

SANFORD LAW OFFICE, PLLC

Jo Anne Sanford, Attorney at Law

April 28, 2021

Ms. Kimberley A. Campbell, Chief Clerk
North Carolina Utilities Commission
4325 Mail Service Center
Raleigh, North Carolina 27699-4325

Via Electronic Filing

Re: Aqua North Carolina, Inc.
Docket No. W-218, Sub 526A
Application for Approval of Water and Sewer System Improvement
Charge Rate Adjustments Pursuant to G.S. 62-133.12

Dear Ms. Campbell:

Aqua North Carolina, Inc. ("Aqua" or "Company") hereby files an Application for Approval of Water and Sewer System Improvement Charge Rate Adjustments Pursuant to G.S. 62-133.12 and Commission Rules R7-39 and R10-26. Aqua submits that these water and sewer system improvements are prudent and necessary to enable the Company to provide safe, reliable, and efficient service to its customers in accordance with applicable water quality and effluent standards, and requests that the Commission, upon review of this Application, so find. The impacts of these updated surcharges range from a \$0.25 to \$2.32 surcharge per month for the various "average" residential customers in the Aqua network, varying by rate division.

As always, thank you and your staff for your assistance; please feel free to contact me if there are questions or suggestions.

Sincerely,

Electronically Submitted

/s/Jo Anne Sanford

State Bar No. 6831

Attorney for Aqua North Carolina, Inc.

c: Parties of Record

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effective on June 12, 2013. Prior to enactment of this legislation, the Commission did not have statutory authority to establish these rate adjustment mechanisms for water and sewer utilities. A copy of this legislation is attached hereto as Appendix A.

2. G.S. 62-133.12 provides for Commission approval of a water system improvement charge ("WSIC") and a sewer system improvement charge ("SSIC"), upon a finding that the rate adjustment mechanism is in the public interest. G.S. 62-133.12(a) provides:

"The frequency and manner of the rate adjustments under the mechanism shall be as prescribed by the Commission."

3. On August 21, 2013, the Public Staff filed a Petition for Order Establishing Rulemaking Proceeding in Docket No. W-100, Sub 54. In the Petition, the Public Staff requested that the Commission establish a rulemaking to implement G.S. 62-133.12, and adopt the proposed rules that the Public Staff had attached to the Petition with such modifications as may be appropriate in light of any comments that might be presented during the rulemaking proceeding. The draft rules established procedures for determining and implementing the rate adjustment mechanisms contemplated in the provisions in G.S. 62-133.12; i.e., a WSIC¹ and a SSIC².

4. On August 22, 2013, Aqua filed a Petition to Intervene in Docket No W-100, Sub 54. In support of its Petition, Aqua noted that it had filed a general

¹ The Public Staff proposed Rule R7-39 to address the WSIC.

² The Public Staff proposed Rule R10-26 to address the SSIC.

rate case in Docket No. W-218, Sub 363 on August 2, 2013, and that, pursuant to the authority granted in the newly-enacted G.S. 62-133.12, the Company had requested that the Commission approve a rate adjustment mechanism in that rate proceeding to allow it to recover reasonable and prudent investments in eligible water and sewer system improvements.

5. On August 28, 2013, the Commission entered an Order Establishing Rulemaking in Docket No. W-100, Sub 54 and, in pertinent part, granted Aqua's petition to intervene.

6. On May 2, 2014, the Commission entered an Order Granting Partial Rate Increase, Approving Rate Adjustment Mechanism, and Requiring Customer Notice ("2014 Rate Case Order") in Docket No W-218, Sub 363.

7. Decretal Paragraph 9 of the 2014 Rate Case Order provided that: "Aqua's request to utilize a WSIC/SSIC mechanism pursuant to G.S. 62-133.12 to recover certain incremental costs related to eligible investment in water and sewer infrastructure projects completed and placed in service between general rate case proceedings is in the public interest and is hereby approved."

8. Decretal Paragraph 10 of the 2014 Rate Case Order provided that: "Aqua shall utilize the alternative procedures set forth in Appendices C and D, attached hereto, and shall make the requisite filings in order to qualify for implementation of the WSIC/SSIC without having to make an additional rate filing subsequent to the adoption of final rules in Docket No. W-100, Sub 54."

9. On June 6, 2014, the Commission entered an Order Adopting Rules to Implement G.S. 62-133.12 in Docket No. W-100, Sub 54. Rule R7-39, entitled “Water System Improvement Charge Mechanism,” and Rule R10-26, entitled “Sewer System Improvement Charge Mechanism,” were adopted effective as of the date of the rulemaking order.

10. Rules R7-39(f) and R10-26(f) provide that once WSIC and SSIC mechanisms are approved and eligible water and sewer system improvements are in service, the utility (in this case, Aqua) may file a request with the Commission for authority to impose the water and sewer system improvement charges pursuant to the mechanisms, to be effective no less than 60 days after filing the request.

11. On October 26, 2020, the Commission entered an Order Approving Partial Settlement Agreement and Stipulation, Deciding Contested Issues, Granting Partial Rate Increase, and Requiring Customer Notice (“2020 Rate Case Order”) in Docket No. W-218, Sub 526, Aqua’s most recent general rate case.

12. The Evidence and Conclusions for Findings of Fact Nos. 74-76 of the 2020 Rate Case Order (at page 153) provided that: “The Commission’s previously-authorized water and sewer system improvement charge rate adjustment mechanism for Aqua NC continues in effect, although, pursuant to Commission Rules R7-39(k) and R10-26(k), it has been reset at zero as of the date this Order is issued. Aqua NC may, under the Rules and Regulations of the Commission, next apply for a WSIC/SSIC rate surcharge on November 1, 2020, to become effective January 1, 2021.”

13. The Evidence and Conclusions for Findings of Fact Nos. 74-76 of the 2020 Rate Case Order (at page 153) further provided that: "The WSIC/SSIC surcharge 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 this general rate case proceeding."

14. Commission Rules R7-39(i) and R10-26(i) provide that authorized utilities, such as Aqua, may file requests for WSIC and SSIC rate adjustments no more frequently than semiannually. Therefore, by this Application, Aqua files its second semiannual application (in Docket No. W-218, Sub 526A) for WSIC and SSIC rate adjustments, provides the requisite minimum notice of 60 days, and requests authority to impose revised WSIC and SSIC customer charges effective for service rendered on and after July 1, 2021.

15. Pursuant to NCUC Rules R7-39(b)(7) and R10-26(b)(7), the WSIC and SSIC Period for Aqua is the 12-month period ended December 31 each year. For purposes of this Application, the applicable WSIC and SSIC Period is the 12-month period ended December 31, 2021.

16. Aqua requests authority to recover the incremental depreciation expense and capital costs associated with the Company's investment in eligible water and sewer system improvements as defined in G.S. 62-133.12(c) and (d) which are detailed in Appendix B to this Application. Aqua asserts that these water and sewer system improvements are necessary to enable the Company to provide

safe, reliable, and efficient service to its customers in accordance with applicable water quality and effluent standards and requests that the Commission, upon review of this Application, so find.

17. In this filing, two water system improvement projects, which are specifically identified in Appendix B, schedule ANCW-5 and in Appendix B, schedule FW-5, were proposed in order for the Company to comply with secondary drinking water standards. Pursuant to G.S. 62-133.12(c), the Commission has previously entered Orders Approving Secondary Water Quality Improvement Projects in Docket No. W-218, Sub 363A, which were dated December 22, 2014, May 21, 2015, August 20, 2015, March 1, 2016, January 18, 2017, April 3, 2018, November 20, 2018, and December 17, 2018. Under Docket No. W-218, Sub 497A, three such Orders were issued on May 20, 2019, September 16, 2019, and April 3, 2020. Under Docket No. W-218 Sub 526A, an order was issued on March 16, 2021, approving secondary water quality improvement projects in four of Aqua's systems. The Commission has, by Order, specifically approved each of these secondary water quality projects; thereby authorizing the Company to implement such projects in order to comply with secondary drinking water standards.

18. For purposes of this Application, Aqua is seeking cost recovery of its completed investments in eligible water and sewer system improvements (in-service as of March 31, 2021) as defined in G.S. 62-133.12(c) and (d), which are detailed in Appendix B to this Application. These incremental investments total

\$10,582,113, the entire amount of which was spent on WSIC/SSIC-eligible system improvement projects and infrastructure necessary to provide quality water and sewer utility service to North Carolina customers. The eligible water and sewer system improvements completed and placed in service by Aqua, which are the subject of this Application, include water system infrastructure installed to comply with primary and secondary water drinking standards, and other such statutorily-authorized water and sewer system improvements. The Company's cumulative total investment amount spent to-date on such improvements since enactment of G.S. 62-133.12 is approximately \$51,900,000.

19. NCUC Rules R7-39(b)(2) and R10-26(b)(2) define the term "depreciation expense" to mean the annual depreciation accrual rates employed in Aqua's most recent general rate case for the plant accounts in which the cost of each eligible water and sewer system improvement is recorded applied to the cost of eligible water and sewer system improvements. Accordingly, Aqua has developed its request for WSIC and SSIC cost recovery of its incremental depreciation expense utilizing the annual depreciation accrual rates employed in Docket No. W-218, Sub 526, the Company's most recent general rate case.

20. NCUC Rules R7-39(b)(1) and R10-26(b)(1) define the term "capital costs" to mean the pretax return on costs permitted to be capitalized pursuant to the National Association of Regulatory Utility Commissioners ("NARUC") Uniform System of Accounts, net of accumulated depreciation and accumulated deferred income taxes, using the current federal and state income tax rates and the utility's

capital structure, cost of long-term debt, and return on equity approved in the utility's most recent general rate case. Accordingly, Aqua has developed its request for WSIC and SSIC cost recovery of its capital costs utilizing the current federal and state income tax rates and the utility's capital structure, cost of long-term debt, and return on equity approved in Docket No. W-218, Sub 526, the Company's most recent general rate case.

21. NCUC Rules R7-39(b)(4) and R10-26(b)(4) define the term "incremental depreciation expense and capital costs" to mean depreciation expense and capital costs that have been incurred since the utility's most recent rate case and have not been included in the utility's cost of service for ratemaking purposes. Accordingly, Aqua's request for WSIC and SSIC cost recovery of its incremental depreciation expense and capital costs includes only costs incurred since the Company's most recent general rate case in Docket No. W-218, Sub 526. Aqua further states that such costs have not previously been included in the Company's cost of service for ratemaking purposes.

22. NCUC Rules R7-39(b)(6) and R10-26(b)(6) define the terms "WSIC Revenue Requirement" and "SSIC Revenue Requirement" to mean the annual revenue required to allow a utility to recover the annual incremental depreciation expense and capital costs of eligible water and sewer system improvements. Accordingly, Aqua has developed its Application and calculated its request to recover the WSIC and SSIC Revenue Requirements consistent with the methodology set forth in subsections (g) of the referenced rules.

23. Aqua's incremental WSIC Revenue Requirements for purposes of this Application are: Aqua Water: +\$516,163; Brookwood/LaGrange Water: +\$38,476; and Fairways and Beau Rivage Water: +\$57,473. The Company's incremental SSIC Revenue Requirements are: Aqua Sewer: +\$470,762; and Fairways and Beau Rivage Sewer: +\$11,039.

