Aqua North Carolina, Inc.
Docket No. W-218, Sub 526
Illustration of Revenue Reconciliation for Pilot Program

Revised Thill Direct Exhibit 4

Scenario 1 - Total gallons consumed equal that used in determining rates, but allocation between consumption tiers is different

	Upper Limit	Factor	$/kGal	Usg kGals	Revenue		Usg kGals		Revenue	
	Determinants used in calculating rates						**Assumed "Actuals" for Illustration**			
Block 1	4,000	1.00	$ 4.65	250,000	$ 1,162,500		260,000		$ 1,209,000	
Block 2	8,000	1.50	$ 6.98	100,000	$ 698,000		95,000		$ 663,100	
Block 3	15,000	2.25	$ 10.46	90,000	$ 941,400		90,000		$ 941,400	
Block 4	15,000+	3.00	$ 13.95	80,000	$ 1,116,000		75,000		$ 1,046,250	
			7.53	520,000	$ 3,917,900	(A)	520,000	(J)	$ 3,859,750	(D)
			Bill count in rate design		79,200	(B)	Actual bill count		79,200	(E)
			Revenue per Bill as Authorized [(A)/(B)]		$ 49.47	(C)	Rev/Bill-Actual [(D)/(E)]		$ 48.73	(F)

Average per Customer Usage Excess/Deficit [(F)-(C)]	$ (0.73)	(G)
Excess/Deficit Rate [(G)/(C)]	-1.48%	(H)

Revenue **DEFICIT** to be recovered on a **VOLUMETRIC BASIS:**

Revenue deficit to be recovered [(A)*(H)]	$ 58,150	(I)
Surcharge **per kilogallon** [(I)/(J)]	$ 0.11	*

Scenario 2 - Customers conserve 1% LESS than modeled for rates; average consumption is HIGHER than in rates

	Upper Limit	Factor	$/kGal	Usg kGals	Revenue		Actual		Revenue	
	Determinants in calculating rates						**Assumed "Actuals" for Illustration**			
Block 1	4,000	1.00	$ 4.65	250,000	$ 1,162,500		252,500		$ 1,174,125	
Block 2	8,000	1.50	$ 6.98	100,000	$ 698,000		101,000		$ 704,980	
Block 3	15,000	2.25	$ 10.46	90,000	$ 941,400		90,900		$ 950,814	
Block 4	15,000+	3.00	$ 13.95	80,000	$ 1,116,000		80,800		$ 1,127,160	
			7.53	520,000	$ 3,917,900	(A)	525,200	(J)	$ 3,957,079	(D)
			Bill count in rate design		79,200	(B)	Actual bill count		79,200	(E)
			Revenue per Bill as Authorized [(A)/(B)]		$ 49.47	(C)	Rev/Bill-Actual [(D)/(E)]		$ 49.96	(F)

Average per Customer Usage Excess/Deficit [(F)-(C)]	$ 0.49	(G)
Excess/Deficit Rate [(G)/(C)]	1.00%	(H)

Revenue **EXCESS** to be refunded as a **FLAT RATE CREDIT**:

Revenue excess to be refunded [(A)*(H)]	$ 39,179	(I)
Surcredit **per customer** [(I)/(E)]	$ 0.49	*

Scenario 3 - Customers conserve MORE than modeled for rates; average consumption is LOWER than in rates

	Upper Limit	Factor	$/kGal	Usg kGals	Revenue		Actual		Revenue	
	Determinants in calculating rates						**Assumed "Actuals" for Illustration**			
Block 1	4,000	1.00	$ 4.65	250,000	$ 1,162,500		247,500		$ 1,150,875	
Block 2	8,000	1.50	$ 6.98	100,000	$ 698,000		99,000		$ 691,020	
Block 3	15,000	2.25	$ 10.46	90,000	$ 941,400		89,100		$ 931,986	
Block 4	15,000+	3.00	$ 13.95	80,000	$ 1,116,000		79,200		$ 1,104,840	
			7.53	520,000	$ 3,917,900	(A)	514,800	(J)	$ 3,878,721	(D)
			Bill count in rate design		79,200	(B)	Actual bill count		79,200	(E)
			Revenue per Bill as Authorized [(A)/(B)]		$ 49.47	(C)	Rev/Bill-Actual [(D)/(E)]		$ 48.97	(F)

Average per Customer Usage Excess/Deficit [(F)-(C)]	$ (0.49)	(G)
Excess/Deficit Rate [(G)/(C)]	-1.00%	(H)

Revenue **DEFICIT** to be recovered on a **VOLUMETRIC BASIS:**

Revenue deficit to be recovered [(A)*(H)]	$ 39,179	(I)
Surcharge **per kilogallon** [(I)/(J)]	$ 0.08	*

* The revenue adjustment will be collected or refunded over 12 months (after allowing 3 months for computation of the adjustment) following the end of each 12 month period after implementation of new rates.