

SANFORD LAW OFFICE, PLLC

Jo Anne Sanford, Attorney at Law

November 1, 2021

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

Via Electronic Filing

Re: Aqua North Carolina, Inc.
Docket No. W-218, Sub 526A
Application for Approval of Water and Sewer System Improvement
Charge Rate Adjustments Pursuant to G.S. 62-133.12

Dear Ms. Dunston:

Aqua North Carolina, Inc. (“Aqua” or “Company”) hereby files an Application for Approval of Water and Sewer System Improvement Charge Rate Adjustments Pursuant to G.S. 62-133.12 and Commission Rules R7-39 and R10-26. Aqua submits that these water and sewer system improvements are prudent and necessary to enable the Company to provide safe, reliable, and efficient service to its customers in accordance with applicable water quality and effluent standards, and requests that the Commission, upon review of this Application, so find. The impacts of these updated surcharges, to become effective for service rendered on and after January 1, 2022, range from a \$0.38 to \$2.46 surcharge per month for the various "average" residential customers in the Aqua network, varying by rate division.

Aqua hereby requests that the Commission approve implementation of the proposed new WSIC and SSIC tariffs and percentage charges effective for service rendered on and after January 1, 2022. The Company further requests that, if there are issues in controversy between Aqua and the Public Staff at the time this matter is presented to and considered by the Commission at Staff Conference, the Commission proceed to enter an Order effective for service rendered on and after January 1, 2022, approving new WSIC/SSIC surcharge percentages which comprise and reflect a decision on all issues not then in

controversy between the parties, assuming the Commission accepts the parties' joint view. The Commission is requested to thereafter proceed to separately consider and rule on the contested issues by way of a second Order and revise the applicable WSIC/SSIC surcharge percentages as necessary. This procedure will, if applied to this and future WSIC/SSIC Surcharge Applications, mitigate the degree of regulatory lag and negative short-term financial impacts on the Company.

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

Sincerely,

Electronically Submitted

/s/Jo Anne Sanford

State Bar No. 6831

Attorney for Aqua North Carolina, Inc.

c: Parties of Record

**STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH**

DOCKET NO. W-218, SUB 526A

In the Matter of
Application by Aqua North Carolina,) APPLICATION FOR APPROVAL
Inc., 202 MacKenan Court, Cary, North) OF WATER AND SEWER
Carolina 27511 for Authority to) SYSTEM IMPROVEMENT
Implement Water and Sewer System) CHARGE RATE ADJUSTMENTS
Improvement Charge Rate Adjustments) PURSUANT TO G.S. 62-133.12
Pursuant to G.S. 62-133.12)

NOW COMES Aqua North Carolina, Inc. (“Aqua” or “Company”), by and through counsel, and hereby applies to the North Carolina Utilities Commission (“Commission” or “NCUC”) for authority to implement water and sewer system improvement charge (“WSIC/SSIC”) rate adjustments pursuant to G.S. 62-133.12 and NCUC Rules R7-39 and R10-26. Aqua states the following in support of this Application:

1. On June 12, 2013, North Carolina Session Law 2013-106 (House Bill 710), An Act to Permit Water Utilities to Adjust Rates for Changes in Costs Based on Third-Party Rates and to Authorize the Utilities Commission to Approve a Rate Adjustment Mechanism for Water and Sewer Utilities to Recover Costs for Water and Sewer System Improvements, was signed into law, having previously been ratified by the North Carolina General Assembly. In this legislation, the General Assembly, in pertinent part, enacted G.S. 62-133.12 to authorize the Commission in a general rate proceeding to approve a rate adjustment mechanism to allow water and sewer utilities to recover reasonable and prudently-incurred investments in eligible water and sewer system improvements. Session Law 2013-106 became

effective on June 12, 2013. Prior to enactment of this legislation, the Commission did not have statutory authority to establish these rate adjustment mechanisms for water and sewer utilities.

2. G.S. 62-133.12 was recently amended by the North Carolina General Assembly by Section 2 of Session Law 2021-149 (Senate Bill 211) effective September 10, 2021. A copy of the newly-amended G.S. 62-133.12, as set forth in Session Law 2021-149, is attached hereto as Appendix A.

3. G.S. 62-133.12 provides for Commission approval of a water system improvement charge (“WSIC”) and a sewer system improvement charge (“SSIC”), upon a finding that the rate adjustment mechanism is in the public interest. G.S. 62-133.12(a) provides:

"The frequency and manner of the rate adjustments under the mechanism shall be as prescribed by the Commission."

4. On August 28, 2013, the Commission entered an Order Establishing Rulemaking in Docket No. W-100, Sub 54 and, in pertinent part, granted Aqua’s petition to intervene.

5. On May 2, 2014, the Commission entered an Order Granting Partial Rate Increase, Approving Rate Adjustment Mechanism, and Requiring Customer Notice (“2014 Rate Case Order”) in Docket No. W-218, Sub 363.

6. Decretal Paragraph 9 of the 2014 Rate Case Order provided that: “Aqua’s request to utilize a WSIC/SSIC mechanism pursuant to G.S. 62-133.12 to recover certain incremental costs related to eligible investment in water and sewer

infrastructure projects completed and placed in service between general rate case proceedings is in the public interest and is hereby approved.”

7. Decretal Paragraph 10 of the 2014 Rate Case Order provided that: “Aqua shall utilize the alternative procedures set forth in Appendices C and D, attached hereto, and shall make the requisite filings in order to qualify for implementation of the WSIC/SSIC without having to make an additional rate filing subsequent to the adoption of final rules in Docket No. W-100, Sub 54.”

8. On June 6, 2014, the Commission entered an Order Adopting Rules to Implement G.S. 62-133.12 in Docket No. W-100, Sub 54. Rule R7-39, entitled “Water System Improvement Charge Mechanism,” and Rule R10-26, entitled “Sewer System Improvement Charge Mechanism,” were adopted effective as of the date of the rulemaking order.

9. Rules R7-39(f) and R10-26(f) provide that once WSIC and SSIC mechanisms are approved and eligible water and sewer system improvements are in service, the utility (in this case, Aqua) may file a request with the Commission for authority to impose the water and sewer system improvement charges pursuant to the mechanisms, to be effective no less than 60 days after filing the request.

10. On October 26, 2020, the Commission entered an Order Approving Partial Settlement Agreement and Stipulation, Deciding Contested Issues, Granting Partial Rate Increase, and Requiring Customer Notice (“2020 Rate Case Order”) in Docket No. W-218, Sub 526, Aqua’s most recent general rate case.

11. Commission Rules R7-39(i) and R10-26(i) provide that authorized utilities, such as Aqua, may file requests for WSIC and SSIC rate adjustments no more frequently than semiannually. Therefore, by this Application, Aqua files this semiannual application (in Docket No. W-218, Sub 526A) for WSIC and SSIC rate adjustments, provides the requisite minimum notice of 60 days, and requests authority to impose revised WSIC and SSIC customer charges effective for service rendered on and after January 1, 2022.

12. Pursuant to NCUC Rules R7-39(b)(7) and R10-26(b)(7), the WSIC and SSIC Period for Aqua is the 12-month period ended December 31 each year. For purposes of this Application, the applicable WSIC and SSIC Period is the 12-month period ended December 31, 2022.

13. Aqua requests authority to recover the incremental depreciation expense and capital costs associated with the Company's investment in eligible water and sewer system improvements as defined in G.S. 62-133.12(c) and (d) which are detailed in Appendix B to this Application. Aqua asserts that these water and sewer system improvements are necessary to enable the Company to provide safe, reliable, and efficient service to its customers in accordance with applicable water quality and effluent standards and requests that the Commission, upon review of this Application, so find.

14. In this filing, seven water system improvement projects, which are specifically identified in Appendix B, schedule ANCW-5, were proposed in order for the Company to comply with secondary drinking water standards. Pursuant to

G.S. 62-133.12(c), the Commission has, by Order, specifically approved each of these secondary water quality projects; thereby authorizing the Company to implement such projects in order to comply with secondary drinking water standards. Aqua's capital investment in these seven secondary water quality improvement projects totals \$2,879,150.

15. For purposes of this Application, Aqua is seeking cost recovery of its completed investments in eligible water and sewer system improvements (in-service as of September 30, 2021) as defined in G.S. 62-133.12(c) and (d), which are detailed in Appendix B to this Application. These incremental investments total \$6,829,643, the entire amount of which was spent on WSIC/SSIC-eligible system improvement projects and infrastructure necessary to provide quality water and sewer utility service to North Carolina customers. The eligible water and sewer system improvements completed and placed in service by Aqua, which are the subject of this Application, include water system infrastructure installed to comply with primary and secondary water drinking standards, and other such statutorily-authorized water and sewer system improvements. The Company's cumulative total investment amount spent to-date on such improvements since enactment of G.S. 62-133.12 is approximately \$58,700,000.

16. NCUC Rules R7-39(b)(2) and R10-26(b)(2) define the term "depreciation expense" to mean the annual depreciation accrual rates employed in Aqua's most recent general rate case for the plant accounts in which the cost of each eligible water and sewer system improvement is recorded applied to the cost

of eligible water and sewer system improvements. Accordingly, Aqua has developed its request for WSIC and SSIC cost recovery of its incremental depreciation expense utilizing the annual depreciation accrual rates employed in Docket No. W-218, Sub 526, the Company's most recent general rate case.

17. NCUC Rules R7-39(b)(1) and R10-26(b)(1) define the term "capital costs" to mean the pretax return on costs permitted to be capitalized pursuant to the National Association of Regulatory Utility Commissioners ("NARUC") Uniform System of Accounts, net of accumulated depreciation and accumulated deferred income taxes, using the current federal and state income tax rates and the utility's capital structure, cost of long-term debt, and return on equity approved in the utility's most recent general rate case. Accordingly, Aqua has developed its request for WSIC and SSIC cost recovery of its capital costs utilizing the current federal and state income tax rates and the utility's capital structure, cost of long-term debt, and return on equity approved in Docket No. W-218, Sub 526, the Company's most recent general rate case.

18. NCUC Rules R7-39(b)(4) and R10-26(b)(4) define the term "incremental depreciation expense and capital costs" to mean depreciation expense and capital costs that have been incurred since the utility's most recent rate case and have not been included in the utility's cost of service for ratemaking purposes. Accordingly, Aqua's request for WSIC and SSIC cost recovery of its incremental depreciation expense and capital costs includes only costs incurred since the Company's most recent general rate case in Docket No. W-218,

Sub 526. Aqua further states that such costs have not previously been included in the Company's cost of service for ratemaking purposes.

19. NCUC Rules R7-39(b)(6) and R10-26(b)(6) define the terms "WSIC Revenue Requirement" and "SSIC Revenue Requirement" to mean the annual revenue required to allow a utility to recover the annual incremental depreciation expense and capital costs of eligible water and sewer system improvements. Accordingly, Aqua has developed this Application and calculated its request to recover the WSIC and SSIC Revenue Requirements consistent with the methodology set forth in subsections (g) of the referenced rules.

20. Aqua's incremental/newly-added WSIC Revenue Requirements for purposes of this Application are: Aqua Water: +\$698,562; Brookwood/LaGrange Water: +\$22,270; and Fairways and Beau Rivage Water: +\$8,366 (as a result of the increased cap of 7.5% applied to previous revenue requirement amounts). The Company's incremental/newly-added SSIC Revenue Requirements are: Aqua Sewer: +\$39,067; and Fairways and Beau Rivage Sewer: +\$3,526.

