

Water and Sewer Investment Plan, Granting Partial Rate Increases, and Requiring Customer Notice issued by the Commission on June 5, 2023 (Rate Case Order).

2. Aqua asserts that the annual rate increases approved by the Commission in the Rate Case Order for each of Aqua's rate divisions that were subject to the temporary rate increase were more than what the Company imposed and collected in temporary rates and, therefore, no refunds to customers are required.

3. Exhibit 1 to Aqua's Notice compares the annual service revenues calculated with the temporary rates to the annual service revenues calculated with the rates approved by the Commission in the Rate Case Order for each rate division. This comparison is the only analysis performed by Aqua to determine whether refunds are necessary.

4. Although the Company was ordered to file its refund plan within 30 days of Commission's issuance of an order approving customer notices, Aqua filed its Notice on July 28, 2023, before such an order was issued. On July 31, 2023, the Commission issued the approved customer notices and schedules of rates as appendices to its Order Approving Motion on Wastewater Rate Design and Approving Schedules of Rates, Schedules of Connection Fees, and Customer Notices (Final Order). Because Aqua's analysis to determine whether refunds are necessary was performed before the Commission issued its Final Order, Aqua's analysis fails to compare the temporary rates to the final rates.

5. Ordering Paragraph No. 51 of the Rate Case Order states in pertinent part that, “Aqua shall file a refund plan for the excess partial, temporary rates and charges collected from the customers, if any. . . .” Aqua’s analysis is inconsistent with Ordering Paragraph No. 51 because it does not evaluate rates charged to customers for actual usage during the period temporary rates were effective, from February 19, 2023, through June 4, 2023. Rather, Aqua’s analysis relies on estimated annual service revenues for its five rate divisions.

6. N.C. Gen. Stat. § 62-135(b) limits temporary rate increases to not more than 20% “on any single rate classification of the public utility.” Aqua did not compare the temporary and final rates for each rate classification. To ensure that a temporary rate increase meets the requirements set forth in N.C.G.S. § 62-135, an analysis by rate classification is necessary to determine whether a temporary rate was excessive and a refund to customers is required.

7. The temporary usage rate effective February 19, 2023, for the Hawthorne at the Greene rate classification in the Uniform Sewer rate division was \$7.82 per 1,000 gallons. The final usage rate effective June 5, 2023, for the Hawthorne at the Greene rate classification is \$6.75 per 1,000 gallons. The base facility charge is \$54.33 in both the temporary and the final rate schedules. Based on the foregoing, customers in the Hawthorne at the Greene rate classification were overcharged \$1.07 per 1,000 gallons during the period from February 19, 2023, through June 4, 2023.

8. Aqua's analysis comparing projected service revenue based on billing determinants for the entire rate division does not account for rate classifications within a rate division. Therefore, as occurred with customers in the Hawthorne at the Greene rate classification, analyzing whether a refund is necessary based on a comparison of annual service revenues can obscure the fact that a group of customers was overcharged. To ensure that no group of customers is overcharged when temporary rates are effective, temporary and final rates must be compared for each rate classification.

9. Aqua's comparison of annual service revenues in its analysis is also flawed because it does not account for usage levels during the period temporary rates were in effect. For example, an analysis based on a comparison of annual service revenues is likely to produce an incorrectly low refund amount when temporary rates were in effect during a high-usage period such as the summer months. To ensure that customers receive an accurate refund, the Public Staff recommends that Aqua calculate individual refunds for the impacted rate classification on a per customer basis using actual usage data during the period temporary rates were charged as Carolina Water Service, Inc. of North Carolina did in Docket No. W-354, Sub 400.

WHEREFORE, the Public Staff requests that the Commission issue an order requiring the following:

1. That Aqua issue refunds to Aqua Uniform Sewer customers charged under the Hawthorne at the Greene Apartments, Woodland Farm (Rocky Ridge),

and Beaver Farms Subdivision – Mecklenburg County rate classification of \$1.07 per 1,000 gallons plus interest at a rate of 10% per annum, for usage during the effective period of temporary rates from February 19, 2023, through June 4, 2023;

2. That, prior to issuing refunds, Aqua consult with the Public Staff when determining whether refunds are necessary and, if so, the appropriate amount of refunds; and

3. That Aqua file notice in the subject docket within 14 days of issuing the required refunds.

Respectfully submitted this the 28th day of September, 2023.

PUBLIC STAFF
Christopher J. Ayers
Executive Director

Lucy E. Edmondson
Chief Counsel

Electronically submitted
/s/ Megan Jost
Staff Attorney

4326 Mail Service Center
Raleigh, North Carolina 27699-4300
Telephone: (919) 733-0978
megan.jost@psncuc.nc.gov

CERTIFICATE OF SERVICE

I hereby certify that I served the foregoing Response on all parties of record, or their attorneys, or both, by United States mail, first class or better; by hand delivery; or by means of facsimile or electronic delivery upon agreement of the receiving party.

This the 28th day of September, 2023.

Electronically submitted
/s/ Megan Jost