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February 2, 2023

Ms. A. Shonta Dunston  
Chief Clerk  
North Carolina Utilities Commission  
430 N. Salisbury Street, Room 5063  
Raleigh, NC 27603

Via Electronic Submittal

**Re: In the Matter of**  
**Application by Aqua North Carolina, Inc. for Authority to Adjust and**  
**Increase Rates and Charges for Water and Sewer Utility Service in All**  
**Service Areas in North Carolina and Approval of a Three-Year Water and**  
**Sewer Investment Plan**  
**Docket No. W-218, Sub 573**  
***Clarification of Notice of Intent to Place Temporary Rates in Effect***

Dear Ms. Dunston:

On behalf of Aqua North Carolina, Inc. ("Aqua"), I herewith provide for filing in the above referenced docket, Clarification of Notice of Intent to Place Temporary Rates in Effect.

I hereby certify that we have electronically served a copy of this filing on the Public Staff, Commission Legal and counsel and parties of record.

If you should have any questions concerning this filing, please let me know.  
Thank you and your staff for your assistance.

Sincerely,  
*/s/ David T. Drooz*  
David T. Drooz  
Attorney for  
Aqua North Carolina, Inc.

A Pennsylvania Limited Liability Partnership

California Colorado Delaware District of Columbia Florida Georgia Illinois Minnesota Nevada  
New Jersey New York North Carolina Pennsylvania South Carolina Texas Virginia Washington

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**Fox Rothschild** LLP  
ATTORNEYS AT LAW

Ms. A. Shonta Dunston  
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Enclosures

Copy to: Parties and Counsel of Record  
Elizabeth Culpepper, NC Public Staff  
Jessica Heironimus, NC Public Staff  
Lynn Jarvis, Commission - Legal  
Megan Jost, NC Public Staff  
Monica Webb-Shackleford, Commission – Legal

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Feb 02 2023

**STATE OF NORTH CAROLINA  
UTILITIES COMMISSION  
RALEIGH**

DOCKET NO. W-218, SUB 573

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of		
Application by Aqua North	)	
Carolina, Inc., 202 MacKenan	)	
Court, Cary, North Carolina 27511,	)	
for Authority to Adjust and Increase	)	CLARIFICATION OF NOTICE OF
Rates for Water and Sewer Utility	)	INTENT TO PLACE TEMPORARY
Service in All Service Areas in	)	RATES IN EFFECT
North Carolina	)	

NOW COMES Aqua North Carolina, Inc. ("Aqua" or "Company"), by and through its undersigned counsel, and clarifies its Notice of Intent to Place Temporary Rates in Effect Subject to an Undertaking to Refund Pursuant to N.C. Gen. Stat. § 62-135 and Request for Approval of Notice and Undertaking filed on January 26, 2023 ("Notice of Intent").

1. The Notice of Intent states in part:

By the temporary rates to be implemented subject to an Undertaking to Refund, the Company will increase its current rates and charges for its Aqua Water Rate Division by \$4,208,356, which represents a 9.9%, temporary rate increase; **Aqua Sewer Rate Division by \$1,767,004, which represents a 9.5%, temporary rate increase;** Brookwood Water Rate Division by \$723,966, which represents an 11.1% temporary rate increase; Fairways Water Rate Division \$144,239, which represents a 10.9%, temporary rate increase; and, Fairways Sewer Rate Division by \$254,832, which represents a 11.3%, temporary rate increases.

(Emphasis added.)

2. N.C.G.S. § 62-135(b) requires that “No rate or rates placed in effect pursuant to this section shall result in an increase of more than twenty percent (20%) on any single rate classification of the public utility.

3. Aqua’s rate classifications are the five rate divisions listed in numbered paragraph 1 above. As represented in that paragraph, the revenue increase under temporary rates will be less than 20% for each of Aqua’s rate classifications. Thus Aqua’s Notice of Intent complies with the statutory limit of no more than a 20% increase. The statute characterizes the 20% limit as applying to each rate classification as a whole, not separate components of the rates (such as the volumetric component of a rate).

4. The temporary rate for customers within the Aqua Sewer Rate Division who have metered usage will include a volumetric (or usage) component that is greater than 20%. However, the revenue increase for that Rate Division will not be greater than 20% under temporary rates.

5. In addition, although the statute does not apply the 20% limit to individual bills, the combined basic facility charge and volumetric charge for customers in the Aqua Sewer Rate Division will result in monthly bill increases under 20% for customers within a normal range of usage. Only customers with an exceptionally high usage rate could experience an increase greater than 20%. This is illustrated in the calculations below:

## Aqua NC Volumetric Sewer Rates Under Bond

<u>5,000 gal per mth</u>	<u>Current</u>	<u>Proposed</u>	<u>Change</u>	<u>Pct Ch</u>
BFC	\$ 60.43	\$ 66.91	\$ 6.48	10.7%
Usage	\$ 2.99	\$ 3.82	\$ 0.83	27.8%
Kgal per Bill	5	5	0	0.0%
Total Bill	\$ 75.38	\$ 86.01	10.63	14.1%

## Aqua NC Volumetric Sewer Rates Under Bond

<u>10,000 gal per mth</u>	<u>Current</u>	<u>Proposed</u>	<u>Change</u>	<u>Pct Ch</u>
BFC	\$ 60.43	\$ 66.91	\$ 6.48	10.7%
Usage	\$ 2.99	\$ 3.82	\$ 0.83	27.8%
Kgal per Bill	10	10	0	0.0%
Total Bill	\$ 90.33	\$ 105.11	14.78	16.4%

## Aqua NC Volumetric Sewer Rates Under Bond

<u>25,000 gal per mth</u>	<u>Current</u>	<u>Proposed</u>	<u>Change</u>	<u>Pct Ch</u>
BFC	\$ 60.43	\$ 66.91	\$ 6.48	10.7%
Usage	\$ 2.99	\$ 3.82	\$ 0.83	27.8%
Kgal per Bill	25	25	0	0.0%
Total Bill	\$ 135.18	\$ 162.41	27.23	20.1%

The Aqua Sewer Rate Division residential customers who have metered usage average 4,380 gallons per month. At that usage level, the monthly bill would increase 13.8% under the temporary rates. Residential customers with metered usage in the other sewer rate classification, the Fairways Sewer Rate Division, will have only a 13% increase in their volumetric rate. In sum, the proposed temporary rates will result in less than a 20% revenue increase for each Aqua rate classification, and less than a 20% increase in the average bill for each category of customer.

6. Aqua has explained its position on compliance with the 20% statutory limit to the Public Staff but has not received a response at this time.

7. The Company provides this Clarification to explain that the Notice of Intent does meet the requirements of N.C.G.S. § 62-135.

Respectfully submitted, this the 2<sup>nd</sup> day of February 2023.

**Electronically Submitted**

**/s/David T. Drooz**

David T. Drooz

State Bar No. 10310

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**ATTORNEYS FOR AQUA NORTH CAROLINA, INC.**



### CERTIFICATE OF SERVICE

The undersigned hereby certifies that a copy of the foregoing CLARIFICATION OF NOTICE OF INTENT TO PLACE TEMPORARY RATES IN EFFECT, filed by Aqua North Carolina, Inc. in Docket No. W-218, Sub 573, has been served on each of the parties to this proceeding.

This the 2nd day of February, 2023.

**Electronically Submitted**

/s/ David Drooz

North Carolina State Bar No. 10310

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