

SANFORD LAW OFFICE, PLLC
Jo Anne Sanford, Attorney at Law

September 30, 2022

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
Seventeenth Semi-Annual Report Regarding Secondary
Water Quality Concerns

Dear Ms. Dunston:

Enclosed please find for filing the referenced Seventeenth Semi-Annual Report Regarding Secondary Water Quality Concerns, jointly submitted by Aqua North Carolina, Inc. and the Public Staff. This Report is the latest in a series of reports filed pursuant to the Commission's Rate Case Order of October 26, 2020, in Docket No. W-218, Sub 526, at page 171 (Ordering Paragraph No. 19).

As always, thank you and your office for your assistance and please feel free to contact me if there are any questions.

Sincerely,

Electronically Submitted
/s/Jo Anne Sanford
State Bar # 6831

Attorney for Aqua North Carolina, Inc.

c: Parties of Record

STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH

DOCKET NO. W-218, SUB 526A

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of
Reporting Requirements from Docket No. W-218,) **SEVENTEENTH**
Sub 526 - Application by Aqua North Carolina, Inc.,) **SEMI-ANNUAL REPORT**
202 MacKenan Court, Cary, North Carolina 27511,) **REGARDING**
for Authority to Adjust and Increase Rates for) **SECONDARY WATER**
Water and Sewer Utility Service in All of Its Service) **QUALITY CONCERNS**
Areas in North Carolina)

NOW COME Aqua North Carolina, Inc. (Aqua or Company) and the Public Staff – North Carolina Utilities Commission (Public Staff), by and through the undersigned counsel, to file this Seventeenth Semi-Annual Report Regarding Secondary Water Quality Concerns (Seventeenth Semi-Annual Report), as discussed below.

In support of this Seventeenth Semi-Annual Report, Aqua and the Public Staff state the following:

On October 26, 2020, the North Carolina Utilities Commission (NCUC or Commission) issued its *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.

The Commission included the following reporting requirement in its Ordering Paragraph No. 19, at page 171 of the 2020 Rate Case Order:

That the Public Staff and Aqua NC are required to file a written report with the Commission, on March 1 and September 1 each year in which the WSIC is in effect, on secondary quality concerns that are affecting its customers. If a particular secondary water quality concern

has affected or is affecting 10% of the customers in an individual subdivision service area or 25 billing customers in an individual service area, whichever is less, the customers affected and the estimated expenditures that are necessary to eradicate to the extent practicable water quality issues related to iron and manganese through the use of projects that are eligible for recovery through the WSIC shall be detailed in the written report. The written report shall also contain a recommendation as to whether the Commission should order Aqua NC to pursue such corrective action and an underlying reason why the action should or should not be undertaken. If there are no secondary water issues or if the secondary water quality issues are below the 10%/25 threshold previously set forth, Aqua NC and the Public Staff shall so inform the Commission, but they need not report secondary water quality issues resolved by Aqua NC without the assistance or expectation of assistance of the WSIC.

On August 15, 2014, Aqua filed its First Semi-Annual Report on Secondary Water Quality Concerns in Docket No. W-218, Sub 363A. Thereafter, Aqua has heretofore filed an additional 15 Semi-Annual Reports, including its Sixteenth Semi-Annual Report Regarding Secondary Water Quality Concerns which was filed in Docket No. W-218, Sub 526A on March 1, 2022.

DISCUSSION

Aqua initially determined that 10 systems potentially met either the 10% of customers or 25 billing customers per system reporting requirements for inclusion in this Semi-Annual Report.

After thorough review, nine of the ten systems were removed as they were determined to not meet the required reporting criteria by either not being attributable to secondary water quality issues or anticipated to be resolved through WSIC funding.

- Two systems were excluded for operation and maintenance issues (e.g., meter replacement, system flushing, and/or filter maintenance).

