

SANFORD LAW OFFICE, PLLC

Jo Anne Sanford, Attorney at Law

November 23, 2020

Via Electronic Filing

Ms. Kimberley A. Campbell, 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 526
Notice That No Refunds of Commission-Authorized Temporary,
Interim Rates Collected Under Bond Are Required Pursuant to
G.S. 62-135

Dear Ms. Campbell:

Aqua North Carolina, Inc. ("Aqua" or "Company") hereby files the attached Notice That No Refunds of Commission-Authorized Temporary, Interim Rates Collected Under Bond Are Required Pursuant to G.S. 62-135. This filing is required by Ordering Paragraphs 26 and 27 of the *Order Approving Partial Settlement Agreement and Stipulation, Deciding Contested Issues, Granting Partial Rate Increase, and Requiring Customer Notice* entered by the Commission in Docket No. W-218, Sub 526 on October 26, 2020.

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 526

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 Rates for Water and Sewer Utility Service in All Its Service Areas in North Carolina) NOTICE THAT NO) REFUNDS OF) COMMISSION-) AUTHORIZED) TEMPORARY, INTERIM) RATES COLLECTED) UNDER BOND ARE) REQUIRED PURSUANT TO) G.S. 62-135
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NOW COMES AQUA NORTH CAROLINA, INC. ("Aqua" or "Company"),
by and through the undersigned counsel, to make this filing in compliance with
Ordering Paragraphs 26 and 27 of the *Order Approving Partial Settlement
Agreement and Stipulation, Deciding Contested Issues, Granting Partial Rate
Increase, and Requiring Customer Notice* ("2020 Rate Case Order") entered in this
docket by the North Carolina Utilities Commission ("Commission") on October 26,
2020.

Aqua asserts the following in support of this filing, which is denominated a
Notice:

1. On December 31, 2019, Aqua filed an Application with the
Commission seeking authority to adjust and increase its rates for providing water
and sewer utility service in all of its service areas in North Carolina. Within its
Application, Aqua notified the Commission of its intent to implement its proposed

rates on a partial, temporary basis subject to refund, pursuant to G.S. 62-135, effective for service rendered on and after six months from January 30, 2020, or July 30, 2020.

2. On June 11, 2020, Aqua filed a motion requesting, among other things, approval of an undertaking to refund and approval of Notices to Customers.¹ On June 23, 2020, the Commission issued an Order denying use of a revenue deferral mechanism, approving Aqua's financial undertaking, and approving the Company's Notices to Customers, noting that the choice to exercise the remedy provided by G.S. 62-135 belongs to the Company and is not determined by the Commission. Upon review of Aqua's motion, the Commission found that the Company had satisfied the statutory requirements necessary to place new rates into effect on a partial, temporary basis. subject to refund with interest at a rate of 10% per annum, effective July 30, 2020.

3. On July 1, 2020, Aqua filed a motion seeking Commission approval of revised Notices to Customers. In its motion, Aqua sought to implement partial, temporary rates under bond at a lower level than it previously requested and which were authorized in the Commission's June 23, 2020 Order. Also, on July 1, 2020, Aqua filed its executed Undertaking to Refund.

4. On July 2, 2020, the Commission entered an *Order Approving Revised Customer Notices and Accepting Financial Undertaking* in this docket. By that Order, the Commission found that Aqua's request for approval of revised

¹ Specifically, Aqua notified the Commission that it intended to place temporary rates into effect pursuant to G.S. 62-135 in three of its five Rate Divisions; i.e., the Aqua Uniform Water Rate Division, the Aqua Uniform Sewer Rate Division, and the Company's Brookwood Water Rate Division.

Notices to Customers would result in lower partial, temporary rates than previously requested and that the Company had satisfied the statutory requirements necessary to place new rates into effect on a partial, temporary basis, subject to refund with interest at a rate of 10% per annum, effective July 30, 2020. Therefore, the Commission found good cause to approve the revised Notices to Customers attached to its Order as Appendices A and B and to accept Aqua's executed Undertaking to Refund filed on July 1, 2020, in this docket.

5. On October 26, 2020, the Commission entered its 2020 Rate Case Order in this docket. Ordering Paragraphs 26 and 27 of the 2020 Rate Case Order provided as follows:

26. That Aqua NC shall refund all partial, temporary rates and charges in excess of the final rates and charges found to be appropriate by the Commission, if any, in the Aqua NC Water, Aqua NC Sewer, and Brookwood Water Rate Divisions with interest at 10% compounded annually.

27. That Aqua NC shall file a refund plan for the excess partial, temporary rates and charges collected from the customers, if any, in the Aqua NC Water, Aqua NC Sewer, and Brookwood Water Rate Divisions within 30 days of the date of this Order and the Public Staff shall file a response to said refund plan no later than 60 days from the date of this Order.

6. In its proposed interim rates, Aqua adjusted and increased the Company's then-existing rates for the Aqua Uniform Water Rate Division to produce an increase in annual service revenues of \$1,867,058; an increase in annual service revenues for the Aqua Uniform Sewer Rate Division of \$788,884; and an increase in annual service revenues for the Brookwood Water Rate Division of \$627,167.

