

NORTH CAROLINA UTILITIES COMMISSION
MINUTES OF REGULAR COMMISSION STAFF CONFERENCE

January 18, 2022

The Regular Commission Staff Conference of the North Carolina Utilities Commission was held on Monday, January 18, 2022, at 10:00 a.m., with Chair Mitchell presiding. The remote meeting was conducted by use of simultaneous communication (via Webex) pursuant to N.C. Gen. Stat. § 166A-19.24, streamed live online, and available to the public.

The following were present:

COMMISSIONERS:

Commissioner Gray
Commissioner Clodfelter
Commissioner Duffley
Commissioner Hughes
Commissioner McKissick

COMMISSION STAFF: Ms. Lazo, Ms. Fennell, Ms. Duffy, Ms. Ackerman, Ms. Hilburn, Ms. Paschal, Ms. Zhang, Ms. Burns, Mr. Gajda, Mr. Hardy, Mr. McCoy

PUBLIC STAFF: Ms. Holt, Ms. Jost, Mr. Grantmyre, Ms. Coxton, Mr. Josey, Ms. Feasel, Mr. Allison, Ms. Boswell, Ms. Darden, Mr. Junis, Ms. Proffitt,

ATTORNEY GENERAL:

COURT REPORTER: Ms. Vines

C. COMMUNICATIONS**P1. FILING OF INTERCONNECTION AGREEMENT AMENDMENTS BY AT&T NORTH CAROLINA AND FRONTIER**

EXPLANATION: The following interconnection agreement amendments were filed for Commission approval between October 21, 2021, and October 29, 2021:

BellSouth Telecommunications, LLC, d/b/a AT&T North Carolina

Docket No. P-55, Sub 1948 – Amendment filed on October 21, 2021, to an existing interconnection agreement with Teliix, Inc. (Teliix), which the Commission approved on October 6, 2021. The amendment allows Teliix to interconnect VoIP providers to the Public Switched Telephone Network (PSTN), and deliver and receive traffic from AT&T on behalf of those interconnected VoIP providers, in connection with the 2015 VoIP Number Access Order approved by the Federal Communications Commission (FCC) in WC Docket No. 13-97.

Frontier Communications of the Carolinas LLC

Docket No. P-1488, Sub 47 – Amendment filed on October 22, 2021, to an existing interconnection agreement with Level 3 Communications, LLC, originally approved in Docket No. P-19, Sub 399, on April 25, 2001. The amendment implements the changes mandated by the FCC in two orders issued in WC Docket No. 18-141, the UNE Transport Forbearance Order, released on July 12, 2019, and the UNE Loop-Resale Order, released on August 2, 2019 (collectively, the FCC Forbearance Orders).

Docket No. P-1488, Sub 50 – Amendment filed on October 29, 2021, to an existing interconnection agreement with Level 3 Telecom of North Carolina, LP, originally approved in Docket No. P-19, Sub 381, on August 23, 2000, when Level 3 Telecom of North Carolina, LP, operated as Time Warner Telecom of North Carolina, LP. The amendment implements the changes mandated by the FCC Forbearance Orders.

These filings were made in compliance with Commission Rule R17-4(d) and Sections 252(e) and 252(i) of the Telecommunications Act of 1996. The Act provides for the filing of such agreements and amendments with the state commission and approval or rejection by the state commission within 90 days after filing. On June 18, 1996, the Commission issued an Order in Docket No. P-100, Sub 133, allowing interim operation under negotiated agreements filed as public records prior to Commission approval of the agreements.

The Public Staff has reviewed the filings and recommends Commission approval.

The Public Staff recommended that orders be issued approving the interconnection agreement amendments effective on the date they were filed. The Public Staff has provided proposed orders to the Commission Staff.

It was moved and passed that the Public Staff’s recommendation be adopted.

E. WATER

P1. DOCKET NO. W-218, SUB 526A – AQUA NORTH CAROLINA, INC. – APPLICATION FOR APPROVAL OF WATER AND SEWER SYSTEM IMPROVEMENT RATE ADJUSTMENTS

EXPLANATION: On November 1, 2021, Aqua North Carolina, Inc. (Aqua NC or the Company), filed an application requesting authority to adjust its Water System Improvement Charges (WSIC) and Sewer System Improvement Charges (SSIC) effective January 1, 2022, pursuant to N.C. Gen. Stat. § 62-133.12 and Commission Rules R7-39(f) and R10-26(f) (Application).

