

**STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH**

**STAFF CONFERENCE AGENDA-SUPPLEMENTAL
APRIL 23, 2018**

COMMISSION STAFF

NO AGENDA ITEMS

PUBLIC STAFF

E. WATER

P1. DOCKET NO. W-218, SUB 491 – AQUA NORTH CAROLINA, INC. – REQUEST FOR TARIFF REVISION

EXPLANATION: On March 28, 2018, Aqua North Carolina, Inc. (Aqua), filed a verified petition, pursuant to G.S. 62-133.11, with the Commission requesting authority to amend its tariff for the purpose of passing along to its water customers in Heather Glen, Highland on the Point, and Southpoint Landing Subdivisions in Gaston County the cost of purchasing water service from the City of Belmont (City).

Aqua owns and operates two community water well systems serving these subdivisions located within the one-half mile compliance buffer at the Allen Steam Station. North Carolina Session Law 2016-95 (House Bill 630 or CAMA) requires Duke Energy to establish permanent replacement water supplies for certain households, generally those that have a drinking water supply well located within a one-half mile radius from the boundaries of coal combustion residuals impoundments in North Carolina. Pursuant to CAMA, Duke Energy has recommended and the North Carolina Department of Environmental Quality (NCDEQ) has approved that the Aqua distribution system be interconnected to the City's water main and the City supplied water replace Aqua's existing wells as the sole supply to these subdivisions.

The City, by its own ordinances and the water purchase contract between Aqua and City, will charge Aqua according to its Outside City Limits rate schedule, which has increasing and then decreasing tiered block rates. Based on actual customer usage and well pumping data for the 12-month period ending in January 2018, the average rate charged by the City to Aqua is \$14.38 per 1,000 gallons.

Aqua's current uniform rates have been in effect since May 2, 2014, when they were approved by the Commission in its Order Approving Partial Rate Increase issued in Docket No. W-218, Sub 363. After taking into account the effect of the 0.14% regulatory fee, Aqua has requested authority to increase its water usage rates from \$5.43 to \$14.40

per 1,000 gallons to reflect the increase in the cost of purchasing water service from the City instead of pumping and treating water from its wells.

Under the new rates, the average residential customer's monthly water bill will increase by \$46.99 or 99.5%, from \$47.22 to \$94.21 based upon 5,000 gallons usage. The average monthly water bill includes the current Water System Improvement Charge (WSIC) of 4.77%, effective January 1, 2018, which was approved by the Commission in its Order Approving Water and Sewer System Improvement Charges on a Provisional Basis.

Duke Energy is offering eligible property owners the opportunity to participate in a Property Value Protection Plan and/or the Financial Supplement Program, which includes a voluntary financial supplement and water bill stipend. For the property owners that are Aqua customers in the Heather Glen, Highland on the Point, and Southpoint Landing Subdivisions, the voluntary financial supplement is \$5,000 per customer and the water bill stipend is \$14,097. The water bill stipend is equal to the difference between an average monthly 5,000 gallon usage water bill under Aqua's proposed purchased water rate and the current Aqua uniform rate for a period of twenty-five years. Duke Energy would make these payments up front, upon execution of a release and completion of all enrollment conditions by the customers and Commission approval of the applicable Aqua rates.

The Public Staff has reviewed Aqua's petition and recommends that the requested tariff revision be approved. The Public Staff is of the opinion that the tariff revision will allow Aqua to recover additional revenues that do not exceed the additional expenses.

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

RECOMMENDATION: (Junis/Henry/Grantmyre) That the Commission issue the proposed order approving the requested tariff revision.

**STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH**

DOCKET NO. W-218, SUB 491

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 Amend Its Tariff to Increase Rates for)	ORDER APPROVING
Water Utility Service for the Increased Cost of)	TARIFF REVISION AND
Purchased Water from the City of Belmont in Heather)	REQUIRING CUSTOMER
Glen, Highland on the Point, and Southpoint Landing)	NOTICE
Subdivisions in Gaston County, North Carolina)	

BY THE COMMISSION: On March 28, 2018, Aqua North Carolina, Inc. (Aqua), filed a verified petition, pursuant to G.S. 62-133.11, with the Commission requesting authority to amend its tariff for the purpose of passing along to its water customers in Heather Glen, Highland on the Point, and Southpoint Landing Subdivisions in Gaston County an increase in the cost of purchasing water service from the City of Belmont (City).