21. Aqua's cumulative WSIC Revenue Requirements for purposes of this Application are: Aqua Water: +\$1,350,148; Brookwood/LaGrange Water: +\$60,746; and Fairways and Beau Rivage Water: +\$66,351. The Company's cumulative SSIC Revenue Requirements are: Aqua Sewer: +\$568,740; and Fairways and Beau Rivage Sewer: +\$15,514. **NOTE** – These cumulative revenue requirement amounts reflect decisions set forth in the Order entered today by the

Commission with respect to the Company's WSIC/SSIC Surcharge Application referenced in the footnote below.¹

22. The projected (non-WSIC/non-SSIC) annual service revenue amounts have been projected for the period from January 2022 – December 2022. NCUC Rules R7-39(h) and R10-26(h) specify how the water and sewer system charges are to be calculated. Subsections (h)(1) of the Rules specify that the WSIC and SSIC shall be expressed as a percentage carried to two decimal places and shall be applied to the total utility bill of each customer under the utility's applicable service rates and charges.

23. The incremental changes to the WSIC/SSIC surcharges requested by Aqua, as set forth above, would result in the following proposed updated, cumulative WSIC and SSIC surcharge percentages to become effective on January 1, 2022: Cumulative WSIC surcharge percentages---Aqua Water: 3.32%; Brookwood/LaGrange Water: 0.98%; and Fairways and Beau Rivage Water: 5.35%. Cumulative SSIC surcharge percentages---Aqua Sewer: 3.27%; and Fairways and Beau Rivage Sewer: 0.71%. **Note** – These rates include the impact of the respective EMFs effective 7/1/2021.

¹ Aqua filed an Application for a semiannual WSIC/SSIC surcharge adjustment in this docket on April 28, 2021, proposing that new WSIC/SSIC surcharge percentages become effective for water and sewer utility service rendered by the Company to customers on and after July 1, 2021. Today, the Commission decided that Application by entry of its *Order Approving Water and Sewer System Improvement Charges on a Provisional Basis and Requiring Customer Notice*. Once Aqua completes a thorough review of the NCUC's Order, it may be necessary for the Company to file revisions to this Application which will be done as soon as possible.

24. If approved by the Commission, these cumulative surcharge percentages will be applied to the utility bill of each customer under the Company's applicable service rates and charges for service rendered on and after January 1, 2022.

25. Subsections (h)(2) of the NCUC Rules specify that the WSIC and SSIC shall be computed by dividing the annual WSIC and SSIC Revenue Requirements by the projected non-WSIC/SSIC revenues of the utility during the 12-month period following implementation of the charges. By this Application, Aqua has made the required computations consistent with the NCUC Rules by utilizing the following projected non-WSIC Revenue Requirements during the 12-month period following implementation of the charges---Aqua Water: \$40,128,431; Brookwood Water: \$6,365,569; and Fairways Water \$1,263,679. In making the required computations, Aqua utilized the following projected non-SSIC Revenue Requirements---Aqua Sewer: \$17,448,549; and Fairways and Beau Rivage Sewer: \$2,300,268.

26. NCUC Rules R7-39(i) and R10-26(i) authorize Aqua to request semiannual WSIC and SSIC adjustments. By this Application, Aqua applies for a semiannual WSIC and SSIC rate adjustment in Docket No. W-218, Sub 526A. Effective as of September 10, 2021, Session Law 2021-149 amended G.S. 62-133.12(g) to increase the cumulative percentage limitation or cap on cumulative water and sewer improvement charges from five percent (5%) to seven and one-half percent (7.5%) of the total annual service revenues approved by the

Commission in the Company's last general rate case.² For purposes of this Application, Aqua states that the newly-enacted seven and one-half percent limitation has been calculated as follows based upon the total annual service revenues approved in the Company's last general rate proceeding: Aqua Water: \$2,890,987; Aqua Sewer: \$1,231,955; Brookwood/LaGrange Water: \$482,544; Fairways and Beau Rivage Water: \$86,978; and Fairways and Beau Rivage Sewer: \$161,444.

27. Aqua's proposed WSIC and SSIC adjustments will increase monthly residential average customer bills as follows:

Aqua Water: Per the current Aqua Water tariff (in effect as of the date of this filing), a residential customer with usage of 4,871 gallons per month would have a monthly bill of \$51.78. The cumulative WSIC request set forth in this Application would result in a monthly surcharge of \$1.72 for this billed amount, for a total bill of \$53.50. The average monthly residential bills for bulk purchased water systems will vary, but customer bills will be increased by this same WSIC surcharge rate.

Aqua Sewer: Per the current Aqua Sewer tariff (in effect as of the date of this filing), the flat rate residential monthly bill is \$75.38. The cumulative SSIC request set forth in this Application would result in a SSIC surcharge of \$2.46, for a total bill of \$77.84. The average monthly bills for *metered* residential and

² Subsections (i)(2) of the NCUC Rules need to be amended to specify that cumulative WSIC and SSIC Revenue Requirements may not exceed seven and one-half percent of the total annual service revenues approved in the utility's last general rate proceeding.

commercial sewer customers will vary, but customer bills will be increased by the same SSIC surcharge rate. The average monthly residential bills for bulk purchased sewer systems vary, but will have this same SSIC surcharge applied to customer bills each month.

Fairways and Beau Rivage Water: Per the current Fairways and Beau Rivage Water tariff (in effect as of the date of this filing), a residential customer with usage of 7,151 gallons per month would have a monthly bill of \$19.64. The cumulative WSIC request set forth in this Application would result in a monthly surcharge of \$1.05 for this billed amount, for a total bill of \$20.69.

Fairways and Beau Rivage Sewer: Per the current Fairways and Beau Rivage Sewer tariff (in effect as of the date of this filing), the flat rate residential monthly bill is \$54.11. The cumulative SSIC request set forth in this Application would result in a monthly surcharge amount of \$0.38, for a total bill of \$54.49. The average monthly bills for metered residential and commercial sewer customers will vary, but customer bills will be increased by this same SSIC surcharge rate.

Brookwood/LaGrange Water: Per the current Brookwood/LaGrange Water tariff (in effect as of the date of this filing), a residential customer with usage of 5,069 gallons per month, would have a monthly bill of \$39.18. The cumulative WSIC request set forth in this Application would result in a monthly surcharge of \$0.38 for this billed amount, for a total bill of \$39.56. The average monthly residential bills for bulk purchased water systems will vary, but customer bills will be increased by this same WSIC surcharge rate.

28. Aqua's proposed WSIC and SSIC tariff is attached hereto as Appendix C. This tariff is proposed to become effective for water and sewer utility service rendered on and after January 1, 2022.

29. The attorney for Aqua, on whom all pleadings and notices should be served, is:

Jo Anne Sanford
Sanford Law Office, PLLC
Post Office Box 28085
Raleigh, North Carolina 27611-8085
Telephone: 919-210-4900
E-mail: sanford@sanfordlawoffice.com

WHEREUPON, Aqua hereby requests that the Commission approve implementation of the proposed new WSIC and SSIC tariffs and percentage charges contained in Appendix C effective for service rendered on and after January 1, 2022. The Company further requests that, if there are issues in controversy between Aqua and the Public Staff at the time this matter is presented to and considered by the Commission at Staff Conference, the Commission proceed to enter an Order effective for service rendered on and after January 1, 2022, approving new WSIC/SSIC surcharge percentages which comprise and reflect a decision on all issues not then in controversy between the parties, assuming the Commission accepts the parties' joint view. The Commission is requested to thereafter proceed to separately consider and rule on the contested issues by way of a second Order and revise the applicable WSIC/SSIC surcharge percentages as necessary. This procedure will, if applied to this and future

WSIC/SSIC Surcharge Applications, mitigate the degree of regulatory lag and negative short-term financial impacts on the Company.

Respectfully submitted this 1st day of November, 2021.

SANFORD LAW OFFICE, PLLC

Electronically Submitted

/s/Jo Anne Sanford

State Bar No. 6831

P.O. Box 28085

Raleigh, North Carolina 27611-8085

Phone: 919-210-4900

E-mail: sanford@sanfordlawoffice.com

/s/Robert H. Bennink, Jr.

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Attorneys for Aqua North Carolina, Inc.

VERIFICATION

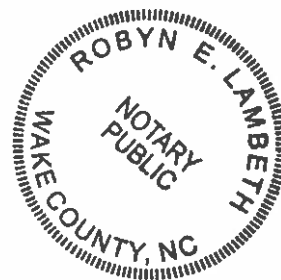
Shannon V. Becker, being duly sworn, deposes and says: that he is the President of Aqua North Carolina, Inc.; that he is familiar with the facts set out in this Application for Approval of Water and Sewer System Improvement Charge Rate Adjustments Pursuant to G.S. 62-133.12 filed in Docket No. W-218, Sub 526A; that he has read the foregoing Application and knows the contents thereof; and that the Application is true of his knowledge except as to those matters stated therein on information and belief, and as to those he believes them to be true.

Shannon V Becker
Shannon V. Becker

Sworn to and subscribed before me this the 1st day of November, 2021.

Robyn E Lambeth
Notary Public

My Commission Expires: May 13, 2026



ANCW-1

APPENDIX B

Aqua North Carolina, Inc.
Construction Status Report

For the Quarter ending September 30, 2021
Construction in-service closed to UPIS:

Funding Project	Project Description	4/2021 Closed to UPIS	5/2021 Closed to UPIS	6/2021 Closed to UPIS	2Q2021 UPIS (a)	7/2021 Closed to UPIS	8/2021 Closed to UPIS	9/2021 Closed to UPIS	3Q2021 UPIS (a)	Cumulative Closed to UPIS
FP35801016126	WSIC 20/21 Meter Rplc		1,510.84		1,510.84			2,888,692.87	2,888,692.87	2,890,203.71
FP35800017070	WSIC Lynnhaven Valve Rplc		17,308.98		17,308.98			0.00	0.00	17,308.98
FP35800015310	WSIC Whitetail Farm FeMn Filter				0.00	236,324.87		236,324.87	236,324.87	236,324.87
FP35800007593	WSIC Shannon Wds FeMn Filter				0.00	410,278.98		410,278.98	410,278.98	410,278.98
FP3510004319	WSIC Blue Water Cove OCCT				0.00		123,182.54	{55.36}	123,127.14	123,127.14
FP358000081523	WSIC Carlyle Manor FeMn Filter				0.00			976,817.32	976,817.32	976,817.32
FP35801022853	WSIC Cold Springs Water Main Ext				0.00			56,000.00	56,000.00	56,000.00
FP358000081522	WSIC Enclave BCB FeMn Filter P75				0.00			288,083.65	288,083.65	288,083.65
FP35800051784	WSIC High Meadows Fe/Mn Filter				0.00			303,710.57	303,710.57	303,710.57
FP35800042136	WSIC Royal Senter FeMn Ftr Well 2				0.00			383,721.70	383,721.70	383,721.70
FP35800007400	WSIC Royal Senter Rdg #1 FeMn Ftr				0.00			280,212.74	280,212.74	280,212.74
FP35800018686	WSIC Well Meter Replace - Central			142,678.69	142,678.69	{2,408.90}	179,218.95	275.07	177,087.12	319,765.81
Various	WSIC Well Pump Replacement				0.00			15,005.48	15,005.48	15,005.48
	Total ANC Water	\$ -	\$ 18,819.82	\$ 142,678.69	\$ 161,498.51	\$ 644,196.95	\$ 902,401.49	\$ 5,192,464.00	\$ 6,135,082.44	\$ 6,300,560.95