On December 22, 2021, the Public Staff filed its Notice of Public Staff’s Plan to Present Comments and Recommendations at the Commission’s January 10, 2022 Regular Staff Conference (Notice).

Aqua NC’s WSIC and SSIC percentages were reset to zero as of October 26, 2020, the effective date of Aqua NC’s new base rates in its general rate case in Docket No. W-218, Sub 526 (Sub 526 Rate Case). This is Aqua NC’s third filing to implement charges under the WSIC and SSIC mechanisms since the conclusion of the Sub 526 Rate Case.

The Commission approved Aqua NC’s request to utilize the WSIC and SSIC mechanisms on December 22, 2014, effective January 1, 2015. The WSIC and SSIC procedures allow for semi-annual adjustments to Aqua NC’s rates every January 1 and July 1 based upon reasonable and prudently incurred investment in eligible system improvements completed and placed in service prior to the filing of the request.

Aqua NC requests authority to impose the following WSIC and SSIC percentages effective for service rendered on and after January 1, 2022:

	<u>Previously Approved WSIC/SSIC Percentage</u>	<u>Net Proposed Change To WSIC/SSIC Percentage</u>	<u>Cumulative WSIC/SSIC Percentage</u>
Aqua NC water	1.70%	1.66%	3.36%
Aqua NC sewer	3.06%	0.20%	3.26%
Fairways/Beau Rivage water	5.00%	0.25%	5.25%
Fairways/Beau Rivage sewer	0.55%	0.12%	0.67%
Brookwood/LaGrange water	0.60%	0.35%	0.95%

The WSIC and SSIC percentages above do not include the Experience Modification Factor (EMF) adjustments from the 2020 annual WSIC and SSIC revenue review, which went into effect on July 1, 2021. The impacts of the 2020 EMF on Aqua NC’s requested WSIC and SSIC percentages are as follows:

	<u>WSIC/SSIC Percentage</u>	<u>2020 Experience Modification Factor</u>	<u>Cumulative WSIC/SSIC Percentage</u>
Aqua NC water	3.36%	-0.040%	3.320%
Aqua NC sewer	3.26%	0.005%	3.265%
Fairways/Beau Rivage water	5.25%	0.100%	5.350%
Fairways/Beau Rivage sewer	0.67%	0.040%	0.710%
Brookwood/LaGrange water	0.95%	0.030%	0.980%

The cumulative WSIC and SSIC revenue requirements after Aqua NC’s proposed increases/decreases are as follows:

	<u>Previously Approved WSIC/SSIC Revenue Requirement</u>	<u>Net Change to WSIC/SSIC Revenue Requirement</u>	<u>Cumulative WSIC/SSIC Revenue Requirement</u>
Aqua NC water	\$651,586	\$698,562	\$1,350,148
Aqua NC sewer	\$529,673	\$39,067	\$568,740
Fairways/Beau Rivage water	\$66,351	\$0	\$66,351
Fairways/Beau Rivage sewer	\$11,988	\$3,526	\$15,514
Brookwood/LaGrange water	\$38,476	\$22,270	\$60,746

Pursuant to N.C.G.S. § 62-133.12(g), as amended by Session Law 2021-149, as of September 10, 2021, the cumulative WSIC and SSIC percentages are capped at 7.5% of total annual service revenues, instead of the original 5% of total annual service revenues approved by the Commission in the Sub 526 Rate Case. The resulting maximum revenue requirements for water and sewer operations are as follows:

	<u>Sub 526 Annual Service Revenues</u>	<u>Maximum WSIC/SSIC Percentage</u>	<u>Maximum WSIC/SSIC Revenue Requirement</u>
Aqua NC water	\$38,546,489	x 7.5% =	\$2,890,987
Aqua NC sewer	\$16,426,070	x 7.5% =	\$1,231,955
Fairways/Beau Rivage water	\$1,159,708	x 7.5% =	\$86,978
Fairways/Beau Rivage sewer	\$2,152,586	x 7.5% =	\$161,444
Brookwood/LaGrange water	\$6,433,919	x 7.5% =	\$482,544

As shown above, Aqua NC's proposed WSIC and SSIC revenue requirements do not exceed the maximum WSIC and SSIC revenue requirement for water and sewer operations.

Aqua NC's additional WSIC and SSIC revenue requirements are comprised of the calculated WSIC and SSIC revenue requirements for the current review period plus updates to the previously approved WSIC and SSIC revenue requirements that became effective on January 1, 2021, and July 1, 2021. The updates include the anticipated non-WSIC and non-SSIC annual service revenues based on Aqua NC's calendar year 2022 projection.

