

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 present water and sewer rates for its 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>	Existing Rates	Proposed Rates
Base charge, per month (zero usage, based on meter size)		
<1" meter	\$ 8.36	\$ 9.10
1" meter	\$ 20.90	\$ 22.75
1-1/2" meter	\$ 41.80	\$ 45.50
2" meter	\$ 66.88	\$ 72.80
3" meter	\$ 125.40	\$ 136.50
4" meter	\$ 209.00	\$ 227.50
6" meter	\$ 418.00	\$ 455.00
 Residential tiered usage charge, per 1000 gallons		
1 - 5,000 gallons	\$ 1.53	\$ 0.71
5,001 - 10,000 gallons	\$ 1.53	\$ 1.42
10,001 - 20,000 gallons	\$ 1.53	\$ 2.49
20,001+ gallons	\$ 1.53	\$ 3.55
 Irrigation meter tiered usage charge, per 1,000 gallons		
1 - 20,000 gallons	\$ 1.53	\$ 2.49
20,001+ gallons	\$ 1.53	\$ 3.55
 Commercial usage charge, per 1,000 gallons	\$ 1.53	\$ 1.69
 <u>Monthly Unmetered Service/REU (flat rate)</u>	Existing Rates	Proposed Rates
Residential Rate	\$ NA	\$ 19.12
Commercial customers (per *REU)	\$ NA	\$ 29.34
*(REU = Residential Equivalent Unit)		
 <u>Water System Improvement Charge</u>	Existing Rates	Proposed Rates
All service areas unless noted differently	-0.24%	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	\$ 58.56	\$ 60.83
Commercial customers (per *REU)	\$ 81.98	\$ 94.27
*(REU = Residential Equivalent Unit)		

Commercial Monthly Metered Service (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	\$ 20.72	\$ 21.04
1" meter	\$ 51.80	\$ 52.60
1-1/2" meter	\$ 103.60	\$ 105.20
2" meter	\$ 165.76	\$ 168.32
3" meter	\$ 310.80	\$ 315.60
4" meter	\$ 518.00	\$ 526.00
6" meter	\$1,036.00	\$1,052.00
Usage charge, per 1,000 gallons	\$ 9.46	\$ 9.56

<u>Sewer System Improvement Charge</u>	<u>Existing Rates</u>	<u>Proposed Rates</u>
All service areas unless noted differently	0.06%	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 7,100 gallons, would decrease by 18.5%.

The monthly residential unmetered flat rate sewer bill would increase by approximately 3.8%.

The monthly commercial unmetered flat rate sewer bill would increase by approximately 14.9%.

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, 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

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 526, and the Notice was mailed or hand delivered by the date specified in the Order.

This the ____ day of _____, 2020.

By: _____
Signature

Aqua North Carolina, Inc.

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 526.

Witness my hand and notarial seal, this the ____ day of _____, 2020.

Notary Public

Printed or Typed Name

(SEAL) Commission Expires:

Date