ANCW-1 by UT

Aqua North Carolina, Inc.
Reconciliation by UT Account
ANC Water

Funding Project	Project Description	UT 303	UT 304	UT 307	UT 309	UT 311	UT 320	UT 330	UT 331	UT 333	UT 334	UT 335	UT 346	Total	Tax Rpr Y or N
FP35801016126	WSIC 20/21 Meter Rplc								17,308.98		2,890,203.71			2,890,203.71	N
FP35800017070	WSIC Lynnhaven Valve Rplc													17,308.98	N
FP35800015310	WSIC Whitetail Farm FeMn Filter		110,247.19		10,811.03		100,141.87						15,124.78	236,324.87	N
FP35800007593	WSIC Shannon Wds FeMn Filter		178,785.99	10,948.25	26,016.51		194,528.23							410,278.98	N
FP35100014319	WSIC Blue Water Cove OCCCT		81,313.52				41,813.62							123,127.14	N
FP358000081523	WSIC Carlyle Manor FeMn Filter		125,817.22		66,899.51	22,204.61	391,514.82		368,652.18			1,528.98		976,817.32	N
FP35801022853	WSIC Cold Springs Water Main Ext								56,000.00					56,000.00	N
FP358000081522	WSIC Enclave BCB FeMn Filter P75		107,012.01		17,012.08	7,151.78	156,907.78							288,083.65	N
FP358000051784	WSIC High Meadows Fe/Mn Filter		128,208.99		14,674.96	6,935.45	153,891.17							303,710.57	N
FP358000042136	WSIC Royal Senter FeMn Fitr Well 2		164,694.17		32,295.63	5,805.16	180,027.92						898.82	383,721.70	N
FP35800007400	WSIC Royal Senter Rdg #1 FeMn Fltr		111,180.43		9,477.78	6,016.11	152,442.54					1,085.88		280,212.74	N
FP35800018686	WSIC Well Meter Replace - Central				319,765.81									319,765.81	N
Various	WSIC Well Pump Replacement					15,005.48								15,005.48	Y
	Total ANC Water	-	1,007,259.52	10,948.25	496,953.31	63,118.59	1,371,267.95	-	442,161.16	-	2,890,203.71	-	18,648.46	6,300,560.95	

APPENDIX B

AQUA NORTH CAROLINA, INC.
 WSIC Filing Summary - W-218, Sub 526A
 Rate Entity: Aqua North Carolina Water

ANCW-2

Line#			
1	Filing	10/30/2021	
2	Plant in Service Date	9/30/2021	
3	WSIC Rates Effective	1/1/2022	
4	WSIC Period End	12/31/2022	
5			
6	Plant Additions, current period	6,300,560.95	See Appendix B: ANCW-1
7	Accumulated depreciation	(198,119.26)	See Appendix B: ANCW-3
8	Net plant	<u>6,102,441.69</u>	
9	Deferred Income Tax	(15,694.00)	See Appendix B: ANCW-4
10	Net Eligible Property	<u>6,086,747.69</u>	
11	Pre-tax ROR %	8.2069%	Note 1
12	Pre-tax rate of return	<u>499,534.21</u>	
13	Annual depreciation expense	198,119.26	See Appendix B: ANCW-3
14	Total, excluding regulatory fee	<u>697,653.46</u>	
15	Regulatory fee gross-up factor	<u>0.99870</u>	Note 2
16	Calculated WSIC revenue requirement for this filing	<u>698,561.59</u>	
17			
18	Total Service Revenues from Docket No. 218, Sub 526	38,546,489.00	
19	Cap of 7.5% of annual service revenues from Docket No. 218, Sub 526	2,890,986.68	line 18 x 7.5 %
20			
21	Revenue Request effective 1/1/2021 (2021-1)	135,741.00	revenue effective 1/1/21, updated/reduced for year 2
21-b	Revenue Request effective 7/1/2021 (2021-2)	515,845.00	revenue effective 7/1/2021
21-c	Revenue Request effective 1/1/2022 (2022-1)	698,561.59	from line 16 above
	Total Annual WSIC revenue based on cumulative WSIC net plant.	1,350,147.59	sum lines 21, capped at max from line 19
22	CAPPED AT 7.5% TARGET FROM LINE 19 ABOVE		
23	Anticipated Non-WSIC service revenues 1/1/2022 to 12/31/2022	40,128,431.00	Rate Order Amount (line 18)
24	Total Annual WSIC Revenue Requirement as % of Estimated Service Revenues	3.36%	line 22 divided by line 23
25	Adjust for 2020 Mod Factor (EMF) eff 7/1/21	-0.04%	
26	WSIC Surcharge % requested for effective date of 1/1/2022	3.32%	sum lines 24 through 25
27			
28	(Note 1) Capital Structure and Rate of Return from Docket No. 218, Sub 526:		
29	SIT rate (effective 1/1/19)	2.50%	
30	FIT rate (effective 1/1/18)	21.00%	
31	Composite income tax rate 1-((1-2.5%) x (1-21%))	22.975%	

APPENDIX B
 AQUA NORTH CAROLINA, INC. ANCW-2
 WSIC Filing Summary - W-218, Sub 526A
 Rate Entity: Aqua North Carolina Water

Line#		Cost	Weighted Cost	Pre -Tax Weighted Cost
32				
33				
34	Capital costs and structure from Docket No.218, Sub 526:			
35	Debt	4.21%	2.105%	2.105%
36	Equity	9.40%	4.700%	6.102%
37	(Pre Tax Equity 4.70% / (1-22.975%))		6.805%	8.2069%
38				
39	(Note 2)			
40	Regulatory fee rate (as of 7/1/2019)	0.130%		
41	Regulatory fee gross-up factor 1-.13%	0.99870		
42				
43	Average Residential Customer Bill			
44	monthly gallons billed per customer per Docket W-218, Sub 526	4,871		
45	BFC Charge, as of 10/26/2020	\$ 20.70		
46	Usage Charge, as of 10/26/2020	\$ 6.38		
47	Average Residential Customer Bill - prior to application of WSIC surcharge	\$ 51.78	line 45+line 44/1000 x line 46	
48	WSIC Surcharge requested effective 1/1/22 (above)	3.32%	from line 26	
49	Average Residential Customer Bill - after application of 1/1/22 WSIC surcharge	\$ 53.50	line 47 x (1+line 48)	
50	Cumulative impact on monthly residential bills as of 1/1/2022	\$ 1.72	line 49 less line 47	

ANCW-3

APPENDIX B

Aqua North Carolina, Inc.
 Docket No. W-218, Sub 526A
 WSIC - ANC Water
 Calculation of Accumulated Depreciation
 For the Quarter ending September 30, 2021

Utility Account	Depr Rate	2020		2021		2020 Accum Depr	2021 Accum Depr	Total Accum Depr-12/31/21	Annual Depr Exp
		WSIC Additions	WSIC Additions	Total WSIC Additions	Total WSIC Additions				
303200-Land	0.00%			-		0.00	0.00	0.00	0.00
304200-Structures & Improvements	1.57%		1,007,259.52	1,007,259.52		0.00	7,906.99	7,906.99	15,813.97
307200-Wells	1.31%		10,948.25	10,948.25		0.00	71.71	71.71	143.42
309200-Supply Mains	4.56%		496,953.31	496,953.31		0.00	11,330.54	11,330.54	22,661.07
311200-Pumping Equipment	2.80%		63,118.59	63,118.59		0.00	883.66	883.66	1,767.32
320300-Water Treatment Equipment	3.86%		1,371,267.95	1,371,267.95		0.00	26,465.47	26,465.47	52,930.94
330400-Dist Reservoirs & Standpipes	2.15%					0.00	0.00	0.00	0.00
331400-T&D Mains	1.71%		442,161.16	442,161.16		0.00	3,780.48	3,780.48	7,560.96
333400-Services	4.81%					0.00	0.00	0.00	0.00
334400-Meters & Meter Installations	3.30%		2,890,203.71	2,890,203.71		0.00	47,688.36	47,688.36	95,376.72
335400-Hydrants	2.39%					0.00	0.00	0.00	0.00
346500-Communication Equipment	10.00%		18,648.46	18,648.46		0.00	932.42	932.42	1,864.85
ANC Water Total	3.1445%		6,300,560.95	6,300,560.95		0.00	99,059.63	99,059.63	198,119.26

6,300,560.95

12/31/21 Accum Depr 99,059.63
 12/31/22 Accum Depr 297,178.89
 Avg Accum Depr* 198,119.26

ANCW-4

APPENDIX B

Aqua North Carolina, Inc.
 Docket No. W-218, Sub 526A
 WSIC - ANC Water
 Calculation of Tax Deduction
 For the Quarter ending September 30, 2021

2020 Additions

Utility Account	MACRS WSIC Additions	Repair Tax Eligible WSIC Additions	Total 2020 SSIC Additions	2020 MACRS Tax Deduction 2%	2020 Repair Tax Deduction 100%	Total 2020 Tax Deduction	2021 MACRS Tax Deduction 4%	Cummulative 2021 Additions Tax Deduction
ANC Water Total	-	-	-	-	-	-	-	-

2021 Additions

Utility Account	MACRS WSIC Additions	Repair Tax Eligible WSIC Additions	Total 2021 SSIC Additions	2021 MACRS Tax Deduction 2%	2021 Repair Tax Deduction 100%	Total Tax Deduction 12/31/21	MACRS Tax Deduction 4%	Total Tax Deduction Reserve 12/31/2021	Total Tax Deduction Reserve 12/31/2022
303000-Land	-	-	-	-	-	-	-	-	-
304000-Structures & Improvements	1,007,259.52	-	1,007,259.52	20,145.00	-	20,145.00	40,290.38	20,145.00	60,435.38
307200-Wells	10,948.25	-	10,948.25	219.00	-	219.00	437.93	219.00	656.93
309200-Supply Mains	496,953.31	-	496,953.31	9,939.00	-	9,939.00	19,878.13	9,939.00	29,817.13
311200-Pumping Equipment	48,113.11	15,005.48	63,118.59	962.00	15,005.48	15,967.48	1,924.52	15,967.48	17,892.00
320300-Water Treatment Equipment	1,371,267.95	-	1,371,267.95	27,425.00	-	27,425.00	54,850.72	27,425.00	82,275.72
330400-Dist Reservoirs & Standpipes	-	-	-	-	-	-	-	-	-
331400-T&D Mains	442,161.16	-	442,161.16	8,843.00	-	8,843.00	17,686.45	8,843.00	26,529.45
333400-Services	-	-	-	-	-	-	-	-	-
334400-Meters & Meter Installations	2,890,203.71	-	2,890,203.71	57,804.00	-	57,804.00	115,608.15	57,804.00	173,412.15
335400-Hydrants	-	-	-	-	-	-	-	-	-
3462000-Communication Equipment	18,648.46	-	18,648.46	373.00	-	373.00	745.94	373.00	1,118.94
ANC Water Total	6,285,555.47	15,005.48	6,300,560.95	125,710.00	15,005.48	140,715.48	251,422.22	140,715.48	392,137.70
Tax Reserve (average)	266,427	-	-	-	-	12/31/21 Tax Reserve	-	140,715.48	-
Avg Book Reserve for Acc Depr Tax greater than Book	198,119	-	-	-	-	12/31/22 Tax Reserve	-	392,137.70	-
Composite income tax rate	68,307	-	-	-	-	Avg. Tax Reserve*	-	266,426.59	-
Accumulated Deferred Income Tax	22.975%	-	-	-	-	-	-	-	-
	15,694	-	-	-	-	-	-	-	-

	2020	2021	UT
Repair Tax Eligible:			
WSIC Well Pump Replacement	15,005.48	331	
WSIC Chem Pump Replacement	1,283.71	320	
	-	16,289.19	

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APPENDIX B
AQUA NORTH CAROLINA, INC.
WSIC Filing Summary - W-218, Sub 526A
Rate Entity: Aqua North Carolina Water
Project Scope For the Quarter ending September 30, 2021

