Water System in Wake County, North Carolina. Aqua filed amendments to the Notification on December 11, 2020, and December 17, 2020. Aqua proposes to charge the rates currently approved for its other franchised service areas.

The Public Staff – North Carolina Utilities Commission (Public Staff) presented this matter at the Commission's Regular Staff Conference on January 4, 2021. The Public Staff recommended that the Commission issue an order recognizing the contiguous extension and approving the requested rates.

Based upon the verified Notification, and the entire record in this matter, the Commission makes the following

FINDINGS OF FACT

1. Aqua presently holds water franchises serving approximately 82,000 customers and sewer franchises serving approximately 20,000 customers throughout North Carolina. Aqua's record of service is satisfactory.

2. Aqua does not presently serve any water customers in Bloomfield, Phase 6, Subdivision. Aqua expects eventually to serve 44 water customers in Bloomfield, Phase 6, Subdivision. The service area is shown on plans filed with the Notification.

3. The North Carolina Department of Environmental Quality, Division of Water Resources, Public Water Supply Section, has issued a plan approval letter for Bloomfield, Phase 6, Subdivision, part of Water System No. NC4092201. The plans are approved under serial number 19-00936, dated April 20, 2020.

4. Aqua has entered into a Water Utility System Agreement (Agreement) dated October 3, 2019, with Ponderosa Group, LLC (Developer), under which Developer is installing the water utility system. Aqua is requesting a meter installation fee of \$70 for water service, to be paid one time by the builder or person first requesting service to a particular lot. Aqua is to pay the Developer up to \$1,200 per well towards costs associated with well testing. Aqua is purchasing the water system from Developer for \$1,750 per single-family residential equivalent, payable quarterly based on the number of water service meters installed during the previous quarter.

5. The Agreement states that prior to closing, Developer shall pay to Aqua the grossed-up tax payment applicable to contributions in aid of construction (CIAC). Aqua will not close and will not provide services until it receives such grossed-up tax payment. If Developer constructs in phases that are approved by Aqua, then the Agreement requirements associated with tax gross-up for CIAC shall apply to each phase.

6. Aqua has filed all exhibits required with the Notification.

7. Aqua has the technical, managerial, and financial capacity to provide water utility service in this franchise location.

8. Upon acquisition of the system, Aqua proposes to charge its uniform statewide water utility service rates approved in Docket No. W-218, Sub 526.

9. The Public Staff has recommended that Aqua be required to post a \$10,000 bond for Bloomfield, Phase 6, Subdivision. Aqua currently has \$13,000,000 of bonds posted with the Commission. Of this amount, \$12,270,000 of bond surety is assigned to specific subdivisions and \$730,000 of bond surety is unassigned.

CONCLUSIONS

Based on the foregoing and the recommendations of the Public Staff, the Commission is of the opinion that \$10,000 of Aqua's unassigned bond surety should be assigned to the contiguous extension; that the contiguous extension by Aqua in Bloomfield, Phase 6, Subdivision should be recognized as meeting the Commission's criteria for the extension; that the meter installation fee should be approved; and that the requested rates should be approved.

IT IS, THEREFORE, ORDERED as follows:

1. That \$10,000 of Aqua's unassigned bond surety is assigned to the Bloomfield, Phase 6, Subdivision. The remaining unassigned bond surety shall be \$620,000 (a total of \$110,000 is being assigned concurrently in Docket Nos. W-218, Subs 512, 514, 515, 516, 519, 521, 522, and 523);
2. That the contiguous extension of water utility service from Bloomfield, Phase 1, service area to Bloomfield, Phase 6, Subdivision in Wake County, North Carolina, is recognized as meeting the Commission's criteria for the extension;
3. That the contiguous extension to Bloomfield, Phase 6, Subdivision in Wake County, North Carolina is recognized as meeting the Commission's criteria for the extension pursuant to N.C. Gen. Stat. § 62-110(a), and Appendix A __, attached hereto, constitutes Aqua's Certificate of Public Convenience and Necessity covering the contiguous extension;
4. That Aqua's existing Schedule of Rates approved by Commission Order issued on October 26, 2020, in Docket No. W-218, Sub 526, is approved for water utility service in the Bloomfield, Phase 6, Subdivision; and
5. That a meter installation fee of \$70 for water service is approved for Bloomfield, Phase 6, Subdivision.

ISSUED BY ORDER OF THE COMMISSION.

This the ____ day of _____, 2021.

NORTH CAROLINA UTILITIES COMMISSION

Kimberley A. Campbell, Chief Clerk

**STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH**

DOCKET NO. W-218, SUB 523

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

AQUA NORTH CAROLINA, INC.

is given this acknowledgement of
contiguous extension to Aqua's
CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY
pursuant to N.C. Gen. Stat. § 62-110(a)

to provide water utility service

in

Bloomfield, Phase 6, Subdivision

Wake County, North Carolina,

subject to any orders, rules, regulations,
and conditions now or hereafter lawfully made
by the North Carolina Utilities Commission.

ISSUED BY ORDER OF THE COMMISSION.

This the ____ day of _____, 2021.

