

**STATE OF NORTH CAROLINA  
UTILITIES COMMISSION  
RALEIGH**

**STAFF CONFERENCE AGENDA  
July 6, 2021**

***IMPORTANT NOTE: STAFF CONFERENCE  
WILL BE CONDUCTED VIA WEBEX.  
INSTRUCTIONS FOR PARTICIPATION AND A LINK TO VIEW  
THE MEETING WILL BE POSTED ON THE COMMISSION'S  
WEBSITE, NCUC.NET***

**COMMISSION STAFF**

NO AGENDA ITEMS

**PUBLIC STAFF**

**D. ELECTRIC**

- P1. [DOCKET NOS. E-2, SUB 1214, AND E-7, SUB 1210 – DUKE ENERGY PROGRESS, LLC, AND DUKE ENERGY CAROLINAS, LLC – REQUEST FOR EXTENSION OF WAIVER OF COMMISSION RULE R12-11\(M\)\(2\) EXHIBIT NO. P-1](#)

**E. WATER**

- P1. [DOCKET NO. W-218, SUB 526A – AQUA NORTH CAROLINA, INC. – APPLICATION FOR APPROVAL OF WATER AND SEWER SYSTEM IMPROVEMENT RATE ADJUSTMENTS EXHIBIT NO. P-2](#)
- P2. [DOCKET NO. W-1315, SUB 6 – DFHC CORPORATION, INC. – REQUEST FOR TARIFF REVISION EXHIBIT NO. P-3](#)

TO: Agenda – Commission Conference – July 6, 2021

FROM: PUBLIC STAFF – North Carolina Utilities Commission

**D. ELECTRIC**

**P1. DOCKET NOS. E-2, SUB 1214, AND E-7, SUB 1210 – DUKE ENERGY PROGRESS, LLC, AND DUKE ENERGY CAROLINAS, LLC – REQUEST FOR EXTENSION OF WAIVER OF COMMISSION RULE R12-11(M)(2)**

EXPLANATION: On June 4, 2021, Duke Energy Progress, LLC (DEP), and Duke Energy Carolinas, LLC (DEC) (collectively, the Companies or Duke), filed a motion for an extension of the limited waiver of Commission Rule R12-11(m)(2) granted by the Commission in its Order Granting Waiver With Conditions issued on November 15, 2019, in the present dockets (November 15, 2019 Order).

On June 14, 2019, the Companies filed a joint request for waiver of Commission Rule R12-11(m)(2) regarding notice to residential customers prior to termination of service for nonpayment.

Commission Rule R12-11(m)(2) requires personnel from the Companies to attempt to personally contact a residential customer at his premises in order to notify the customer of an immediate, pending disconnection of electric utility service for nonpayment on the day the disconnection is to take place. The purpose of this Rule is to provide the customer with a final opportunity to make a payment or other arrangements to avoid disconnection.

On October 14, 2019, the Public Staff presented the Companies' joint request for waiver to the Commission at its Regular Staff Conference, recommending the Commission grant the limited waiver as filed, subject to certain modifications and reporting requirements. On October 24, 2019, the Companies filed a letter providing additional information in response to the Commission's questions at Staff Conference.

On November 15, 2019, the Commission issued an order granting the waiver with conditions effective January 1, 2020. Those conditions include (1) requiring the Companies to fully comply with the requirements of Commission Rule R12-11(m)(2) if a customer does not have means to receive email, a text message, or a phone call; (2) requiring the Companies to personally contact the customer at the customer's residence and leave a notice if contact is not made; (3) requiring the Companies' representative to agree to postpone termination if the customer qualifies under Commission Rule R12-11(l)(6); (4) requiring the Companies to make all reasonable efforts to have on file a third-party designee selected by the customer who, in addition to customer, will receive any proposed notice of termination that may be communicated to the customer; and (5) that the waiver expires on June 30, 2021.

On February 10, 2020, the Companies filed a letter stating that, because the November 15, 2019 Order included conditions on implementing the waiver that the Companies and

the Public Staff had not previously considered, the Companies had delayed implementing the waiver to review how best to comply with the new conditions from an operational standpoint. The Companies stated they would commence operating under the limited waiver with conditions on April 1, 2020.

On November 17, 2020, the Companies filed another letter stating that they did not commence operation under the limited waiver on April 1, 2020, because the Companies were not disconnecting customers from March through September 2020 because of the Companies' voluntary suspension of disconnections for nonpayment due to the COVID-19 pandemic and the Commission's subsequent March 19, 2020 Order Suspending Utilities Disconnection for Non-payment Allowing Reconnections and Waiving Certain Fees issued in Docket No. M-100, Sub 158. The Companies stated they would commence operations under the limited waiver on December 1, 2020, and contact certain customers on the day of disconnection through text messages, phone calls, and/or emails, instead of through premises visits as outlined in the Order.

On February 23, 2021, the Commission issued its Order Suspending Disconnections and Providing for Extended Special Repayment Plans for Certain Vulnerable Residential Customers and Requiring Door Hanger Notices in Docket No. M-100, Sub 158 (Door Hanger Order). The Door Hanger Order required the Companies to cease residential customer disconnections for nonpayment of utility bills where a customer can establish that the customer is unable to pay for such service in full and that the customer's household is eligible to receive assistance from specific programs. The Door Hanger Order also provided that notwithstanding the limited waiver provided in the present dockets, Duke shall place a service disconnect door-hanger at all residences within 24 to 36 hours prior to disconnection, advising residential customers of their options to avoid disconnection.

The November 15, 2019 Order allowed the Companies to implement the limited waiver with conditions from January 1, 2020, to June 30, 2021. As originally contemplated, this 18-month period was designed to give the Companies time to gather sufficient information to detail their experience with and the effectiveness of the waiver to include in a report to be filed on March 1, 2021, and to allow the Public Staff to respond to the Companies' report by April 1, 2021. Because the Companies were only able to implement the limited waiver in the month of December in the year 2020, the Companies were unable to collect the data needed to determine the effectiveness of the waiver in 2020. In addition, due to the Commission's issuance of the Door Hanger Order in 2021, and because disconnections for nonpayment will stop for significant periods in 2021 while Duke implements the switch to its Customer Connect platform, the information gathered in 2021 may not be sufficient to evaluate the effectiveness of the waiver.

In order to detail the experience of the waiver as originally intended and evaluate its effectiveness, Duke requests that the Commission extend the expiration of the limited waiver until December 31, 2022. Duke further proposes that it file a report on September 1, 2022, detailing its experience with the waiver and providing information about the

effectiveness of the waiver, and that the Public Staff's corresponding response be filed on October 1, 2022.

EXHIBIT: A proposed order is attached as [Exhibit No. P-1](#).

RECOMMENDATION: (McLawhorn/Holt/Josey) That the Commission issue the proposed order granting Duke's request to extend the wavier with the modifications and establishing reporting requirements.

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## **E. WATER**

P1. DOCKET NO. W-218, SUB 526A – AQUA NORTH CAROLINA, INC. – APPLICATION FOR APPROVAL OF WATER AND SEWER SYSTEM IMPROVEMENT RATE ADJUSTMENTS

EXPLANATION: On April 28, 2021, Aqua North Carolina, Inc. (Aqua NC), filed an application requesting authority to adjust its Water System Improvement Charges (WSIC) and Sewer System Improvement Charges (SSIC) effective July 1, 2021, pursuant to Commission Rules R7-39(f) and R10-26(f) (Application).

On June 21, 2021, the Public Staff – North Carolina Utilities Commission (Public Staff) filed its Notice of Public Staff's Plan to Present Comments and Recommendations at the Commission's July 6, 2021, Regular Staff Conference (Notice).

Aqua NC's WSIC and SSIC percentages were reset to zero as of October 26, 2020, the effective date of Aqua NC's new base rates in its general rate case in Docket No. W-218, Sub 526 (Sub 526 Rate Case). This is Aqua NC's second filing to implement charges under the WSIC and SSIC mechanisms since the conclusion of the Sub 526 Rate Case.

The implementation of the WSIC and SSIC for Aqua NC was first approved by the Commission on December 22, 2014, effective January 1, 2015. The WSIC and SSIC procedures allow for semi-annual adjustments to Aqua NC's rates every January 1 and July 1 based upon reasonable and prudently incurred investment in eligible system improvements completed and placed in service prior to the filing of the request.