Funding Project	Project Description	Project Scope	Ref
FP35801016126	WSIC 20/21 Meter Rplc	The replacement of meters and/or appurtenances inside the meter box, including the box and lid, due to malfunction, damage or age deterioration. G.S. 62-133.12(c)(1) Eligible Water System Improvements.	Paragraph 14/15 of the Application
FP35800017070	WSIC Lynnhaven Valve Rplc	The replacement of distribution system valves. Full replacement is based on prudence, age and integrity of existing valves. G.S. 62-133.12(c)(1) Eligible Water System Improvements.	Paragraph 14/15 of the Application
FP35800015310	WSIC Whitetail Farm FeMn Filter	Installation of Manganese Dioxide Medial filter system at Well #5 in Duncan Ridge in an effort to minimize the impact of secondary water quality concerns from customers. G.S. 62-133.12(c)(4) Eligible Water Systems Improvements.	Paragraph 14/15 of the Application
FP35800007593	WSIC Shannon Wds FeMn Filter	Installation of Manganese Dioxide Medial filter system at Well #5 in Duncan Ridge in an effort to minimize the impact of secondary water quality concerns from customers. G.S. 62-133.12(c)(4) Eligible Water Systems Improvements.	Paragraph 14/15 of the Application
FP35100014319	WSIC Blue Water Cove OCCT	The installation of treatment to remove primary contaminants to comply with primary drinking water standards. G.S. 62-133.12(c)(3) Eligible Water System Improvements.	Paragraph 14/15 of the Application
FP35800081523	WSIC Carlyle Manor FeMn Filter	Installation of Manganese Dioxide Medial filter system at Well #5 in Duncan Ridge in an effort to minimize the impact of secondary water quality concerns from customers. G.S. 62-133.12(c)(4) Eligible Water Systems Improvements.	Paragraph 14/15 of the Application
FP35801022853	WSIC Cold Springs Water Main Ext	Main extension installed to eliminate dead ends. G.S. 62-133.12(c)(2) Eligible Water System Improvements.	Paragraph 14/15 of the Application
FP35800081522	WSIC Enclave BCB FeMn Filter P75	Installation of Manganese Dioxide Medial filter system at Well #5 in Duncan Ridge in an effort to minimize the impact of secondary water quality concerns from customers. G.S. 62-133.12(c)(4) Eligible Water Systems Improvements.	Paragraph 14/15 of the Application

AQUA NORTH CAROLINA, INC.
 WSIC Filing Summary - W-218, Sub 526A
 Rate Entity: Aqua North Carolina Water
 Project Scope For the Quarter ending September 30, 2021

Funding Project	Project Description	Project Scope	Ref
FP35800051784	WSIC High Meadows Fe/Mn Filter	Installation of Manganese Dioxide Medial filter system at Well #5 in Duncan Ridge in an effort to minimize the impact of secondary water quality concerns from customers. G.S. 62-133.12(c)(4) Eligible Water Systems Improvements.	Paragraph 14/15 of the Application
FP35800042136	WSIC Royal Senter FeMn Fitr Well 2	Installation of Manganese Dioxide Medial filter system at Well #5 in Duncan Ridge in an effort to minimize the impact of secondary water quality concerns from customers. G.S. 62-133.12(c)(4) Eligible Water Systems Improvements.	Paragraph 14/15 of the Application
FP35800007400	WSIC Royal Senter Rdg #1 FeMn Fitr	Installation of Manganese Dioxide Medial filter system at Well #5 in Duncan Ridge in an effort to minimize the impact of secondary water quality concerns from customers. G.S. 62-133.12(c)(4) Eligible Water Systems Improvements.	Paragraph 14/15 of the Application
FP35800018686	WSIC Well Meter Replace - Central	The replacement of meters and/or appurtenances inside the well house, due to malfunction, damage or age deterioration. G.S. 62-133.12(c)(1) Eligible Water System Improvements.	Paragraph 14/15 of the Application
Various	WSIC Well Pump Replacement	The replacement of pumping equipment due to failure or age deterioration. G.S. 62-133.12(c)(1) Eligible Water System Improvements.	Paragraph 14/15 of the Application

APPENDIX B

ANCWW-1

Aqua North Carolina, Inc.
Construction Status Report
ANC Wastewater
For the Quarter ending September 30, 2021

Construction in-service closed to UPIs:

Funding Project	Project Description	4/2021 Closed to UPIs	5/2021 Closed to UPIs	6/2021 Closed to UPIs	2Q2021 UPIs (a)	7/2021 Closed to UPIs	8/2021 Closed to UPIs	9/2021 Closed to UPIs	3Q2021 UPIs (a)	Cumulative Closed to UPIs	Estimated UPIs Q2 2021 (f)
FP35101515536	SSIC Grinder Pump Replace	16,334.69	7,834.38	9,559.87	33,728.94	2,453.32	2,603.73	15,312.29	20,369.34	54,098.28	0.00
FP35880016168	SSIC Grinder Pump Replace	12,474.43	25,601.54	25,206.53	63,282.50	12,308.58	21,612.39	19,127.72	53,048.69	116,331.19	0.00
FP35881016208	SSIC Grinder Pump Replace	4,945.79	0.00	0.00	4,945.79	3,234.75	2,854.37	0.00	6,089.12	11,034.91	0.00
FP35101017324	SSIC Willow Crk Rplc LS Pump	1,514.08	0.00	0.00	1,514.08	0.00	0.00	0.00	0.00	1,514.08	0.00
FP35880018720	SSIC Avocet EQ Pump Rplc	0.00	0.00	4,227.97	4,227.97	0.00	0.00	0.00	0.00	4,227.97	0.00
FP35101017205	SSIC Keswick LS Rplc Pump	5,308.80	0.00	0.00	5,308.80	0.00	0.00	0.00	0.00	5,308.80	0.00
FP35880016690	SSIC Neuse Colony EQ Pump Rplc	0.00	7,483.35	0.00	7,483.35	0.00	0.00	0.00	0.00	7,483.35	0.00
FP35101017442	SSIC Woodmont Rplc LS Pump	0.00	8,122.99	0.00	8,122.99	0.00	0.00	0.00	0.00	8,122.99	0.00
FP3588101808	SSIC Park South LS Pump Rplc	0.00	9,096.73	0.00	9,096.73	0.00	0.00	0.00	0.00	9,096.73	0.00
FP35880016748	SSIC Bennett Place LS Pump Rplc	0.00	0.00	0.00	0.00	7,811.15	0.00	0.00	0.00	7,811.15	0.00
FP35881024774	SSIC Burger King LS Pump Rplc	0.00	0.00	0.00	0.00	0.00	0.00	6,508.14	6,508.14	6,508.14	0.00
FP35880019003	SSIC Crooked Crk Rplc EQ Pumps	0.00	0.00	0.00	0.00	0.00	0.00	40,633.18	40,633.18	40,633.18	0.00
FP35880019186	SSIC Sawyers Mill LS Pump Rplc	0.00	0.00	0.00	0.00	0.00	0.00	22,005.73	22,005.73	22,005.73	0.00
Total ANC WW		\$40,577.79	\$58,138.99	\$38,994.37	\$137,711.15	\$25,807.80	\$27,070.49	\$103,587.06	\$156,465.35	\$294,176.50	\$ -

ANCWW-1 by UT

Aqua North Carolina, Inc.
 Reconciliation by UT Account
 ANC Wastewater
 For the Quarter ending September 30, 2021

Funding Project	Project Description	UT 354	UT 360	UT 361	UT 363	UT 365	UT 371	UT 380	UT 384	UT 396	Total	Tax Repair Y or N
FP3510151536	SSIC Grinder Pump Replace						54,098.28				54,098.28	Y
FP35880016168	SSIC Grinder Pump Replace						116,331.19				116,331.19	Y
FP35881016208	SSIC Grinder Pump Replace						11,034.91				11,034.91	Y
FP3510107324	SSIC Willow Crk Rplc LS Pump						1,514.08				1,514.08	Y
FP35880018720	SSIC Avocet EQ Pump Rplc						4,227.97				4,227.97	Y
FP3510107205	SSIC Keswick LS Rplc Pump						5,308.80				5,308.80	Y
FP35880016690	SSIC Neuse Colony EQ Pump Rplc						7,483.35				7,483.35	Y
FP3510107442	SSIC Woodmont Rplc LS Pump						8,122.99				8,122.99	Y
FP3588101808	SSIC Park South LS Pump Rplc						9,096.73				9,096.73	Y
FP35880016748	SSIC Bennett Place LS Pump Rplc						7,811.15				7,811.15	Y
FP35881024774	SSIC Burger King LS Pump Rplc						6,508.14				6,508.14	Y
FP35880019003	SSIC Crooked Crk Rplc EQ Pumps						40,633.18				40,633.18	Y
FP35880019186	SSIC Sawyers Mill LS Pump Rplc						22,005.73				22,005.73	Y
	Total ANC WW	0.00	0.00	0.00	0.00	0.00	294,178.50	0.00	0.00	0.00	294,178.50	

AQUA NORTH CAROLINA, INC.
SSIC Filing Summary - W-218, Sub 526A
Rate Entity: Aqua North Carolina Wastewater

Line#				
1	Filing	10/30/2021		
2	Plant in Service Date	9/30/2021		
3	SSIC Rates Effective	1/1/2022		
4	SSIC Period End	12/31/2022		
5				
6	Plant Additions, current period	294,176.50	See Schedule ANCWW-2	
7	Accumulated depreciation	(21,798.48)	See Schedule ANCWW-3	
8	Net plant	272,378.02		
9	Deferred Income Tax	(62,579.00)	See Schedule ANCWW-4	
10	Net Eligible Property	209,799.02		
11	Pre-tax ROR %	8.2069%	Note 1	
12	Pre-tax rate of return	17,218.03		
13	Annual depreciation expense	21,798.48	Schedule ANCWW-3	
14	Total, excluding regulatory fee	39,016.51		
15	Regulatory fee gross-up factor	0.99870	Note 2	
16	Calculated SSIC revenue requirement for this filing	<u>39,067.29</u>		
17				
18	Total Service Revenues from Docket No. 218, Sub 526	16,426,070.00		
19	Cap of 7.5% of annual service revenues from Docket No. 218, Sub 526	1,231,955.25	line 18 x 7.5 %	
20				
21	Revenue Request effective 1/1/2021 (2021-1)	\$ 61,155.00	revenue effective 1/1/21, updated/reduced for year 2	
21-b	Revenue Request effective 7/1/2021 (2021-2)	468,518.00	revenue effective 7/1/2021	
21-c	Revenue Request effective 1/1/2022 (2022-1)	39,067.29	from line 16 above	
22	Total Annual SSIC revenue based on cumulative SSIC net plant. CAPPED AT 7.5% TARGET FROM LINE 19 ABOVE	568,740.29	sum lines 21, capped at max from line 19	
23	Anticipated Non-SSIC service revenues 1/1/2022 to 12/31/2022	17,448,549.00	Company Budget for 2022	
24	Total Annual SSIC Revenue Requirement as % of Estimated Service Revenues	3.26%	line 22 divided by line 23	
25	Adjust for 2020 Mod Factor (EMF) eff 7/1/21	0.005%		
26	SSIC Surcharge % requested for effective date of 1/1/22	3.27%	sum lines 24 through 25	
27				
28	(Note 1) Capital Structure and Rate of Return from Docket No. 218, Sub 497:			
29	SIT rate (effective 1/1/19)	2.50%		
30	FIT rate (effective 1/1/18)	21.00%		
31	Composite income tax rate 1-(((1-2.5%) x (1-21%))	22.975%		

AQUA NORTH CAROLINA, INC.
SSIC Filing Summary - W-218, Sub 526A
Rate Entity: Aqua North Carolina Wastewater

Line#	Description	Cost	Weighted Cost	Pre -Tax Weighted Cost
32				
33				
34	Capital costs and structure from Docket No.218, Sub 497:			
35	Debt	4.21%	2.105%	2.105%
36	Equity	9.40%	4.700%	6.102%
37	(Pre Tax Equity 4.70% / (1-22.975%))		6.805%	8.207%
38				
39	(Note 2)			
40	Regulatory fee rate (as of 7/1/2019)	0.130%		
41	Regulatory fee gross-up factor	0.99870		
42				
43	Average Residential Customer Bill			
44	Residential Flat Rate Customer Bill - from Docket W-218, Sub 526, as of 10/26/2020	\$ 75.38		
45	SSIC Surcharge requested effective 1/1/2022	\$ 3.27%	from line 26	
46	Residential Flat Rate Customer Bill - with impact from SSIC award effective 1/1/2022	\$ 77.84	line 44 x (1+line 45)	
47	Cumulative Impact on monthly residential bills as of 1/1/2022	\$ 2.46	line 45 less line 44	

