



**NORTH CAROLINA
PUBLIC STAFF
UTILITIES COMMISSION**

July 15, 2022

VIA ELECTRONIC MAIL

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Re: Docket No. W-218, Sub 573 – 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 Service Areas in North Carolina and for Approval of a Water and Sewer Investment Plan

Dear Jo Anne and David:

The Public Staff has reviewed the application filed in the above-referenced docket on June 30, 2022, by Aqua North Carolina, Inc. (Aqua), and has determined that additional information is necessary to complete the filing as required by Commission Rule R1-17.

Rule R1-17(b)(12)(d) requires that Class A water and sewer utilities file an NCUC Form W-1 with their general rate case applications. The Public Staff has determined based on its initial review of Aqua's application that the Form W-1 filed by Aqua is missing the material data and information described in items 1. through 4. below.

1. Item 4 of the Form W-1 requires Aqua to "[l]ist each general office account (asset, reserve, and expense accounts) covering the 12 months of the test year. Show the amount allocated to each jurisdiction and a calculation of the factor used to allocate each amount." Item 4 further states that the item is "to be completed by companies operating in more than one state." The schedules Aqua provided in response to Item 4 of the W-1 only contain information for Aqua's five rate divisions in North Carolina. Aqua did

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Jo Anne Sanford and David T. Drooz
July 15, 2022
Page Two

not show the amount of each general office account allocated to other jurisdictions or a calculation of the factor used to allocate each amount as required by Item 4 of the Form W-1.

2. Item 5 of the Form W-1 requires Aqua to provide the monthly balances for the test year for the accounts listed in sub-items (a.) through (r.) "for total Company and North Carolina." Aqua only provided account balances for its five North Carolina rate divisions separately and on a consolidated basis. Aqua did not provide the "total Company" account balances as required by Item 5 of the Form W-1.

3. Item 10 of the Form W-1 requires Aqua to provide the following:

10. (a) The detailed workpapers showing calculations supporting all accounting, pro forma, end-of-period, and proposed rate adjustments in the rate case application to revenue, expense, investment, and reserve accounts for the test year and a complete detailed narrative explanation of each adjustment, including the reason why each adjustment is required. Explain all components used in each calculation.

Index each calculation to the accounting, pro forma, end-of period, or proposed rate adjustment which it supports.

(b) The derivation for end-of-period rates by rate class.

(c) All the necessary data from which growth factors were derived.

(d) The backup data from which annual usage was derived for purposes of generating end-of-period revenues.

Based on the Public Staff's review, it appears that the Form W-1 filed by Aqua is missing the following material data or information required by Item 10:

a. **Adjustment B1/B2, Labor Expense Pro Forma Adjustment:**
Detailed workpapers showing Aqua's calculations of the 77.28% expense rate for non-overtime labor and the 68.97% expense rate for overtime labor.

Jo Anne Sanford and David T. Drooz
July 15, 2022
Page Three

b. **Exhibit B3-k, Management Fees/Corporate Charges:** Detailed workpapers showing calculations supporting Aqua's adjustment to management fees/corporate charges.

4. Item 16 of the Form W-1 requires that the Company provide the following:

16. The three (3) most recent annual reports to stockholders and subsequent quarterly reports to stockholders.

Based on the Public Staff's review, the Form W-1 filed by Aqua does not appear to contain the subsequent quarterly reports to stockholders required by Item 16.

The Public Staff considers Aqua's application incomplete as filed due to its failure to include the material data and information described above.

Pursuant to Commission Rule R1-17(f), the Commission may deny the application for failure to include material data or information. Within five days of the date of this letter, please provide to the Public Staff and file with the Commission the data and information described above to complete Aqua's application.

If you have any questions, please contact Megan Jost at (919) 733-0978 or Beth Culpepper at (919) 733-0972. Aqua personnel are welcome to contact Chuck Junis at (919) 733-0891 for engineering related questions or June Chiu at (919) 733-0948 for accounting related questions.

Sincerely,

Electronically submitted

/s/ Megan Jost

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/s/ Elizabeth D. Culpepper

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