

**STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH**

DOCKET NO. W-1075, SUB 12

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of	
Application by KRJ, Inc., d/b/a KRJ)
Utilities Company, Post Office Box 2369,)
Swansboro, North Carolina 28584, for)
Authority to Increase Rates for Water)
and Sewer Utility Service in its Southern)
Trace and Rockbridge Subdivisions in)
Wake County, North Carolina)

ORDER ESTABLISHING GENERAL
RATE CASE, SUSPENDING RATES,
SCHEDULING HEARINGS, AND
REQUIRING CUSTOMER NOTICE

BY THE COMMISSION: On January 10, 2018, KRJ, Inc., d/b/a KRJ Utilities Company (KRJ or Applicant) filed an application with the Commission seeking authority to increase its rates for water utility service in Southern Trace Subdivision and water and sewer utility service in Rockbridge Subdivision in Wake, County, North Carolina. KRJ serves approximately 428 metered water customers and 236 flat rate sewer customers. The present rates have been in effect since approved by the Commission for Southern Trace Subdivision in general rate case Order dated January 14, 2005, in Docket No. W-1075, Sub 4, and for Rockbridge Subdivision in the Order Granting Certificate of Public Convenience and Necessity and Approving Rates dated November 30, 2006, in Docket No. W-1075, Sub 5. The approved rates for both Southern Trace and Rockbridge Subdivisions were subsequently reduced for the repeal of the gross receipts tax and State corporate income tax rate reductions.¹

On January 25, 2018, the Public Staff – North Carolina Utilities Commission (Public Staff) filed with the Commission a letter pursuant to Commission Rule R1-17(f)(1) notifying KRJ that it was necessary for the Company to file certain specified information in order to complete its general rate increase application. On January 30, 2018, KRJ filed the additional information requested by the Public Staff in compliance with applicable provisions of Commission Rule R1-17(b). The Public Staff stated it had reviewed the information provided by the Applicant and believed the rate increase application to be complete.

¹ See Docket No. W-1075, Sub 10 and Docket No. M-100, Sub 138.

The Applicant's present and proposed rates are as follows:

Southern Trace Subdivision

	<u>Present Rates</u>	<u>Proposed Rates</u>
<u>Monthly Metered Water Rates:</u>		
Base charge, zero usage (minimum)	\$19.12	\$ 34.82
Usage charge, per 1,000 gallons	\$ 2.66	\$ 4.84

The Applicant's proposed rates would increase the average residential monthly water bill from \$32.81 to \$59.72, an 82.02% increase, based on an average monthly usage of 5,145 gallons.

Rockbridge Subdivision

	<u>Present Rates</u>	<u>Proposed Rates</u>
<u>Monthly Metered Water Rates:</u>		
Base charge, zero usage	\$14.40	\$ 34.55
Usage charge, per 1,000 gallons	\$ 1.49	\$ 3.57
<u>Monthly Flat Sewer Rates: (Per REU)</u>	\$68.33	\$105.37

The Applicant's proposed rates would increase the average residential monthly water bill from \$22.07 to \$52.92, a 139.78% increase, based on an average monthly usage of 5,145 gallons and the monthly flat sewer rate from \$68.33 to \$105.37 a 54.21% increase.

The Commission is of the opinion that KRJ's rate increase application is complete pursuant to Commission Rule R1-17(b), the application constitutes a general rate case, the proposed new rates should be suspended pending investigation, the matter should be scheduled for hearings, and that customers be notified.

IT IS, THEREFORE, ORDERED as follows:

1. That this proceeding is declared a general rate case pursuant to G.S. 62-137.
2. That the proposed new rates are suspended for up to 270 days pursuant to G.S. 62-134.
3. That the test period is established as the 12-month period ended May 30, 2016, with appropriate adjustments.

4. That the following hearing is scheduled for only customer testimony:

Raleigh, North Carolina: at 7:00 p.m., on Tuesday, May 15, 2018, Commission Hearing Room 2115, Dobbs Building, 430 North Salisbury Street.