In its application, Aqua NC proposes the above increases in the WSIC and SSIC in order to recover the incremental depreciation and capital costs associated with the following WSIC and SSIC projects completed and placed in service from April 1, 2021, through September 30, 2021:

Main installation	\$ 56,000
Meters and/or appurtenances replacement	3,209,970
Primary drinking standards	331,479
Secondary drinking water standard	2,879,150
Pumping equipment replacement	15,005
Distribution valves replacement	17,309
Total WSIC plant additions	<u>\$ 6,508,913</u>

Pumping equipment replacement	\$ 181,465
Pumping equipment and wastewater treatment plants replacement	139,265
Total SSIC plant additions	<u>\$ 320,730</u>

Under N.C.G.S. § 62-133.12(c), eligible water system improvements include "equipment and infrastructure installed at the direction of the Commission to comply with secondary drinking water standards." During the six months ended September 30, 2021, Aqua NC installed seven iron and manganese filter projects in the following subdivisions at a total cost of \$2,879,150:

WSIC Whitetail Farm FeMn Filter, Well #1	\$ 236,325
WSIC Shannon Wds FeMn Filter, Well #4	410,279
WSIC Carlyle Manor FeMn Filter, Well #1 and Well #7	976,817
WSIC Enclave BCB FeMn Filter P75, Well #18	288,084
WSIC High Meadows Fe/Mn Filter, Well #2 and Well #3	303,710
WSIC Royal Senter FeMn Filter, Well #2 and Well #3	383,722
WSIC Royal Senter Rdg #1 FeMn Filter, Well #1	280,213
Total FeMn filter projects	<u>\$ 2,879,150</u>

The Commission authorized the implementation of these filtration projects in its Order Approving Secondary Water Quality Improvement Projects issued on April 3, 2020, in Docket No. W-218, Sub 497A and on January 8, 2021, March 16, 2021, and September 7, 2021, in Docket No. W-218, Sub 526A.¹

In its Order adopting Commission Rules R7-39 and R10-26 issued on June 6, 2014, in Docket No. W-100, Sub 54, the Commission stated that the Public Staff is to review all infrastructure improvement projects proposed for recovery for eligibility and reasonableness prior to making its recommendations to the Commission on WSIC or SSIC rate adjustments. The Commission further stated that any WSIC or SSIC rate adjustments outside of a general rate case will be allowed to become effective, but not unconditionally approved, and may be disallowed in the next general rate case proceeding if found to be unreasonable or imprudent upon review of the Public Staff and the Commission.

The Public Staff has reviewed Aqua NC's WSIC and SSIC improvements, including construction work in progress ledgers and transactions, invoices, work orders, engineering certifications, and other accounting records. Based on this review, the Public Staff recommends the following adjustments to Aqua NC's WSIC and SSIC revenue requirements:

(1) Correction to accumulated deferred income tax (ADIT) – The ADIT calculation for Brookwood LaGrange Water was inadvertently understated due to the exclusion of Utility Account 346000 Communication Equipment in the calculation of ADIT. The Public Staff included the costs for Utility Account 346000 in the calculation of ADIT. This adjustment does not change the revenue requirement and percentages required by the Company. The Company agrees with this adjustment.

(2) Reclassification of monthly project charges – For some CWIP projects, the Company recorded charges, including allocation from the parent company, in one month and then reversed the charges in a subsequent month. The Public Staff believes recording charges in one month and reversing them in a subsequent month results in the overstatement of the AFUDC calculation. AFUDC is calculated by multiplying interest rates by the sum of three components: half of the current month's charges, accumulated monthly charges from all prior months, and accumulated AFUDC calculated from all prior months. If certain charges were recorded earlier than they should have been, the current month's project costs would be overstated and, thus, AFUDC would be overstated in that month. In a subsequent month, even though the project costs are reversed, the AFUDC would be calculated again because the reversal of the project costs will only reflect the current half month's costs but the other two components, accumulated monthly charges from all prior months and accumulated AFUDC calculated from all prior months, will be mistakenly included in the basis of AFUDC calculation in that month. Therefore, the total

¹ The WSIC Blue Water Cove OCCT project was authorized by the Commission for implementation of a filtration project to address secondary water quality; however, in addition to the system removing iron, the system also adjusts pH to maintain primary water quality compliance for lead.

