

**STATE OF NORTH CAROLINA  
UTILITIES COMMISSION  
RALEIGH**

**STAFF CONFERENCE AGENDA  
July 1, 2019**

**COMMISSION STAFF**

NO AGENDA ITEMS

**PUBLIC STAFF**

**D. ELECTRIC**

- P1. DOCKET NO. SP-16597, SUB 0 – STONY KNOLL SOLAR, LLC –APPLICATION FOR A CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY TO CONSTRUCT A 25.2-MW SOLAR FACILITY IN SURRY COUNTY, NORTH CAROLINA

EXPLANATION: On March 26, 2019, Stony Knoll Solar, LLC (Applicant), filed an application seeking a certificate of public convenience and necessity pursuant to N.C. Gen. Stat. § 62-110.1(a) for construction of a 25.2-MW<sub>AC</sub> solar photovoltaic (PV) electric generating facility to be located at approximately 400-500 Old Wagon Trail, Dobson, Surry County, North Carolina. The Applicant plans to sell the electricity generated by this facility to Duke Energy Carolinas, LLC (DEC), subject to its proposal to do so being selected by the Independent Administrator as a winning proposal under the Competitive Procurement of Renewable Energy (CPRE) Program pursuant to N.C. Gen. Stat. § 62-110.8 and Commission Rule R8-71.

Contemporaneously with the application, the Applicant filed a registration statement for a renewable energy facility or new renewable energy facility. The registration statement included certified attestations that: (1) the facility is in substantial compliance with all federal and state laws, regulations, and rules for the protection of the environment and conservation of natural resources; (2) the facility will be operated as a renewable energy facility; (3) the Applicant will not remarket or otherwise resell any renewable energy certificates sold to an electric power supplier to comply with N.C. Gen. Stat. § 62-133.8; and (4) the Applicant will consent to the auditing of its books and records by the Public Staff insofar as those records relate to transactions with North Carolina electric power suppliers.

On March 28, 2019, the Commission issued an Order Requiring Publication of Notice.

On April 2, 2019, the Applicant filed a verified certificate of service stating that the application and the related public notice were provided to DEC on April 2, 2019.

On April 16, 2019, the Applicant filed high resolution versions of the maps contained within the original application.

On May 6, 2019, the State Clearinghouse filed comments. The cover letter requested that a supplemental document providing additional information requested by the Department of Cultural Resources be submitted to the Clearinghouse for further review and comment.

On May 7, 2019, the Applicant filed an affidavit of publication from Mount Airy News, stating that the publication of notice was completed on April 30, 2019. No complaints have been received.

On June 20, 2019, the State Clearinghouse filed additional comments. The cover letter indicated that, because of the nature of the comments, no further State Clearinghouse review action by the Commission was required for compliance with the North Carolina Environmental Policy Act.

The Public Staff has reviewed the application and determined it to be in compliance with the requirements of N.C. Gen. Stat. § 62-110.1(a) and Commission Rule R8-64. The Public Staff notes that the Applicant is a subsidiary of Duke Energy Renewables, Inc., which is an indirect, wholly-owned subsidiary of Duke Energy Corporation. The Applicant states that pursuant to its February 21, 2018, *Order Modifying and Approving Joint CPRE Program* issued in Docket Nos. E-2, Sub 1159, and E-7, Sub 1156, the Commission granted the waiver requested by DEC and Duke Energy Progress, LLC (DEP) of certain applicable Regulatory Conditions and Code of Conduct Requirements that apply to affiliates of DEC and DEP for purposes of the Companies' implementation and participation in the CPRE Program, pursuant to Commission Rule R8-71(c)(2) and N.C. Gen. Stat. § 62-110.8(h)(2). The Public Staff believes that based on the application being filed solely for the purposes of participating in the CPRE Program, the waivers apply to the application.

The registration statement contains the certified attestations required by Commission Rule R8-66(b). Therefore, the Public Staff also recommends approval of the registration statement for the facility.

EXHIBIT: The Public Staff's proposed order is attached as Exhibit No. P-1.

RECOMMENDATION: (Lawrence) That the Commission issue the Public Staff's proposed order approving the application, issuing the requested certificate, and accepting the registration statement for this facility

P2. DOCKET NO. E-7, SUB 1146 – DUKE ENERGY CAROLINAS, LLC – APPLICATION FOR APPROVAL OF TIME-OF-USE PILOT PROGRAMS

EXPLANATION: On April 1, 2019, Duke Energy Carolinas, LLC (DEC or the Company), filed an application seeking approval of nine time-of-use (TOU) pilot programs (collectively referred to as the Pilots). This filing was made in response to the Commission's January 30, 2019, *Order Declining to Accept Rate Design Plan, Requiring Compliance Filing, Scheduling Hearing, and Requiring Coordination with the Public Staff* (TOU Order).

DEC states that it engaged the Brattle Group to review and advise the Company on the Pilots. In addition, DEC states that on March 22, 2019, it hosted a stakeholder meeting to seek feedback from interested parties<sup>1</sup> on the Pilots. DEC states that it commits to seek further stakeholder engagement regarding additional future new rate designs.

On April 22, 2019, the Commission issued an order requiring DEC to respond to several questions that, in part, relate to the Pilots. DEC's responses were filed on May 23, 2019.