- One system was excluded due to purchase water purveyor issues.
- One system was excluded due to the work order system counting one call multiple times resulting in a calculation error.
- One system was excluded due to one customer counting twice resulting in a calculation error.
- Two systems were excluded as the customer complaints were related to water main breaks; and
- Two systems were excluded as the customer complaints were related to irrigation demands.

Aqua determined that there was one subdivision or service area served by the Company where a particular secondary water quality concern affected either 10% of the customers or 25 billing customers during the six-month reporting period ending June 30, 2022, which is the period addressed by this Seventeenth Semi-Annual Report. The Aqua system in question is listed below.

<u>Systems Located in Aqua's Central Area</u>	<u>Systems Located in Aqua's Western Area</u>	<u>Systems Located in Aqua's Coastal Area</u>
Brackenridge	None	None

Public Staff Comments: Lakewood water system in Gaston County previously appeared in the Fourth Semi-annual Report. Aqua stated that the system currently serves 22 connections. During the six-month reporting period between January 1, 2022, and June 30, 2022, the Lakewood system received eight complaints, four of which were related to main breaks, one of which was related to flushing, and three of which were related to secondary water quality concerns (two

reported via calls to the company and one reported via social media post). To resolve these water quality concerns, all remaining customers are expected to be connected to the Two River Utilities water system, which parallels the Lakewood system, by the end of 2022. The Public Staff is aware that there is not a requirement to report on secondary water quality issues resolved by the Company without the assistance or expectation of assistance of the WSIC. However, the Public Staff believes that when a system, such as Lakewood, has been previously reported on and continues to meet the reporting criteria of a particular secondary water quality concern affecting either 10% of the customers or 25 billing customers during the six-month reporting period, and the concern remains unresolved, it is appropriate that the system be reported to the Commission.

Aqua Comments:

Aqua investigated paths to address the water quality in the Lakewood water system and notes that its current 22 active customers are expected to be served by Two Rivers Utilities (“TRU”) by year-end. Therefore, additional efforts to address water quality issues in this system are not necessary and the Company does not intend to utilize WSIC funding. The Company excluded this system from the Seventeenth Annual Report as the secondary water quality issues are being addressed and it does not meet the reporting requirements for inclusion.

SPECIFIC SERVICE AREA REPORTS

Brackenridge. The Brackenridge water system, located in Fuquay Varina, currently serves 19 connections and is permitted to serve 21 connections. There is one approved and active well on the system, which is treated with sodium

hypochlorite, sodium hydroxide, and a polyphosphate blend. A Harmsco filter was installed at the well in April 2018. Brackenridge also has one 5,400-gallon hydropneumatic storage tank in service. Tank and well maintenance at Brackenridge was completed in October 2020. Additionally, in June 2022, the well was cleaned, a second inline Harmsco filter was installed, and the hydropneumatic tank was cleaned.

Aqua received six water quality complaints from three customers in the six-month reporting period ending June 30, 2022. The six secondary water quality complaints from customers during the current reporting period were primarily related to discolored water. There were no customer complaints received during the previous reporting period ending December 31, 2021. Brackenridge's last Inorganic Chemical Analysis (IOC), which was taken October 12, 2020, showed the levels for iron of 1.08 mg/L and manganese of 0.211 mg/L, which were both above the Secondary Maximum Contaminant Levels (sMCLs).

The Brackenridge water system was flushed in January and June 2022 and is scheduled to be flushed again in January 2023.

This system is listed in Aqua's secondary water quality plan and was prioritized for filtration based on water quality and customer complaints. An Executive Summary, which provides supporting documentation for the request for the proposed filter at Well #1, was submitted by Aqua to the Public Staff on February 16, 2022. On June 13, 2022, the Public Staff requested further information on the proposed filter for Well No. 1; this requested information was provided by Aqua to the Public Staff on August 5, 2022.

