

On March 15, 2019, Aqua NC filed the affidavit of Edward P. Thill, Controller II for Aqua NC, which provided the Company's remaining response in compliance with Ordering Paragraph No. 25 of the December 18, 2018 Order, concerning the future accounting treatment of the Johnston County transmission and capacity fees.

On June 19, 2019, the Public Staff – North Carolina Utilities Commission (Public Staff) filed comments regarding the Affidavit of Edward P. Thill and requested that the Commission issue an order requiring Aqua NC to record all Johnston County reservation capacity and transmission fees received from the Flowers Plantation Buffalo Creek developers as contributions in aid of construction when received.

On June 27, 2019, the Commission issued an Order accepting the Affidavit of Edward P. Thill into the record and allowing interested parties to file reply comments regarding the Public Staff's June 19, 2019 comments and also initial comments regarding the Affidavits of Tammy S. Bernard and Edward P. Thill on or before July 26, 2019.

On July 26, 2019, Aqua NC filed the Second Affidavit of Edward P. Thill, Controller II for Aqua in which Affiant Thill informed the Commission that subsequent to the Public Staff filing its June 19, 2019 comments, the Company and the Public Staff discussed both the content of his initial Affidavit and the Public Staff's response thereto, and the parties have come to an agreement which satisfactorily resolved all their differences. In his Second Affidavit, Affiant Thill stated that Aqua is authorized to state that the Company and the Public Staff jointly support the following future accounting treatment of the Johnston County transmission and capacity fees:

- (a) The full value of developer payments (including both T&D and capacity fees) will be recorded by Aqua as amortizing CIAC in accordance with past practice; and
- (b) The full value of future capacity purchases from Johnston County (including both T&D and capacity fees) will be recorded by Aqua as depreciable Plant in Service.

Further, Aqua commented that the Company's June 2019 purchase of 51,440 gallons per day (gpd) of additional capacity from Johnston County at a total cost of \$330,245 will be accounted for in accordance with the accounting treatment described above.

Based on the foregoing and the entire record in this proceeding, the Presiding Commissioner finds good cause to accept the Second Affidavit of Edward P. Thill filed on July 26, 2019, into the record. Further, the Presiding Commissioner finds that Aqua NC should be required to file verified responses to the following questions concerning its June 2019 purchase of additional capacity from Johnston County noted in the Second Affidavit of Edward P. Thill:

- (1) The Commission observes that Aqua NC's June 2019 purchase of 51,440 gpd of additional sewer capacity from Johnston County at a total cost of \$330,245 calculates to a fee of \$6.42 per gpd. Please confirm the fee per gpd paid by Aqua NC to Johnston County in June 2019 for the additional sewer capacity. Did the fee per gpd include both a capacity fee component and a transmission fee component? Please delineate and explain the components of the fee per gpd paid by Aqua NC in June 2019.
- (2) Please explain why the sewer plant capacity fee per gpd paid by Aqua NC to Johnston County in June 2019 is different from the tariff amount of \$8.48 per gpd (consisting of sewer plant capacity fee per gpd of \$5.34 and transmission fees per gpd of \$3.14) included on Appendix A-1, Page 5 of 8, attached to the Commission's December 18, 2018 Order.
- (3) Was the fee per gpd paid by Aqua NC in June 2019 a negotiated fee between Aqua NC and Johnston County? Please explain. In addition, please provide documentation supporting the sewer capacity fee charged by Johnston County for Aqua NC's June 2019 purchase of 51,440 gpd of additional sewer capacity.

Finally, the Presiding Commissioner finds good cause to allow interested parties to file comments regarding the Second Affidavit of Edward P. Thill filed by Aqua NC on July 26, 2019, as well as the verified responses to be filed by Aqua NC as required herein and for Aqua NC to file reply comments.

IT IS, THEREFORE, ORDERED as follows:

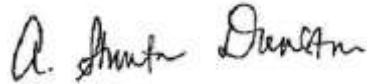
1. That the Second Affidavit of Edward P. Thill filed on July 26, 2019, in Docket No. W-218, Sub 497, is hereby accepted into the record.
2. That on or before Tuesday, October 1, 2019, Aqua NC shall file verified responses to the Commission's questions as stated herein concerning its June 2019 purchase of additional sewer capacity from Johnston County.
3. That on or before Tuesday, October 15, 2019, interested parties may file comments regarding the Second Affidavit of Edward P. Thill filed on July 26, 2019, as noted herein and the verified responses to be filed by Aqua NC as required herein by Ordering Paragraph No. 2.

4. That on or before Tuesday, October 29, 2019, Aqua NC may file reply comments.

ISSUED BY ORDER OF THE COMMISSION.

This the 17th day of September, 2019.

NORTH CAROLINA UTILITIES COMMISSION

A handwritten signature in cursive script that reads "A. Shonta Dunston".

A. Shonta Dunston, Deputy Clerk