Aqua NC requests authority to impose the following WSIC and SSIC percentages effective for service rendered on and after July 1, 2021:

	<u>Previously Approved WSIC/SSIC Percentage</u>	<u>Net Proposed Change To WSIC/SSIC Percentage</u>	<u>Cumulative WSIC/SSIC Percentage</u>
Uniform water	0.36%	1.34%	1.70%
Uniform sewer	0.36%	2.71%	3.07%
Fairways water	0.00%	4.96%	4.96%
Fairways sewer	0.05%	0.50%	0.55%
Brookwood water	0.00%	0.60%	0.60%

The WSIC and SSIC percentages above do not include the Experience Modification Factor (EMF) adjustments from the 2020 annual WSIC and SSIC revenue review, which went into effect on July 1, 2021. The impact of the 2020 EMF on Aqua NC's requested WSIC and SSIC percentages is as follows:

	<u>WSIC/SSIC Percentage</u>	<u>2020 Experience Modification Factor</u>	<u>Cumulative WSIC/SSIC Percentage</u>
Uniform water	1.70%	-0.040%	1.66%
Uniform sewer	3.07%	0.005%	3.08%
Fairways water	4.96%	0.100%	5.06%
Fairways sewer	0.55%	0.040%	0.59%
Brookwood water	0.60%	0.030%	0.63%

The cumulative WSIC and SSIC revenue requirements after Aqua NC's proposed increases/decreases are as follows:

	<u>Previously Approved WSIC/SSIC Revenue Requirement</u>	<u>Net Change to WSIC/SSIC Revenue Requirement</u>	<u>Cumulative WSIC/SSIC Revenue Requirement</u>
Uniform water	\$139,175	\$516,163	\$655,338
Uniform sewer	\$62,761	\$470,762	\$533,523
Fairways water	\$0	\$57,473	\$57,473
Fairways sewer	\$1,009	\$11,040	\$12,049
Brookwood water	\$0	\$38,476	\$38,476

Pursuant to N.C. Gen. Stat. § 62-133.12(g), the cumulative WSIC and SSIC percentages are capped at 5% of total annual service revenues approved by the Commission in the Sub 526 Rate Case, resulting in the following maximum revenue requirements for water and sewer operations:

	<u>Sub 526 Annual Service Revenues</u>	<u>Maximum WSIC/SSIC Percentage</u>	<u>Maximum WSIC/SSIC Revenue Requirement</u>
Uniform water	\$38,546,489	x 5% =	\$1,927,324
Uniform sewer	\$16,426,070	x 5% =	\$821,304
Fairways water	\$1,159,708	x 5% =	\$57,985
Fairways sewer	\$2,152,586	x 5% =	\$107,629
Brookwood water	\$6,433,919	x 5% =	\$321,696

As shown above, Aqua NC's proposed WSIC and SSIC revenue requirements do not exceed the maximum WSIC and SSIC revenue requirement for water and sewer operations.

Aqua NC's additional WSIC and SSIC revenue requirements are comprised of the calculated WSIC and SSIC revenue requirements for the current review period plus updates to the previously approved WSIC and SSIC revenue requirements that became effective on January 1, 2021. The updates include the anticipated non-WSIC and non-SSIC annual service revenues based on Aqua NC's calendar year 2021 projection.

Aqua NC is proposing the above increases in the WSIC and SSIC in order to recover the incremental depreciation and capital costs associated with the following WSIC and SSIC projects completed and placed in service from October 1, 2020, through March 31, 2021:

Main relocation	\$192,319
Meters and/or appurtenances replacement	3,672,597
Primary drinking standards	667,894
Secondary drinking water standard	856,819
Service line replacement	234,774
Valves replacement	29,329
Total WSIC plant additions	<u>\$5,653,732</u>

Inflow and infiltration reduction	\$83,886
Lift station and grinder pump replacement	259,195
Motors and blowers replacement	111,641
Water and sewer main relocation	4,407,644
Collection main extension installation	66,014
Total SSIC plant additions	<u>\$4,928,380</u>

Under N.C.G.S. § 62-133.12(c), eligible water system improvements include "equipment and infrastructure installed at the direction of the Commission to comply with secondary drinking water standards." During the six months ended March 31, 2021, Aqua NC installed two iron and manganese filter projects in the following subdivisions at a total cost of \$856,819:

Lake Springs FeMn Filter, Well #1 and #2	\$252,857
River and Sanders FeMn Filter, Well #8	603,962
Total FeMn filter projects	<u>\$856,819</u>

The Commission authorized the implementation of these filtration projects in its Order Approving Secondary Water Quality Improvement Projects issued on April 3, 2020, in Docket No. W-218, Sub 497A and on January 8, 2021, in Docket No. W-218, Sub 526A.<sup>1</sup>

In its Order Adopting Commission Rules R7-39 and R10-26 issued on June 6, 2014, in Docket No. W-100, Sub 54, the Commission stated that the Public Staff is to review all infrastructure improvements proposed for recovery for eligibility and reasonableness prior

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<sup>1</sup> The River and Sanders filtration project is also known as The Cape Well #8 filter project.

to making its recommendations to the Commission on WSIC or SSIC rate adjustments. The Commission further stated that any WSIC or SSIC rate adjustments outside of a general rate case will be allowed to become effective, but not unconditionally approved, and may be disallowed in the next general rate case proceeding if found to be unreasonable or imprudent upon review of the Public Staff and the Commission.

The Public Staff has reviewed Aqua NC's WSIC and SSIC improvements, including construction work in progress ledgers and transactions, invoices, work orders, engineering certifications, and other accounting records. Based on this review, the Public Staff recommends the following adjustments to Aqua NC's WSIC and SSIC revenue requirements:

(1) Correction to accumulated depreciation – The average amount of accumulated depreciation is understated due to an error in the formula in Aqua NC's Excel spreadsheet for Fairways & Beau Rivage Water. Aqua NC agrees with this adjustment.

(2) Correction to accumulated deferred income tax (ADIT) – The ADIT calculation for Fairways & Beau Rivage Water is overstated due to the understatement of the average amount of accumulated depreciation discussed in item (1) above. The ADIT calculation for Fairways & Beau Rivage Sewer is understated because Aqua NC used tax reserve as of December 31, 2021, instead of average tax reserve, to calculate ADIT. Aqua NC agrees with this adjustment.

(3) Correction to annual depreciation – The amount of annual depreciation expense for Fairways & Beau Rivage Water is understated because Aqua NC inadvertently used 2021 accumulated depreciation instead of the annual depreciation expense in the calculation of the recovery of incremental depreciation expense portion of the revenue requirement. Aqua NC agrees with this adjustment.

(4) Adjustment to remove grinder pumps – Aqua NC included \$71,150.93 for grinder pump replacements in plant in service used to calculate the SSIC revenue requirement for Uniform Sewer operations. The grinder pump projects include 24 individual grinder pump replacements. The average cost of the grinder pump replacements is approximately \$2,965.

Based on Aqua NC's response to the Public Staff's data request, the Public Staff's experience, and the record in this docket, the Public Staff believes that these grinder pump replacements did not benefit the entire system in which they were replaced but, rather, individual customers in each subdivision. Further, given the nature and magnitude of grinder pump costs, replacements of individual household grinder pumps are performed on an as-needed basis and are not the type of project that would be accelerated by the SSIC incentive. Additionally, the inclusion of expenditures for routine, individual replacements such as grinder pumps would reduce the availability of incentive within the 5% revenue requirement cap to accelerate system improvements that would otherwise be delayed. For these reasons, which are discussed in greater detail in the

Public Staff's Initial Comments and Reply Comments,<sup>2</sup> the Public Staff recommends that grinder pumps not be allowed for SSIC recovery.

(5) Adjustment to NCDOT main relocate projects – Aqua NC included \$2,800 for initial engineering services in plant in service for the Flowers Plantation DOT Main Relocation project used to calculate the WSIC revenue requirement for Uniform Water operations. The engineering work, including surveying, design, and permitting, contributed to the completion of both the water main and sewer force main relocation projects and, therefore, subsequent invoices for the associated costs were shared between the two projects. The initial engineering services in the amount of \$2,800 also contributed to the completion of both the water main and sewer force main relocations projects and, therefore, should also be shared between the two projects. For this reason, the Public Staff recommends removing half of these engineering costs, or \$1,400, from the water main relocation project and added them to the sewer force main relocation project. Aqua NC agrees with this adjustment.

(6) Adjustment to NCDOT sewer force main relocate project – Aqua NC included \$23,522 of repair and pump and haul costs in plant in service for the Flowers Plantation DOT Main Relocation project used to calculate the SSIC revenue requirement for Uniform Sewer operations. In its Notice, the Public Staff stated that it removed repair and pump and haul costs in the amount of \$28,411 on the grounds that the contractors who caused the damage or the party responsible for locating and marking the sewer force main should be held accountable for these costs. Based on subsequent discussions between the Public Staff and Aqua NC and additional information supplied by Aqua NC, the Public Staff agrees that its recommended adjustment should be reduced to \$23,522, and Aqua NC agrees with this adjustment. The Public Staff is still evaluating the reasonableness of upsizing the former 12-inch sewer force main to a 16-inch diameter pipe.