24. Aqua's cumulative WSIC Revenue Requirements for purposes of this Application are: Aqua Water: +\$655,338; Brookwood/LaGrange Water: +\$38,476; and Fairways and Beau Rivage Water: +\$57,473. The Company's cumulative SSIC Revenue Requirements are: Aqua Sewer: +\$533,523; and Fairways and Beau Rivage Sewer: +\$12,049.

25. The projected (non-WSIC/non-SSIC) annual service revenue amounts have been projected for the period from January 2021 – December 2021. NCUC Rules R7-39(h) and R10-26(h) specify how the water and sewer system charges are to be calculated. Subsections (h)(1) of the Rules specify that the WSIC and SSIC shall be expressed as a percentage carried to two decimal places and shall be applied to the total utility bill of each customer under the utility's applicable service rates and charges.

26. The incremental changes to the WSIC/SSIC surcharges requested by Aqua, as set forth above, would result in the following proposed updated, cumulative WSIC and SSIC surcharge percentages to become effective on July 1, 2021: Cumulative WSIC surcharge percentages---Aqua Water: 1.66%; Brookwood/LaGrange Water: 0.63%; and Fairways and Beau Rivage Water:

5.06%. Cumulative SSIC surcharge percentages---Aqua Sewer: 3.08%; and Fairways and Beau Rivage Sewer: 0.59%.

27. If approved by the Commission, these cumulative surcharge percentages will be applied to the utility bill of each customer under the Company's applicable service rates and charges for service rendered on and after July 1, 2021.

28. Subsections (h)(2) of the NCUC Rules specify that the WSIC and SSIC shall be computed by dividing the annual WSIC and SSIC Revenue Requirements by the projected revenues of the utility during the 12-month period following implementation of the charges. By this Application, Aqua has made the required computations consistent with the NCUC Rules by utilizing the following projected WSIC Revenue Requirements during the 12-month period following implementation of the charges---Aqua Water: \$38,546,489; Brookwood Water: \$6,433,919 and Fairways Water \$1,159,708, all of which match the annual service revenue in the 2020 Rate Case rate order. In making the required computations, Aqua utilized the following projected SSIC Revenue Requirements---Aqua Sewer: \$17,370,725; and Fairways and Beau Rivage Sewer: \$2,190,669. For each sewer entity, projected growth through the end of 2021 was factored into the forecasted revenue amounts.

29. NCUC Rules R7-39(i) and R10-26(i) authorize Aqua to request semiannual WSIC and SSIC adjustments. By this Application, Aqua applies for its second semiannual WSIC and SSIC rate adjustment in Docket No. W-218, Sub

526A. Subsections (i)(2) of the NCUC Rules specify that cumulative WSIC and SSIC Revenue Requirements may not exceed five percent of the total annual service revenues approved in the utility's last general rate proceeding. For purposes of this Application, Aqua states that the five percent limitation has been calculated based upon the following total annual service revenues approved in the Company's last general rate proceeding: Aqua Water: \$1,927,324; Aqua Sewer: \$821,304; Brookwood/LaGrange Water: \$321,696; Fairways and Beau Rivage Water: \$57,985; and Fairways and Beau Rivage Sewer: \$107,629.

30. Aqua's proposed WSIC and SSIC adjustments will increase monthly residential average customer bills as follows:

Aqua Water: Per the current Aqua Water tariff (in effect as of the date of this filing), a residential customer with usage of 4,871 gallons per month would have a monthly bill of \$51.78. The cumulative WSIC request set forth in this Application would result in a monthly surcharge of \$0.86 for this billed amount, for a total bill of \$52.64. The average monthly residential bills for bulk purchased water systems will vary, but customer bills will be increased by this same WSIC surcharge rate.

Aqua Sewer: Per the current Aqua Sewer tariff (in effect as of the date of this filing), the flat rate residential monthly bill is \$75.38. The cumulative SSIC request set forth in this Application would result in a SSIC surcharge of \$2.32, for a total bill of \$77.70. The average monthly bills for *metered* residential and commercial sewer customers will vary, but customer bills will be increased by the

same SSIC surcharge rate. The average monthly residential bills for bulk purchased sewer systems will also vary, but will have this same SSIC surcharge applied to customer bills each month.

Fairways and Beau Rivage Water: Per the current Fairways and Beau Rivage Water tariff (in effect as of the date of this filing), a residential customer with usage of 7,151 gallons per month would have a monthly bill of \$19.64. The cumulative WSIC request set forth in this Application would result in a monthly surcharge of \$0.99 for this billed amount, for a total bill of \$20.63.

Fairways and Beau Rivage Sewer: Per the current Fairways and Beau Rivage Sewer tariff (in effect as of the date of this filing), the flat rate residential monthly bill is \$54.11. The cumulative SSIC request set forth in this Application would result in a monthly surcharge amount of \$0.32, for a total bill of \$54.43. The average monthly bills for metered residential and commercial sewer customers will vary, but customer bills will be increased by this same SSIC surcharge rate.

Brookwood/LaGrange Water: Per the current Brookwood/LaGrange Water tariff (in effect as of the date of this filing), a residential customer with usage of 5,069 gallons per month, would have a monthly bill of \$39.18. The cumulative WSIC request set forth in this Application would result in a monthly surcharge of \$0.25 for this billed amount, for a total bill of \$39.43. The average monthly residential bills for bulk purchased water systems will vary, but customer bills will be increased by this same WSIC surcharge rate.

31. Aqua's proposed WSIC and SSIC tariff is attached hereto as Appendix C. This tariff is proposed to become effective for water and sewer utility service rendered on and after July 1, 2021.

32. The attorney for Aqua, on whom all pleadings and notices should be served, is:

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Sanford Law Office, PLLC
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Raleigh, North Carolina 27611-8085
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WHEREUPON, Aqua hereby requests that the Commission approve implementation of the proposed new WSIC and SSIC tariffs and percentage charges contained in Appendix C effective for service rendered on and after July 1, 2021.

Respectfully submitted this 28th day of April, 2021.

SANFORD LAW OFFICE, PLLC

Electronically Submitted

/s/Jo Anne Sanford

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VERIFICATION

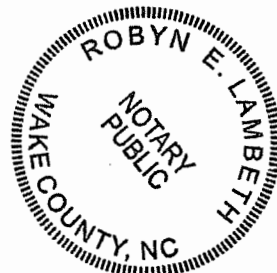
Shannon V. Becker, being duly sworn, deposes and says: that he is the President of Aqua North Carolina, Inc.; that he is familiar with the facts set out in this **Application for Approval of Water and Sewer System Improvement Charge Rate Adjustments Pursuant to G.S. 62-133.12** filed in Docket No. W-218, Sub 526A; that he has read the foregoing Application and knows the contents thereof; and that the Application is true of his knowledge except as to those matters stated therein on information and belief, and as to those he believes them to be true.

Shannon V. Becker
Shannon V. Becker

Sworn to and subscribed before me this
the 28th day of April, 2021.

Robyn E. Lambeth
Notary Public

My Commission Expires: May 13 2021



APPENDIX B

ANCW-1

Aqua North Carolina, Inc.
Construction Status Report
ANC Water
For period ending March 31, 2021
Construction in-service closed to UPIS:

Funding Project	Project Description	10/1/2020 Closed to UPIS	11/1/2020 Closed to UPIS	12/1/2020 Closed to UPIS	Q4 2020 Closed to UPIS	1/1/2021 Closed to UPIS	2/1/2021 Closed to UPIS	3/1/2021 Closed to UPIS	Q1 2021 UPIS (a)	Cummulative Closed to UPIS	Tax Rpr Y or N
FP35800014061	WSIC Flwrs Shop Ctr Rplc Valves		22,788.51		22,788.51				0.00	22,788.51	Y
FP35800013522	WSIC 20/21 Meter Rplc Cary Ph 1		267,772.20	636,798.11	904,570.31	815,809.06	870,160.71	1,082,057.19	2,768,026.96	3,672,597.27	N
FP35800051845	WSIC South Hills #2 Radium Filter			225,281.94	225,281.94				0.00	225,281.94	N
FP35800090475	WSIC Stoneridge OCCT Improvements			41,179.53	41,179.53				0.00	41,179.53	N
FP35801011429	WSIC Cedar Grove Rplc Vlv Svc Ph 2				0.00	24,554.10			24,554.10	24,554.10	N
FP35801004451	WSIC East Chestnut OCCT Improvement				0.00	44,269.69			44,269.69	44,269.69	N
FP35801065103	WSIC Turkey Pen Gap Rplc Svc Ph 2				0.00	12,420.00			12,420.00	12,420.00	N
FP35800088898	WSIC Lake Springs FeMn Filter				0.00		252,856.52		252,856.52	252,856.52	N
FP35800016602	WSIC Orchard Knolls Valve Rplc				0.00		6,540.90		6,540.90	6,540.90	Y
FP35801065097	WSIC Woodridge Replace Services				0.00		197,800.16		197,800.16	197,800.16	N
FP35800064292	WSIC Flowers Plt DOT Main Relocate				0.00			192,319.40	192,319.40	192,319.40	Y
	Total ANC Water	-	290,560.71	903,259.58	1,193,820.29	897,052.85	1,327,358.29	1,274,376.59	3,498,787.73	4,692,608.02	

Aqua North Carolina, Inc.
Reconciliation by UT Account
ANC Water

ANCW-1 by UT

Funding Project	Project Description	UT 303	UT 304	UT 307	UT 309	UT 311	UT 320	UT 330	UT 331	UT 333	UT 334	UT 335	UT 346	Total	Tax Rpr Y or N
FP35800014061	WSIC Flwrs Shop Ctr Rplc Valves								22,788.51					22,788.51	Y
FP35800013522	WSIC 20/21 Meter Rplc Cary Ph 1										3,672,597.27			3,672,597.27	N
FP35800051845	WSIC South Hills #2 Radium Filter		118,527.61				80,664.98		26,089.35					225,281.94	N
FP35800090475	WSIC Stoneridge OCCT Improvements						41,179.53							41,179.53	N
FP35801011429	WSIC Cedar Grove Rplc Vlv Svc Ph 2								728.59	23,825.51				24,554.10	N
FP35801004451	WSIC East Chestnut OCCT Improvement		8,828.49		2,667.96		20,496.49						12,276.75	44,269.69	N
FP35801065103	WSIC Turkey Pen Gap Rplc Svc Ph 2									12,420.00				12,420.00	N
FP35800088898	WSIC Lake Springs FeMn Filter		100,904.52		26,730.15	10,356.77	114,865.08							252,856.52	N
FP35800016602	WSIC Orchard Knolls Valve Rplc								6,540.90					6,540.90	Y
FP35801065097	WSIC Woodridge Replace Services								73,337.14	117,197.90	7,265.12			197,800.16	N
FP35800064292	WSIC Flowers Plt DOT Main Relocate								192,319.40					192,319.40	Y
	Total ANC Water	-	228,260.62	-	29,398.11	10,356.77	257,206.08	-	321,803.89	163,443.41	3,679,862.39	-	12,276.75	4,692,608.02	

APPENDIX B

AQUA NORTH CAROLINA, INC.
WSIC Filing Summary - W-218, Sub 526A
Rate Entity: Aqua North Carolina Water