The Public Staff has reviewed the proposed Pilots and offers the following comments:

1. The Pilots are proposed for a minimum of twelve months, with the possibility of extension. The Company states that a minimum of one year's worth of billing data is needed to properly evaluate the Pilots. The Public Staff does not object to this timeline.
2. DEC is proposing to offer the Pilots to as many as 4,500 customers (500 for each of the nine Pilots). The Public Staff does not object to this initial limitation on participation. However, the Public Staff would strongly encourage Duke to extend the duration and expand participation for any Pilot that is well-received by customers and that shows evidence of participants responding to the price signals incorporated in the rate design of the Pilot.
3. The Pilots incorporate three basic rate designs for three of the Company's rate classes: Residential Rate Class (RS), Residential All-Electric Rate Class (RE), and the Small General Service Rate Class (SGS), resulting in nine similarly structured, but separate tariffs.
4. The three proposed rate designs are as follows: Critical Peak Pricing (CPP); Time-of-Use with Critical Peak Pricing (TOU-CPP); and Time-of-Use Demand with Daily Peak Pricing (TOUD-DPP).

---

<sup>1</sup> DEC states that the following parties participated in the March 22, 2019, stakeholder meeting: the Public Staff, North Carolina Attorney General's Office, Environmental Defense Fund, North Carolina Sustainable Energy Association, Aqua North Carolina, Inc., North Carolina Rural Water Association, and Raftelis.

5. The TOUD-DPP rate design is the only rate design to offer a pricing structure that incorporates two demand-oriented pricing elements. The first element is an on-peak monthly demand charge based on the customer's maximum demand during on-peak hours. This element is intended to recover a portion of the demand-related costs. The second element is a distribution demand charge based on the customer's maximum monthly demand regardless of when the demand occurs. This element is intended to recover distribution-related costs. The Public Staff believes this approach represents a positive step toward better alignment of cost causation with cost recovery.
6. Each rate design maintains the Basic Facilities Charges (BFCs) of the respective rate class as approved by the Commission in its June 22, 2018, *Order Accepting Stipulation, Deciding Contested Issues, and Requiring Revenue Reduction* in this same docket (Sub 1146 Rate Order). The Public Staff does not object to maintaining the BFCs at the currently approved levels for the duration of the Pilots. However, because the TOUD-DPP rate design is intended to recover some demand-related and distribution-related costs with specific demand-oriented rates, the Company should address the continuing reasonableness of these charges in a future rate case.
7. Each rate design incorporates a variety of energy-related rate elements.
  - a. The CPP rate design provides a critical on-peak rate that encourages participants to avoid energy consumption for up to 20 days per year, representing approximately 140 on-peak hours per year as designated by the Company. All other on-peak hours and all off-peak hours will be priced at the same energy rate, with no seasonal rate differences.
  - b. The TOU-CPP rate design is similar to the CPP rate design with two notable exceptions: (1) a seasonal difference in the "low" or non-critical on-peak energy rates, with a slightly higher rate for on-peak energy consumed on non-critical days during the winter season in recognition of the Company's shift to winter planning; and (2) a "low" on-peak period rate that is higher than the off-peak period rate.
  - c. The TOUD-DPP rate design is the most innovative rate design of the three due to its significant changes to both demand and energy charges. In addition to the demand-related charges discussed in paragraph 5 above, the TOUD-DPP design provides on-peak energy rates that are differentiated among three categories (low, high, and critical). "Critical" on-peak rates will apply for up to 10 days per year, representing approximately 70 hours per year. "High" on-peak rates will apply for up to another 30 days per year, representing approximately 210 hours per year. The remaining on-peak hours will

be designated as “low” on-peak hours. There are no seasonal differences among the on-peak energy rates.

8. Based on the Public Staff’s review of the rate calculations provided by the Company that serve as the basis for the designs of the Pilots, the number of days and hours of low, high, and critical on-peak periods appear to be consistent with the Company’s load forecast and marginal energy costs used in its most recent integrated resource plan. The rates were developed from data in the Company’s 2016 Cost of Service Study and the Sub 1146 rate case. Additionally, the proposed rates and rate structures were balanced against maintaining a sufficient level of design and rate granularity, while not discouraging participation through undue complexity.
9. All three of the Company’s proposed rate designs include similar language related to customer notification of pricing and events. However, the TOUD-DPP rate design includes an additional statement regarding the Company’s ability to re-designate a previously announced High Price Day as a Critical Price Day should system conditions warrant such change. DEC will post the designation of pricing day type (low, high, or critical) on its website on a daily basis. Additionally, DEC will provide email or text notification to participants when it declares critical or high on-peak days and hours.
10. The Public Staff does not object to the Company’s proposed notification language for purposes of these Pilot rates. However, the Public Staff notes that customers in certain rural segments of the Company’s service territory may not have the same opportunity to participate because of a lack of adequate internet or cellular phone access. If the Pilots evolve into full and permanent program offerings, the Company should develop a notification solution that will allow rural customers to participate.
11. The Company indicated to the Public Staff that it has not fully developed its marketing and communication materials, but did commit to providing those materials once developed. The Public Staff believes that DEC should pursue a rigorous marketing initiative that aggressively and prominently promotes the Pilots and TOU rate designs.
12. The Public Staff notes that customers who have loads greater than 30 kW and less than 75 kW are not eligible to participate in the Pilots proposed for the SGS customer class. In Ordering Paragraph No. 29 of the Sub 1146 Rate Order, the Commission directed DEC “to evaluate new rate designs that will, among other things, allow ratepayers in all customer classes to use the information provided by AMI to reduce their peak time usage and to save energy.” [emphasis added] Therefore, the Public Staff recommends that the SGS-TOUD-DPP pilot be expanded to allow participation of customers with demands greater than 30 kW and less than 75 kW. The Public Staff understands that the Company doesn’t oppose this change.