(7) Adjustment to remove Willow Creek LS – Aqua NC included \$83,886 of gravity sewer line realignment, jetting and video, cured-in-place-pipe lining, and sewer line point repair costs in plant in service used to calculate the SSIC revenue requirement for Uniform Sewer operations. Aqua NC asserts that the project constitutes, "improvements completed to reduce and/or eliminate the inflow and infiltration of rain water into a portion of the collection system," and is an eligible sewer system improvement pursuant to N.C.G.S. § 62-133.12(d). However, based on the chronology of the improvements, lack of cohesion between the separate improvements, and insufficient explanation/documentation provided by Aqua NC to date, the Willow Creek LS costs should not be allowed for SSIC recovery.

(8) Adjustment to reclassify the Saddleridge L/S Full Rehab project to the correct utility account – Aqua NC included \$28,810 of the project costs in utility account (UT) 354200-Structures and Improvements used to calculate the SSIC revenue requirement for Uniform Sewer operations. Based on discussions between the Public

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<sup>2</sup> The Public Staff filed Initial Comments in Docket No. W-218, Sub 526A on April 19, 2021, and Reply Comments on June 7, 2021.

Staff and Aqua NC and additional information supplied by Aqua NC, the parties have agreed that the \$28,810 in project costs should be reclassified and included in UT 371000-Pumping Equipment.

(9) Adjustment to remove a duplicate payment from Lake Springs FeMn Filter project– Aqua NC inadvertently made a double payment in the amount of \$2,160 to Water Systems Engineering, Inc., and included that expenditure twice in plant in service used to calculate the WSIC revenue requirement for Uniform Water operations. The Public Staff identified the double payment and Aqua NC promptly requested and has received a refund from the vendor. The Public Staff removed this duplicate payment and Aqua NC agrees with this adjustment.

The impact of the adjustments discussed in items (1) through (9) above increases the overall revenue requirement for Fairways & Beau Rivage Water operations and decreases the overall revenue requirement for Fairways & Beau Rivage Sewer operations, Aqua Water operations, and Aqua Sewer operations. The overall revenue requirement for Fairways & Beau Rivage Water operations is increased to \$66,351, which exceeds the 5% cap of the total annual service revenues approved by the Commission in the Sub 526 Rate Case (\$57,985). Therefore, the revenue requirement for Fairways & Beau Rivage Water operations is \$57,985 and the proposed WSIC percentage is updated from 5.06% to 5.1% after accounting for the EMF. The overall revenue requirement for Aqua Sewer operations is decreased to \$465,386 and the proposed SSIC percentage is updated from 3.08% to 3.05% after accounting for the EMF. However, the proposed SSIC percentage for Fairways & Beau Rivage Sewer operations and the proposed WSIC percentage for Aqua Water operations did not change based on the projected 2021 non-SSIC and non-WSIC revenues, respectively.

The Public Staff is concerned about the prudence and reasonableness of the installation costs for Aqua NC's Meter Exchange Projects, which have increased approximately 40% since Aqua NC's rate case in Docket No. W-218, Sub 497 (Sub 497 Rate Case). Given the extensive record regarding this matter in Aqua NC's Sub 497 Rate Case, the complexity of the issue, and the absence of the Meter Exchange Project from Aqua NC's previous three-year plans, the Public Staff believes the proper proceeding in which to address these concerns is Aqua NC's next general rate case.

Based on the adjustments described above, the Public Staff recommended the following adjustments to the WSIC and SSIC revenue requirements and percentages proposed by Aqua NC:

	WSIC/SSIC Percentage Per Aqua NC	WSIC/SSIC Revenue Requirement Per Public Staff	Impact of Public Staff Adjustments	WSIC/SSIC Percentage Per Public Staff
Uniform water	1.66%	\$655,286	0.00%	1.66%
Uniform sewer	3.08%	\$528,147	-0.03%	3.05%
Fairways/Beau Riv. water	5.06%	\$57,985	0.04%	5.10%
Fairways/Beau Riv. sewer	0.59%	\$12,024	0.00%	0.59%
Brookwood/LaGrange water	0.63%	\$38,476	0.00%	0.63%

The Public Staff recommends that Aqua NC be allowed to implement the Public Staff's proposed WSIC and SSIC percentages effective for service rendered on or after July 1, 2021, subject to true-up. The Public Staff will continue to review the justness, prudence, and reasonableness of these improvements during its review of Aqua NC's future WSIC and SSIC filings and in Aqua NC's next general rate case.

EXHIBIT: A proposed order is attached as [Exhibit No. P-2](#).

RECOMMENDATION: (Feasel/Junis/Jost) That the Commission issue the proposed order approving the Public Staff's proposed water and sewer system improvement charges effective for service rendered on or after July 1, 2021, subject to true-up, and requiring customer notice.

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P2. DOCKET NO. W-1315, SUB 6 – DFHC CORPORATION, INC. – REQUEST FOR TARIFF REVISION

EXPLANATION: On June 16, 2021, DFHC Corporation, Inc. (DFHC), filed a petition with the Commission requesting authority to amend its tariff for the purpose of passing along to its customers in Gardner Hill Station in Guilford County an increase in the cost of purchasing water service from the City of Greensboro (City) and sewer service from the Town of Jamestown (Town). On June 22, 2021, DFHC filed a verification pursuant to N.C. Gen. Stat. § 62-133.11 and an amendment to its petition.

Effective July 1, 2021, the City increased its water billing and availability fees charged to DFHC by \$2.30 per month from \$51.10 per month to \$53.40 per month and its water usage rate by \$0.47 per 1,000 gallons from \$10.47 per 1,000 gallons (equal to \$7.83 per CCF) to \$10.94 per 1,000 gallons (equal to \$8.18 per CCF).

Effective July 1, 2021, the Town increased its sewer usage rate charged to DFHC by \$0.40 per 1,000 gallons from \$4.88 per 1,000 gallons (equal to \$3.65 per CCF) to \$5.28 per 1,000 gallons (equal to \$3.95 per CCF).

DFHC's current purchased water base charge and usage rate per 1,000 gallons related to its purchased water service from the City and its sewer usage rate per 1,000 gallons related to its purchased sewer service from the Town have been in effect since July 13, 2020, when they were approved by the Commission in its Order Approving Tariff Revision and Requiring Customer Notice issued in Docket No. W-1315, Sub 5. After taking into account the effect of the 0.13% regulatory fee, DFHC requests authority to increase its water base charge from \$12.79 to \$13.37 and its water usage rate from \$10.48 to \$10.95 per 1,000 gallons to reflect the increase in the cost of purchasing water service from the City. DFHC further requests authority to increase its sewer usage rate from \$4.89 to \$5.29 per 1,000 gallons to reflect the increase in the cost of purchasing sewer service from the Town.

The Public Staff has reviewed DFHC's request and recommends that the requested tariff revision be approved.

EXHIBIT: A proposed order is attached as [Exhibit No. P-3](#).

RECOMMENDATION: (Junis/Henry/Magarira) That the Commission issue the proposed order approving the requested tariff revision and requiring customer notice.

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**STATE OF NORTH CAROLINA  
UTILITIES COMMISSION  
RALEIGH**

DOCKET NO. E-2, SUB 1214  
DOCKET NO. E-7, SUB 1210

**BEFORE THE NORTH CAROLINA UTILITIES COMMISSION**

In the Matter of  
Application of Duke Energy Progress, )  
LLC, and Duke Energy Carolinas, LLC, ) ORDER GRANTING  
for Limited Waiver of Commission Rule ) EXTENSION OF WAIVER  
R12-11(m)(2) )

BY THE COMMISSION: On June 4, 2021, Duke Energy Progress, LLC (DEP), and Duke Energy Carolinas, LLC (DEC) (collectively, the Companies or Duke), filed a motion requesting that the Commission extend the limited waiver of Commission Rule R12-11(m)(2) granted by the Commission in its Order Granting Waiver With Conditions issued on November 15, 2019, in the present dockets (November 15, 2019 Order).

On June 14, 2019, the Companies filed a joint request for waiver of Commission Rule R12-11(m)(2) regarding notice to residential customers prior to termination of service for nonpayment.

Commission Rule R12-11(m)(2) requires personnel from the Companies to attempt to personally contact a residential customer at his premises in order to notify the customer of an immediate, pending disconnection of electric utility service for nonpayment on the day the disconnection is to take place. The purpose of this Rule is to provide the customer with a final opportunity to make a payment or other arrangements to avoid disconnection.

In their June 14, 2019 filing, the Companies stated that they were in the process of installing advanced metering infrastructure (AMI) in their North Carolina service territories. DEC's installation is approximately 96% complete, and DEP's is approximately 35% complete. AMI allows for remote disconnection of electric utility service without making a site visit. The Companies stated that a limited waiver of Commission Rule R12-11(m)(2) would allow the Companies to avoid a visit to residential customers' premises on the day of disconnection. The Companies requested authorization to initiate alternative efforts to notify customers of pending disconnections through text message, phone call, or both.

The Companies further stated that since Commission Rule R12-11(m)(2) was promulgated in 1979, customers are much more likely to be away from home during business hours of the day. In fact, from September through December 2018, their field technicians were able to interact directly with customers only 2.6% of the time on the day of disconnection. In addition, research shows that their customers have widely adopted the use of mobile phones or smartphones, and initiating a procedure for electronic notification will allow the Companies to more efficiently and directly communicate with their customers prior to termination of service.