ANCW-2

Line#		
1	Filing	4/30/2021
2	Plant in Service Date	3/31/2021
3	WSIC Rates Effective	7/1/2021
4	WSIC Period End	12/31/2021
5		
6	Plant Additions, current period	4,692,608.02 See Appendix B: ANCW-1
7	Accumulated depreciation	(187,939.72) See Appendix B: ANCW-3
8	Net plant	4,504,668.30
9	Deferred Income Tax	(59,595.00) See Appendix B: ANCW-4
10	Net Eligible Property	4,445,073.30
11	Pre-tax ROR %	8.2069% Note 1
12	Pre-tax rate of return	364,803.39
13	Annual depreciation expense	150,689.00 See Appendix B: ANCW-3
14	Total, excluding regulatory fee	515,492.38
15	Regulatory fee gross-up factor	0.99870 Note 2
16	Calculated WSIC revenue requirement for this filing	516,163.40
17		
18	Total Service Revenues from Docket No. 218, Sub 526	38,546,489.00
19	Cap of 5% of annual service revenues from Docket No. 218, Sub 526	1,927,324.45 line 18 x 5 %
	WSIC Revenue Requirement Requested (Lessor of Calculated WSIC revenue or 5% of annual service revenues from Docket No. 218, Sub 526)	
21	Revenue Request effective 1/1/2021 (2021-1)	139,175.00 from W-218 Sub 526A order dated 1/4/2021
21-b	Revenue Request effective 7/1/2021 (2021-2)	516,163.40 from line 16 above
22	Total Annual WSIC revenue based on cumulative WSIC net plant.	655,338.40 sum lines 21
23	Anticipated Non-WSIC service revenues 1/1/2021 to 12/31/2021	38,546,489.00 Rate Order Amount (line 18)
	Total Annual WSIC Revenue Requirement as % of Estimated Service Revenues	1.70% line 22 divided by line 23
25	Adjust for 2020 Mod Factor (EMF) eff 7/1/21	-0.04%
26	WSIC Surcharge % requested for effective date of 7/1/2021	1.66% sum lines 24 through 25
27		
	(Note 1) Capital Structure and Rate of Return from Docket No. 218, Sub 526:	
29	SIT rate (effective 1/1/19)	2.50%
30	FIT rate (effective 1/1/18)	21.00%
31	Composite income tax rate 1-((1-2.5%) x (1-21%))	22.975%

APPENDIX B

AQUA NORTH CAROLINA, INC.
WSIC Filing Summary - W-218, Sub 526A
Rate Entity: Aqua North Carolina Water

ANCW-2

Line#

			Weighted	Pre -Tax
		Cost	Cost	Weighted
				Cost
32				
33				
34	<u>Capital costs and structure from Docket No.218, Sub 526:</u>			
35	Debt	50%	4.21%	2.105%
36	Equity	50%	9.40%	6.102%
37	(Pre Tax Equity 4.70% / (1-22.975%))		6.805%	8.2069%
38				
39	(Note 2)			
40	Regulatory fee rate (as of 7/1/2019)		0.130%	
41	Regulatory fee gross-up factor 1-.13%		0.99870	
42				
43	<u>Average Residential Customer Bill</u>			
44	monthly gallons billed per customer per Docket W-218, Sub 526		4,871	
45	BFC Charge, as of 10/26/2020	\$	20.70	
46	Usage Charge, as of 10/26/2020	\$	6.38	
	Average Residential Customer Bill - prior to application of WSIC			
47	surcharge	\$	51.78	line 45+line 44/1000 x line 46
48	WSIC Surcharge requested effective 7/1/21 (above)		1.66%	from line 26
	Average Residential Customer Bill - after application of 7/1/21			
49	WSIC surcharge	\$	52.64	line 47 x (1+line 48)
50	Cumulative Impact on monthly residential bills as of 7/1/2021	\$	0.86	line 49 less line 47

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APPENDIX B

ANCW-3

Aqua North Carolina, Inc.
Docket No. W-218, Sub 526A
WSIC - ANC Water
Calculation of Accumulated Depreciation
For period ending March 31, 2021

Utility Account	Depr Rate	2020	2021					
		WSIC Additions	WSIC Additions	Total WSIC Additions	2020 Accum Depr	2021 Accum Depr	Total Accum Depr-12/31/21	Annual Depr Exp
303200-Land	0.00%		-	-	0.00	0.00	0.00	0.00
304200-Structures & Improvements	1.57%	118,527.61	109,733.01	228,260.62	2,791.33	861.40	3,652.73	3,583.69
307200-Wells	1.31%			-	0.00	0.00	0.00	0.00
309200-Supply Mains	4.56%		29,398.11	29,398.11	0.00	670.28	670.28	1,340.55
311200-Pumping Equipment	2.80%		10,356.77	10,356.77	0.00	144.99	144.99	289.99
320300-Water Treatment Equipment	3.86%	121,844.51	135,361.57	257,206.08	7,054.80	2,612.48	9,667.28	9,928.15
330400-Dist Reservoirs & Standpipes	2.15%			-	0.00	0.00	0.00	0.00
331400-T&D Mains	1.71%	48,877.86	272,926.03	321,803.89	1,253.72	2,333.52	3,587.24	5,502.85
333400-Services	4.81%		153,443.41	153,443.41	0.00	3,690.31	3,690.31	7,380.63
334400-Meters & Meter Installations	3.30%	904,570.31	2,775,292.08	3,679,862.39	44,776.23	45,792.32	90,568.55	121,435.46
335400-Hydrants	2.39%			-	0.00	0.00	0.00	0.00
346500-Communication Equipment	10.00%		12,276.75	12,276.75	0.00	613.84	613.84	1,227.68
				-	0.00	0.00	0.00	0.00
				-	0.00	0.00	0.00	0.00
ANC Water Total	3.2112%	1,193,820.29	3,498,787.73	4,692,608.02	55,876.08	56,719.14	112,595.22	150,689.00

12/31/21 Accum Depr 112,595.22
12/31/22 Accum Depr 263,284.22
Avg Accum Depr* 187,939.72

APPENDIX B

ANCW-4

Aqua North Carolina, Inc.
Docket No. W-218, Sub 526A
WSIC - ANC Water
Calculation of Tax Deduction
For period ending March 31, 2021

2020 Additions

Utility Account	MACRS WSIC Additions	Repair Tax Eligible WSIC Additions	Total 2020 SSIC Additions	2020 MACRS Tax Deduction 2%	2020 Repair Tax Deduction 100%	Total 2020 Tax Deduction	2021 MACRS Tax Deduction 4%	Cummulative 2021 Additions Tax Deduction
303000-Land	-	-	-	-	-	-	-	-
304000-Structures & Improvements	118,527.61	-	118,527.61	2,371.00	-	2,371.00	4,741.00	7,112.00
307200-Wells	-	-	-	-	-	-	-	-
309200-Supply Mains	-	-	-	-	-	-	-	-
311200-Pumping Equipment	-	-	-	-	-	-	-	-
320300-Water Treatment Equipment	121,844.51	-	121,844.51	2,437.00	-	2,437.00	4,874.00	7,311.00
330400-Dist Reservoirs & Standpipes	-	-	-	-	-	-	-	-
331400-T&D Mains	26,089.35	22,788.51	48,877.86	522.00	22,788.51	23,310.51	1,044.00	24,354.51
333400-Services	-	-	-	-	-	-	-	-
334400-Meters & Meter Installations	904,570.31	-	904,570.31	18,091.00	-	18,091.00	36,183.00	54,274.00
335400-Hydrants	-	-	-	-	-	-	-	-
3462000-Communication Equipment	-	-	-	-	-	-	-	-
ANC Water Total	1,171,031.78	22,788.51	1,193,820.29	23,421.00	22,788.51	46,209.51	46,842.00	93,051.51

2021 Additions

Utility Account	MACRS WSIC Additions	Repair Tax Eligible WSIC Additions	Total 2021 SSIC Additions	2021 MACRS Tax Deduction 2%	2021 Repair Tax Deduction 100%	Total Tax Deduction 12/31/21	Total Tax Deduction Reserve 12/31/2021	MACRS Tax Deduction 4%	Total Tax Deduction Reserve 12/31/2022
303000-Land	-	-	-	-	-	-	-	-	-
304000-Structures & Improvements	109,733.01	-	109,733.01	2,195.00	-	2,195.00	9,307.00	9,130.42	18,437.42
307200-Wells	-	-	-	-	-	-	-	-	-
309200-Supply Mains	29,398.11	-	29,398.11	588.00	-	588.00	588.00	1,175.92	1,763.92
311200-Pumping Equipment	10,356.77	-	10,356.77	207.00	-	207.00	207.00	414.27	621.27
320300-Water Treatment Equipment	135,361.57	-	135,361.57	2,707.00	-	2,707.00	10,018.00	10,288.24	20,306.24
330400-Dist Reservoirs & Standpipes	-	-	-	-	-	-	-	-	-
331400-T&D Mains	74,065.73	198,860.30	272,926.03	1,481.00	198,860.30	200,341.30	224,695.81	4,006.20	228,702.01
333400-Services	153,443.41	-	153,443.41	3,069.00	-	3,069.00	3,069.00	6,137.74	9,206.74
334400-Meters & Meter Installations	2,775,292.08	-	2,775,292.08	55,506.00	-	55,506.00	109,780.00	147,194.50	256,974.50
335400-Hydrants	-	-	-	-	-	-	-	-	-
3462000-Communication Equipment	12,276.75	-	12,276.75	246.00	-	246.00	246.00	491.07	737.07
ANC Water Total	3,299,927.43	198,860.30	3,498,787.73	65,999.00	198,860.30	264,859.30	357,910.81	178,838.37	536,749.18
Tax Reserve (average)	447,330					12/31/21 Tax Reserve	357,910.81		
Avg Book Reserve for Acc Depr	187,940					12/31/22 Tax Reserve	536,749.18		
Tax greater than Book	259,390					Avg. Tax Reserve*	447,329.99		
Composite income tax rate	22.975%								

APPENDIX B

ANCW-4

2020 Additions

	MACRS WSIC Additions	Repair Tax Eligible WSIC Additions	Total 2020 SSIC Additions	2020 MACRS Tax Deduction 2%	2020 Repair Tax Deduction 100%	Total 2020 Tax Deduction	2021 MACRS Tax Deduction 4%	Cummulative 2021 Additions Tax Deduction
Utility Account								

Accumulated Deferred Income Tax 59,595

Repair Tax Eligible:	2020	2021	UT
WSIC Flwrs Shop Ctr Rpic Valves	22,788.51		331
WSIC Orchard Knolls Valve Rpic		6,540.90	331
WSIC Flowers Plt DOT Main Relocate		192,319.40	331

22,788.51	198,860.30
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ANCW-5

APPENDIX B
AQUA NORTH CAROLINA, INC.
WSIC Filing Summary - W-218, Sub 526A
Rate Entity: Aqua North Carolina Water
Project Scope For period ending March 31, 2021