ANCWW-3

APPENDIX B

Aqua North Carolina, Inc.
Docket No. W-218, Sub 526A
SSIC - ANC Wastewater

Calculation of Accumulated Depreciation
For the Quarter ending September 30, 2021

Utility Account	Depr Rate	2020		2021		2020 Accum Depr	2021 Accum Depr	Total Accum Depr	Annual Depr Exp
		SSIC Additions	SSIC Additions	Total SSIC Additions	Total SSIC Additions				
354200-Structures and Improvements	2.08%			-		0.00	0.00	0.00	0.00
360200-Collection Sewers-Force	1.53%			-		0.00	0.00	0.00	0.00
361200-Collection Sewers-Gravity	1.85%			-		0.00	0.00	0.00	0.00
363200-Services to Customers	2.45%			-		0.00	0.00	0.00	0.00
365000-Flow Measuring Device	0.61%			-		0.00	0.00	0.00	0.00
371000-Pumping Equipment	7.41%		294,176.50	294,176.50		0.00	10,899.24	10,899.24	21,798.48
380400-Treatment & Disposal Equip	2.77%			-		0.00	0.00	0.00	0.00
382400-Outfall Sewer Lines	2.46%			-		0.00	0.00	0.00	0.00
396700-Communication Equip	6.67%			-		0.00	0.00	0.00	0.00
ANC WW Total	7.41%	-	294,176.50	294,176.50	-	0.00	10,899.24	10,899.24	21,798.48

12/31/21 Accum Depr 10,899.24
12/31/22 Accum Depr 32,697.72
Avg Accum Depr 21,798.48

ANC WW Accum Depr

ANCWW-4

APPENDIX B

Aqua North Carolina, Inc.
 Docket No. W-218, Sub 526A
 SSIC - ANC Wastewater
 Calculation of Tax Deduction
 For the Quarter ending September 30, 2021

2020 Additions

Utility Account	MACRS SSIC Additions	Repair Tax Eligible SSIC Additions	Total 2020 SSIC Additions	2020 MACRS Tax Deduction 2%	2020 Repair Tax Deduction 100%	Total 2020 Tax Deduction	2021 MACRS Tax Deduction 4%	Cumulative 2021 Additions Tax Deduction
354200-Structures and Improvements	-	-	-	-	-	-	-	-
360200-Collection Sewers-Force	-	-	-	-	-	-	-	-
361200-Collection Sewers-Gravity	-	-	-	-	-	-	-	-
363200-Services to Customers	-	-	-	-	-	-	-	-
371300-Pumping Equipment	-	-	-	-	-	-	-	-
380400-Treatment & Disposal Equip	-	-	-	-	-	-	-	-
382400-Outfall Sewer Lines	-	-	-	-	-	-	-	-
396700-Communication Equip	-	-	-	-	-	-	-	-
ANC WW Total	-	-	-	-	-	-	-	-

2021 Additions

Utility Account	MACRS SSIC Additions	Repair Tax Eligible SSIC Additions	Total 2021 SSIC Additions	2021 MACRS Tax Deduction 2%	2021 Repair Tax Deduction 100%	Total Tax Deduction 12/31/21	MACRS Tax Deduction 4%	Total Tax Deduction Reserve 12/31/2022
354200-Structures and Improvements	-	0.00	-	-	-	-	-	-
360200-Collection Sewers-Force	-	0.00	-	-	-	-	-	-
361200-Collection Sewers-Gravity	-	0.00	-	-	-	-	-	-
363200-Services to Customers	-	0.00	-	-	-	-	-	-
365000-Flow Measuring Device	-	0.00	-	-	-	-	-	-
371300-Pumping Equipment	-	294,176.50	294,176.50	-	294,176.50	294,176.50	-	294,177
380400-Treatment & Disposal Equip	-	0.00	-	-	-	-	-	-
382400-Outfall Sewer Lines	-	0.00	-	-	-	-	-	-
396700-Communication Equip	-	0.00	-	-	-	-	-	-
ANC WW Total	-	294,176.50	294,176.50	-	294,176.50	294,176.50	-	294,176.50

294,176.50

Tax Reserve	294,176.50	12/31/21 Tax Reserve
Book Reserve	21,798.48	12/31/22 Tax Reserve
Tax greater than Book	272,378.02	Avg. Tax Reserve*
Composite income tax rate	22.98%	
Accumulated Deferred Income Tax	62,579.00	

Repair Tax Eligible:	2020	2021	UT
SSIC Grinder Pump Replace		54,098.28	371
SSIC Grinder Pump Replace		116,331.19	371

ANCWW-4

APPENDIX B

2020 Additions

Utility Account	MACRS SSIC Additions	Repair Tax Eligible SSIC Additions	Total 2020 SSIC Additions	2020 MACRS Tax Deduction 2%	2020 Repair Tax Deduction 100%	Total 2020 Tax Deduction	2021 MACRS Tax Deduction 4%	Cumulative 2021 Additions Tax Deduction
SSIC Grinder Pump Replace		11,034.91	371					
SSIC Willow Crk Rpic LS Pump		1,514.08	371					
SSIC Avocet EQ Pump Rpic		4,227.97	371					
SSIC Keswick LS Rpic Pump		5,308.80	371					
SSIC Neuse Colony EQ Pump Rpic		7,483.35	371					
SSIC Woodmont Rpic LS Pump		8,122.99	371					
SSIC Park South LS Pump Rpic		9,096.73	371					
SSIC Bennett Place LS Pump Rpic		7,811.15	371					
SSIC Burger King LS Pump Rpic		6,508.14	371					
SSIC Crooked Crk Rpic EQ Pumps		40,633.18	371					
SSIC Sawyers Mill LS Pump Rpic		22,005.73	371					
		294,176.50						

APPENDIX B
 AQUA NORTH CAROLINA, INC.
 SSIC Filing Summary - W-218, Sub 526A
 Rate Entity: Aqua North Carolina Wastewater
 Project Scope For the Quarter ending September 30, 2021

Funding Project	Project Description	Project Scope	Ref
FP3510151536	SSIC Grinder Pump Replace	The replacement of pumping equipment due to failure. G.S. 62-133.12(d)(4) Eligible Sewer System Improvements.	Paragraph 14/15 of the Application
FP35880016168	SSIC Grinder Pump Replace	The replacement of pumping equipment due to failure. G.S. 62-133.12(d)(4) Eligible Sewer System Improvements.	Paragraph 14/15 of the Application
FP35881016208	SSIC Grinder Pump Replace	The replacement of pumping equipment due to failure. G.S. 62-133.12(d)(4) Eligible Sewer System Improvements.	Paragraph 14/15 of the Application
FP35101017324	SSIC Willow Crk Rplc LS Pump	The replacement of pumping equipment at lift stations and wastewater treatment plants due to failure. G.S. 62-133.12(d)(4) Eligible Sewer System Improvements	Paragraph 14/15 of the Application
FP35880018720	SSIC Avocet EQ Pump Rplc	The replacement of pumping equipment at lift stations and wastewater treatment plants due to failure. G.S. 62-133.12(d)(4) Eligible Sewer System Improvements	Paragraph 14/15 of the Application
FP35101017205	SSIC Keswick LS Rplc Pump	The replacement of pumping equipment at lift stations and wastewater treatment plants due to failure. G.S. 62-133.12(d)(4) Eligible Sewer System Improvements	Paragraph 14/15 of the Application
FP35880016690	SSIC Neuse Colony EQ Pump Rplc	The replacement of pumping equipment at lift stations and wastewater treatment plants due to failure. G.S. 62-133.12(d)(4) Eligible Sewer System Improvements	Paragraph 14/15 of the Application
FP35101017442	SSIC Woodmont Rplc LS Pump	The replacement of pumping equipment at lift stations and wastewater treatment plants due to failure. G.S. 62-133.12(d)(4) Eligible Sewer System Improvements	Paragraph 14/15 of the Application
FP35881011808	SSIC Park South LS Pump Rplc	The replacement of pumping equipment at lift stations and wastewater treatment plants due to failure. G.S. 62-133.12(d)(4) Eligible Sewer System Improvements	Paragraph 14/15 of the Application
FP35880016748	SSIC Bennett Place LS Pump Rplc	The replacement of pumping equipment at lift stations and wastewater treatment plants due to failure. G.S. 62-133.12(d)(4) Eligible Sewer System Improvements	Paragraph 14/15 of the Application
FP35881024774	SSIC Burger King LS Pump Rplc	The replacement of pumping equipment at lift stations and wastewater treatment plants due to failure. G.S. 62-133.12(d)(4) Eligible Sewer System Improvements	Paragraph 14/15 of the Application
FP35880019003	SSIC Crooked Crk Rplc EQ Pumps	The replacement of pumping equipment at lift stations and wastewater treatment plants due to failure. G.S. 62-133.12(d)(4) Eligible Sewer System Improvements	Paragraph 14/15 of the Application
FP35880019186	SSIC Sawyers Mill LS Pump Rplc	The replacement of pumping equipment at lift stations and wastewater treatment plants due to failure. G.S. 62-133.12(d)(4) Eligible Sewer System Improvements	Paragraph 14/15 of the Application

FW-1

APPENDIX B

Aqua North Carolina, Inc.
 Construction Status Report
 Fairways Water
 For the Quarter ending September 30, 2021

Construction in-service closed to UPIS:

Funding Project	Project Description	Area	4/2021 Closed to UPIS	5/2021 Closed to UPIS	6/2021 Closed to UPIS	2Q2021 UPIS (a)	7/2021 Closed to UPIS	8/2021 Closed to UPIS	9/2021 Closed to UPIS	3Q2021 UPIS (a)	Cumulative UPIS (b)
		Wilmington				0.00				0.00	0.00
		Wilmington				0.00				0.00	0.00
		Wilmington				0.00				0.00	0.00
		Wilmington				0.00				0.00	0.00
	Total Fairways Water		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

APPENDIX B

AQUA NORTH CAROLINA, INC.
WSIC Filing Summary - W-218, Sub 526A
Rate Entity: Fairways & Beau Rivage Water

FW-2

Line#		
1	Filing	10/30/2021
2	Plant in Service Date	9/30/2021
3	WSIC Rates Effective	1/1/2022
4	WSIC Period End	12/31/2022
5		
6	Plant Additions, current period	-
7	Accumulated depreciation	-
8	Net plant	-
9	Deferred Income Tax	-
10	Net Eligible Property	-
11	Pre-tax ROR %	8.2069% Note 1
12	Pre-tax rate of return	-
13	Annual depreciation expense	-
14	Total, excluding regulatory fee	-
15	Regulatory fee gross-up factor	0.99870 Note 2
16	Calculated WSIC revenue requirement for this filing	-
17		
18	Total Service Revenues from Docket No. 218, Sub 526	1,159,708.00
19	Cap of 7.5% of annual service revenues from Docket No. 218, Sub 526	86,978.10 line 18 x 7.5 %
	WSIC Revenue Requirement Requested (Lessor of Calculated WSIC revenue or 5% of annual service revenues from Docket No. 218, Sub 526)	-
20	Revenue Request effective 1/1/2021 (2021-1)	-
21	Revenue Request effective 7/1/2021 (2021-2)	66,351.00 revenue effective 1/1/21, updated/reduced for year 2
21-b	Revenue Request effective 1/1/2022 (2022-1)	-
21-c	Total Annual WSIC revenue based on cumulative WSIC net plant.	-
22	CAPPED AT 7.5% TARGET FROM LINE 19 ABOVE	66,351.00 sum lines 21, capped at max from line 19
23	Anticipated Non-WSIC service revenues 1/1/2022 to 12/31/2022	1,263,679.00 2022 Company Budget
24	Total Annual WSIC Revenue Requirement as % of Estimated Service Revenues	5.25% line 22 divided by line 23
25	Adjust for 2020 Mod Factor (EMF) eff 7/1/21	0.10%
26	WSIC Surcharge % requested for effective date of 1/1/2022	5.35% sum lines 24 through 25
27		
28	(Note 1) Capital Structure and Rate of Return from Docket No. 218, Sub 526:	
29	SIT rate (effective 1/1/19)	2.50%
30	FIT rate (effective 1/1/18)	21.00%