On October 14, 2019, the Public Staff presented the Companies' joint request for waiver to the Commission at its Regular Staff Conference, recommending the Commission grant the limited waiver as filed, subject to certain modifications and reporting requirements. On October 24, 2019, the Companies filed a letter providing additional information in response to the Commission's questions at Staff Conference.

On November 15, 2019, the Commission issued an order granting the waiver with conditions effective January 1, 2020. Those conditions included (1) requiring the Companies to fully comply with the requirements of Rule R12-11(m)(2) if a customer does not have means to receive email, a text message, or a phone call; (2) requiring the Companies to personally contact the customer at the customer's residence and leave a notice if contact is not made; (3) requiring the Companies' representative to agree to postpone termination if the customer qualifies under Commission Rule R12-11(l)(6); (4) requiring the Companies to make all reasonable efforts to have on file a third-party designee selected by the customer who, in addition to customer, will receive any proposed notice of termination that may be communicated to the customer; and (5) that the waiver expires on June 30, 2021.

On February 10, 2020, the Companies filed a letter stating that, because the November 15, 2019 Order included conditions on implementing the waiver that the Companies and the Public Staff had not previously considered, the Companies had delayed implementing the waiver to review how best to comply with the new conditions from an operational standpoint. The Companies stated they would commence operating under the limited waiver with conditions on April 1, 2020.

On November 17, 2020, the Companies filed another letter stating that they did not commence operation under the limited waiver on April 1, 2020, because the Companies were not disconnecting customers from March through September 2020 because of the Companies' voluntary suspension of disconnections for nonpayment due to the COVID-19 pandemic and the Commission's subsequent March 19, 2020 Order Suspending Utilities Disconnection for Non-payment Allowing Reconnections and Waiving Certain Fees issued in Docket No. M-100, Sub 158. The Companies stated they would commence operations under the limited waiver on December 1, 2020, and contact certain

customers on the day of disconnection through text messages, phone calls, and/or emails, instead of through premises visits as outlined in the Order.

On February 23, 2021, the Commission issued its Order Suspending Disconnections and Providing for Extended Special Repayment Plans for Certain Vulnerable Residential Customers and Requiring Door Hanger Notices in Docket No. M-100, Sub 158 (Door Hanger Order). The Door Hanger Order required the Companies to cease residential customer disconnections for nonpayment of utility bills where a customer can establish that the customer is unable to pay for such service in full and that the customer's household is eligible to receive assistance from specific programs. The Door Hanger Order also provided that, notwithstanding the limited waiver provided in the present dockets, Duke shall place a service disconnect door-hanger at all residences within 24 to 36 hours prior to disconnection, advising residential customers of their options to avoid disconnection.

On June 4, 2021, the Companies filed a motion requesting an extension of the limited waiver until December 31, 2022, and proposing to file a report on September 1, 2022, detailing the Companies' experiences with the waiver and providing information about the effectiveness of the waiver. In the motion, the Companies state that the November 15, 2019 Order allowed the Companies to implement the limited waiver with conditions from January 1, 2020, to June 30, 2021. As originally contemplated, this 18-month period was designed to give the Companies time to gather sufficient information to detail their experience with and the effectiveness of the waiver to include in a report to be filed on March 1, 2021, and to allow the Public Staff to respond to the Companies' report by April 1, 2021. Because the Companies were only able to implement the limited waiver in the month of December in the year 2020, the Companies were unable to collect the data needed to determine the effectiveness of the waiver in 2020. In addition, due to the Commission's issuance of the Door Hanger Order in February 2021, and because disconnections for nonpayment will stop for significant periods in 2021 while Duke implements the switch to its Customer Connect platform, the information gathered in 2021 may not be sufficient to evaluate the effectiveness of the waiver.

The Public Staff presented this matter to the Commission at its July 6, 2021 Staff Conference. The Public Staff stated that it had reviewed the Companies' request and recommended that the Commission grant the extension for the limited waiver of Rule R12-11(m)(2) as filed.

The Commission finds that the Public Staff's recommendation is reasonable and should be approved.

Based on the foregoing, IT IS, THEREFORE, ORDERED as follows:

1. That Duke's motion shall be granted and the waiver of Commission Rule R12-11(m)(2) be extended until December 31, 2022.
2. That Duke shall file a report on the effectiveness of the waiver on or before September 1, 2022, and that the Public Staff shall file its response on or before October 1, 2022.

ISSUED BY ORDER OF THE COMMISSION.

This the \_\_\_\_ day of July, 2021.

NORTH CAROLINA UTILITIES COMMISSION

A. Shonta Dunston, Interim Chief Clerk

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**STATE OF NORTH CAROLINA  
UTILITIES COMMISSION  
RALEIGH**

DOCKET NO. W-218, SUB 526A

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of  
Application by Aqua North Carolina, Inc.,     ) ORDER APPROVING WATER AND  
202 MacKenan Court, Cary, North             ) SEWER SYSTEM IMPROVEMENT  
Carolina 27511, for Approval of Semi-         ) CHARGES ON A PROVISIONAL  
Annual Adjustments to Water and             ) BASIS AND REQUIRING CUSTOMER  
Sewer System Improvement Charges         ) NOTICE  
pursuant to N.C. Gen. Stat. § 62-133.12     )

BY THE COMMISSION: On April 28, 2021, Aqua North Carolina, Inc. (Aqua NC), filed an application requesting authority to adjust its Water System Improvement Charges (WSIC) and Sewer System Improvement Charges (SSIC) effective July 1, 2021, pursuant to Commission Rules R7-39(f) and R10-26(f) (Application).

On June 21, 2021, the Public Staff – North Carolina Utilities Commission (Public Staff) filed its Notice of Public Staff's Plan to Present Comments and Recommendations at the Commission's July 6, 2021, Regular Staff Conference (Notice).

On July 6, 2021, the Public Staff presented this matter to the Commission at its Regular Staff Conference.

On the basis of the Application, the records of the Commission, and the comments and recommendations of the Public Staff, the Commission makes the following

**FINDINGS OF FACT**

1. Aqua NC is a corporation duly organized under the laws of and is authorized to do business in the State of North Carolina. Aqua NC is a franchised public utility providing water and sewer utility service to customers in North Carolina.

2. Aqua NC's WSIC and SSIC percentages were reset to zero as of October 26, 2020, the effective date of Aqua NC's new base rates in its general rate case in Docket No. W-218, Sub 526 (Sub 526 Rate Case). This is Aqua NC's second filing to implement charges under the WSIC and SSIC mechanisms since the Sub 526 Rate Case.

3. The implementation of the WSIC and SSIC for Aqua NC was first approved by the Commission on December 22, 2014, effective January 1, 2015. The WSIC and SSIC procedures allow for semi-annual adjustments to Aqua NC's rates every January 1 and July 1 based upon reasonable and prudently incurred investment in eligible system improvements completed and placed in service prior to the filing of the request.

4. Aqua NC requested authority to impose the following WSIC and SSIC percentages effective for service rendered on and after July 1, 2021:

	Previously Approved WSIC/SSIC Percentage	Net Proposed Change To WSIC/SSIC Percentage	Cumulative WSIC/SSIC Percentage
Uniform water	0.36%	1.34%	1.70%
Uniform sewer	0.36%	2.71%	3.07%
Fairways water	0.00%	4.96%	4.96%
Fairways sewer	0.05%	0.50%	0.55%
Brookwood water	0.00%	0.60%	0.60%

5. The WSIC and SSIC percentages above do not include the Experience Modification Factor (EMF) adjustments from the 2020 annual WSIC and SSIC revenue review which went into effect on July 1, 2021. The impact of the 2020 EMF on Aqua NC's requested WSIC and SSIC percentages is as follows:

	WSIC/SSIC Percentage	2020 Experience Modification Factor	Cumulative WSIC/SSIC Percentage
Uniform water	1.70%	-0.040%	1.66%
Uniform sewer	3.07%	0.005%	3.08%
Fairways water	4.96%	0.100%	5.06%
Fairways sewer	0.55%	0.040%	0.59%
Brookwood water	0.60%	0.030%	0.63%

6. The cumulative WSIC and SSIC revenue requirements after Aqua NC's proposed increases/decreases are as follows:

	Previously Approved WSIC/SSIC Revenue Requirement	Net Change to WSIC/SSIC Revenue Requirement	Cumulative WSIC/SSIC Revenue Requirement
Uniform water	\$139,175	\$516,163	\$655,338
Uniform sewer	\$62,761	\$470,762	\$533,523
Fairways water	\$0	\$57,473	\$57,473
Fairways sewer	\$1,009	\$11,040	\$12,049
Brookwood water	\$0	\$38,476	\$38,476

7. Pursuant to N.C. Gen. Stat. § 62-133.12(g), the cumulative WSIC and SSIC percentages are capped at 5% of total annual service revenues approved by the Commission in the Sub 526 Rate Case, resulting in the following maximum revenue requirements for water and sewer operations:

	Sub 526 Annual Service Revenues	Maximum WSIC/SSIC Percentage	Maximum WSIC/SSIC Revenue Requirement
Uniform water	\$38,546,489	x 5% =	\$1,927,324
Uniform sewer	\$16,426,070	x 5% =	\$821,304
Fairways water	\$1,159,708	x 5% =	\$57,985
Fairways sewer	\$2,152,586	x 5% =	\$107,629
Brookwood water	\$6,433,919	x 5% =	\$321,696

As shown above, Aqua NC's proposed WSIC and SSIC revenue requirements do not exceed the maximum WSIC and SSIC revenue requirement for water and sewer operations.

