

**STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH**

DOCKET NO. W-218, SUB 497

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

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|--|---------------------|
| In the Matter of |) |
| Application by Aqua North Carolina, Inc., |) NOTICE TO |
| 202 MacKenan Court, Cary, North Carolina 27511, |) CUSTOMERS IN AQUA |
| for Authority to Increase Rates for Water and Sewer |) NORTH CAROLINA |
| Utility Service in All of Its Service Areas in North |) SERVICE AREAS |
| Carolina |) |

NOTICE IS HEREBY GIVEN that the North Carolina Utilities Commission has issued an Order authorizing Aqua North Carolina, Inc. (Aqua NC), to increase its rates for water and sewer service in its service areas in North Carolina. The new approved water and sewer rates for Aqua NC customers, excluding the Brookwood / LaGrange service areas in Cumberland and Hoke Counties and the Fairways / Beau Rivage service areas in New Hanover County, are as follows:

WATER UTILITY SERVICE

Monthly Metered Service (Residential and Commercial customers)

Base charge (zero usage, based on meter size)

| | |
|-------------------------------------|-------------|
| <1" meter | \$ 19.25 |
| 1" meter | \$ 48.13 |
| 1-1/2" meter | \$ 96.25 |
| 2" meter | \$154.00 |
| 3" meter | \$288.75 |
| 4" meter | \$481.25 |
| 6" meter | \$962.50 |
| Usage charge, per 1,000 gallons | \$ 5.83 |

Bulk Purchased Water Systems
Base monthly charge same as above

Usage charge per 1,000 gallons, where water purchased for resale as shown below:

| <u>Service Area</u> | <u>Water Provider</u> | <u>Usage Charge</u> |
|---------------------------------|--------------------------------|---------------------|
| Twin Creeks | City of Asheville | \$ 4.26 |
| Heather Glen and Highland | City of Belmont | \$14.40 |
| Southpoint Landing | City of Belmont | \$14.40 |
| Park South | City of Charlotte | \$ 1.81 |
| Parkway Crossing | City of Charlotte | \$ 1.81 |
| Springhill / Springdale | City of Concord | \$ 5.11 |
| Hoopers Valley | City of Hendersonville | \$ 3.06 |
| Crystal Creek | City of Hendersonville | \$ 3.06 |
| Rambling Ridge | City of Hendersonville | \$ 3.06 |
| Brookwood | City of Hickory (outside city) | \$ 5.04 |
| Heritage Farms | City of Hickory (inside city) | \$ 2.83 |
| Cedarwood Estates | City of Hickory (inside city) | \$ 2.83 |
| Hill-N-Dale | City of Lincolnton | \$ 7.70 |
| East Shores | City of Morganton | \$ 2.52 |
| Greenfield | City of Mount Airy | \$ 7.15 |
| Bett's Brook | City of Newton | \$ 2.85 |
| Crestwood | Davidson Water, Inc. | \$ 5.30 |
| Lancer Acres | Davidson Water, Inc. | \$ 5.30 |
| Beard Acres | Davidson Water, Inc. | \$ 5.30 |
| Woodlake Development | Harnett County | \$ 2.77 |
| Beechwood Cove | Chatham County | \$ 7.04 |
| Chatham | Chatham County | \$ 7.04 |
| Cole Park Plaza Shopping Center | Chatham County | \$10.01 |
| Hidden Valley | Chatham County | \$ 7.04 |
| Polks Landing | Chatham County | \$ 7.04 |
| Chapel Ridge | Town of Pittsboro | \$13.69 |
| Laurel Ridge | Town of Pittsboro | \$13.69 |
| The Parks at Meadowview | Town of Pittsboro | \$13.69 |
| River Hill Heights | Iredell Water Corp. | \$ 2.72 |