NORTH CAROLINA UTILITIES COMMISSION

Kimberley A. Campbell, Chief Clerk

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**STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH**

DOCKET NO. W-218, SUB 526A

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of
Application by Aqua North Carolina, Inc.,) ORDER APPROVING WATER AND
202 MacKenan Court, Cary, North) SEWER SYSTEM IMPROVEMENT
Carolina 27511, for Approval of Semi-) CHARGES ON A PROVISIONAL
Annual Adjustments to Water and Sewer) BASIS AND REQUIRING CUSTOMER
System Improvement Charges pursuant) NOTICE
to N.C. Gen. Stat. § 62-133.12)

BY THE COMMISSION: On October 29, 2020, Aqua North Carolina, Inc. (Aqua), filed an application requesting authority to adjust its Water System Improvement Charges (WSIC) and Sewer System Improvement Charges (SSIC) effective January 1, 2021, pursuant to Commission Rules R7-39 and R10-26 (Application).

On December 18, 2020, the Public Staff filed a Notice of Public Staff's Plan to Present Comments and Recommendation (Notice) at the Commission's January 4, 2021, Regular Staff Conference. This Notice is incorporated by reference herein.

On January 4, 2021, Public Staff presented this matter to the Commission at the Regular Staff Conference.

On the basis of the verified Application, the records of the Commission, and the comments and recommendations of the Public Staff, the Commission makes the following

FINDINGS OF FACT

1. Aqua is a corporation duly organized under the laws of and is authorized to do business in the State of North Carolina. Aqua is a franchised public utility providing water and/or sewer utility service to customers in North Carolina.

2. Aqua's WSIC and SSIC percentages were reset to zero as of October 26, 2020, the effective date of Aqua's new base rates in its general rate case, Docket No. W-218, Sub 526 (Sub 526 Rate Case). This is Aqua's first filing to implement charges under the WSIC and SSIC mechanisms since the Sub 526 Rate Case.

3. The implementation of the WSIC and SSIC for Aqua was first approved by the Commission on December 22, 2014, effective January 1, 2015. The WSIC and SSIC procedures allow for semi-annual adjustments to Aqua's rates every January 1st and July 1st based upon reasonable and prudently incurred investment in eligible system improvements completed and placed in service prior to the filing of the request.

4. Aqua is requesting authority to impose the following WSIC and SSIC percentages effective for service rendered on and after January 1, 2021:

	<u>WSIC/SSIC Revenue Requirement</u>	<u>Projected Service Revenues</u>	<u>WSIC/SSIC Percentage</u>
Uniform water	\$139,175	\$38,546,489	0.36%
Uniform sewer	\$85,893	\$17,370,725	0.49%
Fairways water	\$0	N/A	0.00%
Fairways sewer	\$1,018	\$2,190,669	0.05%
Brookwood water	\$0	N/A	0.00%

5. The WSIC and SSIC percentages above do not include the Experience Modification Factor (EMF) adjustments from the 2019 annual WSIC and SSIC revenue review which went into effect on July 1, 2020. The impact of the 2019 EMF on Aqua's requested WSIC and SSIC percentages are as follows:

	<u>WSIC/SSIC Percentage</u>	<u>2019 Experience Modification Factor</u>	<u>Cumulative WSIC/SSIC Percentage</u>
Uniform water	0.36%	-0.020%	0.34%
Uniform sewer	0.49%	-0.005%	0.49%
Fairways water	0.00%	0.010%	0.01%
Fairways sewer	0.05%	0.005%	0.06%
Brookwood water	0.00%	-0.010%	-0.01%

6. Pursuant to N.C. Gen. Stat. § 62-133.12(g), the cumulative WSIC and SSIC percentages are capped at 5% of total annual service revenues approved by the Commission in the Sub 526 Rate Case, resulting in the following maximum revenue requirements for water and sewer operations:

	<u>Sub 526 Annual Service Revenues</u>	<u>Maximum WSIC/SSIC Percentage</u>	<u>Maximum WSIC/SSIC Revenue Requirement</u>
Uniform water	\$38,546,489	x 5% =	\$1,927,324
Uniform sewer	\$16,426,070	x 5% =	\$821,304
Fairways water	\$1,159,708	x 5% =	\$57,985
Fairways sewer	\$2,152,586	x 5% =	\$107,629
Brookwood water	\$6,433,919	x 5% =	\$321,696

As shown above, Aqua's proposed WSIC and SSIC revenue requirements do not exceed the maximum WSIC and SSIC revenue requirement for water and sewer operations.

7. Aqua is proposing the above increases/decreases in the WSIC and SSIC in order to recover the incremental depreciation and capital costs associated with the following WSIC and SSIC projects completed and placed in service from April 1, 2020, through September 30, 2020:

Secondary drinking water standards	\$1,209,775
Primary drinking water standards	47,280
Total WSIC plant additions	<u>\$1,257,055</u>
Replace of headworks/fine screen at WWTP	\$335,883
Lift station and grinder pump replacement	284,913
Replace motors and blowers	84,101
Inflow and infiltration	34,867
Total SSIC plant additions	<u>\$739,764</u>

8. Under N.C. Gen. Stat. § 62-133.12(c), eligible water system improvements include "equipment and infrastructure installed at the direction of the Commission to comply with secondary drinking water standards." During the six months ended September 30, 2020, Aqua installed four iron and manganese filter projects in the following subdivisions at a total cost of \$1,209,775:

Duncan Ridge, Well #5	\$293,213
Barton Creek Overlook, Well #1	343,946
Chari Heights, Well #1	286,517
Vintage Acres, Well #1	286,099
Total Fe/Mn filter projects	<u>\$1,209,775</u>

The Commission authorized the implementation of these filtration projects in its Order Approving Secondary Water Quality Improvement Projects issued on September 16, 2019 and April 3, 2020, in Docket No. W-218, Sub 497A.

