

STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH

NOTICE TO CUSTOMERS
DOCKET NO. W-218, SUB 526
BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

Notice is hereby given that Aqua North Carolina, Inc. (Applicant), 202 MacKenan Court, Cary, North Carolina 27511, has filed an application with the North Carolina Utilities Commission for authority to increase rates for providing water and/or sewer utility service in all its service areas in North Carolina. **The Applicant's proposed changes to the rates for all its service areas, with the exception of the Brookwood and LaGrange service areas in Cumberland and Hoke Counties and the Fairways and Beau Rivage (The Cape) service areas in New Hanover County, are as follows:**

WATER UTILITY SERVICE

<u>Monthly Metered Service (Residential and Commercial customers)</u>	<u>Existing Rates</u>	<u>Proposed Rates</u>
<u>Base facility charge (zero usage, based on meter size)</u>		
<1" meter	\$ 19.25	\$ 21.57
1" meter	\$ 48.13	\$ 53.93
1-1/2" meter	\$ 96.25	\$ 107.85
2" meter	\$154.00	\$ 172.56
3" meter	\$288.75	\$ 323.55
4" meter	\$481.25	\$ 539.25
6" meter	\$962.50	\$1,078.50

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

<u>Usage charge, per 1,000 gallons</u>	<u>Existing Rate</u>	<u>Proposed Rate</u>
All service areas unless noted differently below	\$ 5.83	\$ 6.80
<u>Arbor Run Water System in Guilford County</u>	<u>Existing Rates</u>	<u>Proposed Rates</u>
Residential tiered usage charge, per 1000 gallons		
1 - 4,000 gallons	As shown above	\$ 4.65
4,001 - 8,000 gallons	As shown above	\$ 6.98
8,001 - 15,000 gallons	As shown above	\$ 10.46
15,001+ gallons	As shown above	\$ 13.95
Irrigation meter tiered usage charge, per 1,000 gallons		
1 - 15,000 gallons	As shown above	\$ 10.46
15,001+ gallons	As shown above	\$ 13.95

<u>Pebble Bay Water System in Catawba County</u>	<u>Existing Rates</u>	<u>Proposed Rates</u>
Residential tiered usage charge, per 1000 gallons		
1 - 4,000 gallons	As shown above	\$ 4.65
4,001 - 8,000 gallons	As shown above	\$ 6.98
8,001 - 15,000 gallons	As shown above	\$ 10.46
15,001+ gallons	As shown above	\$ 13.95
Irrigation meter tiered usage charge, per 1,000 gallons		
1 - 15,000 gallons	As shown above	\$ 10.46
15,001+ gallons	As shown above	\$ 13.95

<u>Bayleaf and Merion Water Systems in Wake County</u>	<u>Existing Rates</u>	<u>Proposed Rates</u>
Residential tiered usage charge, per 1000 gallons		
1 - 4,000 gallons	As shown above	\$ 4.65
4,001 - 8,000 gallons	As shown above	\$ 6.98
8,001 - 15,000 gallons	As shown above	\$ 10.46
15,001+ gallons	As shown above	\$ 13.95
Irrigation meter tiered usage charge, per 1,000 gallons		
1 - 15,000 gallons	As shown above	\$ 10.46
15,001+ gallons	As shown above	\$ 13.95

Bulk Purchased Water Systems

Proposed base monthly charge same as above

Proposed usage charge per 1,000 gallons same as bulk water provider as shown below

