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November 9, 2023

Ms. A. Shonta Dunston
Chief Clerk
North Carolina Utilities Commission
430 N. Salisbury Street, Room 5063
Raleigh, NC 27603

Via Electronic Submittal

**Re: In the matter of The Federal Funding Available Under the Infrastructure
Investment and Jobs Act
Docket No. M-100 Sub 164
Second Aqua North Carolina, Inc. Report**

Dear Ms. Dunston:

Pursuant to the North Carolina Utilities Commission ("NCUC" or "Commission") Order of November 10, 2022, issued in Docket M-100 Sub 164 ("Order"), Aqua North Carolina, Inc. ("Aqua" or "Company") herewith submits its Second Report ("Report") in compliance therewith to be filed in the above-referenced docket.

I hereby certify that this filing has been served upon all parties and counsel of record as listed in the Commission's Service List for this docket and also served upon the NC Public Staff.

As always, we thank you and your staff for your assistance. Please contact me if there are questions or if additional information is required.

Sincerely,

/s/ David T. Drooz

David T. Drooz
Attorney for
Aqua North Carolina, Inc.

A Pennsylvania Limited Liability Partnership

California Colorado Delaware District of Columbia Florida Georgia Illinois Minnesota Nevada
New Jersey New York North Carolina Pennsylvania South Carolina Texas Virginia Washington

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Attachment

cc: All Parties and Counsel of Record
Charlie Baldwin
Shannon Becker
Dean Gearhart
Robyn Lambeth
Lauren Raup-Plummer
Jessica Heironimus, NC Public Staff
Gina Holt, NC Public Staff
Charles Junis, NC Public Staff
Michelle Boswell, NC Public Staff – Legal

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STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH

DOCKET NO M-100, SUB 164

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter)	
of the Federal Funding Available Under)	Second Aqua North
the Infrastructure Investment and Jobs Act)	Carolina, Inc. Report

On November 10, 2022, the Commission entered an Order Directing North Carolina Public Utilities to Take Reasonable and Prudent Action to Obtain Federal Funding and to File Reports ("Order") in Docket No. M-100, Sub 164, regarding federal funding available under the Infrastructure Investment and Jobs Act ("IIJA"). The Order provides that reports shall be made no less often than every six months beginning from the date of the Order.

In response to the requirements set-forth in the Order, Aqua North Carolina, Inc. ("Aqua") provides this second periodic progress report to the Commission.

a. Any additional programs under the IIJA of which that the Commission and parties should be aware;

Response: Aqua is not aware of additional programs under the IIJA of which the Commission and parties should be aware.

b. Any State IIJA Procedures not previously reported;

Response: Aqua is not aware of State IIJA Procedures not previously reported.

c. Developments in IIJA funding opportunities and procedures for obtaining funding;

Response: Aqua is not aware of new developments in IIJA funding opportunities and procedures for obtaining such funding.

d. Efforts by the reporting party to obtain funding under the IIJA, including existing federal programs that received additional funding under the IIJA, such reports to quantify the net benefits provided or expected to be provided to customers;

Response: Aqua has submitted five applications to the North Carolina Department of Environmental Quality Division of Water Infrastructure (DWI) to date for a total of \$12,376,555 in requested funding assistance.

In the previous IJA report, it was noted that Aqua had submitted two applications during the April 2023 application cycle. On August 18, 2023, Aqua received two Letters of Intent to Fund (LOIF) totaling \$3,375,675 via low-interest loans at 1.76% with a 2% loan fee from DWI. These LOIFs are contingent upon approval of the loan through the Local Government Commission and upon Aqua's ability to meet the milestones outlined therein. Aqua has not been informed of the Local Government Commission's decision.

The first application submitted during the April 2023 cycle received \$2,343,800 in funding assistance for the Aqua Brookwood Wells PFOS/PFOA Removal Project for the installation of PFOS/PFOA treatment systems at four well sites.

The second application submitted during the April 2023 cycle received \$1,031,875 in funding assistance for the Aqua Wyntree and Willow Hill Well Improvement Projects for the mitigation of PFOS/PFOA at two wells. Wyntree will be provided with treatment for both PFOS/PFOA, and Willow Hill will be interconnected to an adjacent water system.

Aqua filed a third application requesting project funding for \$1,603,300 from the DWI in August 2023. This application was submitted for the Lead Service Line (LSL) inventory effort at 13 water systems in the Brookwood rate entity. Aqua received the LOIF dated October 20, 2023, for a total funding amount of \$1,000,000. Seventy percent of the loan up to maximum of \$700,000 will be forgiven with the remainder repayable at 0.00% interest. A 2% loan fee will be invoiced after bids have been received. The remaining \$603,300 requested will be reconsidered in the November 2023 LSL replacement funding round.

A fourth application was submitted to DWI during the Fall 2023 Emerging Contaminants funding round for \$5,795,400. This application requested funding assistance to provide PFOS/PFOA treatment systems at eight well sites serving disadvantaged communities within the Brookwood rate entity. At the time of this report, Aqua has not been notified about the status of this application and award.

Aqua filed a fifth application requesting additional LSL inventory funding assistance during the November 2023 LSL replacement funding round. An amount of \$1,602,180 was requested in funding assistance to inventory LSLs for Aqua owned water systems in three counties – Gaston County, Surry County, and Warren County. If awarded, the majority of these funds will be used to benefit disadvantaged communities within the Aqua Water rate entity.

Should Aqua receive funding assistance, Aqua's customers will benefit from the allocation of these funds through decreased debt interest costs that would have otherwise been included in future revenue requirements and raised customer rates.

e. Any specific actions the Commission might take in the public interest to increase the opportunities for North Carolina utility customers to receive benefits under the IIJA;

Response: Aqua's awards will be subject to approval by the Local Government Commission and Aqua may request the assistance of the North Carolina Utilities Commission in responding to questions regarding the utility's ability to fund the proposed debt through rate-making proceedings.

Aqua stands ready to respond to any additional questions or requests from the Commission regarding its efforts to obtain government funding support for utility projects.

Respectfully submitted, this the 9th day of November, 2023.

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CERTIFICATE OF SERVICE

The undersigned hereby certifies that a copy of the foregoing Second Aqua North Carolina, Inc. Report filed in NCUC Docket M-100 Sub 164, has been served on parties and counsel of record as shown on the Commission's Service List for the docket, and NC Public Staff, either by electronic mail or by depositing same in the U.S. Mail, for first class delivery, postage affixed and prepaid.

This the 9th day of November, 2023.

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