The Public Staff encourages the Company to adopt additional dynamic pricing rate designs or pilots for these customers as soon as practicable.<sup>2</sup>

13. The Public Staff believes it is crucial that the Company capture data surrounding all elements of the Pilots that are integral in influencing participants to shift energy usage from on-peak to off-peak periods. Such data will be essential for use in adjusting rates and rate periods to maintain consistency with the Company's cost of service. It is also important for the Company to assess the potential for cost shifting between participants and non-participants.
14. The Company plans to begin offering the Pilots in October 2019. The Public Staff understands from the Company that this timeframe is necessary to ensure that changes to its billing system that are needed to successfully implement the Pilots will be ready. Until the Customer Connect platform becomes fully functional, DEC proposes to externally calculate and import the bill amount into the billing system for all participants. Once Customer Connect is fully functional, billing under a dynamic design will no longer require special billing treatment.

Based on the foregoing comments, the Public Staff recommends that the Commission approve the Pilots, subject to the recommendations discussed above.

EXHIBIT: The Public Staff's proposed order is attached as Exhibit No. P-2.

RECOMMENDATION: (Floyd/Fennell) That the Commission issue the Public Staff's proposed order approving DEC's proposed dynamic pricing pilots.

---

<sup>2</sup> Dominion Energy North Carolina's Schedule 10 is an example of a rate design that should be considered for these customers.

**E. WATER**

**P1. DOCKET NO. W-218, SUB 497A – AQUA NORTH CAROLINA, INC. – APPLICATION FOR APPROVAL OF WATER AND SEWER SYSTEM IMPROVEMENT RATE ADJUSTMENTS**

EXPLANATION: On May 1, 2019, Aqua North Carolina, Inc. (Aqua), filed an application requesting authority to implement Water System Improvement Charges (WSIC) and Sewer System Improvement Charges (SSIC) effective July 1, 2019, pursuant to Commission Rules R7-39 and R10-26 (Application). On May 17, 2019, Aqua filed an Amended Application to correct certain errors in the Application that resulted from the use of incomplete depreciation rates.

On June 14, 2019, the Public Staff filed a Notice of Public Staff's Plan to Present Comments and Recommendation (Notice) at the Commission's July 1, 2019, Regular Staff Conference. This Notice is incorporated by reference herein.

Aqua's WSIC and SSIC percentages were reset to zero as of December 18, 2018, the effective date of Aqua's new base rates in its general rate case, Docket No. W-218, Sub 497 (Sub 497 Rate Case). This is Aqua's first filing to implement charges under the WSIC and SSIC mechanisms since the Sub 497 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. This is Aqua's eighth semi-annual adjustment to its WSIC and SSIC.

Aqua is requesting to implement the following WSIC and SSIC percentages on July 1, 2019:

	<u>WSIC/SSIC Revenue Requirement</u>	<u>Projected Service Revenues</u>	<u>WSIC/SSIC Percentage</u>
Uniform water	\$511,747	\$34,311,352	1.49%
Uniform sewer	\$59,003	\$14,868,271	0.40%
Fairways/Beau Rivage water	\$0	\$1,082,247	0.00%
Fairways/Beau Rivage sewer	\$3,835	\$2,183,589	0.18%
Brookwood/LaGrange water	\$105,217	\$5,446,905	1.93%

The WSIC and SSIC percentages above do not include the Experience Modification Factor (EMF) adjustments from the 2018 annual WSIC and SSIC revenue review that go into effect on July 1, 2019. The impact of the 2018 EMF on Aqua's requested WSIC and SSIC percentages are as follows:

	WSIC/SSIC Percentage	2018 Experience Modification Factor	Cumulative WSIC/SSIC Percentage
Uniform water	1.49%	0.06%	1.55%
Uniform sewer	0.40%	-0.09%	0.31%
Fairways /Beau Rivage water	0.00%	-0.24%	-0.24%
Fairways/Beau Rivage sewer	0.18%	-0.11%	0.07%
Brookwood/LaGrange water	1.93%	0.04%	1.97%

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 497 Rate Case, resulting in the following maximum revenue requirements for water and sewer operations:

	Sub 497 Annual Service Revenues	Maximum WSIC/SSIC Percentage	Maximum WSIC/SSIC Revenue Requirement
Uniform water	\$35,345,847	x 5% =	\$1,767,292
Uniform sewer	\$14,330,238	x 5% =	\$716,512
Fairways /Beau Rivage water	\$1,077,223	x 5% =	\$53,861
Fairways/Beau Rivage sewer	\$2,084,779	x 5% =	\$104,239
Brookwood/LaGrange water	\$5,575,470	x 5% =	\$278,774

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 adjustments to the WSIC and SSIC percentages in order to recover the incremental depreciation and capital costs associated with the following WSIC and SSIC projects completed and placed in service from October 1, 2018, through March 31, 2019:

Primary drinking water standards	\$2,070,410
Secondary drinking water standards	1,693,841
NCDOT water main relocation	1,077,066
Service line replacement	728,811
Total WSIC plant additions	<u>\$5,570,128</u>
Replace lift station and sewer plant pumps	\$430,891
NCDOT sewer main relocation	149,411
Replace blowers and/or motors	13,994
Total SSIC plant additions	<u>\$594,296</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 March 31, 2019, Aqua installed five iron and manganese filter projects in the following subdivisions at a total cost of \$1,693,841:

The Barony, Well #5	\$386,963
Woodvalley, Well #9	261,471
Upchurch Place, Well #1	382,536
Westbury, Well #1	311,388
Brayton Park, Well #1	351,483
Total iron and manganese filter projects	<u>\$1,693,841</u>

The Commission authorized the implementation of these filtration projects by Orders issued on April 3, 2018, and November 20, 2018, in Docket No. W-218, Sub 363A.

As stated by the Commission in its June 6, 2014, *Order Adopting Rules to Implement G.S. 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) Reclassify two iron and manganese filter projects – Aqua included the cost of two iron and manganese filter projects in The Barony and Woodvalley Subdivisions in the calculation of the WSIC revenue requirement for Uniform water operations. Based on our review of documentation provided by Aqua in support of these filter projects, both filter systems were not placed into service as of March 31, 2019, the end of the review period for this WSIC and SSIC filing. The filters were actually placed into service in April 2019 and, therefore should be included in the next six-month WSIC and SSIC rate adjustment for Aqua.
- 2) Reclassify plant additions from 2019 to 2018 – There were several construction projects that were booked to plant in service in the first quarter of 2019 that were actually completed and placed into service in 2018. These projects have been reclassified to the appropriate months in 2018, which in effect increases the amount of accumulated depreciation calculated on Aqua’s investment in each plant item.

3) Adjust calculation of accumulated depreciation for 2019 – Aqua’s calculation of accumulated depreciation for 2019 plant additions includes the half-year convention reduced by 50% to result in 25% of accumulated depreciation used in calculation of the WSIC and SSIC revenue requirement for this proceeding. This methodology of calculating accumulated depreciation is inconsistent with prior WSIC and SSIC filings with the half-year convention accumulated depreciation, made by Aqua and agreed to by the Public Staff, and subsequently approved by the Commission. The Commission, in prior WSIC and SSIC orders, approved the use of the half-year convention to calculate accumulated depreciation in the year an asset was placed into service without any further adjustment for the month the asset was placed in service. Therefore, the Public Staff recommends that the half-year convention be used to calculate accumulated depreciation on the 2019 plant additions.

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 Percentages Per Aqua	WSIC/SSIC Revenue Requirement Per Public Staff	Impact of Public Staff Adjustments	WSIC/SSIC Percentage Per Public Staff
Uniform water	1.55%	\$433,865	-0.23%	1.32%
Uniform sewer	0.31%	\$58,207	-0.01%	0.30%
Fairways/Beau Rivage water	-0.24%	\$0	0.00%	-0.24%
Fairways/Beau Rivage sewer	0.07%	\$3,834	0.00%	0.07%
Brookwood/LaGrange water	1.97%	\$104,769	-0.01%	1.96%

The Public Staff recommends that Aqua be allowed to implement the Public Staff’s recommended WSIC and SSIC percentages effective for service rendered on or after July 1, 2019, 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-3.

RECOMMENDATION: (Henry/Junis/Grantmyre) That the Commission issue the proposed order approving the Public Staff’s recommended water and sewer system improvement charges effective for service rendered on or after July 1, 2019, subject to true-up, and requiring customer notice.

**STATE OF NORTH CAROLINA  
UTILITIES COMMISSION  
RALEIGH**

DOCKET NO. SP-16597, Sub 0

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of  
Application of Stony Knoll Solar, LLC, for a ) ORDER ISSUING CERTIFICATE  
Certificate of Public Convenience and ) AND ACCEPTING  
Necessity to Construct a 25.2-MW Solar ) REGISTRATION OF NEW  
Facility in Surry County, North Carolina ) RENEWABLE ENERGY  
 ) FACILITY

BY THE COMMISSION: On March 26, 2019, Stony Knoll Solar, LLC (Applicant), filed an application seeking a certificate of public convenience and necessity pursuant to N.C. Gen. Stat. § 62-110.1(a) for construction of a 25.2-MW<sub>AC</sub> solar photovoltaic (PV) electric generating facility to be located at approximately 400-500 Old Wagon Trail, Dobson, Surry County, North Carolina. The Applicant plans to sell the electricity generated by this facility to Duke Energy Carolinas, LLC (DEC), subject to its proposal to do so being selected by the Independent Administrator as a winning proposal under the Competitive Procurement of Renewable Energy (CPRE) Program pursuant to N.C. Gen. Stat. § 62-110.8 and Commission Rule R8-71.

Contemporaneously with the application, the Applicant filed a registration statement for a renewable energy facility or new renewable energy facility. The registration statement included certified attestations that: (1) the facility is in substantial compliance with all federal and state laws, regulations, and rules for the protection of the environment and conservation of natural resources; (2) the facility will be operated as a renewable energy facility; (3) the Applicant will not remarket or otherwise resell any renewable energy certificates sold to an electric power supplier to comply with N.C. Gen. Stat. § 62-133.8; and (4) the Applicant will consent to the auditing of its books and records by the Public Staff insofar as those records relate to transactions with North Carolina electric power suppliers.