Aqua owns and operates two community water well systems serving these subdivisions located within the one-half mile compliance buffer at the Allen Steam Station. North Carolina Session Law 2016-95 (House Bill 630 or CAMA) requires Duke Energy to establish permanent replacement water supplies for certain households, generally those that have a drinking water supply well located within a one-half mile radius from the boundaries of coal combustion residuals impoundments in North Carolina. Pursuant to CAMA, Duke Energy has recommended and the North Carolina Department of Environmental Quality (NCDEQ) has approved that the Aqua distribution system be interconnected to the City's water main and the City supplied water replace Aqua's existing wells as the sole supply to these subdivisions.

The City, by its own ordinances and the water purchase contract between Aqua and City, will charge Aqua according to its Outside City Limits rate schedule, which has increasing and then decreasing tiered block rates. Based on actual customer usage and well pumping data for the 12-month period ending in January 2018, the average rate charged by the City to Aqua is \$14.38 per 1,000 gallons.

Aqua's current uniform rates have been in effect since May 2, 2014, when they were approved by the Commission in its Order Approving Partial Rate Increase issued in Docket No. W-218, Sub 363. After taking into account the effect of the 0.14% regulatory fee, Aqua has requested authority to increase its water usage rates from \$5.43 to \$14.40 per 1,000 gallons to reflect the increase in the cost of purchasing water service from the City instead of pumping and treating water from its wells.

Under the new rates, the average residential customer's monthly water bill will increase by \$46.99, or 99.5%, from \$47.22 to \$94.21 based upon 5,000 gallons usage. The average monthly water bill includes the current Water System Improvement Charge (WSIC) of 4.77%, effective January 1, 2018, which was approved by the Commission in its Order Approving Water and Sewer System Improvement Charges on a Provisional Basis.

Duke Energy is offering eligible property owners the opportunity to participate in a Property Value Protection Plan and/or the Financial Supplement Program, which includes a voluntary financial supplement and water bill stipend. For the property owners that are Aqua customers in the Heather Glen, Highland on the Point, and Southpoint Landing Subdivisions, the voluntary financial supplement is \$5,000 per customer and the water bill stipend is \$14,097. The water bill stipend is equal to the difference between an average monthly 5,000 gallon usage water bill under Aqua's proposed purchased water rate and the current Aqua uniform rate for a period of twenty-five years. Duke Energy would make these payments up front, upon execution of a release and completion of all enrollment conditions by the customers and Commission approval of the applicable Aqua rates.

Rate	Base Charge	Usage Rate (per 1,000 gal)	WSIC (4.77%)	Ave. Monthly Bill (5,000 gal)	25-Years of Water Bills
Proposed	\$17.92	\$14.40	\$ 4.29	\$94.21	\$28,263
Aqua Uniform	\$17.92	\$ 5.43	\$ 2.15	\$47.22	\$14,166
Difference	\$ 0.00	\$ 8.97	\$ 2.14	\$46.99	\$14,097

This matter was presented at the Commission's Regular Staff Conference on April 23, 2018. The Public Staff stated that it had reviewed Aqua's petition and recommends that the requested tariff revision be approved. The Public Staff is of the opinion that the tariff revision will allow Aqua to recover additional revenues that do not exceed the additional expenses.

Based upon the foregoing, the Commission finds that Aqua should be allowed to pass through the costs associated with the purchased water expense.

IT IS, THEREFORE, ORDERED as follows:

1. That Aqua North Carolina, Inc., is granted a revision to Appendix A-2 of its tariff for water utility service in Heather Glen, Highland on the Point, and Southpoint Landing Subdivisions in Gaston County in which it purchases and resells water from the City of Belmont, as set forth herein.