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

<u>Service Area</u>	<u>Water Provider</u>	<u>Existing Rates</u>	<u>Proposed Usage Charge</u>
Laurel Ridge	Town of Pittsboro	\$ 13.69	\$13.69
The Parks at Meadowview	Town of Pittsboro	\$ 13.69	\$13.69
River Hill Heights	Iredell Water Corp.	\$ 2.72	\$ 2.72
Bedford at Flowers Plantation	Johnston County	\$ 2.70	\$ 2.70
Bennett Place	Johnston County	\$ 2.70	\$ 2.70
Chatham	Johnston County	\$ 2.70	\$ 2.70
Cottages at Evergreen	Johnston County	\$ 2.70	\$ 2.70
Cottonfield Village	Johnston County	\$ 2.70	\$ 2.70
Creekside Place	Johnston County	\$ 2.70	\$ 2.70
Eastlake at Flowers Plantation	Johnston County	\$ 2.70	\$ 2.70
Evergreen	Johnston County	\$ 2.70	\$ 2.70
Flowers Crest	Johnston County	\$ 2.70	\$ 2.70
Flowers Shopping Center	Johnston County	\$ 2.70	\$ 2.70
Forge Creek	Johnston County	\$ 2.70	\$ 2.70
Longleaf	Johnston County	\$ 2.70	\$ 2.70
Magnolia	Johnston County	\$ 2.70	\$ 2.70
Magnolia Place/Village	Johnston County	\$ 2.70	\$ 2.70
Mill Creek North	Johnston County	\$ 2.70	\$ 2.70
Mill Creek West	Johnston County	\$ 2.70	\$ 2.70
Neuse Colony	Johnston County	\$ 2.70	\$ 2.70
North Farm	Johnston County	\$ 2.70	\$ 2.70
North Farm Cottages	Johnston County	\$ 2.70	\$ 2.70
North Village	Johnston County	\$ 2.70	\$ 2.70
Parkway Center/Village	Johnston County	\$ 2.70	\$ 2.70
Peachtree	Johnston County	\$ 2.70	\$ 2.70
Pineville Club	Johnston County	\$ 2.70	\$ 2.70
Pineville East	Johnston County	\$ 2.70	\$ 2.70
Pineville East Cottages/Palmetto Place	Johnston County	\$ 2.70	\$ 2.70
Pineville East Estates	Johnston County	\$ 2.70	\$ 2.70
Pineville West	Johnston County	\$ 2.70	\$ 2.70
Plantation Park	Johnston County	\$ 2.70	\$ 2.70
Plantation Pointe	Johnston County	\$ 2.70	\$ 2.70
Poplar Woods	Johnston County	\$ 2.70	\$ 2.70
River Dell East	Johnston County	\$ 2.70	\$ 2.70
River Dell Townes	Johnston County	\$ 2.70	\$ 2.70
River Dell Elementary School	Johnston County	\$ 2.70	\$ 2.70
Ross Landing	Johnston County	\$ 2.70	\$ 2.70
South Plantation	Johnston County	\$ 2.70	\$ 2.70
South Quarter	Johnston County	\$ 2.70	\$ 2.70
Southgate	Johnston County	\$ 2.70	\$ 2.70
Summerset Place	Johnston County	\$ 2.70	\$ 2.70
Sun Ridge Farms	Johnston County	\$ 2.70	\$ 2.70
Sweetgrass	Johnston County	\$ 2.70	\$ 2.70
The Gardens at Flowers Plantation	Johnston County	\$ 2.70	\$ 2.70
The Meadows	Johnston County	\$ 2.70	\$ 2.70
The Nines	Johnston County	\$ 2.70	\$ 2.70
The Woodlands	Johnston County	\$ 2.70	\$ 2.70
Trillium	Johnston County	\$ 2.70	\$ 2.70
Village at Flowers Plantation	Johnston County	\$ 2.70	\$ 2.70
Walker Woods	Johnston County	\$ 2.70	\$ 2.70
Watson's Mill	Johnston County	\$ 2.70	\$ 2.70
West Ashley	Johnston County	\$ 2.70	\$ 2.70
Whitfield at Flowers Plantation	Johnston County	\$ 2.70	\$ 2.70

<u>Service Area</u>	<u>Water Provider</u>	<u>Existing Rates</u>	<u>Proposed Usage Charge</u>
Wilders Woods and Extension	Johnston County	\$ 2.70	\$ 2.70
Holly Hills	Town of Forest City	\$ 5.95	\$ 5.95
Pear Meadows	Town of Fuquay-Varina	\$ 4.35	\$ 4.35
Swiss Pine Lake	Town of Spruce Pines	\$ 4.93	\$ 4.93

<u>Monthly Unmetered Service (flat rate)</u>	<u>Existing Rates</u>	<u>Proposed Rates</u>
All service areas unless noted differently below		
Residential customers	\$ 39.66	\$ 48.77
Commercial customers (per *REU)	\$ 67.42	\$ 74.37
*(REU = Residential Equivalent Unit)		

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

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

SEWER UTILITY SERVICE

<u>Monthly Unmetered Service (flat rate)</u>	<u>Existing Rates</u>	<u>Proposed Rates</u>
All service areas unless noted differently below		
Residential customers	\$ 72.04	\$ 80.18
Commercial customers (per *REU)	\$100.86	\$ 106.94
*(REU = Residential Equivalent Unit)		

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

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

All service areas unless noted differently below

	<u>Existing Rates</u>	<u>Proposed Rates</u>
<1" meter	\$ 26.11	\$ 27.48
1" meter	\$ 65.28	\$ 68.70
1-1/2" meter	\$ 130.55	\$ 137.40
2" meter	\$ 208.88	\$ 219.84
3" meter	\$ 391.65	\$ 412.20
4" meter	\$ 652.75	\$ 687.00
6" meter	\$1,305.50	\$1,374.00

<u>Usage charge, per 1,000 gallons</u>	\$ 8.92	\$ 10.54
All service areas unless noted differently below		

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

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

	<u>Existing Rates</u>	<u>Proposed Rates</u>
Base facility charge (to be collected and delivered to Carolina Water Service, Inc. of North Carolina for treatment of the Wastewater), per month (per REU)	\$ 47.94	\$ 47.94
Usage charge, per 1,000 gallons	\$ 6.11	\$ 7.32

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

The Sewer System Improvement Charge is applied to the total sewer utility bill of each customer under the Applicant's applicable rates and charges.