APPENDIX B

FW-2

AQUA NORTH CAROLINA, INC.
 WSIC Filing Summary - W-218, Sub 526A
 Rate Entity: Fairways & Beau Rivage Water

Line#		Cost	Weighted Cost	Pre - Tax Weighted Cost
31	Composite income tax rate 1-((1-2.5%) x (1-21%))		22.98%	
32				
33	Capital costs and structure from Docket No.218, Sub 526:			
35	Debt	50%	2.105%	2.105%
36	Equity	50%	4.700%	6.102%
37	(Pre Tax Equity 4.70% / (1-22.975%))		6.805%	8.207%
38				
39	(Note 2)			
40	Regulatory fee rate (as of 7/1/2019)	0.130%		
41	Regulatory fee gross-up factor	1-.13%		
42		0.99870		
43	Average Residential Customer Bill			
44	monthly gallons billed per customer per Docket W-218, Sub 526			
45	BFC Charge, as of 10/26/2020	\$ 7,151		
46	Usage Charge, as of 10/26/2020	\$ 8.56		
47	Average Residential Customer Bill - prior to application of WSIC surcharge	\$ 1.55		
48	WSIC Surcharge requested effective 7/1/2021 (above)	\$ 19.64	line 45+line 44/1000 x line 46	
49	Average Residential Customer Bill - after application of 1/1/2022 WSIC surcharge	\$ 5.35%	from line 26	
50	Cumulative impact on monthly residential bills as of 1/1/2022	\$ 20.69	line 47 x (1+line 48)	
		\$ 1.05	line 49 less line 47	

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APPENDIX B

Aqua North Carolina, Inc.
 Docket No. W-218, Sub 526A
 WSIC - Fairways & Beau Rivage Water
 Calculation of Accumulated Depreciation
 For the Quarter ending September 30, 2021

Utility Account	Depr Rate	2020		2021		2020 Accum Depr	2021 Accum Depr	Total Accum Depr	Annual Depr Exp
		WSIC Additions	WSIC Additions	Total WSIC Additions	Total WSIC Additions				
304200-Structures & Improvements	1.57%			-		0.00	0.00	0.00	0.00
307200-Wells & Springs	1.31%			-		0.00	0.00	0.00	0.00
309200-Supply Mains	4.56%			0.00		0.00	0.00	0.00	0.00
311000-Pumping Equipment	2.71%			0.00		0.00	0.00	0.00	0.00
320300-Water Treatment Equipment	3.86%			0.00		0.00	0.00	0.00	0.00
330400-Dist Reservoirs & Standpipes	2.15%			0.00		0.00	0.00	0.00	0.00
331400-T&D Mains	1.71%			0.00		0.00	0.00	0.00	0.00
333400-Services	4.81%			0.00		0.00	0.00	0.00	0.00
334400-Meters & Meter Installations	3.30%			0.00		0.00	0.00	0.00	0.00
335400-Hydrants	2.39%			0.00		0.00	0.00	0.00	0.00
346500-Communication Equipment	10.00%			0.00		0.00	0.00	0.00	0.00
Fairways Water Total	#DIV/0!	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

12/31/2021 Accum Depr 0.00
 12/31/2022 Accum Depr 0.00
 Avg Accum Depr* 0.00

Fairways Water Accum Depr

APPENDIX B

FW-4

Aqua North Carolina, Inc.
 Docket No. W-218, Sub 526A
 WSIC - Fairways & Beau Rivage Water
 Calculation of Tax Deduction
 For the Quarter ending September 30, 2021

2020 Additions

Utility Account	MACRS WSIC Additions	Repair Tax Eligible WSIC Additions	Total 2020 WSIC Additions	2020 MACRS Tax Deduction 2%	2020 Repair Tax Deduction 100%	Total 2020 Tax Deduction	2021 MACRS Tax Deduction 4%	Cumulative 2021 Additions Tax Deduction
304000-Structures & Improvements	-	-	-	-	-	-	-	-
309200-Supply Mains	-	-	-	-	-	-	-	-
320300-Water Treatment Equipment	-	-	-	-	-	-	-	-
330400-Dist Reservoirs & Standpipes	-	-	-	-	-	-	-	-
331400-T&D Mains	-	-	-	-	-	-	-	-
333400-Services	-	-	-	-	-	-	-	-
334400-Meters & Meter Installations	-	-	-	-	-	-	-	-
335400-Hydrants	-	-	-	-	-	-	-	-
Fairways Water Total	-	-	-	-	-	-	-	-

2021 Additions

Utility Account	MACRS WSIC Additions	Repair Tax Eligible WSIC Additions	Total 2021 WSIC Additions	2021 MACRS Tax Deduction 2%	2021 Repair Tax Deduction 100%	Total Tax Deduction 12/31/2021	MACRS Tax Deduction 4%	Total Tax Deduction Reserve 12/31/2022
304200-Structures & Improvements	-	-	-	-	-	-	-	-
307200-Wells & Springs	-	-	-	-	-	-	-	-
309200-Supply Mains	-	-	-	-	-	-	-	-
311000-Pumping Equipment	-	-	-	-	-	-	-	-
320300-Water Treatment Equipment	-	-	-	-	-	-	-	-
330400-Dist Reservoirs & Standpipes	-	-	-	-	-	-	-	-
331400-T&D Mains	-	-	-	-	-	-	-	-
333400-Services	-	-	-	-	-	-	-	-
334400-Meters & Meter Installations	-	-	-	-	-	-	-	-
335400-Hydrants	-	-	-	-	-	-	-	-
346500-Communication Equipment	-	-	-	-	-	-	-	-
Fairways Water Total	-	-	-	-	-	-	-	-

Tax Reserve - 0.00
 Book Reserve - 0.00
 Tax greater than Book - 0.00
 Composite income tax rate 22.98%
 Accumulated Deferred Income Tax -

12/31/2020 Tax Reserve
 12/31/2021 Tax Reserve
 Avg. Tax Reserve*

FW-5

AQUA NORTH CAROLINA, INC.
WSIC Filing Summary - W-218, Sub 526A
Rate Entity: Fairways and Beau Rivage Water
Project Scope For the Quarter ending September 30, 2021

Funding Project	Project Description	Project Scope	Ref
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APPENDIX B

FWW-1

Aqua North Carolina, Inc.
 Construction Status Report
 Fairways Wastewater
 For the Quarter ending September 30, 2021

Construction in-service closed to UPIS:

Funding Project	Project Description	Area	4/2021		5/2021		6/2021		2Q2021		7/2021		8/2021		9/2021		3Q2021		Estimated		
			Closed	to UPIS	Closed	to UPIS	Closed	to UPIS	UPIS	(a)	Closed	to UPIS	Closed	to UPIS	Closed	to UPIS	Closed	to UPIS	UPIS	(a)	Cumulative
FP35640113251	SSIC Seabreeze LS Rplc Pump #2	Wilmington							0.00									0.00		-	
FP35640114350	SSIC Dolphin Bay LS #25 Rplc Pumps	Wilmington							0.00									0.00		-	
FP35681607580	WSIC Rivers/Sanders FeMn Filler	Wilmington							0.00									0.00		-	
FP35640118819	SSIC Beau Riv/Promenade LS Pump Rpl	Wilmington			18,477.85				18,477.85									0.00		18,477.85	
FP35640118658	SSIC Mainsail LS Pump Rplc	Wilmington			8,075.32				8,075.32									0.00		8,075.32	
	Total Fairways WW		\$ -	\$ -	\$ 26,553.17	\$ -	\$ -	\$ -	\$ 26,553.17	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 26,553.17	\$ -

AQUA NORTH CAROLINA, INC.
SSIC Filing Summary - W-218, Sub 526A
Rate Entity: Fairways & Beau Rivage Wastewater

Line#					
1	Filing	10/30/2021			
2	Plant in Service Date	9/30/2021			
3	SSIC Rates Effective	1/1/2022			
4	SSIC Period End	12/31/2022			
5					
6	Plant Additions, current period	26,553.17	See Schedule FWW-2		
7	Accumulated depreciation	(1,967.58)	See Schedule FWW-3		
8	Net plant	<u>24,585.59</u>			
9	Deferred Income Tax	(5,649.00)	See Schedule FWW-4		
10	Net Eligible Property	<u>18,936.59</u>			
11	Pre-tax ROR %	8.2069%	Note 1		
12	Pre-tax rate of return	<u>1,554.11</u>			
13	Annual depreciation expense	1,967.59	Schedule FWW-3		
14	Total, excluding regulatory fee	<u>3,521.70</u>			
15	Regulatory fee gross-up factor	0.99870	Note 2		
16	Calculated SSIC revenue requirement for this filing	<u>3,526.28</u>			
17					
18	Total Service Revenues from Docket No. 218, Sub 526	2,152,586.00			
19	Cap of 7.5% of annual service revenues from Docket No. 218, Sub 526	161,443.95	line 18 x 7.5 %		
20					
21	Revenue Request effective 1/1/2021 (2021-1)	973.00	revenue effective 1/1/21, updated/reduced for year 2		
21-b	Revenue Request effective 7/1/2021 (2021-2)	11,015.00	revenue effective 7/1/2021		
21-c	Revenue Request effective 1/1/2022 (2022-1)	3,526.28	from line 16 above		
	Total Annual SSIC revenue based on cumulative SSIC net plant.				
22	CAPPED AT 7.5% TARGET FROM LINE 19 ABOVE	15,514.28	sum lines 21, capped at max from line 19		
23	Anticipated Non-SSIC service revenues 1/1/2022 to 12/31/2022	2,300,268.00	Company 2022 Budget		
	Total Annual SSIC Revenue Requirement as % of Estimated				
24	Service Revenues	0.67%	line 22 divided by line 23		
25	Adjust for 2020 Mod Factor (EMF) eff 7/1/21	0.04%			
26	SSIC Surcharge % requested for effective date of 1/1/2022	0.71%	sum lines 24 through 25		
27					
	(Note 1) Capital Structure and Rate of Return from Docket No.				
28	218, Sub 526:				
29	SIT rate (effective 1/1/19)	2.50%			
30	FIT rate (effective 1/1/18)	21.00%			
31	Composite income tax rate 1-((1-2.5%) x (1-21%))	22.975%			

AQUA NORTH CAROLINA, INC.
SSIC Filing Summary - W-218, Sub 526A
Rate Entity: Fairways & Beau Rivage Wastewater

Line#	Description	Cost	Weighted Cost	Pre-Tax Weighted Cost
32				
33				
34	Capital costs and structure from Docket No. 218, Sub 526:			
35	Debt	4.21%	2.105%	2.105%
36	Equity	9.40%	4.700%	6.102%
37	(Pre Tax Equity 4.70% / (1-22.975%))		6.805%	8.207%
38				
39	(Note 2)			
40	Regulatory fee rate (as of 7/1/2019)	0.130%		
41	Regulatory fee gross-up factor	0.99870		
42				
43	Average Residential Customer Bill			
44	Residential Flat Rate Customer Bill - from Docket W-218, Sub 526, as of 10/26/2020	\$ 54.11		
45	SSIC Surcharge requested effective 1/1/2022	0.71% from line 26		
46	Residential Flat Rate Customer Bill - with impact from SSIC award effective 1/1/2022	\$ 54.49	line 44 x (1+line 45)	
47	Cumulative Impact on monthly residential bills as of 1/1/2022	\$ 0.38	line 46 less line 44	