9. As stated by the Commission in its June 6, 2014, *Order Adopting Rules to Implement N.C. Gen. Stat. § 62-133.12*, in Docket No. W-100, Sub 54, the Public Staff is to review all infrastructure improvements proposed for recovery for eligibility and reasonableness prior to making its recommendation to the Commission on WSIC or SSIC rate adjustments. Furthermore, any WSIC or SSIC rate adjustments will be allowed to become effective, but not unconditionally approved. These adjustments shall be further examined for a determination of their justness and reasonableness in a utility's next general rate case. At that time, the adjustments may be rescinded retroactively if the Commission determines that the adjustments were not prudent, just and/or reasonable.

10. The Public Staff has carefully reviewed Aqua's stated WSIC and SSIC improvements, including reviewing in detail construction work in progress ledgers and transactions, invoices, work orders, engineering certifications and other accounting records. Based on this review, the Public Staff is recommending the following adjustments to Aqua's WSIC and SSIC revenue requirement:

1) Correction to accumulated depreciation – Aqua understated the amount of 2020 accumulated depreciation calculated on pumping equipment used in determining the SSIC revenue requirement for Fairways & Beau Rivage. In response to Public Staff data request, Aqua acknowledged that there was a formula error in the Excel file used to calculate accumulated depreciation and provided the Public Staff with an updated Appendix B which corrected this error. The effect of the accumulated depreciation adjustment reduces the overall revenue requirement for Fairways & Beau Rivage wastewater operations however, the proposed SSIC percentage did not change based on the projected 2021 non-SSIC revenues.

2) Adjust WSIC/SSIC percentages to include EMF – Aqua inadvertently omitted the 2019 EMF percentages from the cumulative WSIC/SSIC percentages requested in this proceeding. The 2019 EMF, which went into effect on July 1, 2020, will remain in effect through June 30, 2021. In response to Public Staff data request, Aqua stated that the omission of the EMF percentages from this proceeding was an oversight on the part of the Company.

3) Adjustment to remove grinder pumps – Aqua included \$153,268 of grinder pump replacements in plant in service used to calculate the SSIC revenue requirement for Uniform Sewer operations. The grinder pump projects included 44 individual grinder pump replacements. Based on Aqua’s response to Public Staff data request, the Public Staff has determined that these grinder pump replacements did not benefit the entire system in which they were replaced but benefited individual customers in each subdivision. Additionally, the average cost of the grinder pump projects was approximately \$3,460, making them a low cost plant addition that will erode the 5% revenue requirement allowed in between general rate cases. Finally, the grinder pumps were not included in Aqua’s most recent Ongoing Three-Year WSIC/SSIC Plan filed with the Commission on March 2, 2020 and have not been evaluated by the Public Staff prior to inclusion of the grinder pumps in the SSIC surcharge application. Therefore, the grinder pumps should not be allowed for SSIC recovery.

11. Based on the adjustments above, the Public Staff recommends the following adjustments to the WSIC and SSIC revenue requirements and percentages proposed by Aqua:

	WSIC/SSIC Percentage Per Aqua	WSIC/SSIC Revenue Requirement Per Public Staff	Impact of Public Staff Adjustments	WSIC/SSIC Percentage Per Public Staff
Uniform water	0.36%	\$139,175	-0.02%	0.34%
Uniform sewer	0.49%	\$62,761	-0.13%	0.36%
Fairways/Beau Riv. water	0.00%	\$0	0.01%	0.01%
Fairways/Beau Riv. sewer	0.05%	\$1,009	0.01%	0.06%
Brookwood/LaGrange water	0.00%	\$0	-0.01%	-0.01%

12. On December 29, 2020, Aqua filed a letter in this docket in which Aqua indicated:

“Aqua appreciates the Public Staff’s review and agrees with its recommendations, except for paragraph number 3 (at pages 5 – 6), which makes an adjustment of \$153,268 for removal of grinder pumps. Though not in agreement about the fundamental eligibility of grinder pumps for recovery under G.S. 62-133.12, in light of the Commission’s useful guidance in the recent CWSNC Order and in the interest of efficiency, Aqua withdraws from consideration in this case the grinder pumps, respectfully reserving the right to present them for consideration in a future SSIC surcharge case, with additional support and under a procedure that is more consistent with that prescribed by the Commission in the CWSNC Sub 364A case.

13. Based on the Public Staff's investigation to date, the Public Staff recommended that Aqua be allowed to implement the Public Staff proposed WSIC and SSIC percentages effective for service rendered on or after January 1, 2021, subject to true-up. The Public Staff will continue to review the justness, prudence, and reasonableness of these improvements during its review of Aqua's future WSIC and SSIC filings and in Aqua's next general rate case.

CONCLUSIONS

Based upon the foregoing, the Commission concludes that Aqua should be allowed to implement the Public Staff proposed increases/decreases in the WSIC and SSIC percentages effective for service rendered on and after January 1, 2021. These WSIC or SSIC rate adjustments, while allowed to become effective, are not unconditionally approved, and will be subject to further examination for justness and reasonableness in the WSIC and SSIC annual review and reconciliation and Aqua's next general rate case.