Funding Project	Project Description	Project Scope	Ref
FP35800014061	WSIC Flwrs Shop Ctr Rplc Valves	The replacement of distribution system valves. Full replacement is based on prudence, age and integrity of existing valves. G.S. 62-133.12(c)(1) Eligible Water System Improvements.	Paragraph 16/17 of the Application
FP35800013522	WSIC 20/21 Meter Rplc Cary Ph 1	The replacement of meters and/or appurtenances inside the meter box, including the box and lid, due to malfunction, damage or age deterioration. G.S. 62-133.12(c)(1) Eligible Water System Improvements.	Paragraph 16/17 of the Application
FP35800051845	WSIC South Hills #2 Radium Filter	The installation of filters to remove primary contaminant radium to comply with primary drinking water standards. G.S. 62-133.12(c)(3) Eligible Water System Improvements.	Paragraph 16/17 of the Application
FP35800090475	WSIC Stoneridge OCCT Improvements	The installation of treatment to remove primary contaminants to comply with primary drinking water standards. G.S. 62-133.12(c)(3) Eligible Water System Improvements.	Paragraph 16/17 of the Application
FP35801011429	WSIC Cedar Grove Rplc Vlv Svc Ph 2	The replacement of service line from main to meter and distribution system valves. Full replacement is based on prudence, age and integrity of existing pipe and valves. G.S. 62-133.12(c)(1) Eligible Water System Improvements.	Paragraph 16/17 of the Application
FP35801004451	WSIC East Chestnut OCCT Improvement	The installation of treatment to remove primary contaminants to comply with primary drinking water standards. G.S. 62-133.12(c)(3) Eligible Water System Improvements.	Paragraph 16/17 of the Application
FP35801065103	WSIC Turkey Pen Gap Rplc Svc Ph 2	The replacement of service line from main to meter. Full replacement is based on prudence, age and integrity of existing pipe. G.S. 62-133.12(c)(1) Eligible Water System Improvements.	Paragraph 16/17 of the Application
FP35800088898	SECONDARY WATER QUALITY WSIC Lake Springs FeMn Filter	Installation of Manganese Dioxide Media filter system at Well #2 in Lake Spring in an effort to minimize the impact of secondary water quality concerns from customers. G.S. 62-133.12(c)(4) Eligible Water System Improvements.	Paragraph 16/17 of the Application

ANCW-5

AQUA NORTH CAROLINA, INC.
WSIC Filing Summary - W-218, Sub 526A
Rate Entity: Aqua North Carolina Water
Project Scope For period ending March 31, 2021

Funding Project	Project Description	Project Scope	Ref
FP35800016602	WSIC Orchard Knolls Valve Rplc	The replacement of distribution system valves. Full replacement is based on prudence, age and integrity of existing valves. G.S. 62-133.12(c)(1) Eligible Water System Improvements.	Paragraph 16/17 of the Application
FP35801065097	WSIC Woodridge Replace Services	The replacement of service line from main to meter. Full replacement is based on prudence, age and integrity of existing pipe. G.S.62-133.12(c)(1) Eligible Water System Improvements.	Paragraph 16/17 of the Application
FP35800064292	WSIC Flowers Plt DOT Main Relocate	NCDOT Main Relocation Project No. R-3825B in Johnston County. Project is relocating water and sewer mains along NC 42 from east of SR 1902 (Glen Laurel Road) to SR 1003 (Buffalo Road). G.S. 62-133.12(C)(5) Eligible Water System Improvements.	Paragraph 16/17 of the Application

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APPENDIX B

ANCWW-1

Aqua North Carolina, Inc.
Construction Status Report
ANC Wastewater
For period ending March 31, 2021
Construction in-service closed to UPIS:

Funding Project	Project Description	10/1/2020 Closed to UPIS	11/1/2020 Closed to UPIS	12/1/2020 Closed to UPIS	Q4 2020 Closed to UPIS	1/1/2021 Closed to UPIS	2/1/2021 Closed to UPIS	3/1/2021 Closed to UPIS	Q1 2021 UPIS (a)	Cummulative Closed to UPIS
FP35881014139	SSIC Bridgeprt Rplc WW Filter Pump		9,643.57		9,643.57				0.00	9,643.57
FP35881015384	SSIC Crismark LS Rplc Pmp Millgrove			8,280.25	8,280.25				0.00	8,280.25
FP35881014454	SSIC Diamond Hd Rplc Surge Tk Pump			5,512.90	5,512.90				0.00	5,512.90
FP35880007441	SSIC Hawthorne Influent L/S			69,660.83	69,660.83				0.00	69,660.83
FP35880015943	SSIC Neuse WWTP EQ Pump Rplc			13,344.86	13,344.86				0.00	13,344.86
FP35880088731	SSIC Saddleridge L/S Full Rehab			43,051.44	43,051.44				0.00	43,051.44
FP35881016372	SSIC Heronwood Catspaw LS Pmp Rplc				0.00	14,013.65			14,013.65	14,013.65
FP35880088945	SSIC Neuse Colony Blwer Rplc				0.00	15,905.22			15,905.22	15,905.22
FP35101015500	SSIC Salem Quarters Rplc EQ Pumps				0.00	9,286.58			9,286.58	9,286.58
FP35101004048	SSIC SSES Willow Creek LS				0.00	83,885.53			83,885.53	83,885.53
FP35880007439	SSIC Wildwood Grn/Galway LS Rehab				0.00	49,770.33			49,770.33	49,770.33
FP35880058250	SSIC Mallards Crossing Blower Rplc				0.00		11,363.39		11,363.39	11,363.39
FP35880088948	SSIC Cole Park EQ Blower Replace				0.00			13,221.94	13,221.94	13,221.94
FP35880064293	SSIC Flowers Plt DOT Main Relocate				0.00			4,407,643.57	4,407,643.57	4,407,643.57
FP35101515536	SSIC Grinder Pump Replace				0.00	2,294.27	9,795.78	11,145.19	23,235.24	23,235.24
FP35880016168	SSIC Grinder Pump Replace				0.00	13,544.74	9,066.52	17,299.88	39,911.14	39,911.14
FP35881016208	SSIC Grinder Pump Replace				0.00	1,492.65	5,134.88	1,377.02	8,004.55	8,004.55
		0.00	9,643.57	139,850.28	149,493.85	190,192.97	35,360.57	4,450,687.60	4,676,241.14	4,825,734.99

ANCWW-1 by UT

Aqua North Carolina, Inc.
Reconciliation by UT Account
ANC Wastewater

Funding Project	Project Description	UT 354	UT 360	UT 361	UT 363	UT 365	UT 371	UT 380	UT 384	UT 396	Total	Tax Repair
												Y or N
FP35881014139	SSIC Bridgeprt Rplc WW Filter Pump						9,643.57				9,643.57	Y
FP35881015384	SSIC Crismark LS Rplc Pmp Millgrove						8,280.25				8,280.25	Y
FP35881014454	SSIC Diamond Hd Rplc Surge Tk Pump						5,512.90				5,512.90	Y
FP35880007441	SSIC Hawthorne Influent L/S						69,660.83				69,660.83	Y
FP35880015943	SSIC Neuse WWTP EQ Pump Rplc						13,344.86				13,344.86	Y
FP35880088731	SSIC Saddleridge L/S Full Rehab	28,810.33					14,241.11				43,051.44	Y
FP35881016372	SSIC Heronwood Catspaw LS Pmp Rplc						14,013.65				14,013.65	Y
FP35880088945	SSIC Neuse Colony Blwer Rplc							15,905.22			15,905.22	Y
FP35101015500	SSIC Salem Quarters Rplc EQ Pumps						9,286.58				9,286.58	Y
FP35101004048	SSIC SSES Willow Creek LS			83,885.53							83,885.53	Y
FP35880007439	SSIC Wildwood Grn/Galway LS Rehab						49,770.33				49,770.33	Y
FP35880058250	SSIC Mallards Crossing Blower Rplc							11,363.39			11,363.39	Y
FP35880088948	SSIC Cole Park EQ Blower Replace							13,221.94			13,221.94	Y
FP35880064293	SSIC Flowers Plt DOT Main Relocate		4,407,643.57								4,407,643.57	N
FP35101515536	SSIC Grinder Pump Replace						23,235.24				23,235.24	N
FP35880016168	SSIC Grinder Pump Replace						39,911.14				39,911.14	N
FP35881016208	SSIC Grinder Pump Replace						8,004.55				8,004.55	N
Total ANC WW		28,810.33	4,407,643.57	83,885.53	0.00	0.00	264,905.01	40,490.55	0.00	0.00	4,825,734.99	

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APPENDIX B

ANCWW-2

AQUA NORTH CAROLINA, INC.
SSIC Filing Summary - W-218, Sub 526A
Rate Entity: Aqua North Carolina Wastewater

Line#			
1	Filing	4/30/2021	
2	Plant in Service Date	3/31/2021	
3	SSIC Rates Effective	7/1/2021	
4	SSIC Period End	12/31/2021	
5			
6	Plant Additions, current period	4,825,734.99	See Schedule ANCWW-2
7	Accumulated depreciation	(99,881.03)	See Schedule ANCWW-3
8	Net plant	<u>4,725,853.96</u>	
9	Deferred Income Tax	(97,922.00)	See Schedule ANCWW-4
10	Net Eligible Property	<u>4,627,931.96</u>	
11	Pre-tax ROR %	8.2069%	Note 1
12	Pre-tax rate of return	<u>379,810.44</u>	
13	Annual depreciation expense	90,339.13	Schedule ANCWW-3
14	Total, excluding regulatory fee	<u>470,149.57</u>	
15	Regulatory fee gross-up factor	0.99870	Note 2
16	Calculated SSIC revenue requirement for this filing	<u><u>470,761.56</u></u>	
17			
18	Total Service Revenues from Docket No. 218, Sub 526	16,426,070.00	
19	Cap of 5% of annual service revenues from Docket No. 218, Sub 526	821,303.50	line 18 x 5 %
20			
21	Revenue Request effective 1/1/2021 (2021-1)	\$ 62,761.00	from W-218 Sub 526A order dated 1/4/2021
21-b	Revenue Request effective 7/1/2021 (2021-2)	<u>470,761.56</u>	from line 16 above
22	Total Annual SSIC revenue based on cumulative SSIC net plant.	<u><u>533,522.56</u></u>	sum lines 21
23	Anticipated Non-SSIC service revenues 1/1/2021 to 12/31/2021	17,370,724.52	Company Forecast for 2021
	Total Annual SSIC Revenue Requirement as % of Estimated		
24	Service Revenues	3.07%	line 22 divided by line 23
25	Adjust for 2020 Mod Factor (EMF) eff 7/1/21	0.01%	
26	SSIC Surcharge % requested for effective date of 7/1/21	<u>3.08%</u>	sum lines 24 through 25
27			
	(Note 1) Capital Structure and Rate of Return from Docket No. 218, Sub 497:		
28	SIT rate (effective 1/1/19)	2.50%	
30	FIT rate (effective 1/1/18)	21.00%	
31	Composite income tax rate $1 - ((1 - 2.5\%) \times (1 - 21\%))$	22.975%	
32			

Pre -Tax

APPENDIX B

ANCWW-2

AQUA NORTH CAROLINA, INC.
SSIC Filing Summary - W-218, Sub 526A
Rate Entity: Aqua North Carolina Wastewater

Line#			Weighted	Weighted
		Cost	Cost	Cost
33				
34	<u>Capital costs and structure from Docket No.218, Sub 497:</u>			
35	Debt	50%	4.21%	2.105%
36	Equity	50%	9.40%	4.700%
37	(Pre Tax Equity 4.70% / (1-22.975%))		6.805%	8.207%
38				
39	(Note 2)			
40	Regulatory fee rate (as of 7/1/2019)		0.130%	
41	Regulatory fee gross-up factor 1-13%		0.99870	
42				
43	<u>Average Residential Customer Bill</u>			
44	Residential Flat Rate Customer Bill - from Docket W-218, Sub 526, as of 10/26/2020	\$	75.38	
45	SSIC Surcharge requested effective 7/1/2021		3.08% from line 26	
46	Residential Flat Rate Customer Bill - with impact from SSIC award effective 7/1/2021	\$	77.70 line 44 x (1+line 45)	
47	Cumulative Impact on monthly residential bills as of 7/1/2021	\$	2.32 line 46 less line 44	

