

SANFORD LAW OFFICE, PLLC

Jo Anne Sanford, Attorney at Law

February 7, 2023

Via Electronic Filing

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

Re: Aqua North Carolina, Inc.
Docket No. W-218, Sub 526A
Conservation Pilot Program Annual Revenue Reconciliation Request
for the Calendar Year 2022 Pursuant to Ordering Paragraph 15 of
W-218, Sub 526 Rate Case Order

Dear Ms. Dunston:

This packet submits for filing Aqua North Carolina, Inc.'s (Aqua or Company) Conservation Pilot Program annual revenue reconciliation request for the calendar year 2022, with supporting calculation and data, made pursuant to Ordering Paragraph 15 of the Commission's W-218, Sub 526 Rate Case Order, dated October 26, 2020 (page 270).

I hereby certify that a copy of this compliance filing has been served upon the parties to Docket No. W-218, Sub 526A.

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

Sincerely,

Electronically Submitted
/s/Jo Anne Sanford
Sanford Law Office, PLLC
State Bar No. 6831

Attorney for Aqua North Carolina, Inc.

c: Parties of Record

STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH

DOCKET NO. W-218, SUB 526A

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of
Aqua North Carolina, Inc., 202 MacKenan
Court, Cary, North Carolina 27511 – Conservation
Pilot Program Annual Revenue Reconciliation Request

**AFFIDAVIT OF DEAN R. GEARHART, MANAGER-RATES & PLANNING
AQUA NORTH CAROLINA, INC.**

Dean R. Gearhart, Rates and Planning Manager, Aqua North Carolina, Inc.
("Aqua" or "Company"), first being duly sworn, deposes and says:

Ordering Paragraph 15, at page 170 of the North Carolina Utilities Commission ("Commission" or "NCUC") Order of October 26, 2020 in the W-218, Sub 526 Rate Case requires that Aqua file a Conservation Pilot Program annual revenue reconciliation adjustment request, with supporting calculation and data. This request must be filed at least 45 days prior to the annual adjustment effective date.¹

Pages 123-124 of the "Commission Conclusions Regarding the Conservation Pilot Program" section of the referenced Sub 526 Rate Case Order provide the following guidance for the calculation of the annual revenue reconciliation:

The Commission acknowledges that N.C.G.S. § 62-133.12A allows the Commission to "adopt, implement, modify, or eliminate a rate adjustment

¹ The Company's proposed annual adjustment effective date in this case is April 1, 2023; therefore, the filing deadline is February 15, 2022.

mechanism for one or more of the company's rate schedules to track and true-up variations in average per customer usage from levels approved in the general rate case proceeding" upon a finding that such mechanism is appropriate to track and true-up variations in average per customer usage and is in the public interest. **The Commission concludes that it is reasonable and appropriate that a revenue reconciliation process as set forth by the Company be integral to the pilot program...** (Emphasis added)

Consistent with the above-quoted and emphasized language, Aqua's annual revenue reconciliation calculations provided herein true-up the annual variations in average per customer usage as set forth by Company Witness Thill's direct testimony in the W-218, Sub 526 rate case. Aqua's calculations and data are contained in Appendix A.

This filing contains the Tiered Pilot Year-End 2022 Revenue Reconciliation. It uses revenue billing information for the four Aqua North Carolina systems which are part of the Company's Conservation Pilot Program. The systems are:

<u>System</u>	<u>County</u>	<u>End of 2022 Bill Count</u>
Arbor Run	Guilford	230
Bayleaf	Wake	6,557
Merion	Wake	104
Pebble Bay	Catawba	220

This reconciliation compares the 2022 final revenue for these four systems to the revenue requirement from the rate design for Docket No. W-218, Sub 526. The revenue reconciliation is based on Thill Direct Exhibit 4, Scenario 3 where the customers conserve MORE than modeled in rates; therefore, average consumption is LOWER than in rates.