IT IS, THEREFORE, ORDERED as follows:

1. That Aqua is authorized to implement the recommended Water and Sewer System Improvement Charges set forth in the attached Appendix A-4 to Aqua's Schedule of Rates effective for service rendered on and after January 1, 2021, subject to true-up. The rates contained therein are provisional and subject to review in Aqua's next general rate case;

2. That the attached Appendix A-4 is approved and is deemed filed with the Commission pursuant to N.C. Gen. Stat. § 62-138; and

3. That Aqua shall mail to each of its customers with the next regularly scheduled customer billing the Commission-approved customer notice.⁵

ISSUED BY ORDER OF THE COMMISSION.

This the ____ day of _____, 2021.

NORTH CAROLINA UTILITIES COMMISSION

Kimberley A. Campbell, Chief Clerk

⁵ Three separate customer notices are attached hereto as Attachments A, B, and C, respectively. The separate customer notices are intended to minimize customer confusion. Aqua shall mail the appropriate customer notice to each of its customers with the next regular customer billing.

**AQUA NORTH CAROLINA, INC.
WATER AND SEWER SYSTEM IMPROVEMENT CHARGES**

WATER SYSTEM IMPROVEMENT CHARGE

All Aqua NC water systems except as noted below	0.34% <u>1/</u> , <u>2/</u>
Water systems in Brookwood and LaGrange service areas	-0.01% <u>1/</u> , <u>3/</u>
Water systems in Fairways and Beau Rivage service areas	0.01% <u>1/</u> , <u>3/</u>

SEWER SYSTEM IMPROVEMENT CHARGE

All Aqua NC sewer systems except as noted below	0.36% <u>4/</u> , <u>2/</u>
Sewer systems in Fairways and Beau Rivage service areas	0.06% <u>4/</u> , <u>2/</u>

- 1/ The Water System Improvement Charge will be applied to the total water utility bill of each customer under the Company's applicable rates and charges.
- 2/ The Water System Improvement Charge and Sewer System Improvement Charge include the Experience Modification Factor that went in effect on July 1, 2020 and will cease on June 30, 2021.
- 3/ The Water System Improvement Charge is the Experience Modification Factor that went in effect on July 1, 2020 and will cease on June 30, 2021.
- 4/ The Sewer System Improvement Charge will be applied to the total sewer utility bill of each customer under the Company's applicable rates and charges.

[Back to Agenda](#)

Issued in Accordance with Authority Granted by the North Carolina Utilities Commission in Docket No. W-218, Sub 526A on this the ____ day of _____, 2021.

**STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH**

DOCKET NO. W-218, SUB 526A

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of
Application by Aqua North Carolina, Inc.,)
202 MacKenan Court, Cary, North) NOTICE TO CUSTOMERS IN
Carolina 27511, for Approval of Semi-) BROOKWOOD / LAGRANGE
Annual Adjustments to Water and Sewer) SERVICE AREAS
System Improvement Charges pursuant)
to N.C. Gen. Stat. § 62-133.12)

NOTICE IS HEREBY GIVEN that the North Carolina Utilities Commission (Commission) has issued an Order dated January __, 2021, pursuant to N.C. Gen. Stat. § 62-133.12 and Commission Rules R7-39 and R10-26, authorizing Aqua North Carolina, Inc. (Aqua), to adjust its Water System Improvement Charge (WSIC) effective for service rendered on and after January 1, 2021, in Aqua's Brookwood/LaGrange service areas in Cumberland and Hoke Counties, in North Carolina.

By Order entered in Docket No. W-218, Sub 363, on May 2, 2014, the Commission approved Aqua's request, pursuant to N.C. Gen. Stat. § 62-133.12, for authority to implement a semi-annual water and sewer system improvement charge (WSIC/SSIC) adjustment mechanism designed to recover the incremental costs associated with eligible investments in certain water and sewer infrastructure improvement projects completed and placed in service between general rate case proceedings. The WSIC/SSIC mechanism is subject to Commission approval and to audit and refund provisions. Any cumulative system improvement charge recovered pursuant to the WSIC/SSIC mechanism may not exceed 5% of the total annual service revenues approved by the Commission in Aqua's last general rate case. WSIC and SSIC charges for Aqua were first approved by the Commission on December 22, 2014, effective January 1, 2015. The WSIC and SSIC procedures allow for semi-annual adjustments to Aqua's rates every January 1 and July 1.

The Public Staff – North Carolina Utilities Commission (Public Staff) has carefully reviewed Aqua’s stated WSIC improvements, including reviewing in detail construction work in progress ledgers and transactions, invoices, work orders, engineering certifications and other accounting records. On December 18, 2020, the Public Staff filed a Notice of Public Staff’s Plan to Present Comments and Recommendations at the Commission’s January 4, 2021, Regular Staff Conference (Notice).

Based on the application filed by Aqua and the Public Staff’s Notice and recommendations, the Commission has approved the following WSIC charge for the Brookwood and LaGrange service areas, effective for service rendered on and after January 1, 2021:

	<u>Aqua Proposed Percentage</u>	<u>Public Staff Recommended Percentage</u>	<u>Commission Approved Percentage</u>
WSIC	0.00%	-0.01%	-0.01%

The approved WSIC percentage of (0.01%) will be applied to the water utility bill of each customer under Aqua’s applicable service rates and charges.

The (0.01%) WSIC percentage will not result in a decrease to the monthly average residential bill for a customer using the average of 5,069 gallons per month.