APPENDIX B

ANCWW-3

Aqua North Carolina, Inc.
Docket No. W-218, Sub 526A
SSIC - ANC Wastewater
Calculation of Accumulated Depreciation
For period ending March 31, 2021

Utility Account	Depr Rate	2020	2021					
		SSIC Additions	SSIC Additions	Total SSIC Additions	2020 Accum Depr	2021 Accum Depr	Total Accum Depr	Annual Depr Exp
354200-Structures and Improvements	2.08%	28,810.33		28,810.33	898.88	0.00	898.88	599.25
360200-Collection Sewers-Force	1.53%		4,407,643.57	4,407,643.57	0.00	33,718.47	33,718.47	67,436.95
361200-Collection Sewers-Gravity	1.85%		83,885.53	83,885.53	0.00	775.94	775.94	1,551.88
363200-Services to Customers	2.45%			-	0.00	0.00	0.00	0.00
365000-Flow Measuring Device	0.61%			-	0.00	0.00	0.00	0.00
371000-Pumping Equipment	7.41%	120,683.52	144,221.49	264,905.01	13,413.97	5,343.41	18,757.38	19,629.46
380400-Treatment & Disposal Equip	2.77%		40,490.55	40,490.55	0.00	560.79	560.79	1,121.59
382400-Outfall Sewer Lines	2.46%			-	0.00	0.00	0.00	0.00
396700-Communication Equip	6.67%			-	0.00	0.00	0.00	0.00
ANC WW Total	1.87%	149,493.85	4,676,241.14	4,825,734.99	14,312.85	40,398.61	54,711.46	90,339.13

0.00

12/31/21 Accum Depr 54,711.46
12/31/22 Accum Depr 145,050.59
Avg Accum Depr 99,881.03

ANC WW Accum Depr

APPENDIX B

ANCWW-4

Aqua North Carolina, Inc.
Docket No. W-218, Sub 526A
SSIC - ANC Wastewater
Calculation of Tax Deduction
For period ending March 31, 2021

2020 Additions

Utility Account	MACRS SSIC Additions	Repair Tax Eligible SSIC Additions	Total 2020 SSIC Additions	2020 MACRS Tax Deduction 2%	2020 Repair Tax Deduction 100%	Total 2020 Tax Deduction	2021 MACRS Tax Deduction 4%	Cummulative 2021 Additions Tax Deduction
354200-Structures and Improvements	-	28,810.33	28,810.33	-	28,810.33	28,810.33	-	28,810.33
360200-Collection Sewers-Force	-	-	-	-	-	-	-	-
361200-Collection Sewers-Gravity	-	-	-	-	-	-	-	-
363200-Services to Customers	-	-	-	-	-	-	-	-
371300-Pumping Equipment	-	120,683.52	120,683.52	-	120,683.52	120,683.52	-	120,683.52
380400-Treatment & Disposal Equip	-	-	-	-	-	-	-	-
382400-Outfall Sewer Lines	-	-	-	-	-	-	-	-
396700-Communication Equip	-	-	-	-	-	-	-	-
ANC WW Total	-	149,493.85	149,493.85	-	149,493.85	149,493.85	-	149,493.85

2021 Additions

Utility Account	MACRS SSIC Additions	Repair Tax Eligible SSIC Additions	Total 2021 SSIC Additions	2021 MACRS Tax Deduction 2%	2021 Repair Tax Deduction 100%	Total Tax Deduction 12/31/21	Total Tax Deduction Reserve 12/31/2021	MACRS Tax Deduction 4%	Total Tax Deduction Reserve 12/31/2022
354200-Structures and Improvements	-	-	-	-	-	-	28,810.33	-	28,810
360200-Collection Sewers-Force	4,407,643.57	0.00	4,407,643.57	88,153.00	-	88,153.00	88,153.00	176,306	264,459
361200-Collection Sewers-Gravity	-	83,885.53	83,885.53	-	83,885.53	83,885.53	83,885.53	-	83,886
363200-Services to Customers	-	-	-	-	-	-	-	-	-
365000-Flow Measuring Device	-	-	-	-	-	-	-	-	-
371300-Pumping Equipment	71,150.93	73,070.56	144,221.49	1,423.00	73,070.56	74,493.56	195,177.08	2,846	198,023
380400-Treatment & Disposal Equip	-	40,490.55	40,490.55	-	40,490.55	40,490.55	40,490.55	-	40,491
382400-Outfall Sewer Lines	-	-	-	-	-	-	-	-	-
396700-Communication Equip	-	-	-	-	-	-	-	-	-
ANC WW Total	4,478,794.50	197,446.64	4,676,241.14	89,576.00	197,446.64	287,022.64	436,516.49	179,151.78	615,668.27

Tax Reserve	526,092.38	12/31/21 Tax Reserve
Book Reserve	99,881.03	12/31/22 Tax Reserve
Tax greater than Book	426,211.35	Avg. Tax Reserve*
Composite income tax rate	22.98%	
Accumulated Deferred Income Tax	97,922.00	

436,516.49
615,668.27
526,092.38

Repair Tax Eligible:	2020	2021	UT
SSIC Bridgeprt Rplc WW Filter Pump	9,643.57		371
SSIC Crismark LS Rplc Pmp Millgrove	8,280.25		371
SSIC Diamond Hd Rplc Surge Tk Pump	5,512.90		371

APPENDIX B

ANCWW-4

2020 Additions

Utility Account	MACRS SSIC Additions	Repair Tax Eligible SSIC Additions	Total 2020 SSIC Additions	2020 MACRS Tax Deduction 2%	2020 Repair Tax Deduction 100%	Total 2020 Tax Deduction	2021 MACRS Tax Deduction 4%	Cummulative 2021 Additions Tax Deduction
SSIC Hawthorne Influent L/S	69,660.83		371					
SSIC Neuse WWTP EQ Pump Rplc	13,344.86		371					
SSIC Saddleridge L/S Full Rehab	28,810.33		354					
SSIC Saddleridge L/S Full Rehab	14,241.11		371					
SSIC Heronwood Catspaw LS Pmp Rplc		14,013.65	371					
SSIC Neuse Colony Blwer Rplc		15,905.22	380					
SSIC Salem Quarters Rplc EQ Pumps		9,286.58	371					
SSIC SSES Willow Creek LS		83,885.53	361					
SSIC Wildwood Gm/Galway LS Rehab		49,770.33	371					
SSIC Mallards Crossing Blower Rplc		11,363.39	380					
SSIC Cole Park EQ Blower Replace		13,221.94	380					
	<u>149,493.85</u>	<u>197,446.64</u>						

ANCWW-5

APPENDIX B
AQUA NORTH CAROLINA, INC.
SSIC Filing Summary - W-218, Sub 526A
Rate Entity: Aqua North Carolina Wastewater
Project Scope For period ending March 31, 2021

Funding Project	Project Description	Project Scope	Ref
FP35881014139	SSIC Bridgeprt Rplc WW Filter Pump	The replacement of pumping equipment at lift stations and wastewater treatment plants due to failure. G.S. 62-133.12(d)(4) Eligible Sewer System Improvements.	Paragraph 16/17 of the Application
FP35881015384	SSIC Crismark LS Rplc Pmp Millgrove	The replacement of pumping equipment at lift stations and wastewater treatment plants due to failure. G.S. 62-133.12(d)(4) Eligible Sewer System Improvements.	Paragraph 16/17 of the Application
FP35881014454	SSIC Diamond Hd Rplc Surge Tk Pump	The replacement of pumping equipment at lift stations and wastewater treatment plants due to failure. G.S. 62-133.12(d)(4) Eligible Sewer System Improvements.	Paragraph 16/17 of the Application
FP35880007441	SSIC Hawthorne Influent L/S	The replacement of pumping equipment at lift stations and wastewater treatment plants due to failure. G.S. 62-133.12(d)(4) Eligible Sewer System Improvements.	Paragraph 16/17 of the Application
FP35880015943	SSIC Neuse WWTP EQ Pump Rplc	The replacement of pumping equipment at lift stations and wastewater treatment plants due to failure. G.S. 62-133.12(d)(4) Eligible Sewer System Improvements.	Paragraph 16/17 of the Application
FP35880088731	SSIC Saddleridge L/S Full Rehab	The replacement of pumping equipment at lift stations and wastewater treatment plants due to failure. G.S. 62-133.12(d)(4) Eligible Sewer System Improvements.	Paragraph 16/17 of the Application
FP35881016372	SSIC Heronwood Catspaw LS Pmp Rplc	The replacement of pumping equipment at lift stations and wastewater treatment plants due to failure. G.S. 62-133.12(d)(4) Eligible Sewer System Improvements.	Paragraph 16/17 of the Application
FP35880088945	SSIC Neuse Colony Blwer Rplc	The replacement of motors and/or blower or other mechanical equipment at wastewater treatment plants due to failure. G.S. 62-133.12(d)(4) Eligible Sewer System Improvements.	Paragraph 16/17 of the Application
FP35101015500	SSIC Salem Quarters Rplc EQ Pumps	The replacement of pumping equipment at lift stations and wastewater treatment plants due to failure. G.S. 62-133.12(d)(4) Eligible Sewer System Improvements.	Paragraph 16/17 of the Application
FP35101004048	SSIC SSES Willow Creek LS	Improvements completed to reduce and/or eliminate the inflow and infiltration of rain water into a portion of the collection system. G.S. 62-133.12(d)(2) Eligible Sewer System Improvements.	Paragraph 16/17 of the Application
FP35880007439	SSIC Wildwood Grn/Galway LS Rehab	The replacement of pumping equipment at lift stations and wastewater treatment plants due to failure. G.S. 62-133.12(d)(4) Eligible Sewer System Improvements.	Paragraph 16/17 of the Application
FP35880058250	SSIC Mallards Crossing Blower Rplc	The replacement of motors and/or blower or other mechanical equipment at wastewater treatment plants due to failure. G.S. 62-133.12(d)(4) Eligible Sewer System Improvements.	Paragraph 16/17 of the Application

ANCWW-5

AQUA NORTH CAROLINA, INC.
SSIC Filing Summary - W-218, Sub 526A
Rate Entity: Aqua North Carolina Wastewater
Project Scope For period ending March 31, 2021

Funding Project	Project Description	Project Scope	Ref
FP35880088948	SSIC Cole Park EQ Blower Replace	The replacement of motors and/or blower or other mechanical equipment at wastewater treatment plants due to failure. G.S. 62-133.12(d)(4) Eligible Sewer System Improvements.	Paragraph 16/17 of the Application
FP35880064293	SSIC Flowers Plt DOT Main Relocate	NCDOT Main Relocation Project No. R-3825B in Johnston County. Project is relocating water and sewer mains along NC 42 from east of SR 1902 (Glen Laurel Road) to SR 1003 (Buffalo Road). G.S. 62-133.12(d)(3) Eligible Sewer System Improvements.	Paragraph 16/17 of the Application
FP35101515536	SSIC Grinder Pump Replace	The replacement of pumps, motors, blowers and other nechanical equipment installed as in-kind replacemetns for customers. G.S. 62-133.12(d)(4) Eligible Sewer System Improvements.	Paragraph 16/17 of the Application
FP35880016168	SSIC Grinder Pump Replace	The replacement of pumps, motors, blowers and other nechanical equipment installed as in-kind replacemetns for customers. G.S. 62-133.12(d)(4) Eligible Sewer System Improvements.	Paragraph 16/17 of the Application
FP35881016208	SSIC Grinder Pump Replace	The replacement of pumps, motors, blowers and other nechanical equipment installed as in-kind replacemetns for customers. G.S. 62-133.12(d)(4) Eligible Sewer System Improvements.	Paragraph 16/17 of the Application