| <u>Service Area</u> | <u>Water Provider</u> | <u>Usage Charge</u> |
|--------------------------------------|-----------------------|---------------------|
| Bedford at Flowers Plantation | Johnston County | \$ 2.45 |
| Bennett Place | Johnston County | \$ 2.45 |
| Chatham | Johnston County | \$ 2.45 |
| Cottages at Evergreen | Johnston County | \$ 2.45 |
| Cottonfield Village | Johnston County | \$ 2.45 |
| Creekside Place | Johnston County | \$ 2.45 |
| Eastlake at Flowers Plantation | Johnston County | \$ 2.45 |
| Evergreen | Johnston County | \$ 2.45 |
| Flowers Crest | Johnston County | \$ 2.45 |
| Flowers Shopping Center | Johnston County | \$ 2.45 |
| Forge Creek | Johnston County | \$ 2.45 |
| Longleaf | Johnston County | \$ 2.45 |
| Magnolia | Johnston County | \$ 2.45 |
| Magnolia Place/Village | Johnston County | \$ 2.45 |
| Mill Creek North | Johnston County | \$ 2.45 |
| Mill Creek West | Johnston County | \$ 2.45 |
| Neuse Colony | Johnston County | \$ 2.45 |
| North Farm | Johnston County | \$ 2.45 |
| North Farm Cottages | Johnston County | \$ 2.45 |
| North Village | Johnston County | \$ 2.45 |
| Parkway Center/Village | Johnston County | \$ 2.45 |
| Peachtree | Johnston County | \$ 2.45 |
| Pineville Club | Johnston County | \$ 2.45 |
| Pineville East | Johnston County | \$ 2.45 |
| Pineville East Cottages/Palmetto Pl. | Johnston County | \$ 2.45 |
| Pineville East Estates | Johnston County | \$ 2.45 |
| Pineville West | Johnston County | \$ 2.45 |
| Plantation Park | Johnston County | \$ 2.45 |
| Plantation Pointe | Johnston County | \$ 2.45 |
| Poplar Woods | Johnston County | \$ 2.45 |
| River Dell East | Johnston County | \$ 2.45 |
| River Dell Townes | Johnston County | \$ 2.45 |
| Riverdell Elementary School | Johnston County | \$ 2.45 |
| South Plantation | Johnston County | \$ 2.45 |
| South Quarter | Johnston County | \$ 2.45 |
| Southgate | Johnston County | \$ 2.45 |
| Summerset Place | Johnston County | \$ 2.45 |
| Sun Ridge Farms | Johnston County | \$ 2.45 |
| Sweetgrass | Johnston County | \$ 2.45 |
| The Gardens at Flowers Plantation | Johnston County | \$ 2.45 |

| <u>Service Area</u> | <u>Water Provider</u> | <u>Usage Charge</u> |
|--|-----------------------|---------------------|
| The Meadows | Johnston County | \$ 2.45 |
| The Nine | Johnston County | \$ 2.45 |
| The Woodlands | Johnston County | \$ 2.45 |
| Trillium | Johnston County | \$ 2.45 |
| Village at Flowers Plantation | Johnston County | \$ 2.45 |
| Walker Woods | Johnston County | \$ 2.45 |
| Watson's Mill | Johnston County | \$ 2.45 |
| West Ashley | Johnston County | \$ 2.45 |
| Whitfield at Flowers Plantation | Johnston County | \$ 2.45 |
| Wilders Woods and Extension | Johnston County | \$ 2.45 |
| Holly Hills | Town of Forest City | \$ 5.95 |
| Pear Meadows | Town of Fuquay-Varina | \$ 4.35 |
| Swiss Pine Lake | Town of Spruce Pine | \$ 4.93 |
| <u>Monthly Unmetered service (flat rate)</u> | | |
| Residential customers | | \$ 39.66 |
| Commercial customers (per *REU) | | \$ 67.42 |
| *(REU = Residential Equivalent Unit) | | |

SEWER UTILITY SERVICE

Monthly Unmetered Service (flat rate)

All service areas unless noted differently below

| | |
|---------------------------------|-----------|
| Residential customers | \$ 72.04 |
| Commercial customers (per *REU) | \$ 100.86 |

*(REU = Residential Equivalent Unit)

| | |
|---|----------|
| <u>STEP system flat rate (Monticello, Holly Brook, Saddleridge)</u> | \$ 32.00 |
|---|----------|

Commercial Monthly Metered Service and all the Park South Station and Parkway Crossing Service Areas (based on metered water usage)

Base facility charge (zero usage, based on water meter size)

All service areas unless noted differently below

| | |
|-----------|------------|
| <1" meter | \$ 26.11 |
| 1" meter | \$ 65.28 |
| 1½" meter | \$ 130.55 |
| 2" meter | \$ 208.88 |
| 3" meter | \$ 391.65 |
| 4" meter | \$ 652.75 |
| 6" meter | \$1,305.50 |

| | |
|---------------------------------|---------|
| Usage charge, per 1,000 gallons | \$ 8.92 |
|---------------------------------|---------|

All service areas unless noted differently below

Park South Station and Parkway Crossing Service Areas

| | |
|----------------------------|----------------|
| Base facility charge: | As shown above |
| Usage charge/1,000 gallons | \$ 6.45 |