APPENDIX B

FWW-3

Aqua North Carolina, Inc.
 Docket No. W-218, Sub 526A
 SSIC - Fairways & Beau Rivage Wastewater
 Calculation of Accumulated Depreciation
 For the Quarter ending September 30, 2021

UPDATED

Utility Account	Depr Rate	2020		2021		2020 Accum Depr	2021 Accum Depr	Total Accum Depr	Annual Depr Exp
		SSIC Additions	SSIC Additions	Total SSIC Additions	Total SSIC Additions				
354200-Structures and Improvements	2.08%			-	-	0.00	0.00	0.00	0.00
360200-Collection Sewers-Force	1.53%			-	-	0.00	0.00	0.00	0.00
361200-Collection Sewers-Gravity	1.85%			-	-	0.00	0.00	0.00	0.00
363200-Services to Customers	2.45%			-	-	0.00	0.00	0.00	0.00
371-Pumping Equipment	7.41%		26,553.17	26,553.17	-	0.00	983.79	983.79	1,967.59
380400-Treatment & Disposal Equip	2.77%			-	-	0.00	0.00	0.00	0.00
382400-Outfall Sewer Lines	2.46%			-	-	0.00	0.00	0.00	0.00
396700-Communication Equip	6.67%			-	-	0.00	0.00	0.00	0.00
Fairways WW Total	7.41%	-	26,553.17	26,553.17	-	0.00	983.79	983.79	1,967.59

12/31/2021 Accum Depr 983.79
 12/31/2022 Accum Depr 2,951.38
 Avg Accum Depr 1,967.58

ANC WW Accum Depr

APPENDIX B

FWW-4

Aqua North Carolina, Inc.
 Docket No. W-218, Sub 526A
 SSIC - Fairways & Beau Rivage Wastewater
 Calculation of Tax Deduction
 For the Quarter ending September 30, 2021

2020 Additions

Utility Account	MACRS WSIC Additions	Repair Tax Eligible WSIC Additions	Total 2020 SSIC Additions	2020 MACRS Tax Deduction 2%	2020 Repair Tax Deduction 100%	Total 2020 Tax Deduction	2021 MACRS Tax Deduction 4%	Cummulative 2021 Additions Tax Deduction
354000-Structures and Improvements	-	-	-	-	-	-	-	-
360200-Collection Sewers-Force	-	-	-	-	-	-	-	-
361200-Collection Sewers-Gravity	-	-	-	-	-	-	-	-
363200-Services to Customers	-	-	-	-	-	-	-	-
371000-Pumping Equipment	-	-	-	-	-	-	-	-
380000-Treatment & Disposal Equip	-	-	-	-	-	-	-	-
382000-Outfall Sewer Lines	-	-	-	-	-	-	-	-
396000-Communication Equip	-	-	-	-	-	-	-	-
Fairways WW Total	-	-	-	-	-	-	-	-

2021 Additions

Utility Account	MACRS WSIC Additions	Repair Tax Eligible WSIC Additions	Total 2021 SSIC Additions	2021 MACRS Tax Deduction 2%	2021 Repair Tax Deduction 100%	Total 2021 Tax Deduction 12/31/21	MACRS Tax Deduction 4%	Total Tax Deduction Reserve 12/31/2021	Total Tax Deduction Reserve 12/31/2022
354000-Structures and Improvements	-	0.00	-	-	-	-	-	-	-
360200-Collection Sewers-Force	-	0.00	-	-	-	-	-	-	-
361200-Collection Sewers-Gravity	-	0.00	-	-	-	-	-	-	-
363200-Services to Customers	-	0.00	-	-	-	-	-	-	-
371000-Pumping Equipment	-	26,553.17	26,553.17	-	26,553.17	26,553.17	-	26,553.17	26,553
380000-Treatment & Disposal Equip	-	0.00	-	-	-	-	-	-	-
382000-Outfall Sewer Lines	-	0.00	-	-	-	-	-	-	-
396000-Communication Equip	-	0.00	-	-	-	-	-	-	-
Fairways WW Total	-	26,553.17	26,553.17	-	26,553.17	26,553.17	-	26,553.17	26,553.17

Tax Reserve	26,553.17	
Book Reserve	1,967.58	
Tax greater than Book	24,585.59	
Composite income tax rate	22.975%	
Accumulated Deferred Income Tax	5,649.00	

Repair Tax Eligible:		UT
SSIC: Beau Riv/Promenade LS Pump Rpl	18,477.85	371
SSIC: Mainsail LS Pump Rpl	8,075.32	371
Totals	26,553.17	

APPENDIX B

BW-1

Aqua North Carolina, Inc.
 Construction Status Report
 Brookwood & LaGrange Water
 For the Quarter ending September 30, 2021

Construction in-service closed to UPIS:

Funding Project	Project Description	4/2021		5/2021		6/2021		2Q2021		7/2021		8/2021		9/2021		3Q2021		Cumulative	
		Closed to UPIS	Closed to UPIS	Closed to UPIS	Closed to UPIS	UPIS (a)	Closed to UPIS	Closed to UPIS	Closed to UPIS	Closed to UPIS	Closed to UPIS	Closed to UPIS	Closed to UPIS	Closed to UPIS	UPIS (a)	Closed to UPIS	Closed to UPIS	Closed to UPIS	Closed to UPIS
FP35740014317	WSIC Sunset Park #26 Radium Filter	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.00	\$ -	\$ -	\$ -	\$ -	\$ -	208,352.36	208,352.36	208,352.36	208,352.36	208,352.36
	Total Brookwood	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -	\$ -	\$ -	\$ -	208,352.36	208,352.36	208,352.36	208,352.36	208,352.36

BW-1 by UT

Aqua North Carolina, Inc.
Reconciliation by UT
Brookwood & LaGrange Water

Funding Project	Project Description	UT 304	UT 309	UT 320	UT 330	UT 331	UT 333	UT 334	UT 335	UT 346	Total
FP35740014317	WSIC Sunset Park #26 Radium Filter	110,184.48	17,856.14	80,110.17	0.00	0.00	0.00	0.00	0.00	201.57	208,352.36
		110,184.48	17,856.14	80,110.17	0.00	0.00	0.00	0.00	0.00	201.57	208,352.36
											0.00
											0.00
											0.00
											208,352.36

APPENDIX B

BW-2

AQUA NORTH CAROLINA, INC.
WSIC Filing Summary - W-218, Sub 526A
Rate Entity: Brookwood & LaGrange Water

Line#	Description	10/30/2021	9/30/2021	1/1/2022	12/31/2022	Pre-Tax	Weighted
1	Filing						
2	Plant in Service Date						
3	WSIC Rates Effective						
4	WSIC Period End						
5							
6	Plant Additions, current period	208,352.36					
7	Accumulated depreciation	(5,656.55)					
8	Net plant	202,695.81					
9	Deferred Income Tax	(613.00)					
10	Net Eligible Property	202,082.81					
11	Pre-tax ROR %	8.207%					
12	Pre-tax rate of return	16,584.76					
13	Annual depreciation expense	5,656.55					
14	Total, excluding regulatory fee	22,241.31					
15	Regulatory fee gross-up factor	0.99870					
16	Calculated WSIC revenue requirement for this filing	<u>22,270.26</u>					
17							
18	Total Service Revenues from Docket No. 218, Sub 526	6,433,920.00					
19	Cap of 7.5% of annual service revenues from Docket No. 218, Sub 526	482,544.00					
20							
21	Revenue Request effective 1/1/2021 (2021-1)	-					
21-b	Revenue Request effective 7/1/2021 (2021-2)	38,476.00					
21-c	Revenue Request effective 1/1/2022 (2022-1)	22,270.26					
	Total Annual WSIC revenue based on cumulative WSIC net plant.						
22	CAPPED AT 7.5% TARGET FROM LINE 19 ABOVE	60,746.26					
23	Anticipated Non-WSIC service revenues 1/1/2022 to 12/31/2022	6,365,569.00					
24	Total Annual WSIC Revenue Requirement as % of Estimated Service Revenues	0.95%					
25	Adjust for 2020 Mod Factor (EMF) eff 7/1/2021	0.03%					
26	WSIC Surcharge % requested for effective date of 7/1/2021	0.98%					
27	(Note 1) Capital Structure and Rate of Return from Docket No. 218, Sub 526:						
28	SIT rate (effective 1/1/19)	2.50%					
29	FIT rate (effective 1/1/18)	21.00%					
30	Composite income tax rate 1-((1-2.5%) x (1-21%))	22.975%					
31							
32							
33							

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APPENDIX B

AQUA NORTH CAROLINA, INC.
WSIC Filing Summary - W-218, Sub 526A
Rate Entity: Brookwood & LaGrange Water

Line#	Description	50%	Cost	Cost	Cost
34	Capital costs and structure from Docket No.218, Sub 526:				
35	Debt		4.21%	2.105%	2.105%
36	Equity		9.40%	4.700%	6.102%
37	(Pre Tax Equity 4.70% / (1-22.975%))			6.805%	8.207%
38					
39	(Note 2)				
40	Regulatory fee rate (as of 7/1/2019)		0.130%		
41	Regulatory fee gross-up factor 1-13%		0.99870		
42					
43	Average Residential Customer Bill				
44	monthly gallons billed per customer per Docket W-218, Sub 526			5,069	
45	BFC Charge, as of 10/26/2020			\$ 16.01	
46	Usage Charge, as of 10/26/2020			\$ 4.57	
47	Average Residential Customer Bill - prior to application of WSIC surcharge			\$ 39.18	line 45+line 44/1000 x line 46
48	WSIC Surcharge requested effective 7/1/2021 (above)			0.98%	from line 26
49	Average Residential Customer Bill - after application of 7/1/2021 WSIC surcharge			\$ 39.56	line 47 x (1+line 48)
50	Cumulative Impact on monthly residential bills as of 7/1/2021			\$ 0.38	line 49 less line 47

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APPENDIX B

Aqua North Carolina, Inc.
 Docket No. W-218, Sub 526A
 WSIC - Brookwood & LaGrange Water
 Calculation of Accumulated Depreciation
 For the Quarter ending September 30, 2021

Utility Account	Depr Rate	2020		2021		2020 Accum Depr	2021 Accum Depr	Total Accum Depr	Annual Depr Exp
		WSIC Additions	WSIC Additions	Total WSIC Additions	Total WSIC Additions				
304000-Structures & Improvements	1.57%		110,184.48	110,184.48	0.00	864.95	864.95	1,729.90	
309200-Supply Mains	4.56%		17,856.14	17,856.14	0.00	407.12	407.12	814.24	
320300-Water Treatment Equipment	3.86%		80,110.17	80,110.17	0.00	1,546.13	1,546.13	3,092.25	
330400-Dist Reservoirs & Standpipes	2.15%			-	0.00	0.00	0.00	0.00	
331400-T&D Mains	1.71%			-	0.00	0.00	0.00	0.00	
333400-Services	4.81%			-	0.00	0.00	0.00	0.00	
334400-Meters & Meter Installations	3.30%			-	0.00	0.00	0.00	0.00	
335400-Hydrants	2.39%			-	0.00	0.00	0.00	0.00	
346000-Communication Equip	10.00%		201.57	201.57	0.00	10.08	10.08	20.16	
Brookwood Total	2.71%	-	208,352.36	208,352.36	0.00	2,828.28	2,828.28	5,656.55	

208,352.36

12/31/21 Accum Depr 2,828.28
 12/31/22 Accum Depr 8,484.83
 Avg Accum Depr 5,656.55

Brookwood Accum Depr

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APPENDIX B

Aqua North Carolina, Inc.
 Docket No. W-218, Sub 526A
 WSIC - Brookwood & LaGrange Water
 Calculation of Tax Deduction
 For the Quarter ending September 30, 2021