On March 28, 2019, the Commission issued an Order Requiring Publication of Notice.

On April 2, 2019, the Applicant filed a verified certificate of service stating that the application and the related public notice were provided to DEC on April 2, 2019.

On April 16, 2019, the Applicant filed high resolution versions of the maps contained within the original application.

On May 6, 2019, the State Clearinghouse filed comments. The cover letter requested that a supplemental document providing additional information requested by the Department of Cultural Resources be submitted to the Clearinghouse for further review and comment.

On May 7, 2019, the Applicant filed an affidavit of publication from Mount Airy News, stating that the publication of notice was completed on April 30, 2019. No complaints have been received.

On June 20, 2019, the State Clearinghouse filed additional comments. The cover letter indicated that, because of the nature of the comments, no further State Clearinghouse review action by the Commission was required for compliance with the North Carolina Environmental Policy Act.

The Public Staff presented this matter to the Commission at its Regular Staff Conference on July 1, 2019. The Public Staff noted that the Applicant is a subsidiary of Duke Energy Renewables, Inc., which is an indirect, wholly-owned subsidiary of Duke Energy Corporation. The Applicant notes that pursuant to its February 21, 2018, *Order Modifying and Approving Joint CPRE Program* issued in Docket Nos. E-2, Sub 1159, and E-7, Sub 1156, the Commission granted the waiver requested by DEC and Duke Energy Progress, LLC (DEP), of certain applicable Regulatory Conditions and Code of Conduct Requirements that apply to affiliates of DEC and DEP for purposes of the Companies' implementation and participation in the CPRE Program, pursuant to Commission Rule R8-71(c)(2) and N.C. Gen. Stat. § 62-110.8(h)(2). The Public Staff has reviewed the application and believes that based on the application being filed solely for the purposes of participating in the CPRE Program, the waivers apply to the application.

The Public Staff stated that it had reviewed the application and determined it to be in compliance with the requirements of N.C. Gen. Stat. § 62-110.1(a) and Commission Rule R8-64. The Public Staff further stated that the registration statement contains the certified attestations required by Commission Rule R8-66(b). Therefore, the Public Staff recommended approval of the certificate and registration for the facility.

After careful consideration, the Commission finds good cause to approve the application and issue the attached certificate for the proposed solar PV electric generating facility. The Commission further finds good cause, based upon the foregoing and the entire

record in this proceeding, to accept registration of the facility as a new renewable energy facility. The Applicant shall annually file the information required by Commission Rule R8-66 on or before April 1 of each year and is required to participate in the NC- RETS REC tracking system (<http://www.ncrets.org>) in order to facilitate the issuance of RECs.

IT IS, THEREFORE, ORDERED as follows:

1. That a certificate of public convenience and necessity shall be, and is hereby, issued to Stony Knoll Solar, LLC, for the 25.2-MW<sub>AC</sub> solar PV electric generating facility located at approximately 400-500 Old Wagon Trail, Dobson, Surry County, North Carolina.

2. That Appendix A hereto shall constitute the certificate of public convenience and necessity issued for the facility.

3. That the certificate of public convenience and necessity is solely for the purpose of the facility participating in the CPRE Program.

4. That the registration statement filed by Stony Knoll Solar, LLC, for its solar PV facility located in Surry County, North Carolina, as a new renewable energy facility, shall be, and is hereby, accepted.

5. That Stony Knoll Solar, LLC, shall annually file the information required by Commission Rule R8-66 on or before April 1 of each year.

ISSUED BY ORDER OF THE COMMISSION.

This the \_\_\_ day of July, 2019.

NORTH CAROLINA UTILITIES COMMISSION

Janice Fulmore, Deputy Clerk

**STATE OF NORTH CAROLINA  
UTILITIES COMMISSION  
RALEIGH**

DOCKET NO. SP-16597, Sub 0

Stony Knoll Solar, LLC  
550 South Caldwell Street, Suite 600  
Charlotte, NC 28202

is hereby issued this

**CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY**  
pursuant to N.C. Gen. Stat. § 62-110.1

for a 25.2-MW<sub>AC</sub> solar photovoltaic electric generating facility

located

at approximately 400-500 Old Wagon Trail, Dobson, Surry County, North Carolina

subject to all orders, rules, regulations and conditions  
as are now or may hereafter be lawfully made  
by the North Carolina Utilities Commission.

ISSUED BY ORDER OF THE COMMISSION.

This the \_\_\_ day of July, 2019.