8. Aqua NC's additional WSIC and SSIC revenue requirements are comprised of the calculated WSIC and SSIC revenue requirements for the current review period plus updates to the previously approved WSIC and SSIC revenue requirements that became effective on January 1, 2021. The updates include the anticipated non-WSIC and non-SSIC annual service revenues based on Aqua NC's calendar year 2021 projection.

9. Aqua NC is proposing the above increases in the WSIC and SSIC in order to recover the incremental depreciation and capital costs associated with the following WSIC and SSIC projects completed and placed in service from October 1, 2020, through March 31, 2021:

Main relocation	\$192,319
Meters and/or appurtenances replacement	3,672,597
Primary drinking standards	667,894
Secondary drinking water standard	856,819
Service line replacement	234,774
Valves replacement	29,329
Total WSIC plant additions	<u>\$5,653,732</u>

Inflow and infiltration reduction	\$83,886
Lift station and grinder pump replacement	259,195
Motors and blowers replacement	111,641
Water and sewer main relocation	4,407,644
Collection main extension installation	66,014
Total SSIC plant additions	<u>\$4,928,380</u>

10. Under N.C. Gen. Stat. § 62-133.12(c), eligible water system improvements include “equipment and infrastructure installed at the direction of the Commission to comply with secondary drinking water standards.” During the six months ended March 31, 2021, Aqua NC installed two iron and manganese filter projects in the following subdivisions at a total cost of \$856,819:

Lake Springs FeMn Filter, Well #1 and #2	\$252,857
River and Sanders FeMn Filter, Well #8	603,962
Total FeMn filter projects	<u>\$856,819</u>

The Commission authorized the implementation of these filtration projects in its Order Approving Secondary Water Quality Improvement Projects issued April 3, 2020, in Docket No. W-218, Sub 497A and on January 8, 2021, in Docket No. W-218, Sub 526A.<sup>3</sup>

11. In its Order adopting Commission Rules R7-39 and R10-26 issued on June 6, 2014, in Docket No. W-100, Sub 54, the Commission stated that the Public Staff is to review all infrastructure improvements proposed for recovery for eligibility and reasonableness prior to making its recommendations to the Commission on WSIC or SSIC rate adjustments. The Commission further stated that any WSIC or SSIC rate adjustments outside of a general rate case will be allowed to become effective, but not

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<sup>3</sup> The River and Sanders filtration project is also known as The Cape Well #8 filter project.

unconditionally approved, and may be disallowed in the next general rate case proceeding if found to be unreasonable or imprudent upon review of the Public Staff and the Commission.

12. The Public Staff reviewed Aqua NC's WSIC and SSIC improvements, including construction work in progress ledgers and transactions, invoices, work orders, engineering certifications, and other accounting records. Based on this review, the Public Staff recommended the following adjustments to Aqua NC's WSIC and SSIC revenue requirements:

(1) Correction to accumulated depreciation – The average amount of accumulated depreciation was understated due to an error in the formula in Aqua NC's Excel spreadsheet for Fairways & Beau Rivage Water. Aqua NC agreed with this adjustment.

(2) Correction to accumulated deferred income tax (ADIT) – The ADIT calculation for Fairways & Beau Rivage Water was overstated due to the understatement of the average amount of accumulated depreciation discussed in item (1) above. The ADIT calculation for Fairways & Beau Rivage Sewer was understated because Aqua NC used tax reserve as of December 31, 2021, instead of average tax reserve, to calculate ADIT. Aqua NC agreed with this adjustment.

(3) Correction to annual depreciation – The amount of annual depreciation expense for Fairways & Beau Rivage Water was understated because Aqua NC inadvertently used 2021 accumulated depreciation instead of the annual depreciation expense in the calculation of the recovery of incremental depreciation expense portion of the revenue requirement. Aqua NC agreed with this adjustment.

(4) Adjustment to remove grinder pumps – Aqua NC included \$71,150.93 for grinder pump replacements in plant in service used to calculate the SSIC revenue requirement for Uniform Sewer operations. The grinder pump projects include 24 individual grinder pump replacements. The average cost of the grinder pump replacements was approximately \$2,965.

Based on Aqua NC's response to the Public Staff's data request, the Public Staff's experience, and the record in this docket, the Public Staff noted that these grinder pump replacements did not benefit the entire system in which they were replaced but, rather, individual customers in each subdivision. The Public Staff further noted that, given the nature and magnitude of grinder pump costs, replacements of individual household grinder pumps are performed on an as-needed basis and are not the type of project that would be accelerated by the SSIC incentive. Additionally, the Public Staff stated that the inclusion of expenditures for routine, individual replacements such as grinder pumps would reduce the availability of incentive within the 5% revenue requirement cap to accelerate system improvements that would otherwise be delayed.

For these reasons, which are discussed in greater detail in the Public Staff's Initial Comments and Reply Comments,<sup>4</sup> the Public Staff recommended that grinder pumps not be allowed for SSIC recovery.

(5) Adjustment to NCDOT main relocate projects – Aqua NC included \$2,800 for initial engineering services in plant in service for the Flowers Plantation DOT Main Relocation project used to calculate the WSIC revenue requirement for Uniform Water operations. The Public Staff stated that the engineering work, including surveying, design, and permitting, contributed to the completion of both the water main and sewer force main relocation projects and, therefore, subsequent invoices for the associated costs were shared between the two projects. The Public Staff further stated that the initial engineering services in the amount of \$2,800 also contributed to the completion of both the water main and sewer force main relocations projects and, therefore, should also be shared between the two projects. For this reason, the Public Staff removed half of these engineering costs, or \$1,400, from the water main relocation project and added them to the sewer force main relocation project. Aqua NC agreed with this adjustment.

(6) Adjustment to NCDOT sewer force main relocate project – Aqua NC included \$23,522 of repair and pump and haul costs in plant in service for the Flowers Plantation DOT Main Relocation project used to calculate the SSIC revenue requirement for Uniform Sewer operations. In its Notice, the Public Staff stated that it removed repair and pump and haul costs in the amount of \$28,411 on the grounds that contractors who caused the damage or the party responsible for locating and marking the sewer force main should be held accountable for these costs. Based on subsequent discussions between the Public Staff and Aqua NC and additional information supplied by Aqua NC, the Public Staff agreed to reduce its recommended adjustment to \$23,522, and Aqua NC agreed with this adjustment. The Public Staff is still evaluating the reasonableness of upsizing the former 12-inch sewer force main to a 16-inch diameter pipe.

(7) Adjustment to remove Willow Creek LS – Aqua NC included \$83,886 of gravity sewer line realignment, jetting and video, cured-in-place-pipe lining, and sewer line point repair costs in plant in service used to calculate the SSIC revenue requirement for Uniform Sewer operations. Aqua NC asserts that the project constitutes, "improvements completed to reduce and/or eliminate the inflow and infiltration of rain water into a portion of the collection system," and is an eligible sewer system improvement pursuant to N.C.G.S. § 62-133.12(d). The Public Staff stated that, based on the chronology of the improvements, lack of cohesion between the separate improvements, and insufficient explanation/documentation

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<sup>4</sup> The Public Staff filed Initial Comments in Docket No. W-218, Sub 526A on April 19, 2021, and Reply Comments on June 7, 2021.

provided by Aqua NC to date, the Willow Creek LS costs should not be allowed for SSIC recovery.

(8) Adjustment to reclassify the Saddleridge L/S Full Rehab project to the correct utility account – Aqua NC included \$28,810 of the project costs in utility account (UT) 354200-Structures and Improvements used to calculate the SSIC revenue requirement for Uniform Sewer operations. Based on discussions between the Public Staff and Aqua NC, and additional information supplied by Aqua NC, the parties agreed that the \$28,810 in project costs should be reclassified and included in UT 371000-Pumping Equipment.

(9) Adjustment to remove a duplicate payment from Lake Springs FeMn Filter project – Aqua NC inadvertently made a double payment in the amount of \$2,160 to Water Systems Engineering, Inc., and included that expenditure twice in plant in service used to calculate the WSIC revenue requirement for Uniform Water operations. The Public Staff identified the double payment and Aqua NC promptly requested and received a refund from the vendor. The Public Staff removed this duplicate payment and Aqua NC agreed with this adjustment.