AFUDC from both months would be mistakenly calculated multiple times. To remove this overstatement of AFUDC, the Public Staff adjusted the CWIP project monthly charges by removing costs from the month in which they were recorded and adding them back in the month in which they were reversed by the Company. The total project charges will be reduced after the correction of the AFUDC calculation.

(3) Imputation of 2% invoice discount for well meter purchasing – Based on its review of invoices for project FP35800018686 WSIC Well Meter Replace – Central, the Public Staff determined that Aqua NC did not pay invoices in a timely manner, which would have qualified the Company to receive a 2% discount on well meter costs from the supplier. The Public Staff does not believe customers should pay for the non-discounted cost of this project due to the Company's failure to make payments in a timely manner. Accordingly, the Public Staff imputed the 2% discount on the well meter costs, resulting in a reduction of \$5,146.

(4) Removal of WSIC Cold Springs Water Main Extension – In its corrected Appendix B, Schedule ANCW-5, which it provided in response to a data request by the Public Staff, Aqua NC described this project as a "Main extension installed to serve properties included in the franchised service territory where it had not been installed by the developer. G.S.62-133.12(c)(2) Eligible Water System Improvements." N.C.G.S. § 62-133.12.(c)(2) states, "Main extensions installed to eliminate dead ends and to implement solutions to regional water supply in order to comply with primary and, upon specific Commission approval, secondary drinking water standards." The Public Staff believes that this is a new line to serve new customers and does not meet the statutory definition of eligible water system improvement. Accordingly, the Public Staff removed the project cost in the amount of \$56,000. The Company does not oppose this adjustment.

In its Notice, the Public Staff recommended an adjustment to update monthly interest rates used to calculate AFUDC based on documentation provided by the Company. Subsequent to the filing of its Notice, the Public Staff determined it was appropriate to continue to investigate the issue of AFUDC interest rates and to withdraw its recommendation for the purposes of Aqua NC's November 1, 2021 application.

The impact of the adjustments discussed in items (1) through (4) above decreases the overall revenue requirement for Aqua NC water operations and Brookwood/LaGrange water operations. The overall revenue requirement for Aqua Water operations is decreased to \$691,268. The overall revenue requirement for Brookwood/LaGrange water operations is decreased to \$22,266. The proposed WSIC percentage for Aqua Water operations dropped from 3.32% to 3.31% after consideration of EMF impact, but the proposed WSIC percentage for Brookwood/LaGrange water operations did not change based on the projected 2022 non-SSIC and non-WSIC revenues.

The Public Staff continues to be concerned about the prudence and reasonableness of the installation costs for Aqua NC's Meter Exchange Projects, which increased approximately 40% since Aqua NC's rate case in Docket No. W-218, Sub 497 (Sub 497 Rate Case). Given the extensive record regarding this matter in Aqua NC's Sub 497 Rate

Case, the complexity of the issue, and the absence of the Meter Exchange Project from Aqua NC's previous three-year plans, the Commission has concluded that the proper proceeding in which to address the Public Staff's concerns regarding the costs of Aqua NC's Meter Exchange Projects, after further investigation, is Aqua NC's next general rate case.²

Based on the adjustments described above, the Public Staff recommends the following adjustments to the WSIC and SSIC revenue requirements and percentages proposed by Aqua NC:

	WSIC/SSIC Percentage Per Aqua NC	WSIC/SSIC Revenue Requirement Per Public Staff	Impact of Public Staff Adjustments	WSIC/SSIC Percentage Per Public Staff
Aqua NC water	3.32%	\$1,342,853	-0.01%	3.31%
Aqua NC sewer	3.27%	\$568,741	0.00%	3.27%
Fairways/Beau Rivage water	5.35%	\$66,351	0.00%	5.35%
Fairways/Beau Rivage sewer	0.71%	\$15,514	0.00%	0.71%
Brookwood/LaGrange water	0.98%	\$60,740	0.00%	0.98%

The Public Staff recommends that Aqua NC be allowed to implement the Public Staff's proposed WSIC and SSIC percentages effective for service rendered on or after January 1, 2022, subject to true-up. The Public Staff will continue to review the justness, prudence, and reasonableness of these improvements during its review of Aqua NC's future WSIC and SSIC filings and in Aqua NC's next general rate case.

The Public Staff recommended that the Commission issue the proposed order approving the Public Staff's proposed water and sewer system improvement charges effective for service rendered on or after January 1, 2022, subject to true-up, and requiring customer notice.