2. That the revised Appendix A-2 attached hereto is approved and is deemed filed with the Commission pursuant to G.S. 62-138. This Schedule of Rates shall become effective for service rendered on and after the date the interconnection is completed and water is solely supplied by the City and that Aqua submit to the Commission a notarized letter certifying the interconnection completion and date of completion.

3. That the Notice to Customers, attached hereto as Appendix B, be mailed with sufficient postage or hand delivered by Aqua to all of its affected customers in the Heather Glen, Highland on the Point, and Southpoint Landing Subdivisions contemporaneously with the next billing of customers; and that Aqua submit to the Commission the attached Certificate of Service, properly signed and notarized, no later than 10 days after the date of the next billing.

ISSUED BY ORDER OF THE COMMISSION.

This the ____ day of _____, 2018.

NORTH CAROLINA UTILITIES COMMISSION

M. Lynn Jarvis, Chief Clerk

**AQUA NORTH CAROLINA, INC.
BULK PURCHASED WATER SYSTEM USAGE RATES**

Usage charge, per 1,000 gallons where water purchased for resale

<u>Service Area</u>	<u>Water Provider</u>	<u>Usage Charge/ 1,000 gallons</u>
Aqua North Carolina Service Areas		
Twin Creeks	City of Asheville	\$ 4.26
Heather Glen and Highland on the Point	City of Belmont	\$14.40
Southpoint Landing	City of Belmont	\$14.40
Park South	City of Charlotte	\$ 1.81
Parkway Crossing	City of Charlotte	\$ 1.81
Springhill / Springdale	City of Concord	\$ 5.11
Hoopers Valley	City of Hendersonville	\$ 3.06
Crystal Creek	City of Hendersonville	\$ 3.06
Rambling Ridge	City of Hendersonville	\$ 3.06
Brookwood	City of Hickory (outside city)	\$ 5.04
Heritage Farms	City of Hickory (inside city)	\$ 2.83
Cedarwood Estates	City of Hickory (inside city)	\$ 2.83
Hill-N-Dale	City of Lincolnton	\$ 7.70
East Shores	City of Morganton	\$ 2.52
Greenfield	City of Mount Airy	\$ 7.15
Bett's Brook	City of Newton	\$ 2.85
Crestwood	Davidson Water, Inc.	\$ 5.30
Lancer Acres	Davidson Water, Inc.	\$ 5.30
Beard Acres	Davidson Water, Inc.	\$ 5.30
Woodlake Development	Harnett County	\$ 2.77
Beechwood Cove	Chatham County	\$ 7.04
Chatham	Chatham County	\$ 7.04
Cole Park Plaza Shopping Center	Chatham County	\$10.01
Hidden Valley	Chatham County	\$ 7.04
Polks Landing	Chatham County	\$ 7.04
Chapel Ridge	Town of Pittsboro	\$13.69

<u>Service Area</u>	<u>Water Provider</u>	<u>Usage Charge/ 1,000 gallons</u>
Laurel Ridge	Town of Pittsboro	\$13.69
The Parks at Meadowview	Town of Pittsboro	\$13.69
River Hill Heights	Iredell Water Corp.	\$ 2.72
Bennett Place	Johnston County	\$ 2.33
Chatham	Johnston County	\$ 2.33
Cottonfield Village	Johnston County	\$ 2.33
Creekside Place	Johnston County	\$ 2.33
Eastlake at Flowers Plantation	Johnston County	\$ 2.33
Evergreen POD NE10	Johnston County	\$ 2.33
Flowers Crest	Johnston County	\$ 2.33
Flowers Plantation	Johnston County	\$ 2.33
Flowers Shopping Center	Johnston County	\$ 2.33
Magnolia	Johnston County	\$ 2.33
Magnolia Village	Johnston County	\$ 2.33
Mill Creek N/Pods II	Johnston County	\$ 2.33
Mill Creek West	Johnston County	\$ 2.33
North Farm Cottages	Johnston County	\$ 2.33
North Farms	Johnston County	\$ 2.33
North Village	Johnston County	\$ 2.33
Parkway Commercial	Johnston County	\$ 2.33
Peachtree	Johnston County	\$ 2.33
Pineville Club	Johnston County	\$ 2.33
Pineville East	Johnston County	\$ 2.33
Pineville East Cottages/Palmetto Pl.	Johnston County	\$ 2.33
Pineville East Estates	Johnston County	\$ 2.33
Pineville West	Johnston County	\$ 2.33
Plantation Park	Johnston County	\$ 2.33
Plantation Point	Johnston County	\$ 2.33
Poplar Woods POD 6A (aka Wilder's Woods Phase 2)	Johnston County	\$ 2.33
River Dell East POD NE12	Johnston County	\$ 2.33
River Dell Towns	Johnston County	\$ 2.33
South Plantation	Johnston County	\$ 2.33