Additional information regarding the WSIC/SSIC mechanism is contained in the Commission’s Order dated May 2, 2014, in Docket No. W-218, Sub 363, the Commission’s Order Adopting Rules to Implement N.C. Gen. Stat. § 62-133.12, dated June 6, 2014, in Docket No. W-100, Sub 54, the Aqua NC WSIC and SSIC Application filed October 29, 2020, the December 18, 2020, Public Staff Notice, and the January ___, 2021 Commission Order in Docket No. W-218, Sub 526A, all of which can be accessed from the Commission’s website at www.ncuc.net, under Docket Portal, using the Docket Search feature for the docket numbers stated above (i.e., for Docket No. key: W-218 Sub 526A).

Parties interested in receiving notice of these filings may subscribe to the Commission's electronic notification system through the Commission's website at www.ncuc.net.

ISSUED BY ORDER OF THE COMMISSION.

This the ____ day of _____, 2021.

NORTH CAROLINA UTILITIES COMMISSION

Kimberley A. Campbell, Chief Clerk

**STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH**

DOCKET NO. W-218, SUB 526A

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of
Application by Aqua North Carolina, Inc.,)
202 MacKenan Court, Cary, North) NOTICE TO CUSTOMERS IN
Carolina 27511, for Approval of Semi-) FAIRWAYS AND BEAU RIVAGE
Annual Adjustments to Water and Sewer) SERVICE AREAS
System Improvement Charges pursuant)
to N.C. Gen. Stat. § 62-133.12)

NOTICE IS HEREBY GIVEN that the North Carolina Utilities Commission (Commission) has issued an Order dated January __, 2021, pursuant to N.C. Gen. Stat. § 62-133.12 and Commission Rules R7-39 and R10-26, authorizing Aqua North Carolina, Inc. (Aqua), to adjust its Water System Improvement Charge (WSIC) and Sewer System Improvement Charge (SSIC) effective for service rendered on and after January 1, 2021, in Aqua's Fairways and Beau Rivage service areas in New Hanover County, North Carolina.

By Order entered in Docket No. W-218, Sub 363, on May 2, 2014, the Commission approved Aqua's request, pursuant to N.C. Gen. Stat. § 62-133.12, for authority to implement a semi-annual water and sewer system improvement charge (WSIC/SSIC) adjustment mechanism designed to recover the incremental costs associated with eligible investments in certain water and sewer infrastructure improvement projects completed and placed in service between general rate case proceedings. The WSIC/SSIC mechanism is subject to Commission approval and to audit and refund provisions. Any cumulative system improvement charge recovered pursuant to the WSIC/SSIC mechanism may not exceed 5% of the total annual service revenues approved by the Commission in Aqua's last general rate case. WSIC and SSIC charges for Aqua were first approved by the Commission on December 22, 2014, effective January 1, 2015. The WSIC and SSIC procedures allow for semi-annual adjustments to Aqua's rates every January 1 and July 1.

The Public Staff – North Carolina Utilities Commission (Public Staff) has carefully reviewed Aqua’s stated WSIC and SSIC improvements, including reviewing in detail construction work in progress ledgers and transactions, invoices, work orders, engineering certifications and other accounting records. On December 18, 2020, the Public Staff filed a Notice of Public Staff’s Plan to Present Comments and Recommendations at the Commission’s January 4, 2021, Regular Staff Conference (Notice).

Based on the application filed by Aqua and the Public Staff’s Notice and recommendations, the Commission has approved the following WSIC and SSIC charge for the Fairways and Beau Rivage service areas, effective for service rendered on and after January 1, 2021:

	<u>Aqua Proposed Percentage</u>	<u>Public Staff Recommended Percentage</u>	<u>Commission Approved Percentage</u>
WSIC	0.00%	0.01%	0.01%
SSIC	0.05%	0.06%	0.06%

The WSIC percentage of 0.01% will be applied to the water utility bill of each customer, and the SSIC percentage of 0.06% will be applied to the sewer utility bill of each customer, under Aqua’s applicable service rates and charges.

The approved 0.01% WSIC percentage will not result in an increase to the monthly average residential bill for a customer using the average of 7,151 gallons per month. The 0.01% WSIC percentage also will also not result in an increase to the monthly bills for the customers on water systems where Aqua purchases bulk water.

The 0.06% SSIC percentage results in a \$0.03 increase to the monthly residential customer flat rate sewer bill.

Additional information regarding the WSIC/SSIC mechanism is contained in the Commission's Order dated May 2, 2014, in Docket No. W-218, Sub 363, the Commission's Order Adopting Rules to Implement N.C. Gen. Stat. § 62-133.12, dated June 6, 2014, in Docket No. W-100, Sub 54, the Aqua NC WSIC/SSIC Application filed October 29, 2020, the December 18, 2020, Public Staff Notice, and the January____, 2021 Commission Order in Docket No. W-218, Sub 526A, all of which can be accessed from the Commission's website at www.ncuc.net, under Docket Portal, using the Docket Search feature for the docket numbers stated above (i.e., for Docket No. key: W-218 Sub 526A).

Parties interested in receiving notice of these filings may subscribe to the Commission's electronic notification system through the Commission's website at www.ncuc.net.

ISSUED BY ORDER OF THE COMMISSION.

This the ____ day of _____, 2021.