NORTH CAROLINA UTILITIES COMMISSION

Janice Fulmore, Deputy Clerk



2. Duke should consider extending the duration and expanding participation for any Pilot that is well-received by customers and shows evidence of participants responding to the price signals incorporated in the rate design of the Pilot.
3. The proposed TOUD-DPP rate design represented a positive step toward better alignment of cost causation with cost recovery.
4. That the rates were developed from data in the Company's 2016 Cost of Service Study and the Sub 1146 rate case. Additionally, the proposed rates and rate structures were balanced against maintaining a sufficient level of design and rate granularity, while not discouraging participation through undue complexity.
5. It did not oppose the proposed participant notification process. However, the Public Staff noted that customers in certain rural segments of the Company's service territory may not have the same opportunity to participate because of a lack of adequate internet or cellular phone access. If the Pilots evolve into full and permanent program offerings, the Company should develop a notification solution that will allow rural customers to participate.
6. That the Company should pursue a rigorous marketing initiative that aggressively and prominently promotes the Pilots and TOU rate designs.
7. Small General Service (SGS) customers with demands greater than 30 kW and less than 75 kW are not eligible to participate in the Pilots proposed for the SGS customer class. The Public Staff recommends that the SGS-TOUD-DPP pilot be expanded to allow participation of customers with demands greater than 30 kW and less than 75 kW.

The Public Staff concluded by recommending that DEC's proposed Pilots be approved. In addition, the Public Staff recommended that SGS-TOUD-DPP pilot be expanded to allow participation of customers with demands greater than 30 kW and less than 75 kW as soon as practicable. The Public Staff stated that DEC does not object to the recommendation of the Public Staff to expand the participation of the SGS-TOUD-DPP pilot.

Based on its review of DEC's filing and the recommendation of the Public Staff, the Commission concludes that the proposed Dynamic Pricing Pilots are reasonable and should be approved as recommended by the Public Staff.



IT IS, THEREFORE, ORDERED as follows:

1. That DEC's nine Dynamic Pricing Pilots are hereby approved.
2. That DEC shall expand the SGS-TOUD-DPP pilot to allow participation of customers with demands greater than 30 kW and less than 75 kW prior to implementation.
3. That if participation exceeds expectations, DEC should either file an application to expand the Pilots beyond one year, or an application to expand participation.
4. DEC shall file with the Commission, within 10 days following the date of this order, revised tariffs that are compliant with this order and showing the effective date of the tariffs.

ISSUED BY ORDER OF THE COMMISSION.

This the \_\_\_\_ day of July, 2019.

NORTH CAROLINA UTILITIES COMMISSION

Janice Fulmore, Deputy Clerk

**STATE OF NORTH CAROLINA  
UTILITIES COMMISSION  
RALEIGH**

DOCKET NO. W-218, SUB 497A

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 May 1, 2019, Aqua North Carolina, Inc. (Aqua), filed an application requesting authority to implement Water System Improvement Charges (WSIC) and Sewer System Improvement Charges (SSIC) effective July 1, 2019, pursuant to Commission Rules R7-39 and R10-26 (Application).

On May 17, 2019, Aqua filed an Amended Application to correct certain errors in the Application that resulted from the use of incomplete depreciation rates.

On June 14, 2019, the Public Staff filed a Notice of Public Staff's Plan to Present Comments and Recommendations (Notice) at the Commission's July 1, 2019, Regular Staff Conference.

On July 1, 2019, the 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 December 18, 2018, the effective date of Aqua's new base rates in its general rate case, Docket No. W-218, Sub 497 (Sub 497 Rate Case). This is Aqua's first filing to implement charges under the WSIC and SSIC mechanism since the Sub 497 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. This is Aqua's eighth semi-annual adjustment to its WSIC and SSIC.

4. Aqua is requesting to implement the following WSIC and SSIC percentages on July 1, 2019:

	WSIC/SSIC Revenue Requirement	Projected Service Revenues	WSIC/SSIC Percentage
Uniform water	\$511,747	\$34,311,352	1.49%
Uniform sewer	\$59,003	\$14,868,271	0.40%
Fairways/Beau Rivage water	\$0	\$1,082,247	0.00%
Fairways/Beau Rivage sewer	\$3,835	\$2,183,589	0.18%
Brookwood/LaGrange water	\$105,217	\$5,446,905	1.93%

5. The WSIC and SSIC percentages above do not include the Experience Modification Factor (EMF) adjustments from the 2018 annual WSIC and SSIC revenue review that go into effect on July 1, 2019. The impact of the 2018 EMF on Aqua's requested WSIC and SSIC percentages are as follows:

	WSIC/SSIC Percentage	2018 Experience Modification Factor	Cumulative WSIC/SSIC Percentage
Uniform water	1.49%	0.06%	1.55%
Uniform sewer	0.40%	-0.09%	0.31%
Fairways /Beau Rivage water	0.00%	-0.24%	-0.24%
Fairways/Beau Rivage sewer	0.18%	-0.11%	0.07%
Brookwood/LaGrange water	1.93%	0.04%	1.97%

6. Aqua is proposing the above adjustments to the WSIC and SSIC percentages in order to recover the incremental depreciation and capital costs associated with the following WSIC and SSIC projects completed and placed in service from October 1, 2018, through March 31, 2019:

Primary drinking water standards	\$2,070,410
Secondary drinking water standards	1,693,841
NCDOT water main relocation	1,077,066
Service line replacement	728,811
Total WSIC plant additions	<u>\$5,570,128</u>
Replace lift station and sewer plant pumps	\$430,891
NCDOT sewer main relocation	149,411
Replace blowers and/or motors	13,994
Total SSIC plant additions	<u>\$594,296</u>

7. 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 March 31, 2019, Aqua installed five iron and manganese filter projects in the following subdivisions at a total cost of \$1,693,841:

The Barony, Well #5	\$386,963
Woodvalley, Well #9	261,471
Upchurch Place, Well #1	382,536
Westbury, Well #1	311,388
Brayton Park, Well #1	351,483
Total iron and manganese filter projects	<u>\$1,693,841</u>

The Commission authorized the implementation of these filtration projects by Orders issued on April 3, 2018, and November 20, 2018, in Docket No. W-218, Sub 363A.