2020 Additions

Utility Account	MACRS WSIC Additions	Repair Tax Eligible WSIC Additions	Total 2020 SSIC Additions	2020 MACRS Tax Deduction 2%	2020 Repair Tax Deduction 100%	Total 2020 Tax Deduction	2021 MACRS Tax Deduction 4%	Cumulative 2021 Additions Tax Deduction
Brookwood Total	-	-	-	-	-	-	-	-

2021 Additions

Utility Account	MACRS WSIC Additions	Repair Tax Eligible WSIC Additions	Total 2021 SSIC Additions	2021 MACRS Tax Deduction 2%	2021 Repair Tax Deduction 100%	Total Tax Deduction 12/31/21	MACRS Tax Deduction 4%	Total Tax Deduction Reserve 12/31/2022
304000-Structures & Improvements	110,184.48	-	110,184.48	2,204.00	-	2,204.00	4,407.38	6,611.38
309200-Supply Mains	17,856.14	-	17,856.14	357.00	-	357.00	714.25	1,071.25
320300-Water Treatment Equipment	80,110.17	-	80,110.17	1,602.00	-	1,602.00	3,204.41	4,806.41
330400-Dist Reservoirs & Standpipes	-	-	-	-	-	-	-	-
331400-T&D Mains	-	-	-	-	-	-	-	-
333400-Services	-	-	-	-	-	-	-	-
334400-Meters & Meter Installations	-	-	-	-	-	-	-	-
335400-Hydrants	201.57	-	201.57	4.00	-	4.00	-	-
346000-Communication Equip	208,352.36	-	208,352.36	4,167.00	-	4,167.00	8,326.03	12,489.03
Brookwood Total	208,352.36	-	208,352.36	4,167.00	-	4,167.00	8,326.03	12,489.03

Tax Reserve	8,326.02	12/31/21 Tax Reserve
Book Reserve	5,656.55	12/31/22 Tax Reserve
Tax greater than Book	2,669.46	Avg. Tax Reserve*
Composite income tax rate	22.975%	
Accumulated Deferred Income Tax	613.00	

Repair Tax Eligible:	2020	2021	UT
Totals	-	-	-

AQUA NORTH CAROLINA, INC.
Docket No. W-218, Sub 526A
Rate Entity: Brookwood and LaGrange Water
Project Scope For the Quarter ending September 30, 2021

Funding Project	Project Description	Project Scope	Ref
FP35740014317	WSIC Sunset Park #26 Radium Filter	The installation of treatment to remove primary contaminant radium to comply with primary drinking water standards. G.S. 62-133.12(c)(3) Eligible Water System Improvements.	Paragraph 14/15 of the Application

Aqua North Carolina, Inc.
 Docket No. W-218, Sub 526A
 Calculation of WSIC & SSIC Revenue Requirement
 for WSIC & SSIC Period - First Half of 2021
 (April 2020 through September 2020 Additions)

APPENDIX B: 2021-1 updated for
 Exhibit 1 2022-1
 Schedule 3

Line No.	Item	Year 1	Year 2	Year 3	Year 4	Year 5
		(1/1/21 - 12/31/21)	(1/1/22 - 12/31/22)	(1/1/23 - 12/31/23)	(1/1/24 - 12/31/24)	(1/1/25 - 12/31/25)
		(a)	(b)	(c)	(d)	(e)
UNIFORM WATER OPERATIONS						
1	Plant in service	\$1,257,055 [1]	\$1,257,055 [1]	\$1,257,055 [1]	\$1,257,055 [1]	\$1,257,055 [1]
2	Accumulated depreciation	(39,259) [2]	(78,518) [2]	(117,777) [2]	(157,038) [2]	(196,295) [2]
3	ADIT	(2,533) [3]	(5,066) [3]	(7,598) [3]	(10,131) [3]	(12,663) [3]
4	Net plant investment (L1 + L2 + L3)	1,215,263	1,173,471	1,131,679	1,089,888	1,048,096
5	Pre-tax rate of return	8.207% [4]	8.207% [4]	8.207% [4]	8.207% [4]	8.207% [4]
6	Capital costs (L4 x L5)	99,736	96,306	92,876	89,446	86,016
7	Depreciation expense	39,259 [5]	39,259 [5]	39,259 [5]	39,259 [5]	39,259 [5]
8	Subtotal, excluding regulatory fee (L6 + L7)	138,995	135,565	132,135	128,705	125,275
9	Regulatory fee gross-up factor	0.99870 [6]	0.99870 [6]	0.99870 [6]	0.99870 [6]	0.99870 [6]
10	Annual WSIC revenue requirement (L8 / L9)	139,178	135,741	132,307	128,872	125,438
UNIFORM SEWER OPERATIONS						
11	Plant in service	\$578,898 [1]	\$578,898 [1]	\$578,898 [1]	\$578,898 [1]	\$578,898 [1]
12	Accumulated depreciation	(21,355) [2]	(42,709) [2]	(64,064) [2]	(85,419) [2]	(106,774) [2]
13	ADIT	(54,013) [3]	(52,194) [3]	(50,374) [3]	(48,555) [3]	(46,735) [3]
14	Net plant investment (L11 + L12 + L13)	503,530	483,996	464,460	444,925	425,389
15	Pre-tax rate of return	8.207% [4]	8.207% [4]	8.207% [4]	8.207% [4]	8.207% [4]
16	Capital costs (L14 x L15)	41,324	39,721	38,118	36,515	34,911
17	Depreciation expense	21,355 [5]	21,355 [5]	21,355 [5]	21,355 [5]	21,355 [5]
18	Subtotal, excluding regulatory fee (L16 + L17)	62,679	61,076	59,473	57,870	56,266
19	Regulatory fee gross-up factor	0.99870 [6]	0.99870 [6]	0.99870 [6]	0.99870 [6]	0.99870 [6]
20	Annual SSIC revenue requirement (L18 / L19)	62,760	61,155	59,550	57,945	56,339
FAIRWAYS WATER OPERATIONS						
21	Plant in service	\$0 [1]	\$0 [1]	\$0 [1]	\$0 [1]	\$0 [1]
22	Accumulated depreciation	0 [2]	0 [2]	0 [2]	0 [2]	0 [2]
23	ADIT	0 [3]	0 [3]	0 [3]	0 [3]	0 [3]
24	Net plant investment (L21 + L22 + L23)	0	0	0	0	0
25	Pre-tax rate of return	8.207% [4]	8.207% [4]	8.207% [4]	8.207% [4]	8.207% [4]
26	Capital costs (L24 x L25)	0	0	0	0	0
27	Depreciation expense	0 [5]	0 [5]	0 [5]	0 [5]	0 [5]
28	Subtotal, excluding regulatory fee (L26 + L27)	0	0	0	0	0
29	Regulatory fee gross-up factor	0.99870 [6]	0.99870 [6]	0.99870 [6]	0.99870 [6]	0.99870 [6]
30	Annual WSIC revenue requirement (L28 / L29)	0	0	0	0	0
FAIRWAYS SEWER OPERATIONS						
31	Plant in service	\$7,597 [1]	\$7,597 [1]	\$7,597 [1]	\$7,597 [1]	\$7,597 [1]
32	Accumulated depreciation	(583) [2]	(1,126) [2]	(1,689) [2]	(2,252) [2]	(2,815) [2]
33	ADIT	(1,616) [3]	(1,487) [3]	(1,357) [3]	(1,228) [3]	(1,099) [3]
34	Net plant investment (L31 + L32 + L33)	5,418	4,984	4,551	4,117	3,683
35	Pre-tax rate of return	8.21% [4]	8.21% [4]	8.207% [4]	8.207% [4]	8.207% [4]
36	Capital costs (L34 x L35)	445	409	373	338	302
37	Depreciation expense	583 [5]	563 [5]	563 [5]	563 [5]	563 [5]
38	Subtotal, excluding regulatory fee (L36 + L37)	1,008	972	936	901	865
39	Regulatory fee gross-up factor	0.99870 [6]	0.99870 [6]	0.99870 [6]	0.99870 [6]	0.99870 [6]
40	Annual SSIC revenue requirement (L38 / L39)	1,009	973	937	902	866
BROOKWOOD WATER OPERATIONS						
41	Plant in service	\$0 [1]	\$0 [1]	\$0 [1]	\$0 [1]	\$0 [1]
42	Accumulated depreciation	0 [2]	0 [2]	0 [2]	0 [2]	0 [2]
43	ADIT	0 [3]	0 [3]	0 [3]	0 [3]	0 [3]
44	Net plant investment (L41 + L42 + L43)	0	0	0	0	0
45	Pre-tax rate of return	8.21% [4]	8.21% [4]	8.207% [4]	8.207% [4]	8.207% [4]
46	Capital costs (L44 x L45)	0	0	0	0	0
47	Depreciation expense	0 [5]	0 [5]	0 [5]	0 [5]	0 [5]
48	Subtotal, excluding regulatory fee (L46 + L47)	0	0	0	0	0
49	Regulatory fee gross-up factor	0.99870 [6]	0.99870 [6]	0.99870 [6]	0.99870 [6]	0.99870 [6]
50	Annual WSIC revenue requirement (L48 / L49)	0	0	0	0	0

[1] Exhibit I, Schedule 3-1, Column (i).
 [2] Exhibit I, Schedule 3-2, average accumulated depreciation for year
 [3] Exhibit I, Schedule 3-2, average ADIT for year
 [4] Pre-tax rate of return percentage for relevant period
 [5] Exhibit I, Schedule 3-1, Column (j).
 [6] 1 minus regulatory fee rate for the relevant period

**Aqua North Carolina, Inc. ("Aqua" or "Company")
Water and Sewer System Improvement Charge Rate Adjustment
Mechanism
Tariff/Rate Schedule
Docket No. W-218, Sub 526A**

By Order entered in Docket No. W-218, Sub 526 on October 26, 2020, the North Carolina Utilities Commission ("NCUC") continued its approved Aqua's request, pursuant to G.S. 62-133.12, for authority to continue to implement a semiannual water and sewer system improvement charge (WSIC/SSIC) rate 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 7.5% of the total annual service revenues approved by the Commission in the Company's last general rate case. NCUC Rules R7-39(h) and R10-26(h) specify how the water and sewer system improvement charges are to be calculated. Subsections (h)(1) of the Rules specify that the WSIC and SSIC shall be expressed as a percentage carried to two decimal places and shall be applied to the total utility bill of each customer under the utility's applicable service rates and charges.

**WSIC/SSIC Cumulative Percentage Surcharges
(Effective for Service Rendered On and After January 1, 2022)**

Pursuant to G.S. 62-133.12 and NCUC Rules R7-39 and R10-26, the NCUC entered an Order in Docket No. W-218, Sub 526A on _____, 202__, which authorized Aqua to implement the following cumulative WSIC and SSIC percentage surcharges effective for service rendered on and after January 1, 2022:

WSIC Surcharges

Aqua Water:	3.32%
Brookwood/LaGrange Water:	0.98%
Fairways and Beau Rivage Water:	5.35%

SSIC Surcharges

Aqua Sewer:	3.27%
Fairways and Beau Rivage Sewer:	0.71%

APPENDIX C
Page 2 of 2

These updated, cumulative WSIC and SSIC percentage surcharges will be applied to the total utility bill of each Aqua customer under the Company's applicable service rates and charges and will remain in effect unless and until modified or superseded by the NCUC in a subsequent semiannual WSIC/SSIC surcharge proceeding or they are reset to zero in a subsequent general rate case.

CERTIFICATE OF SERVICE

I hereby certify that I have served a copy of the foregoing **Application for Approval of Water and Sewer System Improvement Charge Rate Adjustments Pursuant to G.S. 62-133.12**, filed by Aqua North Carolina, Inc. in Docket No. W-218, Sub 526A, on the parties to Docket No. W-218, Sub 526 in accordance with North Carolina Utilities Commission Rule R1-39, either by United States mail, first class postage pre-paid; by hand delivery; or by means of electronic delivery upon agreement of the receiving party.

This the 1st day of November, 2021.

**Electronically Submitted
/s/Jo Anne Sanford**

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