NORTH CAROLINA UTILITIES COMMISSION

Kimberley A. Campbell, Chief Clerk

**STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH**

DOCKET NO. W-218, SUB 526A

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of
Application by Aqua North Carolina, Inc.,)
202 MacKenan Court, Cary, North) NOTICE TO CUSTOMERS
Carolina 27511, for Approval of Semi-) IN AQUA NORTH CAROLINA
Annual Adjustments to Water and Sewer) UNIFORM RATES SERVICE AREAS
System Improvement Charges pursuant)
to N.C. Gen. Stat. § 62-133.12)

NOTICE IS HEREBY GIVEN that the North Carolina Utilities Commission (Commission) has issued an Order dated January __, 2021, pursuant to N.C. Gen. Stat. § 62-133.12 and Commission Rules R7-39 and R10-26, authorizing Aqua North Carolina, Inc. (Aqua), to adjust its Water System Improvement Charge (WSIC) and Sewer System Improvement Charge (SSIC) effective for service rendered on and after January 1, 2021, in its service areas in North Carolina.

By Order entered in Docket No. W-218, Sub 363, on May 2, 2014, the Commission approved Aqua's request, pursuant to N.C. Gen. Stat. § 62-133.12, for authority to implement a semi-annual water and sewer system improvement charge (WSIC/SSIC) adjustment mechanism designed to recover the incremental costs associated with eligible investments in certain water and sewer infrastructure improvement projects completed and placed in service between general rate case proceedings. The WSIC/SSIC mechanism is subject to Commission approval and to audit and refund provisions. Any cumulative system improvement charge recovered pursuant to the WSIC/SSIC mechanism may not exceed 5% of the total annual service revenues approved by the Commission in Aqua's last general rate case. WSIC and SSIC for Aqua were first approved by the Commission on December 22, 2014, effective January 1, 2015. The WSIC and SSIC procedures allow for semi-annual adjustments to Aqua's rates every January 1 and July 1.

The Public Staff – North Carolina Utilities Commission (Public Staff) has carefully reviewed Aqua’s stated WSIC and SSIC improvements, including reviewing in detail construction work in progress ledgers and transactions, invoices, work orders, engineering certifications and other accounting records. On December 18, 2020, the Public Staff filed a Notice of Public Staff’s Plan to Present Comments and Recommendations at the Commission’s January 4, 2021, Regular Staff Conference (Notice).

Based on the application filed by Aqua and the Public Staff’s Notice and recommendations, the Commission has approved the following WSIC and SSIC charge for the Aqua’s uniform service areas, effective for service rendered on and after January 1, 2021:

	<u>Aqua Proposed Percentage</u>	<u>Public Staff Recommended Percentage</u>	<u>Commission Approved Percentage</u>
WSIC	0.36%	0.34%	0.34%
SSIC	0.49%	0.36%	0.36%

The WSIC percentage of 0.34% will be applied to the water utility bill of each customer, and the SSIC percentage of 0.49% will be applied to the sewer utility bill of each customer, under Aqua’s applicable service rates and charges.

The approved 0.34% WSIC percentage results in a \$0.18 increase to the monthly average residential bill for a customer using the average of 4,871 gallons per month. The 0.34% WSIC percentage also will apply to the monthly bills for the customers on water systems where Aqua purchases bulk water.

The approved 0.36% SSIC percentage results in a \$0.27 increase to the monthly residential flat rate sewer bill. The 0.36% SSIC percentage will also apply to the monthly metered bills for customers on sewer systems where Aqua purchases bulk sewer treatment.

Additional information regarding the WSIC/SSIC mechanism is contained in the Commission’s Order dated May 2, 2014, in Docket No. W-218, Sub 363, the Commission’s Order Adopting Rules to Implement N.C. Gen. Stat. § 62-133.12, dated June 6, 2014, in Docket No. W-100, Sub 54, the Aqua NC WSIC/SSIC Application filed October 29, 2020, the December 18, 2020, Public Staff Notice, and the January ___, 2021 Commission Order in Docket No. W-218, Sub 526A, all of which can be accessed from the Commission’s website at www.ncuc.net, under Docket Portal, using the Docket

Search feature for the docket numbers stated above (i.e., for Docket No. key: W-218 Sub 526A).

Parties interested in receiving notice of these filings may subscribe to the Commission's electronic notification system through the Commission's website at www.ncuc.net.

ISSUED BY ORDER OF THE COMMISSION.

This the ____ day of _____, 2021.

NORTH CAROLINA UTILITIES COMMISSION

Kimberley A. Campbell, Chief Clerk

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**STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH**

DOCKET NO. W-218, SUB 526A

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

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

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

Commission Rules R7-39(f) and R10-26(f) provide that once WSIC/SSIC mechanisms are approved and eligible water and sewer system improvements are in service, the utility (in this case, Aqua) may file a request with the Commission for authority to impose water and sewer system improvement charges pursuant to the mechanisms.

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

On December 9, 2020, Aqua filed an application for approval to implement three secondary water quality system improvement projects pursuant to N.C. Gen. Stat. § 62-133.12 and Commission Rule R7-39. The projects and the estimated costs are summarized below.