8. 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 497 Rate Case, resulting in the following maximum revenue requirements for water and sewer operations:

	Sub 497 Annual Service Revenues	Maximum WSIC/SSIC Percentage	Maximum WSIC/SSIC Revenue Requirement
Uniform water	\$35,345,847	x 5% =	\$1,767,292
Uniform sewer	\$14,330,238	x 5% =	\$716,512
Fairways /Beau Rivage water	\$1,077,223	x 5% =	\$53,861
Fairways/Beau Rivage sewer	\$2,084,779	x 5% =	\$104,239
Brookwood/LaGrange water	\$5,575,470	x 5% =	\$278,774

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.

9. As stated by the Commission in its June 6, 2014, *Order Adopting Rules to Implement G.S. 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. Based on the Public Staff's investigation to date, the WSIC and SSIC projects included in Aqua's request are eligible water and sewer system improvements as defined in N.C. Gen. Stat. § 62-133.12(b), (c), and (d).

11. The Public Staff recommended the following adjustments to the WSIC and SSIC percentages:

1) Reclassify two iron and manganese filter projects – Aqua included the cost of two iron and manganese filter projects in The Barony and Woodvalley Subdivisions in the calculation of the WSIC revenue requirement for Uniform water operations. Based on our review of documentation provided by Aqua in support of these filter projects, both filter systems were not placed into service as of March 31, 2019, the end of the review period for this WSIC and SSIC filing. The filters were actually placed into service in April 2019 and, therefore should be included in the next six-month WSIC and SSIC rate adjustment for Aqua.

2) Reclassify plant additions from 2019 to 2018 – There were several construction projects that were booked to plant in service in the first quarter of 2019 that were actually completed and placed into service in 2018. These projects have been reclassified to the appropriate months in 2018, which in effect increases the amount of accumulated depreciation calculated on Aqua’s investment in each plant item.

3) Adjust calculation of accumulated depreciation for 2019 – Aqua’s calculation of accumulated depreciation for 2019 plant additions include the half-year convention reduced by 50% to result in 25% of accumulated depreciation used in calculation of the WSIC and SSIC revenue requirement for this proceeding. This methodology of calculating accumulated depreciation is inconsistent with prior WSIC and SSIC filings with the half-year convention accumulated depreciation, made by Aqua and agreed to by the Public Staff, and subsequently approved by the Commission. The Commission, in prior WSIC and SSIC orders, approved the use of the half-year convention to calculate accumulated depreciation in the year an asset was placed into service without any further adjustment for the month the asset was placed in service. Therefore, the Public Staff recommends that the half-year convention be used to calculate accumulated depreciation on the 2019 plant additions.

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

	WSIC/SSIC Revenue Requirement Per Public Staff	Impact of Public Staff Adjustments	WSIC/SSIC Percentage Per Public Staff
Uniform water	\$433,865	-0.23%	1.32%
Uniform sewer	\$58,207	-0.01%	0.30%
Fairways/Beau Rivage water	\$0	0.00%	-0.24%
Fairways/Beau Rivage sewer	\$3,834	0.00%	0.07%
Brookwood/LaGrange water	\$104,769	-0.01%	1.96%

13. Based on the Public Staff’s investigation to date, the Public Staff recommended that Aqua be allowed to implement the Public Staff’s recommended WSIC and SSIC percentages effective for service rendered on or after July 1, 2019, 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's recommended increases/decreases in the WSIC and SSIC percentages effective for service rendered on and after July 1, 2019. 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 July 1, 2019, 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.

3. That Aqua shall mail to each of its customers with the next regularly scheduled customer billing the Commission-approved customer notice.<sup>1</sup>

ISSUED BY ORDER OF THE COMMISSION.

This the \_\_\_ day of \_\_\_\_\_, 2019.

NORTH CAROLINA UTILITIES COMMISSION

Janice Fulmore, Deputy Clerk

---

<sup>1</sup> 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	1.32% <sup>1/</sup>
Water systems in Brookwood and LaGrange service areas	1.96% <sup>1/</sup>
Water systems in Fairways and Beau Rivage service areas	-0.24% <sup>1/</sup>

**SEWER SYSTEM IMPROVEMENT CHARGE**

All Aqua NC sewer systems except as noted below	0.30% <sup>2/</sup>
Sewer systems in Fairways and Beau Rivage service areas	0.07% <sup>2/</sup>

<sup>1/</sup> 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.

<sup>2/</sup> 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.



**STATE OF NORTH CAROLINA  
UTILITIES COMMISSION  
RALEIGH**

DOCKET NO. W-218, SUB 497A

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

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

NOTICE TO CUSTOMERS IN  
BROOKWOOD / LAGRANGE  
SERVICE AREAS

NOTICE IS HEREBY GIVEN that the North Carolina Utilities Commission (Commission) has issued an Order dated July \_\_\_\_, 2019, pursuant to N.C. Gen. Stat. § 62-133.12 and Commission Rules R7-39 and R10-26, authorizing Aqua North Carolina, Inc. (Aqua), to implement the Water System Improvement Charge (WSIC) effective for service rendered on and after July 1, 2019, 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 June 14, 2019, the Public Staff filed a Notice of Public Staff’s Plan to Present Comments and Recommendations at the Commission’s July 1, 2019, 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 July 1, 2019:

	<u>Aqua Proposed Percentage</u>	<u>Public Staff Recommended Percentage</u>	<u>Commission Approved Percentage</u>
WSIC	1.97%	1.96%	1.96%

The approved WSIC percentage of 1.96% will be applied to the water utility bill of each customer under Aqua’s applicable service rates and charges.