Hawthorne Green (formerly Vista Park Apartments)

| | |
|---------------------------------|----------|
| Base facility charge/REU | \$ 40.40 |
| Usage charge, per 1,000 gallons | \$ 6.11 |

IMPACT ON AVERAGE RESIDENTIAL BILL

The impact on the average monthly residential bill including the reset of the water and sewer system improvement charge (WSIC and SSIC) is as follows:

| | <u>Water</u> | <u>Sewer</u> |
|-----------------------------------|--------------|--------------|
| Average bill under prior rates | \$47.05 | \$67.57 |
| Average bill under approved rates | \$48.23 | \$72.04 |

The average monthly residential bills are based on the uniform rates for non-purchased water and sewer systems based on an average usage of 4,971 gallons per month. The average residential bills for the bulk purchased water and sewer systems will vary.

RATE ADJUSTMENT MECHANISM:

The Commission-authorized WSIC and SSIC rate adjustment mechanisms continue in effect. These charges have been reset to zero in the Docket No. W-218, Sub 497 rate case, but Aqua NC may, under the Rules and Regulations of the Commission, apply for a rate surcharge on May 1, 2019, to become effective July 1, 2019. The WSIC/SSIC mechanisms are designed to recover, between rate case proceedings, the costs associated with investment in certain completed, eligible projects for water and sewer system improvements. The WSIC/SSIC mechanisms are subject to Commission approval and to audit and refund provisions. Any cumulative system improvement charge recovered pursuant to the WSIC/SSIC mechanisms may not exceed 5% of the total annual service revenues approved by the Commission in this general rate case proceeding. Additional information regarding the WSIC/SSIC mechanisms is contained in the Commission's Order and can be accessed from the Commission's website at www.ncuc.net, under Docket Information, using the Docket Search feature for docket number "W-218 Sub 497" or W-218 Sub 497A".

CREDIT/REFUNDS DUE TO REDUCTIONS IN CORPORATE FEDERAL AND STATE INCOME TAX RATES:

On December 22, 2017, President Donald J. Trump signed into law the Tax Cuts and Jobs Act (The Tax Act), which among other things, reduced the federal corporate income tax rate from 35% to 21%, effective for taxable years beginning after December 31, 2017. In the present rate case proceeding, the Commission reduced Aqua NC's revenue requirement to reflect the reduction in the federal corporate income tax rate from 35% to 21%, on the Company's ongoing federal income tax expense. Further, the Commission is requiring that Aqua NC refund to its customers the overcollection of federal income

taxes related to the decrease in the federal corporate income tax rate for the period beginning January 1, 2018, and corresponding interest, through a surcharge credit for a one-year period beginning with the effective date of the new rates.

With respect to excess deferred income taxes (EDIT) resulting from reductions in the corporate federal and state income tax rates, the Commission is requiring that: (a) Aqua NC's Protected Federal EDIT shall be flowed back to customers following the tax normalization rules utilizing the average rate assumption method (ARAM) as required by the rules of the Internal Revenue Service; (b) Aqua NC's Unprotected Federal EDIT shall be returned to ratepayers through a levelized rider over a period of three years; and (c) Aqua NC's State EDIT shall be returned to customers through a levelized rider that will expire at the end of a three-year period.

Aqua NC will provide the applicable dollar amounts concerning (1) the one-year surcharge credit and (2) the federal and state EDIT riders (refunds) shown as separate line items on individual customers' monthly bills, along with explanatory information.

ISSUED BY ORDER OF THE COMMISSION.

This the 28th day of December, 2018.

NORTH CAROLINA UTILITIES COMMISSION

A handwritten signature in blue ink, appearing to read "Janice H. Fulmore".

Janice H. Fulmore, Deputy Clerk

CERTIFICATE OF SERVICE

I, _____, mailed with sufficient postage or hand delivered to all affected customers the attached Notice to Customers issued by the North Carolina Utilities Commission in Docket No. W-218, Sub 497, and the Notice was mailed or hand delivered by the date specified in the Order.

This the ____ day of _____, 20____.

By: _____
Signature

Name of Utility Company

The above named Applicant, _____, personally appeared before me this day and, being first duly sworn, says that the required Notice to Customers was mailed or hand delivered to all affected customers, as required by the Commission Order dated _____ in Docket No. W-218, Sub 497.

Witness my hand and notarial seal, this the ____ day of _____, 20____.

Notary Public

Printed or Typed Name

(SEAL) My Commission Expires: _____
Date