13. The impact of the adjustments discussed in items (1) through (9) above increases the overall revenue requirement for Fairways & Beau Rivage Water operations and decreases the overall revenue requirement for Fairways & Beau Rivage Sewer operations, Aqua Water operations, and Aqua Sewer operations. The overall revenue requirement for Fairways & Beau Rivage Water operations is increased to \$66,351, which exceeds the 5% cap of the total annual service revenues approved by the Commission in the Sub 526 Rate Case (\$57,985). Therefore, the revenue requirement for Fairways & Beau Rivage Water operations is \$57,985 and the proposed WSIC percentage is updated from 5.06% to 5.1% after accounting for the EMF. The overall revenue requirement for Aqua Sewer operations is decreased to \$465,386 and the proposed SSIC percentage is updated from 3.08% to 3.05% after accounting for the EMF. However, the proposed SSIC percentage for Fairways & Beau Rivage Sewer operations and the proposed WSIC percentage for Aqua Water operations did not change based on the projected 2021 non-SSIC and non-WSIC revenues, respectively.

14. The Public Staff is concerned about the prudence and reasonableness of installation costs for Aqua NC's Meter Exchange Projects, which the Public Staff stated have increased approximately 40% since Aqua NC's rate case in Docket No. W-218, Sub 497 (Sub 497 Rate Case). Given the extensive record regarding this matter in Aqua NC's Sub 497 Rate Case, the complexity of the issue, and the absence of the Meter Exchange Project from Aqua NC's previous three-year plans, the Public Staff believes the proper proceeding in which to address these concerns, after further investigation, is Aqua NC's next general rate case.

15. Based on the adjustments described above, the Public Staff recommended the following adjustments to the WSIC and SSIC revenue requirements and percentages proposed by Aqua NC:

	WSIC/SSIC Percentage Per Aqua NC	WSIC/SSIC Revenue Requirement Per Public Staff	Impact of Public Staff Adjustments	WSIC/SSIC Percentage Per Public Staff
Uniform water	1.66%	\$655,286	0.00%	1.66%
Uniform sewer	3.08%	\$528,147	-0.03%	3.05%
Fairways/Beau Riv. water	5.06%	\$57,985	0.04%	5.10%
Fairways/Beau Riv. sewer	0.59%	\$12,024	0.00%	0.59%
Brookwood/LaGrange water	0.63%	\$38,476	0.00%	0.63%

16. Based on its investigation to date, the Public Staff recommended that Aqua NC be allowed to implement the Public Staff's proposed WSIC and SSIC percentages effective for service rendered on or after July 1, 2021, subject to true-up. The Public Staff will continue to review the justness, prudence, and reasonableness of these improvements during its review of Aqua NC's future WSIC and SSIC filings and in Aqua NC's next general rate case.

### CONCLUSIONS

Based upon the foregoing, the Commission concludes that Aqua NC should be allowed to implement the increases/decreases in the WSIC and SSIC percentages recommended by the Public Staff effective for service rendered on and after July 1, 2021. These WSIC or SSIC rate adjustments, while allowed to become effective, are not unconditionally approved and will be subject to further examination for justness and reasonableness in the WSIC and SSIC annual review and reconciliation and in Aqua NC's next general rate case.

IT IS, THEREFORE, ORDERED as follows:

1. That Aqua NC is authorized to implement the recommended Water and Sewer System Improvement Charges set forth in the attached Appendix A-4 to Aqua NC's Schedule of Rates effective for service rendered on and after July 1, 2021, subject to true-up. The rates contained therein are provisional and subject to review in the WSIC and SSIC annual review and reconciliation and in Aqua NC's next general rate case; and

2. That the attached Appendix A-4 is approved and is deemed filed with the Commission pursuant to N.C.G.S. § 62-138; and

3. That Aqua NC shall mail to each of its customers with the next regularly scheduled customer billing the Commission-approved customer notice and Aqua shall file the attached Certificate of Service, properly signed and notarized, not later than 45 days after the issuance of this Order.<sup>5</sup>

ISSUED BY ORDER OF THE COMMISSION.

This the \_\_\_\_ day of July, 2021.

NORTH CAROLINA UTILITIES COMMISSION

A. Shonta Dunston, Interim Chief Clerk

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<sup>5</sup> Three separate customer notices are attached hereto as Attachments A, B, and C, respectively. The separate customer notices are intended to minimize customer confusion. Aqua NC shall mail the appropriate customer notice to each of its customers with the next regular customer billing.

APPENDIX A-4

**AQUA NORTH CAROLINA, INC.  
WATER AND SEWER SYSTEM IMPROVEMENT CHARGES**

**WATER SYSTEM IMPROVEMENT CHARGE**

All Aqua NC water systems except as noted below	1.66% <sup>1/</sup> , <sup>2/</sup>
Water systems in Brookwood and LaGrange service areas	0.63% <sup>1/</sup> , <sup>2/</sup>
Water systems in Fairways and Beau Rivage service areas	5.10% <sup>1/</sup> , <sup>2/</sup>

**SEWER SYSTEM IMPROVEMENT CHARGE**

All Aqua NC sewer systems except as noted below	3.05% <sup>3/</sup> , <sup>4/</sup>
Sewer systems in Fairways and Beau Rivage service areas	0.59% <sup>3/</sup> , <sup>4/</sup>

<sup>1/</sup> The Water System Improvement Charge will be applied to the total water utility bill of each customer under the Company's applicable rates and charges.

<sup>2/</sup> The Water System Improvement Charge includes the Experience Modification Factor that went in effect on July 1, 2021, and will cease on June 30, 2022.

<sup>3/</sup> The Sewer System Improvement Charge will be applied to the total sewer utility bill of each customer under the Company's applicable rates and charges.

<sup>4/</sup> The Sewer System Improvement Charge includes the Experience Modification Factor that went in effect on July 1, 2021, and will cease on June 30, 2022.

**STATE OF NORTH CAROLINA  
UTILITIES COMMISSION  
RALEIGH**

DOCKET NO. W-218, SUB 526A

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of  
Application by Aqua North Carolina, Inc.,       )  
202 MacKenan Court, Cary, North       ) NOTICE TO CUSTOMERS IN  
Carolina 27511, for Approval of Semi-       ) BROOKWOOD / LAGRANGE  
Annual Adjustments to Water and Sewer       ) SERVICE AREAS  
System Improvement Charges pursuant       )  
to N.C. Gen. Stat. § 62-133.12       )

NOTICE IS HEREBY GIVEN that the North Carolina Utilities Commission (Commission) has issued an Order dated July \_\_, 2021, pursuant to N.C. Gen. Stat. § 62-133.12 and Commission Rules R7-39 and R10-26, authorizing Aqua North Carolina, Inc. (Aqua NC), to adjust its Water System Improvement Charge (WSIC) effective for service rendered on and after July 1, 2021, in Aqua NC's Brookwood/LaGrange service areas in Cumberland and Hoke Counties in North Carolina.

By Order entered in Docket No. W-218, Sub 363, on May 2, 2014, the Commission approved Aqua NC's request, pursuant to N.C.G.S. § 62-133.12, for authority to implement a semi-annual water and sewer system improvement charge (WSIC/SSIC) adjustment mechanism designed to recover the incremental costs associated with eligible investments in certain water and sewer infrastructure improvement projects completed and placed in service between general rate case proceedings. The WSIC/SSIC mechanism is subject to Commission approval and to audit and refund provisions. Any cumulative system improvement charge recovered pursuant to the WSIC/SSIC mechanism may not exceed 5% of the total annual service revenues approved by the Commission in Aqua NC's last general rate case. WSIC and SSIC charges for Aqua NC were first approved by the Commission on December 22, 2014, effective January 1, 2015. The WSIC and SSIC procedures allow for semi-annual adjustments to Aqua NC's rates every January 1 and July 1.

The Public Staff – North Carolina Utilities Commission (Public Staff) has reviewed Aqua NC's WSIC improvements, including construction work in progress ledgers and transactions, invoices, work orders, engineering certifications, and other accounting records. On June 21, 2021, the Public Staff filed its Notice of Public Staff's Plan to Present Comments and Recommendations at the Commission's July 6, 2021, Regular Staff Conference (Notice).

Based on the application filed by Aqua NC and the Public Staff's Notice and recommendations, the Commission has approved the following WSIC charge for the Brookwood and LaGrange service areas, effective for service rendered on and after July 1, 2021:

	<u>Aqua NC Proposed Percentage</u>	<u>Public Staff Recommended Percentage</u>	<u>Commission Approved Percentage</u>
WSIC	0.63%	0.63%	0.63%

The WSIC percentage of 0.63% will be applied to the water utility bill of each customer under Aqua NC's applicable service rates and charges.

The 0.63% WSIC percentage will result in an increase of \$0.25 to the monthly average residential bill for a customer using the average of 5,069 gallons per month.