5. That the application is scheduled for evidentiary hearing as follows:

Raleigh, North Carolina: at 9:30 a.m., on Wednesday, June 20, 2018, and will continue as necessary until conclusion, Commission Hearing Room 2115, Dobbs Building, 430 North Salisbury Street.

6. That the hearing scheduled for May 15, 2018, shall be for the purpose of receiving only customer testimony. The hearing scheduled for June 20, 2018, shall be for the purpose of receiving testimony of the Applicant, the Public Staff, and any other parties of record. Customers who are unable to attend the hearing on May 15, 2018, may testify at the Wednesday, June 20, 2018 hearing.

7. That the Applicant is required to file all direct testimony on which it will rely at hearing on or before May 8, 2018. The Public Staff and intervenors shall prefile testimony on or before May 21, 2018; and the Applicant shall prefile any rebuttal testimony no later than June 4, 2018.

8. All parties wishing to intervene shall petition to do so by May 21, 2018.

9. That the Applicant is required to notify the Public Staff of all updates and supporting data by April 20, 2018. This requirement shall not apply to events that are neither foreseeable or not within the Applicant's control.

10. That an officer or representative of the Applicant is required to appear in person before the Commission at the time and place of the hearing to testify concerning any of the information contained in the application. If the Applicant desires to cross-examine any witnesses at the hearing, the Applicant shall be represented by legal counsel at this hearing.

11. That the Notice to Customers, attached as Appendix A, shall be mailed with sufficient postage or hand delivered by the Applicant to all customers affected by the proposed new rates no later than 14 days after the date of this Order; and that the Applicant shall submit to the Commission the attached Certificate of Service, properly signed and notarized, not later 30 days after the date of this Order.

ISSUED BY ORDER OF THE COMMISSION.

This the 6th day of February, 2018.

NORTH CAROLINA UTILITIES COMMISSION



Linnetta Threatt, Deputy Clerk

Commissioner Charlotte A. Mitchell did not participate in this decision.

STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH

NOTICE TO CUSTOMERS
DOCKET NO. W-1075, SUB 12
BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

Notice is hereby given that KRJ, Inc., d/b/a KRJ Utilities Company, Post Office Box 2369, Swansboro, North Carolina 28584, filed an application with the North Carolina Utilities Commission on January 10, 2018, for authority to increase its rates for water utility service in Southern Trace Subdivision and water and sewer utility service in Rockbridge Subdivision in Wake, County, North Carolina. The present rates have been in effect since January 1, 2017 (pursuant to Commission Order issued December 7, 2016, in Docket No. W-1075, Sub 10), and October 13, 2015 (Docket No. W-1075, Sub 10), respectively.

The Applicant's present and proposed rates are as follows:

Southern Trace Subdivision

	<u>Present Rates</u>	<u>Proposed Rates</u>
<u>Monthly Metered Water Rates:</u>		
Base charge, zero usage (minimum)	\$19.12	\$ 34.82
Usage charge, per 1,000 gallons	\$ 2.66	\$ 4.84
Average monthly bill (Based on an average usage of 5,145 gallons)	\$32.81	\$ 59.72

Rockbridge Subdivision

	<u>Present Rates</u>	<u>Proposed Rates</u>
<u>Monthly Metered Water Rates:</u>		
Base charge, zero usage	\$14.40	\$ 34.55
Usage charge, per 1,000 gallons	\$ 1.49	\$ 3.57
Average monthly bill (Based on an average usage of 5,145 gallons)	\$22.07	\$ 52.92
<u>Monthly Flat Sewer Rates:</u> (Per REU)	\$68.33	\$105.37

The Commission may consider additional or alternative rate design proposals which were not included in the original application and may order increases or decreases in the rates which differ from those proposed by the Applicant. However, any rate structure considered will not generate more overall revenues than requested.