<u>Service Area</u>	<u>Water Provider</u>	<u>Usage Charge/ 1,000 gallons</u>
South Quarter – POD 6B	Johnston County	\$ 2.33
Southgate	Johnston County	\$ 2.33
Sun Ridge Farms	Johnston County	\$ 2.33
Sweetgrass	Johnston County	\$ 2.33
The Gardens at Flowers Plantation	Johnston County	\$ 2.33
The Nine	Johnston County	\$ 2.33
The Pods IV	Johnston County	\$ 2.33
Trillium	Johnston County	\$ 2.33
Walker Woods	Johnston County	\$ 2.33
Watson's Mill	Johnston County	\$ 2.33
Wilders Woods and Extension	Johnston County	\$ 2.33
Holly Hills	Town of Forest City	\$ 5.95
Pear Meadows	Town of Fuquay-Varina	\$ 4.35
Swiss Pine Lake	Town of Spruce Pine	\$ 4.93
Brookwood/Lagrange Service Areas		
Kelly Hills	Fayetteville PWC	\$ 2.68
Bretton Woods	Fayetteville PWC	\$ 2.68
Raintree	Fayetteville PWC	\$ 2.68
Colony Village	Fayetteville PWC	\$ 2.68
Windsong	Fayetteville PWC	\$ 2.68
Porter Place	Fayetteville PWC	\$ 2.68
Thornwood	Fayetteville PWC	\$ 2.68
County Walk	Fayetteville PWC	\$ 2.68
Lands Down West	Fayetteville PWC	\$ 2.68
S & L Estates	Fayetteville PWC	\$ 2.68
Tarleton Plantation	Fayetteville PWC	\$ 2.68
Springdale	Fayetteville PWC	\$ 2.68
Ridge Manor	Fayetteville PWC	\$ 2.68
Forest Lake	Fayetteville PWC	\$ 2.68
Arden Forest	Fayetteville PWC	\$ 2.68
Wendemere	Fayetteville PWC	\$ 2.68
Jena-Shane	Fayetteville PWC	\$ 2.68
Stoney Point	Fayetteville PWC	\$ 2.68

<u>Service Area</u>	<u>Water Provider</u>	<u>Usage Charge/ 1,000 gallons</u>
Woodland Run	Town of Linden	\$ 4.98

**AQUA NORTH CAROLINA, INC.
PURCHASED SEWER RATES**

Aqua North Carolina Service Areas

Monthly Metered Service where bulk service purchased from Charlotte (Park South and Parkway Crossing residential and commercial):

Base facility charge, zero usage (based on meter size)	Same as commercial charges in Docket No. W-218, Sub 363
Residential and Commercial usage charge	\$ 6.45, per 1,000 gallons

Hawthorne at the Greene Apartments and Beaver Farms Subdivision– Mecklenburg County: (See Docket No. W-899, Sub 37 and Docket No. W-218, Sub 357)

Base facilities charge (to be collected and delivered to Carolina Water Service, Inc. of North Carolina for treatment of the wastewater), per month	\$ 40.40 per REU ^{1/}
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Each apartment building at Hawthorne at the Greene Apartments (formerly Vista Park Apartments) will be considered 92.42% occupied on an ongoing basis for billing purposes as soon as the certificate of occupancy is issued for the apartment building.