In the rate design for W-218, Sub 526, the usage/block revenue for these four systems is:

Annual Bill Count:	81,972
Usage:	562,714 Kgals
Gal per Bill	6,865
Volumetric Revenue:	\$3,786,155
Revenue per Bill:	\$46.19

The actual 2022 usage/block revenue realized by the Company was:

Annual Bill Count:	84,468
Usage:	563,955 Kgals
Gal per Bill	6,677
Volumetric Revenue:	\$3,830,161.64
Revenue per Bill:	\$45.34

The variance in usage/block revenue is a deficit of \$0.85 per bill (\$46.19 less \$45.34) for a percent deficit of 1.840%. Per Thill Exhibit 4 - scenario 3, the revenue deficit to be recovered is calculated as the 1.840% percent deficit applied to the rate design's volumetric revenue of \$3,786,155.

$$\$3,786,155 \times 1.840\% = \$69,665.25 \text{ (Appendix A, line 20)}$$

The Company proposes that this amount be recovered on a volumetric basis beginning on April 1, 2023 through the end of the 2023 calendar year at a rate of \$0.16 per 1,000 gallons of usage, as calculated on line 21 of Appendix A. The Company will monitor the amount of this recovery throughout 2023, and requests the flexibility to adjust this \$0.16 rate per 1,000 gallons during the 4th calendar quarter of 2023, in order to prevent over/under collection of the deficit amount.

FURTHER AFFIANT SAYETH NOT.

This the 7th day of February 2023.



Dean R. Gearhart, Manager-Rates and Planning

NOTARY SEAL

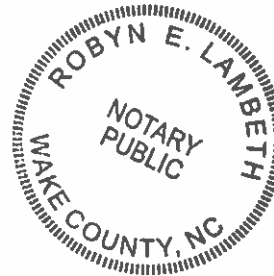
Sworn and subscribed before me this

7th day of February 2023.



Notary Public

My Commission Expires: May 13, 2026



W-218 SUB 526A
APPENDIX A

NC Tier Pilot - 2022 YEAR-END Revenue Reconciliation

Row	(a)	(b)	(c)	(d)	(e)	(f)	(g)
1		Based on Scenario 3 of NC Thill Ex.4 from W-218 Sub 526					
2		Scenario 3 - Customers conserve MORE than modeled for rates; average consumption is LOWER than in rates					
3		Rate Order Rate Design (W-218 Sub 526) - per NCUC					
4	\$/kGal	Usage Kgals	Block Revenue				
5	\$	6.73	562,714	\$ 3,786,155.00 (A)			
6		Bill count in rate design	81,972 (B)				
7		Gallons per Bill	6,865	Line 5 Kgal / (B) x 1000			
8		Revenue per Bill as Authorized [(A)/(B)]	\$ 46.19 (C)				
9							
10		Actual 2022 Billing Information (from Summary schedules in this filing)					
11	\$/kGal	Usage Kgals	Block Revenue				
12	\$	6.79	563,955 (J)	\$ 3,830,161.64 (D)			
13		Actual 2022 Bill Count	84,468 (E)				
14		Gallons per Bill	6,677	Line 12 Kgal / (E) x 1000			
15		Revenue per Bill-Actual [(D)/(E)]	\$ 45.34 (F)				
16		Revenue per Bill Excess/(Deficit) [(F)-(C)	\$ (0.85) (G)				
17		Excess/(Deficit) Rate [(G)/(C)]	-1.840% (H)				
18							
19		Revenue DEFICIT to be recovered on a VOLUMETRIC BASIS:					
20		Revenue Deficit to be recovered [(A) * (H)]	\$ 69,665.25 (I)				
21		Surcharge per kilogallon [(I)/(J x 9/12)]	\$ 0.16 *				
22							
23							
24		*The revenue adjustment will be collected over 9 months (April - December 2023)					
25		(A) & (B) final rate design numbers provided to Company by NCUC					
26		(D) & (E) from the Tiered Pilot summary in Aqua NC's Compliance Filing Pursuant to Ordering Paragraph 14 of W-218 Sub 526, filed on 1/31/2022					