<u>System</u>	<u>County</u>	<u>Pumping Capacity Gallons Per Minute</u>	<u>Aqua Estimated Cost 000's</u>
The Cape Well 8	New Hanover	300	\$680-\$705
Enclave at Barton's Creek Well 18	Wake	51	\$274-\$299
Whitetail Farms Well 1	Wake	21	\$222.4-\$247.4
		Total	\$1.1764-\$1.2514 Million

On December 30, 2020, the Public Staff filed its Report and Recommendations regarding Aqua's applications. The Public Staff stated that it had thoroughly reviewed the filter projects proposed by Aqua. Based upon its review of documents and other information provided by Aqua, site visits, and discussions with customers and Aqua's engineers and operations managers, the Public Staff recommended that the Commission approve the implementation of the proposed secondary water quality projects.

In its Application at paragraph 9, Aqua states the Company will make this capital investment in the water systems by July 2021. However, footnote 1 states "The Cape filtration project is projected to cost approximately \$680,000 - \$705,000 and is expected to be complete and in-service by December 2020." This footnote indicates that the filter project is complete or nearly complete. Consequently, it appears the project was undertaken and costs were incurred before the Company was directed or authorized by the Commission to implement this project. N.C.G.S. § 62-133.12(c)(4) defines "eligible water system improvements" as "[e]quipment and infrastructure installed at the direction of the Commission to comply with secondary drinking water standards." Therefore, the Public Staff stated that The Cape Well 8 filter project does not meet the definition of eligible water system improvement set out in the statute and may not be eligible for accelerated rate recovery through the WSIC mechanism.

In recommending approval of the projects, the Public Staff advised that decisions to install filters, such as greensand or manganese dioxide, be made judiciously, as installation of such filters is many times more costly than sequestration coupled with adequate flushing. According to the Public Staff, the annual revenue requirement increase for the minimum estimated capital expenditure of \$1,176,400 for these three filtration systems is approximately \$143,073 compared to the annual revenue requirement for the chemical cost for sequestration of approximately \$1,737. The Public Staff stated that the sequestration treatment of iron and manganese with polyphosphates and orthophosphates on water from North Carolina water wells, coupled with comprehensive

water main flushing programs, has largely provided adequate secondary standard water quality on many water systems at a very reasonable cost. The process of testing whether

the iron and manganese are soluble (clear liquid) or insoluble (solid particles and visible) in raw untreated water at the well head, after treatment with polyphosphate/orthophosphate or SeaQuest at the entry point, and in the distribution system, has been widely used in North Carolina for many years and provides extremely valuable information to assist in evaluations of whether filtration is necessary. These treatment processes are exponentially less expensive than an iron and manganese filtration system. The Public Staff recognized, however, that for secondary water quality issues of considerable magnitude and consistency, sequestration treatment and flushing may not be effective and may necessitate filtration.

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

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

The Public Staff presented this matter to the Commission at its regular Staff Conference on January 4, 2021. The Public Staff stated that the filters are necessary for Aqua to provide adequate secondary standard water quality. The Public Staff therefore recommended that the Commission approve Aqua's proposed secondary water quality projects.

Based upon the foregoing, Aqua's applications, the Public Staff's Report and Recommendations, and the entire record in this matter, the Commission finds and

concludes that Aqua should proceed to implement secondary standard water quality improvements through the installation of Aqua's proposed filtration projects.

EXHIBIT NO. P-10
PAGE 4 OF 4

IT IS, THEREFORE, ORDERED as follows:

1. That Aqua North Carolina, Inc. is authorized to implement the three filtration projects proposed in its December 9, 2020, application to comply with secondary water quality standards.

ISSUED BY ORDER OF THE COMMISSION.

This the ____ day of January, 2021.

NORTH CAROLINA UTILITIES COMMISSION

Kimberley A. Campbell, Chief Clerk

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**STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH**

DOCKET NO. W-218, SUB 544

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of

Application by Aqua North Carolina, Inc., 202)
MacKenan Court, Cary, North Carolina 27511, for)
Authority to Transfer Its Systems Providing Water)
Utility Service in Shepherds Way and The Oaks at)
Hunter Hill Subdivisions in Nash County, North)
Carolina, to Nash County, Which is Exempt from)
Commission Regulation)

ORDER REQUIRING
CUSTOMER NOTICE

BY THE COMMISSION: On November 25, 2020, Aqua North Carolina, Inc. (Aqua), filed an application with the Commission for authority to transfer franchises for providing water utility service in Shepherds Way and The Oaks at Hunter Hill Subdivisions in Nash County to Nash County (County), which is exempt from Commission regulation.

Aqua's present rates and the County's present rates for water utility service are as follows:

Aqua's Present Rates

Monthly Metered Water Utility Service

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

<1" meter	\$ 20.70
1" meter	\$ 51.75
1½" meter	\$ 103.50
2" meter	\$ 165.00
3" meter	\$ 310.50
4" meter	\$ 517.50
6" meter	\$ 1,035.00

Usage charge, per 1,000 gallons	\$ 6.38
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County's Present Rates⁶**Monthly Metered Water Utility Service**

Base fee	\$	30.00
Tiered usage charge, per 1,000 gallons		
1 - 3,000 gallons	\$	6.00
3,001 - 6,000 gallons	\$	7.75
6,001 - 9,000 gallons	\$	9.50
9,001 - 12,000 gallons	\$	10.25
12,000 + gallons	\$	11.00

Note: Water Conservation Rate Structure – If the County Manager approves Stage 3 or Stage 4 water restrictions, the following multipliers will come into effect immediately to the current billing cycle. Stage 3, all water usages above 5,000 gallons will be billed with an additional 10% charge above the rates provided above. Stage 4, all water usages above 1,000 gallons will be billed with an additional 25% charge above the rates provided above. Conservation Rates also apply to Bailey Area system. Applicable fines for violations of any restrictions are provided in the County's most recent "Water Shortage Response Plan" document.