7. The Commission, in the 2020 Rate Case Order, approved the following increases in the Company's annual service revenues by Rate Division: Aqua Uniform Water: \$1,986,987; Aqua Uniform Sewer: \$818,429; and Brookwood Water: \$656,719.²

8. Thus, the annual rate increases allowed by the Commission for each of Aqua's three Rate Divisions in the 2020 Rate Case Order which were subject to the interim rate increases were more than what the Company imposed and collected in its interim rates. For that reason, Aqua maintains that no refunds to customers are required.

9. Exhibit 1 attached to this Notice documents Aqua's position that no refunds of the temporary, interim rates collected by the Company pursuant to G.S. 62-135 between July 30, 2020 (the date Aqua put interim rates into effect), and October 26, 2020 (the effective date of the Commission's 2020 Rate Case Order) are required.

WHEREUPON, Aqua requests that the Commission accept this filing in full compliance with Ordering Paragraphs 26 and 27 of the 2020 Rate Case Order and enter a further Order ruling that the Company has no refund obligation under the provisions of G.S. 62-135 with respect to the collection of temporary, interim rates.

Respectfully submitted this the 23rd day of November 2020.

² See Finding of Fact No. 73 of the 2020 Rate Case Order at page 21. The annual revenue increases authorized by the Commission in the 2020 Rate Case Order by Rate Division are identical to the annual revenue increases recommended by the Public Staff in its Proposed Order filed in this docket on August 17, 2020; i.e., see Schedule 1-A (page 101), Schedule 1-B (page 103), and Schedule 1-E (page 109).

ATTORNEYS FOR AQUA NORTH CAROLINA, INC.

Electronically Submitted

/s/Jo Anne Sanford

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AQUA NC - REFUND ANALYSIS FOR INTERIM RATES UNDER BOND (W-218 SUB 526)

W-218 Sub 526 Rates Under Bond <u>Item</u>	Aqua Water (a)	[1]	Aqua Sewer (b)	[1]	Brookwood Water (e)	[1]	ANC + BROOKWOOD Total (f)
SERVICE REVENUES AS OF 6/27/2020	38,426,560		16,396,525		6,404,367		61,227,452
Service Revenue under Present Rates	36,559,502		15,607,641		5,777,200		57,944,343
Increase in Service Revenues	1,867,058		788,884		627,167		3,283,109

W-218 Sub 526 Rate Order <u>Item</u>	Aqua Water (a)	[1]	Aqua Sewer (b)	[1]	Brookwood Water (e)	[1]	ANC + BROOKWOOD Total (f)
FINAL SERVICE REVENUES	38,546,489		16,426,070		6,433,919		61,406,478
Service Revenue under Present Rates	36,559,502		15,607,641		5,777,200		57,944,343
Increase in Service Revenues	1,986,987		818,429		656,719		3,462,135

W-218 Sub 526 <u>Item</u>	Aqua Water (a)	[1]	Aqua Sewer (b)	[1]	Brookwood Water (e)	[1]	ANC + BROOKWOOD Total (f)
FINAL vs. Rates Under Bond (negative amount subject to refund)	119,929		29,545		29,552		179,026

ALL FINAL/RATE ORDER REVENUE REQUIREMENTS WERE HIGHER THAN THE AMOUNTS USED FOR RATES UNDER BOND

NOTE - Fairways Water and Wastewater rate divisions were not included in the interim rates under bond

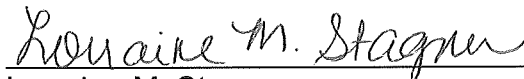
VERIFICATION

Shannon V. Becker, being duly sworn, deposes and says: that he is the President of Aqua North Carolina, Inc. and that he is familiar with the facts set out in this **NOTICE THAT NO REFUNDS OF COMMISSION-AUTHORIZED TEMPORARY, INTERIM RATES COLLECTED UNDER BOND ARE REQUIRED PURSUANT TO G.S. 62-135**; that he has read the foregoing Notice filed in Docket No. W-218, Sub 526 and knows the contents thereof; and that the same is true of his knowledge except as to those matters stated therein on information and belief, and as to those he believes them to be true.

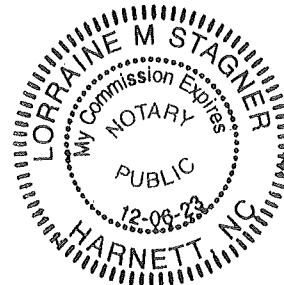


Shannon V. Becker, President

Sworn to and subscribed before me this
the 23rd day of November 2020.



Lorraine M. Stagner
Notary Public



My Commission Expires: 12/06/2023

CERTIFICATE OF SERVICE

The undersigned hereby certifies that a copy of the foregoing **NOTICE THAT NO REFUNDS OF COMMISSION-AUTHORIZED TEMPORARY, INTERIM RATES COLLECTED UNDER BOND ARE REQUIRED PURSUANT TO G.S. 62-135**, filed by Aqua North Carolina, Inc. in Docket No. W-218, Sub 526, has been served on each of the parties to this proceeding.

This the 23rd day of November, 2020.

**ATTORNEY FOR AQUA NORTH CAROLINA, INC.
Electronically Submitted**

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