Robert Bennink, Shannon Becker, and Dean Gearhart appeared on behalf of Aqua NC and responded to questions from the Commission.

This item was taken to Executive Conference for further discussion and consideration.

² Order Approving Water and Sewer System Improvement Charges on a Provisional Basis and Requiring Customer Notice, Docket No. W-218, Sub 526A, at 13 (November 1, 2021).

P2. CORRECTED DOCKET NO. W-354, SUB 366 – CAROLINA WATER SERVICE, INC. OF NORTH CAROLINA – NOTIFICATION OF INTENTION TO BEGIN WASTEWATER UTILITY OPERATIONS IN CONTIGUOUS SERVICE AREA

EXPLANATION: On September 23, 2021, Carolina Water Service, Inc. of North Carolina (CWSNC), filed a Notification of Intention to Begin Operations in Area Contiguous to Present Service Area (Notification) to provide wastewater utility service in the 14732 Lancaster Highway development, in Mecklenburg County, North Carolina. 14732 Lancaster Highway is contiguous to CWSNC's Bridle Stone subdivision service area. CWSNC proposes to charge the rates currently approved for that service area.

CWSNC presently serves one commercial wastewater customer in 14732 Lancaster Highway. CWSNC expects to eventually serve two commercial wastewater customers in 14732 Lancaster Highway. The service area is shown on plans filed with the Notification.

The North Carolina Department of Environmental Quality, Division of Water Resources, Water Quality Permitting Section, has issued permit number WQ0038291, dated February 23, 2016, for the construction and operation of the gravity wastewater collection system for a total of 26 apartments and office/mixed space as part of the Lancaster Highway Mixed-Use project, and authorizes the discharge of 12,240 gallons per day of collected domestic wastewater into CWSNC's existing sewerage system.

CWSNC has entered into an Agreement for Sewer Service dated September 19, 2019, with LH Developer, LLC (Developer), under which the Developer shall construct and install the wastewater utility system at no cost to CWSNC. The Developer agrees to convey the wastewater systems to CWSNC and pay to CWSNC its approved uniform wastewater connection fee/tap fee.

CWSNC presently holds water franchises serving approximately 30,856 customers and wastewater franchises serving approximately 19,788 customers in North Carolina. CWSNC's record of service is satisfactory.

CWSNC has requested a waiver of filing the five-year projected income and cash flow statements, because only two customers are being added. The Public Staff does not object to CWSNC's request for waiver, because these customers were incorporated into CWSNC's most recent rate case, in Docket No. W-354, Sub 384.

CWSNC has filed all exhibits required with the Notification, except for the five-year projected income and cash flow statements.

Based on the foregoing, the Public Staff is of the opinion that CWSNC has the technical, managerial, and financial capacity to provide wastewater utility service in this contiguous area and recommends that the contiguous extension be recognized. The Public Staff further recommends that the Commission require posting of a \$10,000 bond for the contiguous extension of 14732 Lancaster Highway. CWSNC currently has \$4,020,000 of

bonds posted with the Commission. Of this amount, \$3,780,000 of bond surety is assigned to specific subdivisions, and \$240,000 of bond surety is unassigned.

The Public Staff recommended that the Commission issue the proposed order recognizing the contiguous extension and approving rates.

It was moved and passed that the Public Staff's recommendation be adopted.

P3. CORRECTED DOCKET NO. W-354, SUB 367 – CAROLINA WATER SERVICE, INC. OF NORTH CAROLINA – NOTIFICATION OF INTENTION TO BEGIN WASTEWATER UTILITY OPERATIONS IN CONTIGUOUS SERVICE AREA

EXPLANATION: On November 12, 2021, Carolina Water Service, Inc. of North Carolina (CWSNC), filed a Notification of Intention to Begin Operations in Area Contiguous to Present Service Area (Notification) to provide wastewater utility service in the Lancaster Townhomes development, in Mecklenburg County, North Carolina. Lancaster Townhomes is contiguous to CWSNC's Bridle Stone subdivision service area. CWSNC proposes to amend its tariff to include an 8-inch commercial meter and charge the rates currently approved for that service area.

CWSNC presently serves one commercial wastewater customer in Lancaster Townhomes. CWSNC is approved to serve one commercial wastewater customer in Lancaster Townhomes. The service area is shown on plans filed with the Notification.