EFFECT OF RATES

The proposed rates in **Southern Trace Subdivision** would increase the average residential monthly water bill from \$32.81 to \$59.72, an 82.02% increase, based on an average monthly usage of 5,145 gallons.

The proposed rates in **Rockbridge Subdivision** would increase the average residential monthly water bill from \$22.07 to \$52.92, a 139.78% increase, based on an average monthly usage of 5,145 gallons and the monthly flat sewer rate from \$68.33 to \$105.37 a 54.21 % increase.

PUBLIC HEARING

The Commission has scheduled the application for public hearings as follows:

Raleigh, North Carolina: at 7:00 p.m., on Tuesday May 15, 2018, in Commission Hearing Room 2115, Dobbs Building, 430 North Salisbury Street.

Raleigh, North Carolina: at 9:30 a.m., on Wednesday, June 20, 2018, and will continue as necessary until conclusion, Commission Hearing Room 2115, Dobbs Building, 430 North Salisbury Street.

That the hearing scheduled for May 15, 2018, shall be for the purpose of receiving only customer testimony. The hearing scheduled for June 20, 2018, shall be for the purpose of receiving testimony of the Applicant, the Public Staff – North Carolina Utilities Commission (Public Staff), and any other parties of record. Customers who are unable to attend the hearing on May 15, 2018, may testify at the hearing on Wednesday, June 20, 2018. Correspondence concerning the proposed rate increase, service problems, or the public hearing should be directed to the Public Staff.

The Public Staff is authorized by statute to represent consumers in proceedings before the Commission. Written statements to the Public Staff should include the name of the customer, subdivision, contact information, and any information that the writer wishes to be considered by the Public Staff in its investigation of the matter, and these statements should be addressed to Mr. Christopher J. Ayers, Executive Director, Public Staff, 4326 Mail Service Center, Raleigh, North Carolina 27699-4326. Written statements can also be faxed to (919) 715-6704 or e-mailed to gina.casselberry@psncuc.nc.gov.

The Attorney General is also authorized by statute to represent the consumers in proceedings before the Commission. Statements to the Attorney General should be addressed to The Honorable Josh Stein, Attorney General, 9001 Mail Service Center, Raleigh, North Carolina 27699-9001.

Written statements are not evidence unless those persons submitting the statements appear at a public hearing and testify concerning the information contained in their written statements.

Persons desiring to present testimony concerning their opinion on this application, or any service problems they may be experiencing, may appear at this public hearing and give such testimony.

Persons desiring to intervene in the matter as formal parties of record should file a motion under North Carolina Utilities Commission Rules R1-6, R1-7, and R1-19 no later than May 21, 2018. Any such motion should be filed with the North Carolina Utilities Commission, 4325 Mail Service Center, Raleigh, North Carolina 27699-4325.

The details of the proposed new rates have been filed with the North Carolina Utilities Commission. A copy of the application and all filings in this matter are available for review by the public at the Office of the Chief Clerk, 430 North Salisbury Street, Raleigh, North Carolina. Information regarding this proceeding can also be accessed from the Commission's website at www.ncuc.net under the docket number of this proceeding.

This the 6th day of February, 2018.

NORTH CAROLINA UTILITIES COMMISSION



Linnetta Threatt, Deputy Clerk

CERTIFICATE OF SERVICE

I, _____, mailed with sufficient postage or hand delivered to all affected customers the attached Notice to Customers issued by the North Carolina Utilities Commission in Docket No. W-1075, Sub 12, and the Notice was mailed or hand delivered by the date specified in the Order.

This the ____ day of _____, _____.

By: _____
Signature

Name of Utility Company

The above named Applicant, _____, personally appeared before me this day and, being first duly sworn, says that the required Notice to Customers was mailed or hand delivered to all affected customers, as required by the Commission Order dated _____ in Docket No. W-1075, Sub 12.

Witness my hand and notarial seal, this the ____ day of _____, _____.

Notary Public

Printed Name

(SEAL) My Commission Expires: _____
Date