The County's rates would increase the monthly metered water bill by \$10.90, from \$52.60 to \$63.50, based on 5,000 gallons usage.

This matter was presented at the Commission's Regular Staff Conference on January 4, 2021. The Public Staff stated that it had reviewed the application and recommended that Aqua be required to deliver notice to affected customers of the applied for transfer of the water utility systems from Aqua to the County and that the matter be determined without public hearing if no significant protests are received subsequent to customer notice.

Based on the foregoing and the recommendations of the Public Staff, the Commission is of the opinion that customer notice should be required and that this matter may be determined without public hearing if no significant protests are received subsequent to customer notice.

EXHIBIT NO. P-11

⁶ Nash County Public Utility Department Fee Schedule available at <https://www.nashcountync.gov/DocumentCenter/View/2497/Fee-Schedule?bid> (last visited December 2, 2020).

IT IS, THEREFORE, ORDERED that the Notice to Customers, attached as Appendix A, be mailed with sufficient postage or hand delivered by Aqua to all customers affected by the transfer and proposed new rates no later than 15 days after the date of this Order; and that the Applicant submit to the Commission the attached Certificate of Service properly signed and notarized not later than 15 days after the date of this Order.

ISSUED BY ORDER OF THE COMMISSION.

This the ____ day of _____, 2021.

NORTH CAROLINA UTILITIES COMMISSION

Kimberley A. Campbell, Chief Clerk

**STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH**

DOCKET NO. W-218, SUB 544

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of

Application by Aqua North Carolina, Inc., 202)
MacKenan Court, Cary, North Carolina 27511, for)
Authority to Transfer Its Systems Providing Water) NOTICE TO
Utility Service in Shepherds Way and The Oaks) CUSTOMERS
at Hunter Hill Subdivisions in Nash County, North)
Carolina, to Nash County, Which is Exempt from)
Commission Regulation)

NOTICE IS HEREBY GIVEN that Aqua North Carolina, Inc. (Aqua or Applicant), filed an application with the Commission for authority to transfer franchises for providing water utility service in Shepherds Way and The Oaks at Hunter Hill Subdivisions in Nash County to Nash County (County), which is exempt from Commission regulation.

Aqua's present rates and the County's present rates for water utility service are as follows:

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EFFECT OF THE RATES:

The County's rates would increase the monthly metered water bill by \$10.90, from \$52.60 to \$63.50, based on 5,000 gallons usage.

PROCEDURE FOR PUBLIC HEARING:

At this point no public hearing has been scheduled. The Commission may decide this matter without a public hearing if no significant protests are received from consumers within 45 days of the date of this notice. If a public hearing is held, it will be conducted in or near your community. Correspondence concerning the transfer or the need for a public hearing should be directed to the Public Staff – North Carolina Utilities Commission (Public Staff).

EXHIBIT NO. P-11

⁷ Nash County Public Utility Department Fee Schedule available at <https://www.nashcountync.gov/DocumentCenter/View/2497/Fee-Schedule?bid> (last visited December 2, 2020).

The Public Staff is authorized by statute to represent consumers in proceedings before the Commission. Written statements/protests to the Public Staff should include any information that the writer wishes to be considered by the Public Staff in its investigation of the matter, and such statements should be addressed to Mr. Christopher J. Ayers, Executive Director, Public Staff, 4326 Mail Service Center, Raleigh, North Carolina 27699-4326. Written statements may also be faxed to (919) 715-6704 or e-mailed to statements@ncuc.net.

The Attorney General is also authorized by statute to represent consumers in proceedings before the Commission. Statements/protests to the Attorney General should be addressed to The Honorable Josh Stein, Attorney General, 9001 Mail Service Center, Raleigh, North Carolina 27699-9001.

Persons desiring to intervene in the matter as formal parties of record should file a motion under North Carolina Utilities Commission Rules R1-6, R1-7, and R1-19 no later than 45 days after the date of this notice. These motions should be filed with the North Carolina Utilities Commission, 4325 Mail Service Center, Raleigh, North Carolina 27699-4300.

Information regarding this proceeding can be accessed from the Commission's website at www.ncuc.net under the docket number of this proceeding.

ISSUED BY ORDER OF THE COMMISSION.

This the ____ day of _____, 2021.

NORTH CAROLINA UTILITIES COMMISSION

Kimberley A. Campbell, Chief Clerk

CERTIFICATE OF SERVICE

I, _____, mailed with sufficient postage or hand delivered to all affected customers the attached Notice to Customers issued by the North Carolina Utilities Commission in Docket No. W-218, Sub 544, and the Notice was mailed or hand delivered by the date specified in the Order.

This the _____ day of _____, 2021.

By:

Signature

Name of Utility Company

The above named Applicant, _____, personally appeared before me this day and, being first duly sworn, says that the required Notice to Customers was mailed or hand delivered to all affected customers, as required by the Commission Order dated _____ in Docket No. W-218, Sub 544.

Witness my hand and notarial seal, this the _____ day of _____, 2021.

Notary Public

Printed Name

(SEAL) My Commission Expires:

Date

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