The 1.96% WSIC percentage results in a \$0.67 increase to the monthly average residential bill for a customer using the average of 5,306 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 May 1, 2019, the June 14, 2019, Public Staff Notice, and the July \_\_\_\_, 2019 Commission Order in Docket No. W-218, Sub 497A, all of which can be accessed from the Commission’s website at [www.ncuc.net](http://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 497A).

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](http://www.ncuc.net).

ISSUED BY ORDER OF THE COMMISSION.

This the \_\_\_\_ day of \_\_\_\_\_, 2019.

NORTH CAROLINA UTILITIES COMMISSION

Janice Fulmore, Deputy Clerk

**STATE OF NORTH CAROLINA  
UTILITIES COMMISSION  
RALEIGH**

DOCKET NO. W-218, SUB 497A

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

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

NOTICE TO CUSTOMERS IN  
FAIRWAYS AND BEAU RIVAGE  
SERVICE AREAS

NOTICE IS HEREBY GIVEN that the North Carolina Utilities Commission (Commission) has issued an Order dated July \_\_, 2019, pursuant to N.C. Gen. Stat. § 62-133.12 and Commission Rules R7-39 and R10-26, authorizing Aqua North Carolina, Inc. (Aqua), to implement the Water System Improvement Charge (WSIC) and Sewer System Improvement Charge (SSIC) effective for service rendered on and after July 1, 2019, 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 June 14, 2019, the Public Staff filed a Notice of Public Staff’s Plan to Present Comments and Recommendations at the Commission’s July 1, 2019, 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 July 1, 2019:

	<u>Aqua Proposed Percentage</u>	<u>Public Staff Recommended Percentage</u>	<u>Commission Approved Percentage</u>
WSIC	-0.24%	-0.24%	-0.24%
SSIC	0.07%	0.07%	0.07%

The WSIC percentage of -0.24% will be applied to the water utility bill of each customer, and the SSIC percentage of 0.07% will be applied to the sewer utility bill of each customer, under Aqua’s applicable service rates and charges.

The approved -0.24% WSIC percentage results in a \$0.05 decrease to the monthly average residential bill for a customer using the average of 7,042 gallons per month. The -0.24% WSIC percentage also will apply to the monthly bills for the customers on water systems where Aqua purchases bulk water.

The 0.07% SSIC percentage results in a \$0.04 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 May 1, 2019, the June 11, 2018, Public Staff Notice, and the July \_\_\_\_, 2019 Commission Order in Docket No. W-218, Sub 497A, all of which can be accessed from the Commission’s website at [www.ncuc.net](http://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 497A).

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](http://www.ncuc.net).

ISSUED BY ORDER OF THE COMMISSION.

This the \_\_\_\_ day of \_\_\_\_\_, 2019.

NORTH CAROLINA UTILITIES COMMISSION

Janice Fulmore, Deputy Clerk

**STATE OF NORTH CAROLINA  
UTILITIES COMMISSION  
RALEIGH**

DOCKET NO. W-218, SUB 497A

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 July \_\_, 2019, pursuant to N.C. Gen. Stat. § 62-133.12 and Commission Rules R7-39 and R10-26, authorizing Aqua North Carolina, Inc. (Aqua), to implement the Water System Improvement Charge (WSIC) and Sewer System Improvement Charge (SSIC) effective for service rendered on and after July 1, 2019, 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 June 14, 2019, the Public Staff filed a Notice of Public Staff’s Plan to Present Comments and Recommendations at the Commission’s July 1, 2019, 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 July 1, 2019:

	<u>Aqua Proposed Percentage</u>	<u>Public Staff Recommended Percentage</u>	<u>Commission Approved Percentage</u>
WSIC	1.55%	1.32%	1.32%
SSIC	0.31%	0.30%	0.30%

The WSIC percentage of 1.32% will be applied to the water utility bill of each customer, and the SSIC percentage of 0.30% will be applied to the sewer utility bill of each customer, under Aqua’s applicable service rates and charges.

The approved 1.32% WSIC percentage results in a \$0.64 increase to the monthly average residential bill for a customer using the average of 4,971 gallons per month. The 1.32% WSIC percentage also will apply to the monthly bills for the customers on water systems where Aqua purchases bulk water.

The 0.30% 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 May 1, 2019, the June 11, 2018, Public Staff Notice, and the July \_\_\_\_, 2019 Commission Order in Docket No. W-218, Sub 497A, all of which can be accessed from the Commission’s website at [www.ncuc.net](http://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 497A).



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](http://www.ncuc.net).

ISSUED BY ORDER OF THE COMMISSION.

This the \_\_\_\_ day of \_\_\_\_\_, 2019.

NORTH CAROLINA UTILITIES COMMISSION

Janice Fulmore, Deputy Clerk