

**STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH**

DOCKET NO. W-1300, SUB 60

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of		
Application by Old North State Water)	ORDER APPROVING REFUND
Company, Inc., 3212 6 th Avenue South,)	SCHEDULE AND REQUIRING
Suite 200, Birmingham, Alabama 35222, for)	COMPANY TO MAKE REFUNDS
Authority to Adjust and Increase Rates for)	TO CUSTOMERS WITHIN 30
Water Utility Service in All Its Service Areas)	DAYS
in North Carolina)	

BY THE PRESIDING COMMISSIONER: On June 29, 2021, Old North State Water Company, Inc.¹ (ONSWC or Company) filed an Application for Rate Increase in Docket No. W-1300, Sub 60 (Sub 60 Rate Case).

On November 29, 2021, the Company filed a Notice of Intent to Place Temporary Rates into Effect, and Motion for Approval of an Undertaking and for Approval of Notice of Temporary Rates and Approval of Notice of Rescheduled Hearing (November 29 Motion). In the November 29 Motion, the Company: (1) notified the Commission of its intent to place temporary rates into effect pursuant to N. C. Gen. Stat. § 62-135; (2) moved the Commission to approve its proposed methodology for determining if refunds are due after final rates are established in this proceeding; (3) moved the Commission to approve an attached combined Notice to Customers of Rescheduled Hearing and of Temporary Rates Effective January 29, 2022, Subject to Undertaking to Refund, and (4) moved the Commission to approve an attached Undertaking to Refund by the Company.

On December 7, 2021, the Public Staff filed a Motion in Response to ONSWC's Request to Approve Methodology to Calculate Refunds. The Public Staff argued that N.C.G.S. § 62-135 did not at that time require the Commission to determine the methodology by which any excess rates collected should be refunded to customers and requested that the Commission hold the Company's request in abeyance until final rates are approved, and provide the Public Staff the opportunity to comment on the proposed refund methodology if the customer bill impacts of the proposed interim rates are greater than the final, approved rates.

¹ On July 12, 2022, Old North State Water Company, Inc., made an undocketed filing notifying the Commission of the Company's conversion from a limited liability company (LLC) to a C Corporation. Included with the filing were the Articles of Incorporation Including Articles of Conversion that were filed with the North Carolina Department of the Secretary of State, indicating that effective July 11, 2022, the Company's name is Old North State Water Company, Inc.

On December 14, 2021, the Commission issued an Order Accepting Financial Undertaking and Approving Notice to Customers of Rescheduled Hearing and Temporary Rates (Temporary Rates Order). The Temporary Rates Order, in pertinent part, stated and ordered: (1) that the Commission takes no position on whether the Company should or should not invoke the temporary rates under bond mechanism authorized by statute; (2) that the Company provide notice to customers regarding the temporary rates should the Company implement the temporary rates under bond mechanism; (3) that the temporary rates shall not result in an increase of more than 20% on any single rate classification of the Company; (4) that the determination of the appropriate methodology for the calculation of refunds to customers of any amount of temporary rates collected in excess of those the Commission ultimately determines to be appropriate, if any, shall be addressed in a future order of the Commission; (5) that the Company shall be obligated to refund to its customers any amount of temporary rates made effective on or after January 29, 2022, that are finally determined by the Commission to be excessive, plus 10% interest per annum, and to make any refunds in a manner consistent with any additional terms and conditions imposed by the Commission in subsequent orders; and (6) that the Company-executed Undertaking to Refund with interest, from the date that such rates are put into effect, any revenues in excess of those the Commission ultimately determines to be appropriate, filed by the Company on November 29, 2021, in this docket, be accepted.

On June 13, 2022, the Commission issued the Order Approving Settlement Agreement and Stipulation, Granting Partial Rate Increase, and Requiring Customer Notice (Rate Case Order).

Ordering Paragraph 9 of the Rate Case Order provided as follows:

That the parties shall work on a mutually acceptable methodology for determining how to calculate refunds owed for bills issued during the interim rate period, if rates charged during the interim period were higher than the rates approved herein. The Company shall file a schedule listing the refund amounts, if any refunds are due, with the Commission within 15 days of this Order, and the Public Staff shall file a response to the Company's schedule within 30 days of this Order. After the parties have filed their proposed refund schedules, the Commission will issue an order approving or modifying the refund schedule, and the Company shall make any refunds to customers within 30 days of such order;

On June 29, 2022, the Company filed public and confidential versions of its Proposed Credit Adjustment Calculations for Refund of Temporary Rates (Refund Proposal). Pursuant to the Refund Proposal, the Company will make refunds, which include interest of 10% per annum, to customers in the Blawell and Rocklyn subdivisions.

On July 13, 2022, the Public Staff filed the Response of Public Staff to ONSWC's Proposed Credit Adjustment Calculations for Refund of Temporary Rates (Response). In the Response, the Public Staff indicates that it had performed an independent review of

the Company's Refund Proposal. Based on its review, the Public Staff states that it agrees with the Company's Refund Proposal and recommends that the Commission issue an order approving the refund schedule and requiring the Company to make the refunds to customers within 30 days of the order.

IT IS, THEREFORE, ORDERED that within 30 days of the date of this Order, ONSWC shall make refunds to customers as indicated in its June 29, 2022 Proposed Credit Adjustment Calculations for Refund of Temporary Rates.

ISSUED BY ORDER OF THE COMMISSION.

This the 29th day of July, 2022.

NORTH CAROLINA UTILITIES COMMISSION

A handwritten signature in black ink that reads "Erica N. Green". The signature is written in a cursive style with a large, stylized initial "E".

Erica N. Green, Deputy Clerk