Collection service/commodity charge (based on Charlotte Water’s master meter reading), per 1,000 gallons	\$ 5.11
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Issued in Accordance with Authority Granted by the North Carolina Utilities Commission in Docket No. W-218, Sub 491, on this the ____ day of _____, 2018.

**STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH**

DOCKET NO. W-218, SUB 491

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 Amend Its Tariff to Increase Rates for)	NOTICE TO CUSTOMERS
Water Utility Service for the Increased Cost of)	OF NEW RATES
Purchased Water from the City of Belmont in Heather)	
Glen, Highland on the Point, and Southpoint Landing)	
Subdivisions in Gaston County, North Carolina)	

BY THE COMMISSION: Notice is given that the North Carolina Utilities Commission has granted Aqua North Carolina, Inc. (Aqua), an increase in its water rates charged to its customers in Heather Glen, Highland on the Point, and Southpoint Landing Subdivisions in Gaston County. Aqua filed a verified petition, pursuant to G.S. 62-133.11, with the Commission on March 28, 2018, requesting authority to amend its tariff for the purpose of passing along to its water customers the increased cost of purchasing water service from the City of Belmont instead of pumping and treating water from its wells.

Aqua owns and operates two community water well systems serving these subdivisions located within the one-half mile compliance buffer at the Allen Steam Station. North Carolina Session Law 2016-95 (House Bill 630 or CAMA) requires Duke Energy to establish permanent replacement water supplies for certain households, generally those that have a drinking water supply well located within a one-half mile radius from the boundaries of coal combustion residuals impoundments in North Carolina. Pursuant to CAMA, Duke Energy has recommended and the North Carolina Department of Environmental Quality (NCDEQ) has approved that the Aqua distribution system be interconnected to the City's water main and the City supplied water replace Aqua's existing wells as the sole supply to these subdivisions.

The new rates for water utility service are as follows:

	<u>Old</u> <u>Rate</u>	<u>New</u> <u>Rate</u>
Monthly base charge for zero usage	\$17.92	\$17.92
Usage charge per 1,000 gallons	\$ 5.43	\$14.40

Under the new rates, the average residential customer's monthly water bill will increase by \$46.99 or 99.5%, from \$47.22 to \$94.21 based upon 5,000 gallons usage. The average monthly water bill includes the current Water System Improvement Charge (WSIC) of 4.77%, effective January 1, 2018, which was approved by the Commission in its Order Approving Water and Sewer System Improvement Charges on a Provisional Basis.

Duke Energy is offering eligible property owners the opportunity to participate in a Property Value Protection Plan and/or the Financial Supplement Program, which includes a voluntary financial supplement and water bill stipend. For the property owners that are Aqua customers in the Heather Glen, Highland on the Point, and Southpoint Landing Subdivisions, the voluntary financial supplement is \$5,000 and the water bill stipend is \$14,097. The water bill stipend is equal to the difference between an average monthly 5,000 gallon usage water bill under Aqua's proposed purchased water rate and the current Aqua uniform rate for a period of twenty-five years. Duke Energy would make these payments up front, upon execution of a release and completion of all enrollment conditions by the customers and Commission approval of the applicable Aqua rates.

The Public Staff – North Carolina Utilities Commission (Public Staff) reviewed Aqua's petition and recommended the requested tariff revision be approved. The Public Staff stated that the tariff revision will allow Aqua to recover additional revenues that do not exceed the additional expenses.

ISSUED BY ORDER OF THE COMMISSION.

This the _____ day of _____, 2018.

NORTH CAROLINA UTILITIES COMMISSION

M. Lynn Jarvis, 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 491, and the Notice was mailed or hand delivered by the date specified in the Order.

This the ____ day of _____, 2018.

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 491.

Witness my hand and notarial seal, this the ____ day of _____, 2018.

Notary Public

Printed Name

(SEAL) My Commission Expires:

Date