Additional information regarding the WSIC/SSIC mechanism is contained in the Commission's Order issued May 2, 2014, in Docket No. W-218, Sub 363, the Commission's Order Adopting Rules to Implement N.C. Gen. Stat. § 62-133.12 issued June 6, 2014, in Docket No. W-100, Sub 54, Aqua NC's WSIC/SSIC application filed on April 28, 2021, the Public Staff's Notice filed June 21, 2021, and the Commission's Order issued July \_\_, 2021, in Docket No. W-218, Sub 526A, all of which can be accessed from the Commission's website at [www.ncuc.net](http://www.ncuc.net), under Docket Portal, using the Docket Search feature for the docket numbers stated above (i.e., for Docket No. key: W-218 Sub 526A).

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ATTACHMENT A  
PAGE 3 OF 3

Parties interested in receiving notice of these filings may subscribe to the Commission's electronic notification system through the Commission's website at [www.ncuc.net](http://www.ncuc.net).

ISSUED BY ORDER OF THE COMMISSION.

This the \_\_\_\_ day of July, 2021.

NORTH CAROLINA UTILITIES COMMISSION

A. Shonta Dunston, Interim Chief Clerk

**STATE OF NORTH CAROLINA  
UTILITIES COMMISSION  
RALEIGH**

DOCKET NO. W-218, SUB 526A

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of  
Application by Aqua North Carolina, Inc.,       )  
202 MacKenan Court, Cary, North       ) NOTICE TO CUSTOMERS IN  
Carolina 27511, for Approval of Semi-       ) FAIRWAYS AND BEAU RIVAGE  
Annual Adjustments to Water and Sewer       ) SERVICE AREAS  
System Improvement Charges pursuant       )  
to N.C. Gen. Stat. § 62-133.12       )

NOTICE IS HEREBY GIVEN that the North Carolina Utilities Commission (Commission) has issued an Order dated July \_\_, 2021, pursuant to N.C. Gen. Stat. § 62-133.12 and Commission Rules R7-39 and R10-26, authorizing Aqua North Carolina, Inc. (Aqua NC), to adjust its Water System Improvement Charge (WSIC) and Sewer System Improvement Charge (SSIC) effective for service rendered on and after July 1, 2021, in Aqua NC's Fairways and Beau Rivage service areas in New Hanover County, North Carolina.

By Order entered in Docket No. W-218, Sub 363, on May 2, 2014, the Commission approved Aqua NC's request, pursuant to N.C.G.S. § 62-133.12, for authority to implement a semi-annual water and sewer system improvement charge (WSIC/SSIC) adjustment mechanism designed to recover the incremental costs associated with eligible investments in certain water and sewer infrastructure improvement projects completed and placed in service between general rate case proceedings. The WSIC/SSIC mechanism is subject to Commission approval and to audit and refund provisions. Any cumulative system improvement charge recovered pursuant to the WSIC/SSIC mechanism may not exceed 5% of the total annual service revenues approved by the Commission in Aqua NC's last general rate case. WSIC and SSIC charges for Aqua NC were first approved by the Commission on December 22, 2014, effective January 1, 2015. The WSIC and SSIC procedures allow for semi-annual adjustments to Aqua NC's rates every January 1 and July 1.

The Public Staff – North Carolina Utilities Commission (Public Staff) has reviewed Aqua NC's WSIC and SSIC improvements, including construction work in progress ledgers and transactions, invoices, work orders, engineering certifications and other accounting records. On June 21, 2021, the Public Staff filed its Notice of Public Staff's Plan to Present Comments and Recommendations at the Commission's July 6, 2021, Regular Staff Conference (Notice).

Based on the application filed by Aqua NC and the Public Staff's Notice and recommendations, the Commission has approved the following WSIC and SSIC charges for Aqua NC's Fairways and Beau Rivage service areas, effective for service rendered on and after July 1, 2021:

	<u>Aqua NC Proposed Percentage</u>	<u>Public Staff Recommended Percentage</u>	<u>Commission Approved Percentage</u>
WSIC	5.06%	5.10%	5.10%
SSIC	0.59%	0.59%	0.59%

The WSIC percentage of 5.10% will be applied to the water utility bill of each customer, and the SSIC percentage of 0.59% will be applied to the sewer utility bill of each customer, under Aqua NC's applicable service rates and charges.

The approved 5.10% WSIC percentage will result in an increase of \$1.00 to the monthly average residential bill for a customer using the average of 7,151 gallons per month. The 5.10% WSIC percentage will also apply to the monthly bills for customers on water systems for which Aqua NC purchases bulk water.

The 0.59% SSIC percentage will result in a \$0.32 increase to the monthly residential customer flat rate sewer bill.

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ATTACHMENT B  
PAGE 3 OF 3

Additional information regarding the WSIC/SSIC mechanism is contained in the Commission's Order issued May 2, 2014, in Docket No. W-218, Sub 363, the Commission's Order Adopting Rules to Implement N.C. Gen. Stat. § 62-133.12 issued June 6, 2014, in Docket No. W-100, Sub 54, Aqua NC's WSIC/SSIC application filed on April 28, 2021, the Public Staff's Notice filed June 21, 2021, and the Commission's Order issued July \_\_\_, 2021, in Docket No. W-218, Sub 526A, all of which can be accessed from the Commission's website at [www.ncuc.net](http://www.ncuc.net), under Docket Portal, using the Docket Search feature for the docket numbers stated above (i.e., for Docket No. key: W-218 Sub 526A).

Parties interested in receiving notice of these filings may subscribe to the Commission's electronic notification system through the Commission's website at [www.ncuc.net](http://www.ncuc.net).

ISSUED BY ORDER OF THE COMMISSION.

This the \_\_\_ day of July, 2021.

NORTH CAROLINA UTILITIES COMMISSION

A. Shonta Dunston, Interim Chief Clerk

EXHIBIT NO. P-2  
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ATTACHMENT C  
PAGE 1 OF 3

**STATE OF NORTH CAROLINA  
UTILITIES COMMISSION  
RALEIGH**

DOCKET NO. W-218, SUB 526A

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of  
Application by Aqua North Carolina, Inc.,       )  
202 MacKenan Court, Cary, North       ) NOTICE TO CUSTOMERS  
Carolina 27511, for Approval of Semi-       ) IN AQUA NORTH CAROLINA  
Annual Adjustments to Water and Sewer       ) UNIFORM RATES SERVICE AREAS  
System Improvement Charges pursuant       )  
to N.C. Gen. Stat. § 62-133.12       )

NOTICE IS HEREBY GIVEN that the North Carolina Utilities Commission (Commission) has issued an Order dated July\_\_, 2021, pursuant to N.C. Gen. Stat. § 62-133.12 and Commission Rules R7-39 and R10-26, authorizing Aqua North Carolina, Inc. (Aqua NC), to adjust its Water System Improvement Charge (WSIC) and Sewer System Improvement Charge (SSIC) effective for service rendered on and after July 1, 2021, in its service areas in North Carolina.

By Order entered in Docket No. W-218, Sub 363, on May 2, 2014, the Commission approved Aqua NC's request, pursuant to N.C.G.S. § 62-133.12, for authority to implement a semi-annual water and sewer system improvement charge (WSIC/SSIC) adjustment mechanism designed to recover the incremental costs associated with eligible investments in certain water and sewer infrastructure improvement projects completed and placed in service between general rate case proceedings. The WSIC/SSIC mechanism is subject to Commission approval and to audit and refund provisions. Any cumulative system improvement charge recovered pursuant to the WSIC/SSIC mechanism may not exceed 5% of the total annual service revenues approved by the Commission in Aqua NC's last general rate case. WSIC and SSIC for Aqua NC were first approved by the Commission on December 22, 2014, effective January 1, 2015. The WSIC and SSIC procedures allow for semi-annual adjustments to Aqua NC's rates every January 1 and July 1.

The Public Staff – North Carolina Utilities Commission (Public Staff) has reviewed Aqua NC's WSIC and SSIC improvements, including construction work in progress ledgers and transactions, invoices, work orders, engineering certifications and other accounting records. On June 21, 2021, the Public Staff filed its Notice of Public Staff's Plan to Present Comments and Recommendations at the Commission's July 6, 2021, Regular Staff Conference (Notice).

Based on the application filed by Aqua NC and the Public Staff's Notice and recommendations, the Commission has approved the following WSIC and SSIC charges for Aqua NC's uniform service areas, effective for service rendered on and after July 1, 2021:

	<u>Aqua NC Proposed Percentage</u>	<u>Public Staff Recommended Percentage</u>	<u>Commission Approved Percentage</u>
WSIC	1.66%	1.66%	1.66%
SSIC	3.08%	3.05%	3.05%

The WSIC percentage of 1.66% will be applied to the water utility bill of each customer, and the SSIC percentage of 3.05% will be applied to the sewer utility bill of each customer, under Aqua NC's applicable service rates and charges.