APPENDIX B

BW-1

Aqua North Carolina, Inc.
Construction Status Report
Brookwood & LaGrange Water
For period ending March 31, 2021
Construction in-service closed to UPIS:

Funding Project	Project Description	10/1/2020 Closed to UPIS	11/1/2020 Closed to UPIS	12/1/2020 Closed to UPIS	Q4 2020 Closed to UPIS	1/1/2021 Closed to UPIS	2/1/2021 Closed to UPIS	3/1/2021 Closed to UPIS	Q1 2021 UPIS (a)	Cummulative Closed to UPIS	Tax Rpr Y or N
FP35740013754	WSIC Colony Village #23 Radium Fitr				0.00			161,868.18	161,868.18	161,868.18	N
FP35740051730	WSIC Sunset Park #29 Radium				0.00			195,294.57	195,294.57	195,294.57	N
					0.00				0.00	0.00	
					0.00				0.00	0.00	
	Total Brookwood	-	-	-	-	-	-	357,162.75	357,162.75	357,162.75	

BW-1 by UT

Aqua North Carolina, Inc.
Reconciliation by UT
Brookwood & LaGrange Water

Funding Project	Project Description	UT 304	UT 309	UT 320	UT 330	UT 331	UT 333	UT 334	UT 335	Total
FP35740013754	WSIC Colony Village #23 Radium Filtr	75,067.41	7,352.04	79,448.73						161,868.18
FP35740051730	WSIC Sunset Park #29 Radium	95,745.05	12,906.73	86,642.79						195,294.57
										0.00
										0.00
		170,812.46	20,258.77	166,091.52	0.00	0.00	0.00	0.00	0.00	357,162.75

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APPENDIX B

BW-2

AQUA NORTH CAROLINA, INC.
WSIC Filing Summary - W-218, Sub 526A
Rate Entity: Brookwood & LaGrange Water

Line#		
1	Filing	4/30/2021
2	Plant in Service Date	3/31/2021
3	WSIC Rates Effective	7/1/2021
4	WSIC Period End	12/31/2021
5		
6	Plant Additions, current period	357,162.75 See Appendix B: BW-1
7	Accumulated depreciation	(10,016.69) See Appendix B: BW-3
8	Net plant	347,146.06
9	Deferred Income Tax	(981.00) See Appendix B: BW-4
10	Net Eligible Property	346,165.06
11	Pre-tax ROR %	8.207% Note 1
12	Pre-tax rate of return	28,409.47
13	Annual depreciation expense	10,016.69 See Appendix B: BW-3
14	Total, excluding regulatory fee	38,426.16
15	Regulatory fee gross-up factor	0.99870 Note 2
16	Calculated WSIC revenue requirement for this filing	<u>38,476.18</u>
17		
18	Total Service Revenues from Docket No. 218, Sub 526	6,433,920.00
	Cap of 5% of annual service revenues from Docket No. 218, Sub	
19	526	321,696.00 line 18 x 5 %
	WSIC Revenue Requirement Requested (Lessor of Calculated	
	WSIC revenue or 5% of annual service revenues from Docket No.	
20	218, Sub 526)	
21	Revenue Request effective 1/1/2021 (2021-1)	- from W-218 Sub 526A order dated 1/4/2021
21-b	Revenue Request effective 7/1/2021 (2021-2)	<u>38,476.18</u> from line 16 above
22	Total Annual WSIC revenue based on cumulative WSIC net plant.	38,476.18 sum lines 21
	Total Annual WSIC revenue based on cumulative WSIC net plant.	
22-b	CAPPED AT 5% TARGET FROM LINE 19 ABOVE	<u>38,476.18</u>
23	Anticipated Non-WSIC service revenues 1/1/2021 to 12/31/2021	6,433,920.00 Company Forecast
	Total Annual WSIC Revenue Requirement as % of Estimated	
24	Service Revenues	0.60% line 22 divided by line 23
25	Adjust for 2020 Mod Factor (EMF) eff 7/1/2021	0.03%
26	WSIC Surcharge % requested for effective date of 7/1/2021	<u>0.63%</u> sum lines 24 through 25
27		
	(Note 1) Capital Structure and Rate of Return from Docket No.	
28	218, Sub 526:	
29	SIT rate (effective 1/1/19)	2.50%
30	FIT rate (effective 1/1/18)	21.00%

APPENDIX B

BW-2

AQUA NORTH CAROLINA, INC.
WSIC Filing Summary - W-218, Sub 526A
Rate Entity: Brookwood & LaGrange Water

Line#				
31	Composite income tax rate $1 - ((1 - 2.5\%) \times (1 - 21\%))$		22.975%	
32				
33				
34	<u>Capital costs and structure from Docket No.218, Sub 526:</u>			
		Cost	Weighted Cost	Pre -Tax Weighted Cost
35	Debt	50%	4.21%	2.105%
36	Equity	50%	9.40%	6.102%
37	(Pre Tax Equity 4.70% / (1-22.975%))		6.805%	8.207%
38				
39	(Note 2)			
40	Regulatory fee rate (as of 7/1/2019)		0.130%	
41	Regulatory fee gross-up factor 1-13%		0.99870	
42				
43	<u>Average Residential Customer Bill</u>			
44	monthly gallons billed per customer per Docket W-218, Sub 526		5,069	
45	BFC Charge, as of 10/26/2020	\$	16.01	
46	Usage Charge, as of 10/26/2020	\$	4.57	
	Average Residential Customer Bill - prior to application of WSIC			
47	surcharge	\$	39.18	line 45+line 44/1000 x line 46
48	WSIC Surcharge requested effective 7/1/2021 (above)		0.63%	from line 26
	Average Residential Customer Bill - after application of 7/1/2021			
49	WSIC surcharge	\$	39.43	line 47 x (1+line 48)
50	Cumulative Impact on monthly residential bills as of 7/1/2021	\$	0.25	line 49 less line 47

APPENDIX B

BW-3

Aqua North Carolina, Inc.
Docket No. W-218, Sub 526A
WSIC - Brookwood & LaGrange Water
Calculation of Accumulated Depreciation
For period ending March 31, 2021

		2020	2021					
Utility Account	Depr Rate	WSIC Additions	WSIC Additions	Total WSIC Additions	2020 Accum Depr	2021 Accum Depr	Total Accum Depr	Annual Depr Exp
304000-Structures & Improvements	1.57%		170,812.46	170,812.46	0.00	1,340.88	1,340.88	2,681.76
309200-Supply Mains	4.56%		20,258.77	20,258.77	0.00	461.90	461.90	923.80
320300-Water Treatment Equipment	3.86%		166,091.52	166,091.52	0.00	3,205.57	3,205.57	6,411.13
330400-Dist Reservoirs & Standpipes	2.15%			-	0.00	0.00	0.00	0.00
331400-T&D Mains	1.71%			-	0.00	0.00	0.00	0.00
333400-Services	4.81%			-	0.00	0.00	0.00	0.00
334400-Meters & Meter Installations	3.30%			-	0.00	0.00	0.00	0.00
335400-Hydrants	2.39%			-	0.00	0.00	0.00	0.00
				-	0.00	0.00	0.00	0.00
				-	0.00	0.00	0.00	0.00
Brookwood Total	2.80%	-	357,162.75	357,162.75	0.00	5,008.35	5,008.35	10,016.69

12/31/21 Accum Depr 5,008.35
12/31/22 Accum Depr 15,025.04
Avg Accum Depr 10,016.69

Brookwood Accum Depr

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APPENDIX B

BW-4

Aqua North Carolina, Inc.
Docket No. W-218, Sub 526A
WSIC - Brookwood & LaGrange Water
Calculation of Tax Deduction
For period ending March 31, 2021

2020 Additions

	MACRS WSIC Additions	Repair Tax Eligible WSIC Additions	Total 2020 SSIC Additions	2020 MACRS Tax Deduction 2%	2020 Repair Tax Deduction 100%	Total 2020 Tax Deduction	2021 MACRS Tax Deduction 4%	Cummulative 2021 Additions Tax Deduction
Utility Account								
304000-Structures & Improvements			-	-	-	-	-	-
309200-Supply Mains			-	-	-	-	-	-
320300-Water Treatment Equipment			-	-	-	-	-	-
330400-Dist Reservoirs & Standpipes			-	-	-	-	-	-
331400-T&D Mains			-	-	-	-	-	-
333400-Services		-	-	-	-	-	-	-
334400-Meters & Meter Installations			-	-	-	-	-	-
335400-Hydrants			-	-	-	-	-	-
Brookwood Total	-	-	-	-	-	-	-	-

2021 Additions

	MACRS WSIC Additions	Repair Tax Eligible WSIC Additions	Total 2021 SSIC Additions	2021 MACRS Tax Deduction 2%	2021 Repair Tax Deduction 100%	Total Tax Deduction 12/31/21
Utility Account						
304000-Structures & Improvements	170,812.46		170,812.46	3,416.00	-	3,416.00
309200-Supply Mains	20,258.77		20,258.77	405.00	-	405.00
320300-Water Treatment Equipment	166,091.52		166,091.52	3,322.00	-	3,322.00
330400-Dist Reservoirs & Standpipes			-	-	-	-
331400-T&D Mains			-	-	-	-
333400-Services			-	-	-	-
334400-Meters & Meter Installations			-	-	-	-
335400-Hydrants			-	-	-	-
Brookwood Total	357,162.75	-	357,162.75	7,143.00	-	7,143.00

Total Tax Deduction Reserve 12/31/2021	MACRS Tax Deduction 4%	Total Tax Deduction Reserve 12/31/2022
3,416.00	6,832.50	10,248.50
405.00	810.35	1,215.35
3,322.00	6,643.66	9,965.66
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
7,143.00	14,286.51	21,429.51

Tax Reserve	14,286.26	12/31/21 Tax Reserve	7,143.00
Book Reserve	10,016.69	12/31/22 Tax Reserve	21,429.51
Tax greater than Book	4,269.56	Avg. Tax Reserve*	14,286.26
Composite income tax rate	22.975%		
Accumulated Deferred Income Tax	981.00		

BW-5

AQUA NORTH CAROLINA, INC.
Docket No. W-218, Sub 526A
Rate Entity: Brookwood and LaGrange Water
Project Scope For period ending March 31, 2021

Funding Project	Project Description	Project Scope	Ref
FP35740013754	WSIC Colony Village #23 Radium Fitr	The installation of treatment to remove primary contaminant radium to comply with primary drinking water standards. G.S. 62-133.12(c)(3) Eligible Water System Improvements.	Paragraph 16/17 of the Application
FP35740051730	WSIC Sunset Park #29 Radium	The installation of treatment to remove primary contaminant radium to comply with primary drinking water standards. G.S. 62-133.12(c)(3) Eligible Water System Improvements.	Paragraph 16/17 of the Application

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APPENDIX B

FW-1

Aqua North Carolina, Inc.
Construction Status Report
Fairways & Beau Rivage Water
For period ending March 31, 2021

Construction in-service closed to UPIS:

Funding Project	Project Description	10/2020 Closed to UPIS	11/2020 Closed to UPIS	12/2020 Closed to UPIS	4Q2020 UPIS (a)	1/2021 Closed to UPIS	2/2021 Closed to UPIS	3/2021 Closed to UPIS	1Q2021 UPIS (a)	Cummulative Closed to UPIS	Tax Rpr Y or N
FP35681607580	WSIC River and Sanders FeMn Filter				0.00			603,962.18	603,962.18	603,962.18	N
					0.00				0.00	0.00	
					0.00				0.00	0.00	
					0.00				0.00	0.00	
					0.00				0.00	0.00	
					0.00				0.00	0.00	
					0.00				0.00	0.00	
					0.00				0.00	0.00	
		-	-	-	-	-	-	603,962.18	603,962.18	603,962.18	

APPENDIX B

FW-2

AQUA NORTH CAROLINA, INC.
WSIC Filing Summary - W-218, Sub 526A
Rate Entity: Fairways & Beau Rivage Water

Line#			
1	Filing	4/30/2021	
2	Plant in Service Date	3/31/2021	
3	WSIC Rates Effective	7/1/2021	
4	WSIC Period End	12/31/2021	
5			
6	Plant Additions, current period	603,962.18	See Appendix B: FW-1
7	Accumulated depreciation	(13,733.16)	See Appendix B: FW-3
8	Net plant	<u>590,229.02</u>	
9	Deferred Income Tax	(2,395.00)	See Appendix B: FW-4
10	Net Eligible Property	<u>587,834.02</u>	
11	Pre-tax ROR %	8.2069%	Note 1
12	Pre-tax rate of return	<u>48,243.04</u>	
13	Annual depreciation expense	9,155.44	See Appendix B: FW-3
14	Total, excluding regulatory fee	<u>57,398.48</u>	
15	Regulatory fee gross-up factor	0.99870	Note 2
16	Calculated WSIC revenue requirement for this filing	<u><u>57,473.19</u></u>	
17			
18	Total Service Revenues from Docket No. 218, Sub 526	1,159,708.00	
	Cap of 5% of annual service revenues from Docket No. 218, Sub		
19	526	57,985.40	line 18 x 5 %
	WSIC Revenue Requirement Requested (Lessor of Calculated		
	WSIC revenue or 5% of annual service revenues from Docket No.		
20	218, Sub 526)		
21	Revenue Request effective 1/1/2021 (2021-1)	-	from line 16 above
21-b	Revenue Request effective 7/1/2021 (2021-2)	57,473.19	from line 16 above
22	Total Annual WSIC revenue based on cumulative WSIC net plant.	57,473.19	sum lines 21
	Total Annual WSIC revenue based on cumulative WSIC net plant.		
22-b	CAPPED AT 5% TARGET FROM LINE 19 ABOVE	57,473.19	CAPPED at MAX-see line 19
23	Anticipated Non-WSIC service revenues 1/1/2021 to 12/31/2021	1,159,708.00	Company Forecast
	Total Annual WSIC Revenue Requirement as % of Estimated		
24	Service Revenues	4.96%	line 22 divided by line 23
25	Adjust for 2020 Mod Factor (EMF) eff 7/1/21	0.10%	

APPENDIX B

FW-2

AQUA NORTH CAROLINA, INC.
WSIC Filing Summary - W-218, Sub 526A
Rate Entity: Fairways & Beau Rivage Water

Line#				
26	WSIC Surcharge % requested for effective date of 1/1/2021		5.06%	sum lines 24 through 25
27	(Note 1) Capital Structure and Rate of Return from Docket No. 218, Sub 526:			
28	SIT rate (effective 1/1/19)		2.50%	
29	FIT rate (effective 1/1/18)		21.00%	
30	Composite income tax rate $1 - ((1 - 2.5\%) \times (1 - 21\%))$		22.98%	
31				
32				
33				
34	<u>Capital costs and structure from Docket No.218, Sub 526:</u>			
35	Debt	50%	Cost 4.21%	Weighted Cost 2.105% Pre -Tax Weighted Cost 2.105%
36	Equity	50%	9.40%	4.700% 6.102%
37	(Pre Tax Equity 4.70% / (1-22.975%))			6.805% 8.207%
38				
39	(Note 2)			
40	Regulatory fee rate (as of 7/1/2019)		0.130%	
41	Regulatory fee gross-up factor 1-.13%		0.99870	
42				
43	<u>Average Residential Customer Bill</u>			
44	monthly gallons billed per customer per Docket W-218, Sub 526		7,151	
45	BFC Charge, as of 10/26/2020	\$	8.56	
46	Usage Charge, as of 10/26/2020	\$	1.55	
47	Average Residential Customer Bill - prior to application of WSIC surcharge	\$	19.64	line 45+line 44/1000 x line 46
48	WSIC Surcharge requested effective 7/1/2021 (above)		5.06%	from line 26
49	Average Residential Customer Bill - after application of 7/1/2021 WSIC surcharge	\$	20.63	line 47 x (1+line 48)
50	Cumulative Impact on monthly residential bills as of 7/1/2021	\$	0.99	line 49 less line 47

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APPENDIX B

FW-3

**Aqua North Carolina, Inc.
Docket No. W-218, Sub 526A
WSIC - Fairways & Beau Rivage Water
Calculation of Accumulated Depreciation
For period ending March 31, 2021**

		2020	2021					
Utility Account	Depr Rate	WSIC Additions	WSIC Additions	Total WSIC Additions	2020 Accum Depr	2021 Accum Depr	Total Accum Depr	Annual Depr Exp
304200-Structures & Improvements	1.57%		212,688.78	212,688.78	0.00	1,669.61	1,669.61	3,339.21
307200-Wells & Springs	1.31%		22,660.20	22,660.20	0.00	148.42	148.42	296.85
309200-Supply Mains	4.56%			0.00	0.00	0.00	0.00	0.00
311000-Pumping Equipment	2.71%		14,887.57	14,887.57	0.00	201.73	201.73	403.45
320300-Water Treatment Equipment	3.86%		331,821.21	331,821.21	0.00	6,404.15	6,404.15	12,808.30
330400-Dist Reservoirs & Standpipes	2.15%		8,353.39	8,353.39	0.00	89.80	89.80	179.60
331400-T&D Mains	1.71%			0.00	0.00	0.00	0.00	0.00
333400-Services	4.81%			0.00	0.00	0.00	0.00	0.00
334400-Meters & Meter Installations	3.30%		1,069.33	1,069.33	0.00	17.64	17.64	35.29
335400-Hydrants	2.39%			0.00	0.00	0.00	0.00	0.00
346500-Communication Equipment	10.00%		12,481.70	12,481.70	0.00	624.09	624.09	1,248.17
Fairways Water Total	3.03%	0.00	603,962.18	603,962.18	0.00	9,155.44	9,155.44	18,310.87

12/31/2021 Accum Depr 9,155.44
12/31/2022 Accum Depr 18,310.87
Avg Accum Depr* 13,733.16

Fairways Water Accum Depr

APPENDIX B

FW-4

Aqua North Carolina, Inc.
Docket No. W-218, Sub 526A
WSIC - Fairways & Beau Rivage Water
Calculation of Tax Deduction
For period ending March 31, 2021

2020 Additions

Utility Account	MACRS WSIC Additions	Repair Tax Eligible WSIC Additions	Total 2020 WSIC Additions	2020 MACRS Tax Deduction 2%	2020 Repair Tax Deduction 100%	Total 2020 Tax Deduction	2021 MACRS Tax Deduction 4%	Cummulative 2021 Additions Tax Deduction
304000-Structures & Improvements			-	-	-	-	-	-
309200-Supply Mains			-	-	-	-	-	-
320300-Water Treatment Equipment			-	-	-	-	-	-
330400-Dist Reservoirs & Standpipes			-	-	-	-	-	-
331400-T&D Mains			-	-	-	-	-	-
333400-Services			-	-	-	-	-	-
334400-Meters & Meter Installations			-	-	-	-	-	-
335400-Hydrants			-	-	-	-	-	-
Fairways Water Total	-	-	-	-	-	-	-	-

2021 Additions

Utility Account	MACRS WSIC Additions	Repair Tax Eligible WSIC Additions	Total 2021 WSIC Additions	2021 MACRS Tax Deduction 2%	2021 Repair Tax Deduction 100%	Total Tax Deduction 12/31/2021
304200-Structures & Improvements	212,688.78	-	212,688.78	4,254.00	-	4,254.00
307200-Wells & Springs	22,660.20	-	22,660.20	453.00	-	453.00
309200-Supply Mains		-	-	-	-	-
311000-Pumping Equipment	14,887.57	-	14,887.57	298.00	-	298.00
320300-Water Treatment Equipment	331,821.21	-	331,821.21	6,636.00	-	6,636.00
330400-Dist Reservoirs & Standpipes	8,353.39	-	8,353.39	167.00	-	167.00
331400-T&D Mains	-	-	-	-	-	-
333400-Services	-	-	-	-	-	-
334400-Meters & Meter Installations	1,069.33	-	1,069.33	21.00	-	21.00
335400-Hydrants		-	-	-	-	-
346500-Communication Equipment	12,481.70	-	12,481.70	250.00	-	250.00
Fairways Water Total	603,962.18	-	603,962.18	12,079.00	-	12,079.00

Total Tax Deduction Reserve 12/31/2021	MACRS Tax Deduction 4%	Total Tax Deduction Reserve 12/31/2022
4,254.00	8,507.55	12,761.55
453.00	906.41	1,359.41
-	-	-
298.00	595.50	893.50
6,636.00	13,272.85	19,908.85
167.00	334.14	501.14
-	-	-
-	-	-
21.00	42.77	63.77
-	-	-
250.00	499.27	749.27
12,079.00	24,158.49	36,237.49

Tax Reserve 24,158.24
Book Reserve 13,733.16
Tax greater than Book 10,425.09
Composite income tax rate 22.98%
Accumulated Deferred Income Tax 2,395.00

12/31/2020 Tax Reserve
12/31/2021 Tax Reserve
Avg. Tax Reserve*

12,079.00
36,237.49
24,158.24

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AQUA NORTH CAROLINA, INC.
WSIC Filing Summary - W-218, Sub 526A
Rate Entity: Fairways and Beau Rivage Water
Project Scope For period ending March 31, 2021

Funding Project	Project Description	Project Scope	Ref
FP35681607580 SECONDARY WATER QUALITY	WSIC River and Sanders FeMn Filter	Installation of Manganese Dioxide Medial filter system at Rivers and Sanders Well in an effort to minimize the impact of secondary water quality concerns from customers. G.S. 62-133.12(c)(4) Eligible Water Systems Improvements.	Paragraph 16/17 of the Application

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		10/1/2020	11/1/2020	12/1/2020	Q4 2020	1/1/2021	2/1/2021	3/1/2021	Q1 2021	Cummulative
Funding Project	Project Description	Closed to UPIS	Closed to UPIS	Closed to UPIS	Closed to UPIS	Closed to UPIS	Closed to UPIS	Closed to UPIS	UPIS (a)	Closed to UPIS
FP35640114350	SSIC Dolphin Bay LS #25 Rpic Pumps	36,630.71			36,630.71				0.00	36,630.71
FP35681607580	WSIC River and Sanders FeMn/Force Main				0.00			66,014.01	66,014.01	66,014.01
					0.00				0.00	0.00
					0.00				0.00	0.00
					0.00				0.00	0.00
					0.00				0.00	0.00
					0.00				0.00	0.00
					0.00				0.00	0.00
					0.00				0.00	0.00
					0.00				0.00	0.00
					0.00				0.00	0.00
					0.00				0.00	0.00
					0.00				0.00	0.00
					0.00				0.00	0.00
					0.00				0.00	0.00
		36,630.71	0.00	0.00	36,630.71	0.00	0.00	66,014.01	66,014.01	102,644.72