The Commission may consider additional or alternative rate design proposals that were not included in the original application and may order increases or decreases in the schedules that differ from those proposed by the Applicant. However, any rate structure considered will not generate more overall revenues than requested.

EFFECT OF RATES

The effect of the proposed rate increase will vary based on usage. The average monthly residential water bill, based on a three-year average usage of 4,896 gallons, would increase/decrease by approximately the following percentages:

	<u>Percentage Increase/Decrease</u>
All Aqua Service Areas, except as listed below:	11.8%
Arbor Run	-5.4%
Pebble Bay	-5.4%
Bayleaf and Merion	-5.4%
Twin Creeks	3.0%
Heather Glen and Highland	-0.1%
Southpoint Landing	-0.1%
Park South	5.4%
Parkway Crossing	5.4%
Springhill/Springdale	2.5%
Hoopers Valley	4.0%
Crystal Creek	4.0%
Rambling Ridge	4.0%
Brookwood	2.5%
Cedarwood Estates	4.2%
Heritage Farms	4.2%
Hill-N-Dale	1.4%

Percentage Increase/Decrease

East Shores	4.5%
Greenfield	1.5%
Bett's Brook	4.2%
Crestwood	2.4%
Lancer Acres	2.4%
Beard Acres	2.4%
Woodlake Development	4.3%
Beechwood Cove	1.6%
Chatham	1.6%
Cole Park Plaza Shopping Center	0.7%
Hidden Valley	1.6%
Polks Landing	1.6%
Chapel Ridge	0.0%
Laurel Ridge	0.0%
The Parks at Meadowview	0.0%
River Hill Heights	4.3%
Bedford at Flowers	4.3%
Bennett Place	4.3%
Chatham	4.3%
Cottages at Evergreen	4.3%
Cottonfield Village	4.3%
Creekside Place	4.3%
Eastlake at Flowers Plantation	4.3%
Evergreen	4.3%
Flowers Crest	4.3%
Flowers Shopping Center	4.3%
Forge Creek	4.3%
Longleaf	4.3%
Magnolia	4.3%
Magnolia Place/Village	4.3%
Mill Creek North	4.3%
Mill Creek West	4.3%
Neuse Colony	4.3%
North Farm	4.3%
North Farm Cottages	4.3%
North Village	4.3%
Parkway Center/Village	4.3%
Peachtree	4.3%
Pineville Club	4.3%
Pineville East	4.3%
Pineville East Cottages/Palmetto Place	4.3%
Pineville East Estates	4.3%
Pineville West	4.3%
Plantation Park	4.3%
Plantation Point	4.3%
Poplar Woods	4.3%
River Dell East	4.3%
River Dell Townes	4.3%
River Dell Elementary School	4.3%
Ross Landing	4.3%
South Plantation	4.3%
South Quarter	4.3%
Southgate	4.3%
Summerset Place	4.3%
Sun Ridge Farms	4.3%
Sweetgrass	4.3%
The Gardens at Flowers Plantation	4.3%

Percentage Increase/Decrease

The Meadows	4.3%
The Nines	4.3%
The Woodlands	4.3%
Trillium	4.3%
Village at Flowers Plantation	4.3%
Walker Woods	4.3%
Watson's Mill	4.3%
West Ashley	4.3%
Whitfield at Flowers Plantation	4.3%
Wilders Woods and Extension	4.3%
Holly Hills	2.1%
Pear Meadows	3.0%
Swiss Pine Lake	2.6%

The monthly residential unmetered flat rate water bill would increase by approximately 19.7%.

The monthly commercial unmetered flat rate water bill would increase by approximately 7.4%.

The monthly residential unmetered flat rate sewer bill would increase by approximately 10.4%.

The monthly commercial unmetered flat rate sewer bill would increase by approximately 4.8%.

WATER AND SEWER SYSTEM IMPROVEMENT CHARGE MECHANISM

Pursuant to Commission Rules R7-39(k) and R10-26(k), the Water System Improvement Charge and Sewer System Improvement Charge shall be reset at zero as of the effective date of new base rates established by the Commission in this general rate case.