The North Carolina Department of Environmental Quality, Division of Water Resources, Water Quality Permitting Section, has issued permit number WQ0041354, dated January 7, 2020, for the construction and operation of the gravity wastewater collection system for the Lancaster Townhomes project, and authorizes the discharge of 32,755 gallons per day of collected domestic wastewater into CWSNC's existing sewerage system.

CWSNC has entered into an Agreement for Sewer Service dated November 1, 2019, with NR Lancaster Property Owner LP (Developer), under which the Developer shall construct and install the wastewater utility system at no cost to CWSNC. The Developer agrees to convey the wastewater system to CWSNC and pay to CWSNC its approved uniform wastewater connection fee/tap fee.

CWSNC presently holds water franchises serving approximately 30,856 customers and wastewater franchises serving approximately 19,788 customers in North Carolina. CWSNC's record of service is satisfactory.

CWSNC has requested a waiver of filing the five-year projected income and cash flow statements, because only one customer is being added. The Public Staff does not object to CWSNC's request for waiver, because this customer was incorporated into CWSNC's most recent rate case, in Docket No. W-354, Sub 384.

CWSNC has filed all exhibits required with the Notification except for the five-year projected income and cash flow statements.

Based on the foregoing, the Public Staff is of the opinion that CWSNC has the technical, managerial, and financial capacity to provide wastewater utility service in this contiguous area and recommends that the contiguous extension be recognized. The Public Staff further recommends that the Commission require posting of a \$10,000 bond for the contiguous extension of Lancaster Townhomes. CWSNC currently has \$4,020,000 of bonds posted with the Commission. Of this amount, \$3,780,000 of bond surety is assigned to specific subdivisions, and \$240,000 of bond surety is unassigned.

The Public Staff recommended that the Commission issue the proposed order recognizing the contiguous extension and approving rates.

It was moved and passed that the Public Staff's recommendation be adopted.

P4. CORRECTED DOCKET NO. W-354, SUB 376 – CAROLINA WATER SERVICE, INC. OF NORTH CAROLINA – NOTIFICATION OF INTENTION TO BEGIN WATER UTILITY OPERATIONS IN CONTIGUOUS SERVICE AREA

EXPLANATION: On November 12, 2021, Carolina Water Service, Inc. of North Carolina (CWSNC), filed a Notification of Intention to Begin Operations in Area Contiguous to Present Service Area (Notification) to provide water utility service in the Saylor's Watch subdivision, in Iredell County, North Carolina. Saylor's Watch is contiguous to CWSNC's Harbour Point subdivision service area. CWSNC proposes to charge the rates currently approved for that service area.

CWSNC presently serves one residential water customer in Saylor's Watch. CWSNC expects to eventually serve 11 residential water customers in Saylor's Watch. The service area is shown on plans filed with the Notification.

The North Carolina Department of Environmental Quality, Division of Water Resources, Public Water Supply Section, has issued a plan approval letter for Saylor's Watch, part of Water System No. NC0149185. The plans are approved under serial number 20-00611, dated September 22, 2020.

CWSNC has entered into an Agreement for Water Service, dated June 16, 2020, with South Creek Construction, Inc. (Developer), under which the Developer shall construct and install the water distribution facility within the property at no cost to CWSNC and convey the water system to CWSNC.

CWSNC presently holds water franchises serving approximately 30,856 customers and wastewater franchises serving approximately 19,788 customers in North Carolina. CWSNC's record of service is satisfactory.

CWSNC has requested a waiver of filing the five-year projected income and cash flow statements, because only 11 residential water customers are being added. The Public Staff does not object to CWSNC's request for waiver, because the addition of 11 customers will not have a significant impact on CWSNC's revenues under its current rates.

CWSNC has filed all exhibits required with the Notification except for the five-year projected income and cash flow statements.

Based on the foregoing, the Public Staff is of the opinion that CWSNC has the technical, managerial, and financial capacity to provide water utility service in this contiguous area and recommends that the contiguous extension be recognized. The Public Staff further recommends that the Commission require posting of a \$10,000 bond for the contiguous extension of Saylor's Watch. CWSNC currently has \$4,020,000 of bonds posted with the Commission. Of this amount, \$3,780,000 of bond surety is assigned to specific subdivisions, and \$240,000 of bond surety is unassigned.

The Public Staff recommended that the Commission issue the proposed order recognizing the contiguous extension and approving rates.

It was moved and passed that the Public Staff's recommendation be adopted.

Minutes of the Regular Commission Staff Conference of January 3, 2021 were approved.

Minutes prepared by Le Anne Ackerman.