APPENDIX B

AQUA NORTH CAROLINA, INC.
SSIC Filing Summary - W-218, Sub 526A
Rate Entity: Fairways & Beau Rivage Wastewater

Line#		
1	Filing	4/30/2021
2	Plant in Service Date	3/31/2021
3	SSIC Rates Effective	7/1/2021
4	SSIC Period End	12/31/2021
5		
6	Plant Additions, current period	102,644.72 See Schedule FWW-2
7	Accumulated depreciation	(6,438.68) See Schedule FWW-3
8	Net plant	96,206.04
9	Deferred Income Tax	(7,240.00) See Schedule FWW-4
10	Net Eligible Property	88,966.04
11	Pre-tax ROR %	8.2069% Note 1
12	Pre-tax rate of return	7,301.37
13	Annual depreciation expense	3,724.35 Schedule FWW-3
14	Total, excluding regulatory fee	11,025.72
15	Regulatory fee gross-up factor	0.99870 Note 2
16	Calculated SSIC revenue requirement for this filing	11,040.07
17		
18	Total Service Revenues from Docket No. 218, Sub 526	2,152,586.00
	Cap of 5% of annual service revenues from Docket No. 218, Sub 526	
19	SSIC Revenue Requirement Requested (Lessor of Calculated SSIC revenue or 5% of annual service revenues from Docket No. 218, Sub 526)	107,629.30 line 18 x 5 %
21	Revenue Request effective 1/1/2021 (2021-1)	1,009.00 from line 16 above
21-b	Revenue Request effective 7/1/2021 (2021-2)	11,040.07 from line 16 above
22	Total Annual SSIC revenue based on cumulative SSIC net plant.	12,049.07
23	Anticipated Non-SSIC service revenues 1/1/2020 to 12/31/2020	2,190,669.00 Company Forecast
	Total Annual SSIC Revenue Requirement as % of Estimated	
24	Service Revenues	0.55% line 22 divided by line 23
25	Adjust for 2020 Mod Factor (EMF) eff 7/1/21	0.04%
26	SSIC Surcharge % requested for effective date of 7/1/19	0.59% sum lines 24 through 25
27		
	(Note 1) Capital Structure and Rate of Return from Docket No. 218, Sub 526:	
29	SIT rate (effective 1/1/19)	2.50%
30	FIT rate (effective 1/1/18)	21.00%
31	Composite income tax rate $1 - ((1 - 2.5\%) \times (1 - 21\%))$	22.975%

APPENDIX B

AQUA NORTH CAROLINA, INC.
SSIC Filing Summary - W-218, Sub 526A
Rate Entity: Fairways & Beau Rivage Wastewater

Line#

			Weighted	Pre -Tax
		Cost	Cost	Weighted
				Cost
32				
33				
34	<u>Capital costs and structure from Docket No.218, Sub 526:</u>			
35	Debt	50%	4.21%	2.105%
36	Equity	50%	9.40%	6.102%
37	(Pre Tax Equity 4.70% / (1-22.975%))		6.805%	8.207%
38				
39	(Note 2)			
40	Regulatory fee rate (as of 7/1/2019)		0.130%	
41	Regulatory fee gross-up factor 1-.13%		0.99870	
42				
43	<u>Average Residential Customer Bill</u>			
	Residential Flat Rate Customer Bill - from Docket W-218, Sub 526,			
44	as of 10/26/2020	\$	54.11	
45	SSIC Surcharge requested effective 7/1/2021		0.59% from line 26	
	Residential Flat Rate Customer Bill - with impact from SSIC award			
46	effective 7/1/2021	\$	54.43 line 44 x (1+line 45)	
47	Cumulative Impact on monthly residential bills as of 7/1/2021	\$	0.32 line 46 less line 44	

APPENDIX B

FWW-3.

UPDATED

Aqua North Carolina, Inc.
Docket No. W-218, Sub 526A
SSIC - Fairways & Beau Rivage Wastewater
Calculation of Accumulated Depreciation
For period ending March 31, 2021

		2020	2021					
Utility Account	Depr Rate	SSIC Additions	SSIC Additions	Total SSIC Additions	2020 Accum Depr	2021 Accum Depr	Total Accum Depr	Annual Depr Exp
354200-Structures and Improvements	2.08%			-	0.00	0.00	0.00	0.00
360200-Collection Sewers-Force	1.53%		66,014.01	66,014.01	0.00	505.01	505.01	1,010.01
361200-Collection Sewers-Gravity	1.85%			-	0.00	0.00	0.00	0.00
363200-Services to Customers	2.45%			-	0.00	0.00	0.00	0.00
371-Pumping Equipment	7.41%	36,630.71		36,630.71	4,071.50	0.00	4,071.50	2,714.34
380400-Treatment & Disposal Equip	2.77%			-	0.00	0.00	0.00	0.00
382400-Outfall Sewer Lines	2.46%			-	0.00	0.00	0.00	0.00
396700-Communication Equip	6.67%			-	0.00	0.00	0.00	0.00
				-	0.00	0.00	0.00	0.00
Fairways WW Total	3.63%	36,630.71	66,014.01	102,644.72	4,071.50	505.01	4,576.51	3,724.35

12/31/2021 Accum Depr 4,576.51
12/31/2022 Accum Depr 8,300.86
Avg Accum Depr 6,438.68

ANC WW Accum Depr

APPENDIX B

FWW-4

Aqua North Carolina, Inc.
Docket No. W-218, Sub 526A
SSIC - Fairways & Beau Rivage Wastewater
Calculation of Tax Deduction
For period ending March 31, 2021

2020 Additions

Utility Account	MACRS WSIC Additions	Repair Tax Eligible WSIC Additions	Total 2020 SSIC Additions	2020 MACRS Tax Deduction 2%	2020 Repair Tax Deduction 100%	Total 2020 Tax Deduction	2021 MACRS Tax Deduction 4%	Cummulative 2021 Additions Tax Deduction
354000-Structures and Improvements	-	-	-	-	-	-	-	-
360200-Collection Sewers-Force	-	-	-	-	-	-	-	-
361200-Collection Sewers-Gravity	-	-	-	-	-	-	-	-
363200-Services to Customers	-	-	-	-	-	-	-	-
371000-Pumping Equipment	-	36,630.71	36,630.71	-	36,630.71	36,630.71	-	36,630.71
380000-Treatment & Disposal Equip	-	-	-	-	-	-	-	-
382000-Outfall Sewer Lines	-	-	-	-	-	-	-	-
396000-Communication Equip	-	-	-	-	-	-	-	-
Fairways WW Total	-	36,630.71	36,630.71	-	36,630.71	36,630.71	-	36,630.71

2021 Additions

Utility Account	MACRS WSIC Additions	Repair Tax Eligible WSIC Additions	Total 2021 SSIC Additions	2021 MACRS Tax Deduction 2%	2021 Repair Tax Deduction 100%	Total Tax Deduction 12/31/21
354000-Structures and Improvements	-	0.00	-	-	-	-
360200-Collection Sewers-Force	66,014.01	0.00	66,014.01	1,320.00	-	1,320.00
361200-Collection Sewers-Gravity	-	0.00	-	-	-	-
363200-Services to Customers	-	0.00	-	-	-	-
371000-Pumping Equipment	-	0.00	-	-	-	-
380000-Treatment & Disposal Equip	-	0.00	-	-	-	-
382000-Outfall Sewer Lines	-	0.00	-	-	-	-
396000-Communication Equip	-	0.00	-	-	-	-
Fairways WW Total	66,014.01	-	66,014.01	1,320.00	-	1,320.00

Total Tax Deduction Reserve 12/31/2021	MACRS Tax Deduction 4%	Total Tax Deduction Reserve 12/31/2022
-	-	-
1,320.00	2,641	3,961
-	-	-
36,630.71	-	36,631
-	-	-
-	-	-
-	-	-
37,950.71	2,640.56	40,591.27

Tax Reserve 37,950.71
Book Reserve 6,438.68
Tax greater than Book 31,512.03
Composite income tax rate 22.975%
Accumulated Deferred Income Tax 7,240.00

12/31/2021 Tax Reserve 37,950.71
12/31/2022 Tax Reserve 40,591.27
Avg. Tax Reserve* 39,270.99

Repair Tax Eligible: 2020 2021 UT
SSIC Dolphin Bay LS #25 Rplc Pumps 36,630.71 371

Totals 36,630.71 -

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Project Scope	For period ending March 31, 2021
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[illegible]

**Aqua North Carolina, Inc. ("Aqua" or "Company")
Water and Sewer System Improvement Charge Rate Adjustment
Mechanism
Tariff/Rate Schedule
Docket No. W-218, Sub 526A**

By Order entered in Docket No. W-218, Sub 526 on October 26, 2020, the North Carolina Utilities Commission ("NCUC") continued its approved Aqua's request, pursuant to G.S. 62-133.12, for authority to continue to implement a semiannual water and sewer system improvement charge (WSIC/SSIC) rate 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 the Company's last general rate case. NCUC Rules R7-39(h) and R10-26(h) specify how the water and sewer system improvement charges are to be calculated. Subsections (h)(1) of the Rules specify that the WSIC and SSIC shall be expressed as a percentage carried to two decimal places and shall be applied to the total utility bill of each customer under the utility's applicable service rates and charges.

**WSIC/SSIC Cumulative Percentage Surcharges
(Effective for Service Rendered On and After July 1, 2021)**

Pursuant to G.S. 62-133.12 and NCUC Rules R7-39 and R10-26, the NCUC entered an Order in Docket No. W-218, Sub 526A on _____, 2021, which authorized Aqua to implement the following cumulative WSIC and SSIC percentage surcharges effective for service rendered on and after July 1, 2021:

WSIC Surcharges

Aqua Water: 1.66%

Brookwood/LaGrange Water: 0.63%

Fairways and Beau Rivage Water: 5.06%

SSIC Surcharges

Aqua Sewer: 3.08%

Fairways and Beau Rivage Sewer: 0.59%

APPENDIX C
Page 2 of 2

These updated, cumulative WSIC and SSIC percentage surcharges will be applied to the total utility bill of each Aqua customer under the Company's applicable service rates and charges and will remain in effect unless and until modified or superseded by the NCUC in a subsequent semiannual WSIC/SSIC surcharge proceeding or they are reset to zero in a subsequent general rate case.

CERTIFICATE OF SERVICE

I hereby certify that I have served a copy of the foregoing **Application for Approval of Water and Sewer System Improvement Charge Rate Adjustments Pursuant to G.S. 62-133.12**, filed by Aqua North Carolina, Inc. in Docket No. W-218, Sub 526A, on the parties to Docket No. W-218, Sub 526 in accordance with North Carolina Utilities Commission Rule R1-39, either by United States mail, first class postage pre-paid; by hand delivery; or by means of electronic delivery upon agreement of the receiving party.

This the 28th day of April, 2021.

**Electronically Submitted
/s/Jo Anne Sanford**

State Bar No. 6831
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Attorney for Aqua North Carolina, Inc.