CONSUMPTION ADJUSTMENT MECHANISM

Aqua has requested authority to implement a "Consumption Adjustment Mechanism" (CAM) within each of the Company's five Rate Divisions, pursuant to N.C. Gen. Stat. § 62-133.12A and subject to the final rules to be defined under Docket No. W-100, Sub 61. Aqua asserts that the mechanism, if approved for use, is intended to provide a true-up of the average per-customer consumption levels used to calculate rates necessary to achieve an approved revenue requirement. Aqua further asserts that the mechanism provides the Company and its customers' rate protections during periods of fluctuating consumption - high or low - that could otherwise result in over- or under-collections of approved revenue levels. Aqua also reserves the right to withdraw the CAM if the rules to be adopted in Docket No. W-100, Sub 61, render the use of a CAM infeasible for the Company.

CONSERVATION RATE PILOT

Aqua has requested authority to implement, for a selection of its residential and irrigation customers, a "Conservation Rate Pilot" that includes a revenue reconciliation component. Several water systems were identified for piloting in the Aqua Uniform Water Rate Division as was the entirety of the Fairways Water Rate Division. Aqua asserts that the Pilot incorporates the use of several volumetric water rate tiers at various consumption levels to determine their impact on customer usage patterns with a goal of promoting conservation. Aqua further asserts that the Pilot includes a proposed revenue reconciliation process to ensure the approved revenue requirement intended to result from the piloted customers are realizable as proposed by the Company in Docket No. W-100, Sub 59. The specific systems within the Aqua Uniform Water Rate Division identified for piloting are: Arbor Run (Guilford County), Pebble Bay (Catawba County), Bayleaf, and Merion (Wake County).

RATES UNDER BOND

Pursuant to N.C.G.S. § 62-134, Aqua has requested a final order be issued within six months from January 30, 2020, the proposed effective date of new rates. Otherwise, pursuant to N.C.G.S. § 62-135, Aqua intends to implement its proposed rates under bond on a temporary, interim basis subject to refund, effective for service rendered on and after six months from January 30, 2020, or July 31, 2020.

PUBLIC HEARINGS

The Commission has scheduled the application for hearings, as follows:

Monday, April 13, 2020, at 7:00 p.m.
New Hanover County Courthouse
316 Princess Street
Courtroom 317
Wilmington, North Carolina 28401

Monday, April 20, 2020, at 7:00 p.m.
Old Guilford County Courthouse
301 West Market Street
Guilford County Board of Commissioners' Chamber
Greensboro, North Carolina 27401

Tuesday, April 21, 2020, at 7:00 p.m.
Gaston County Courthouse
325 Dr. Martin Luther King, Jr. Way
Courtroom 4D
Gastonia, North Carolina 28052

Wednesday, April 22, 2020, at 7:00 p.m.
Iredell County Hall of Justice
226 Stockton Street
Statesville, North Carolina 28677

Monday, April 27, 2020, at 7:00 p.m.
Dobbs Building
430 North Salisbury Street
Hearing Room 2115
Raleigh, North Carolina 27603

Wednesday, April 29, 2020, at 7:00 p.m.
Historic Cumberland County Courthouse
130 Gillespie Street
Hearing Room 3
Fayetteville, North Carolina 28301

Tuesday, June 23, 2020, at 9:30 a.m.
Dobbs Building
430 North Salisbury Street
Hearing Room 2115
Raleigh, North Carolina 27603

That the hearings on April 13, April 20, April 21, April 22, April 27, and April 29, 2020, will be solely for the purpose of receiving the testimony of public witnesses in accordance with Commission Rule R1-21(g). The Commission reserves the right to limit testimony at the public witness hearings.

The hearings will resume in Raleigh on June 23, 2020, at 9:30 a.m., solely for the purpose of receiving expert witness testimony from the parties' witnesses and will continue as required for testimony and cross-examination of expert witnesses for the Company, the Public Staff – North Carolina Utilities Commission (Public Staff), and other intervenors.

The Public Staff is authorized by statute to represent consumers in proceedings before the Commission. Written statements to the Public Staff should include the name of the subdivision where the customer is receiving service, contact information, and any information that the writer wishes to be considered by the Public Staff in its investigation of the matter; these statements should be addressed to Mr. Christopher J. Ayers, Executive Director, Public Staff, 4326 Mail Service Center, Raleigh, North Carolina 27699-4326. 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 to the Attorney General should be addressed to The Honorable Josh Stein, Attorney General, 9001 Mail Service Center, Raleigh, North Carolina 27699-9001.

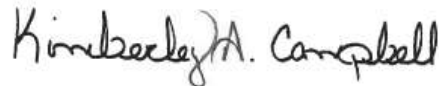
Written statements are not evidence unless those persons appear at a public hearing and testify concerning the information contained in their written statements.

Persons desiring to intervene in the matter as formal parties of record should file a petition pursuant to North Carolina Utilities Commission Rules R1-5 and R1-19 no later than Tuesday, May 19, 2020. 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.

This the 14th day of February, 2020.

NORTH CAROLINA UTILITIES COMMISSION



Kimberley A. Campbell, Chief Clerk