The approved 1.66% WSIC percentage will result in a \$0.86 increase to the monthly average residential bill for a customer using the average of 4,871 gallons per month. The 1.66% WSIC percentage will also apply to the monthly bills for customers on water systems for which Aqua NC purchases bulk water.

The approved 3.05% SSIC percentage will result in a \$2.30 increase to the monthly residential flat rate sewer bill. The 3.05% SSIC percentage will also apply to the monthly metered bills for customers on sewer systems for which Aqua NC purchases bulk sewer treatment.

Additional information regarding the WSIC/SSIC mechanism is contained in the Commission's Order issued May 2, 2014, in Docket No. W-218, Sub 363, the Commission's Order Adopting Rules to Implement N.C. Gen. Stat. § 62-133.12 issued June 6, 2014, in Docket No. W-100, Sub 54, Aqua NC's WSIC/SSIC application filed April 28, 2021, the Public Staff's Notice filed June 21, 2021, and the Commission Order issued July \_\_\_, 2021, in Docket No. W-218, Sub 526A, all of which can be accessed from the Commission's website at [www.ncuc.net](http://www.ncuc.net), under Docket Portal, using the Docket

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Search feature for the docket numbers stated above (i.e., for Docket No. key: W-218 Sub 526A).

Parties interested in receiving notice of these filings may subscribe to the Commission's electronic notification system through the Commission's website at [www.ncuc.net](http://www.ncuc.net).

ISSUED BY ORDER OF THE COMMISSION.

This the \_\_\_\_ day of July, 2021.

NORTH CAROLINA UTILITIES COMMISSION

A. Shonta Dunston, Interim Chief Clerk

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**STATE OF NORTH CAROLINA  
UTILITIES COMMISSION  
RALEIGH**

DOCKET NO. W-1315, SUB 6

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of		
Application by DFHC Corporation, Inc., 2432	)	
Andrews Store Road, Pittsboro, North Carolina	)	
27312, for Authority to Amend Its Tariff to Increase	)	ORDER APPROVING
Rates for Water and Sewer Utility Service for the	)	TARIFF REVISION
Increased Cost of Purchased Water Service from	)	AND REQUIRING
the City of Greensboro and Sewer Service from the	)	CUSTOMER NOTICE
Town of Jamestown in Gardner Hill Station in	)	
Guilford County, North Carolina	)	

BY THE COMMISSION: On June 16, 2021, DFHC Corporation, Inc. (DFHC), filed a petition with the Commission requesting authority to amend its tariff for the purpose of passing along to its customers in Gardner Hill Station in Guilford County an increase in the cost of purchasing water service from the City of Greensboro (City) and sewer service from the Town of Jamestown (Town). On June 22, 2021, DFHC filed a verification pursuant to N.C. Gen. Stat. § 62-133.11 and an amendment to its petition.

Effective July 1, 2021, the City increased its water billing and availability fees charged to DFHC by \$2.30 per month from \$51.10 per month to \$53.40 per month and its water usage rate by \$0.47 per 1,000 gallons from \$10.47 per 1,000 gallons (equal to \$7.83 per CCF) to \$10.94 per 1,000 gallons (equal to \$8.18 per CCF).

Effective July 1, 2021, the Town increased its sewer usage rate charged to DFHC by \$0.40 per 1,000 gallons from \$4.88 per 1,000 gallons (equal to \$3.65 per CCF) to \$5.28 per 1,000 gallons (equal to \$3.95 per CCF).

DFHC's current purchased water base charge and usage rate per 1,000 gallons related to its purchased water service from the City and its sewer usage rate per 1,000 gallons related to its purchased sewer service from the Town have been in effect since July 13, 2020, when they were approved by the Commission in its Order Approving Tariff Revision and Requiring Customer Notice issued in Docket No. W-1315, Sub 5. After taking into account the effect of the 0.13% regulatory fee, DFHC requests authority to increase its water base charge from \$12.79 to \$13.37 and its water usage rate from \$10.48 to \$10.95 per 1,000 gallons to reflect the increase in the cost of purchasing water

service from the City. DFHC further requests authority to increase its sewer usage rate from \$4.89 to \$5.29 per 1,000 gallons to reflect the increase in the cost of purchasing sewer service from the Town.

This matter was presented at the Commission's Regular Staff Conference on July 6, 2021. The Public Staff – North Carolina Utilities Commission (Public Staff) stated that it had reviewed DFHC's request and recommended that the requested tariff revision be approved.

Based upon the foregoing, and the recommendation of the Public Staff, the Commission concludes that DFHC should be allowed to pass through the costs associated with the increased purchased water and sewer expenses.

IT IS, THEREFORE, ORDERED as follows:

1. That DFHC Corporation, Inc., is granted a revision to Appendix B of its tariff for water and sewer utility service in Gardner Hill Station in Guilford County in which it purchases and resells water service from the City of Greensboro and sewer service from the Town of Jamestown, as set forth herein;
2. That the revised Appendix B attached hereto is approved and is deemed filed with the Commission pursuant to N.C.G.S. § 62-138. This Schedule of Rates shall become effective for service rendered on and after July 1, 2021; and
3. That the Notice to Customers, attached hereto as Appendix C, shall be mailed with sufficient postage or hand delivered by DFHC to all of its affected customers in Gardner Hill Station contemporaneously with the next billing of customers; and that the Applicant submit to the Commission the attached Certificate of Service, properly signed and notarized, no later than ten days after the date of the next billing.

ISSUED BY ORDER OF THE COMMISSION.

This the \_\_\_\_ day of July, 2021.

NORTH CAROLINA UTILITIES COMMISSION

A. Shonta Dunston, Interim Chief Clerk

APPENDIX B

SCHEDULE OF RATES

for

DFHC CORPORATION, INC.

for providing water and sewer utility service

in

GARDNER HILL STATION

Guilford County, North Carolina

Monthly Metered Water Rates:

Base Charge, zero usage	\$ 13.37
Usage Charge, per 1,000 gallons	\$ 10.95

Monthly Metered Sewer Rates:

Usage Charge, per 1,000 gallons	\$ 5.29
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Billing Service Charge: \$ 3.75

Reconnection Fee: \$320.25

New Customer Account Fee: \$ 15.00

Returned Check Charge: \$ 25.00

Bills Due: On billing date

Bills Past Due: 15 days after billing date

Billing Frequency: Shall be monthly for service in arrears

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Issued in Accordance with Authority Granted by the North Carolina Utilities Commission  
in Docket No. W-1315, Sub 6 on this the \_\_\_\_ day of \_\_\_\_\_, 2021.

**STATE OF NORTH CAROLINA  
UTILITIES COMMISSION  
RALEIGH**

DOCKET NO. W-1315, SUB 6

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of		
Application by DFHC Corporation, Inc., 2432	)	
Andrews Store Road, Pittsboro, North Carolina	)	
27312, for Authority to Amend Its Tariff to Increase	)	
Rates for Water and Sewer Utility Service for the	)	NOTICE TO
Increased Cost of Purchased Water Service from	)	CUSTOMERS OF
the City of Greensboro and Sewer Service from the	)	NEW RATES
Town of Jamestown in Gardner Hill Station in	)	
Guilford County, North Carolina	)	

BY THE COMMISSION: Notice is given that the North Carolina Utilities Commission has granted DFHC Corporation, Inc. (DFHC), an increase in its water and sewer rates charged to customers in Gardner Hill Station in Guilford County. On June 16, 2021, DFHC filed a petition with the Commission requesting authority to amend its tariff for the purpose of passing along to its customers the July 1, 2021, increase in the cost of purchasing water service from the City of Greensboro and sewer service from the Town of Jamestown. On June 22, 2021, DFHC filed a verification pursuant to N.C. Gen. Stat. § 62-133.11 and an amendment to its petition.

The new rates are as follows:

	<u>Old Rates</u>	<u>New Rates</u>
Water Utility Service		
Monthly base facility charge for zero usage	\$12.79	\$13.37
Usage charge per 1,000 gallons	\$10.48	\$10.95
 Sewer Utility Service		
Usage charge per 1,000 gallons	\$ 4.89	\$ 5.29

The Public Staff – North Carolina Utilities Commission reviewed DFHC’s request and recommended that the requested tariff revision be approved.

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APPENDIX C  
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ISSUED BY ORDER OF THE COMMISSION.

This the \_\_\_\_ day of July, 2021.

NORTH CAROLINA UTILITIES COMMISSION

A. Shonta Dunston, Interim Chief Clerk

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-1315, Sub 6, and the Notice was mailed or hand delivered by the date specified in the Order.

This the \_\_\_\_ day of \_\_\_\_\_, 2021.

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-1315, Sub 6.

Witness my hand and notarial seal, this the \_\_\_\_ day of \_\_\_\_\_, 2021.

\_\_\_\_\_  
Notary Public

\_\_\_\_\_  
Printed Name

(SEAL) My Commission Expires:

\_\_\_\_\_  
Date

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