Aqua proposes to install an oxidation-filtration system at Brackenridge Estates Well #1 to remove and reduce iron and manganese below the applicable sMCLs. The estimated capital cost of this proposed filtration project is \$310,000. A copy of the Executive Summary for this proposed project is attached hereto as Appendix B. To date, the Public Staff has not concurred with this proposed solution.

In the interim, Aqua will continue to address the water quality issues in this system operationally, and as effectively as possible with the installed treatment systems.

Public Staff Comments. Brackenridge previously appeared in the Ninth, Thirteenth, and Fourteenth semi-annual reports. Despite ongoing discussions between the Company and the Public Staff regarding the necessity and reasonableness of implementing the Brackenridge iron and manganese filtration project, it has come to the Public Staff's attention that on July 13, 2022, the Company was issued plan approval and authorization to proceed with construction from NCDEQ Public Water Supply Section. This project was included in the Company's capital investment plan in the Form W-1, Item 28 filed with its general rate case application, which lists a cost of \$330,000 and an in-service date of October 2022. The Public Staff will continue to investigate the prudence and reasonableness of this project in the general rate case proceeding.

The following Aqua appendices are attached to this Report:

<u>Appendix</u>	<u>System Name</u>
Appendix A	Brackenridge
Appendix B	Brackenridge Executive Summary

The Aqua appendices show:

- a. Simple map of system showing the location of each well, with wells identified; **FILED CONFIDENTIALLY**;
- b. Department of Environmental Health/Public Water Supply Section (DEH/PWSS) approval letter for each well;
- c. Original inorganic analysis for each well submitted to DEH for well approval;
- d. All inorganic analyses from each well at the wellhead for the last six years;
- e. Copies of all iron and/or manganese analyses for soluble and insoluble the past three years – baseline (without treatment), well head (after treatment), and distribution system (after treatment);
- f. Copies of the Pump Status Reports for each well for the last two years;
- g. Original 24-hour pump test for each well; and
- h. Copies within the last six months of all Aqua NC emails to and from PWSS, letters to and from PWSS, reports to and from PWSS, and the recommendations of PWSS regarding water quality concerns on Aqua NC's water systems.

RECOMMENDATION

WHEREFORE, Aqua and the Public Staff request that the Commission review this Seventeenth Semi-Annual Report Regarding Secondary Water Quality Concerns and accept the corrective actions recommended herein as reasonable and appropriate to address the secondary water quality issues affecting the Company's service areas listed above.

Respectfully submitted, this the 30th day of September, 2022.

ATTORNEYS FOR AQUA NORTH CAROLINA, INC.
Electronically Submitted

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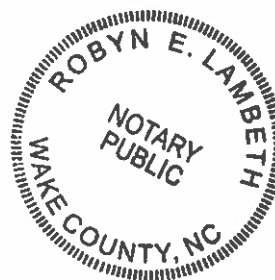
VERIFICATION

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 SEVENTEENTH SEMI-ANNUAL REPORT REGARDING SECONDARY WATER QUALITY CONCERNS filed in Docket No. W-218, Sub 526A; that he has read the foregoing Seventeenth Semi-Annual Report and knows the contents thereof; and that the same is true of his knowledge except as to those matters stated therein on information and belief, and as to those he believes them to be true.

Shannon V. Becker
Shannon V. Becker

Sworn to and subscribed before me this the 30th day of September 2022.

Robyn E. Lambeth
Robyn E. Lambeth
Notary Public



My Commission Expires: May 13, 2026

I signed this notarial certificate on September 30, 2022, according to the emergency video notarization requirements contained in G.S. 10B-25.

Notary Public location during video notarization: Wake County

Stated physical location of principal during video notarization: Wake County

CERTIFICATE OF SERVICE

I hereby certify that on this the 30th day of September 2022, a copy of the foregoing **SEVENTEENTH SEMI-ANNUAL REPORT REGARDING SECONDARY WATER QUALITY CONCERNS** has been duly served upon all parties of record in Docket No. W-218, Sub 526A by electronic service, addressed as shown below:

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