



**NORTH CAROLINA
PUBLIC STAFF
UTILITIES COMMISSION**

July 19, 2021

Ms. A. Shonta Dunston, Interim Chief Clerk
North Carolina Utilities Commission
4325 Mail Service Center
Raleigh, North Carolina 27699-4300

Re: Docket No. W-1205, Sub 14
Application by Clarke Utilities, Inc., 223 Highway 70 East, Suite 115,
Garner, North Carolina 27529-4062, for Authority to Adjust and
Increase Rates for Water and Sewer Utility Service in All Service
Areas in Wake and Franklin Counties, North Carolina

Dear Ms. Dunston:

Attached for filing is the Proposed Order of the Public Staff in the above-referenced docket.

By copy of this letter, I am forwarding a copy to all parties of record by electronic delivery.

Sincerely,

Electronically submitted
s/ Reita D. Coxton
Staff Attorney
reita.coxton@psncuc.nc.gov

Attachment

Executive Director
(919) 733-2435

Accounting
(919) 733-4279

Consumer Services
(919) 733-9277

Economic Research
(919) 733-2267

Energy
(919) 733-2267

Legal
(919) 733-6110

Transportation
(919) 733-7766

Water/Telephone
(919) 733-5610

**STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH**

DOCKET NO. W-1205, SUB 14

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of	
Application by Clarke Utilities, Inc., 223) PROPOSED
Highway 70 East, Suite 115, Garner, North) RECOMMENDED ORDER
Carolina 27529-4062, for Authority to Increase) GRANTING PARTIAL
Rates for Water and Sewer Utility Service in All) RATE INCREASE AND
of Its Service Areas in Franklin, Granville, and) REQUIRING CUSTOMER
Wake Counties, North Carolina) NOTICE

BY THE HEARING EXAMINER: On March 22, 2021, Clarke Utilities, Inc. (Clarke), filed an application with the North Carolina Utilities Commission (Commission) seeking authority to increase its rates for providing water and sewer utility service in all of its service areas in Franklin, Granville, and Wake Counties, North Carolina. The present rates have been in effect since January 1, 2017 based on orders issued in Docket Nos. M-100, Sub 138 and W-1215, Sub 8.

On April 19, 2021, the Commission issued an Order establishing general rate case and suspending rates. On May 19, 2021, the Commission issued an Order scheduling hearings, and requiring customer notice. On May 25, 2021, Clarke filed a certificate of service indicating that customer notice had been given in accordance with the Commission's May 19, 2021 Order. The Public Staff and the Commission have not received any protests from Clarke's customers.

On June 17, 2021, the Public Staff filed the Affidavit of John R. Hinton, Economic Research Division Director. On June 21, 2021, the Public Staff filed the testimony and exhibits of Gina Y. Casselberry, Utilities Engineer, and Charles A. Akpom, Staff Accountant.

On July 8, 2021, Clarke filed a document confirming that Clarke agreed with the Public Staff's recommendations and adjustments.

On July 13, 2021, Clarke filed its proposed order for the Commission's consideration. On July 19, 2021, the Public Staff filed its proposed order for the Commission's consideration.

On, or about, July 19, 2021, Clarke filed notice stating that Clarke waived the right to file exceptions in to the rate increase order and requesting that the increased approved rates be effective the date of the order.

Based upon the foregoing, the verified application, the affidavit of Mr. Hinton, the testimony and exhibits of Ms. Casselberry and Mr. Akpom and the entire record in this matter, the Commission makes the following:

FINDINGS OF FACT

1. Clarke is a public utility as defined in North Carolina Gen. Stat. § 62-3(23) and is before the Commission pursuant to its application for an increase in rates and charges for water and waste water utility service under N.C.G.S. § 62-133.

2. The updated test year established for use in this proceeding is the 12-month period ending on December 31, 2020.

3. At the end of the test period, Clarke provided water service for 593 residential metered customers and sewer service for 310 residential and 2 commercial metered customers.

4. Clarke provides very good service to its customers.

5. Clarke's present and proposed rates filed in the application are as follows:

	Present Rates	Proposed Rates
Monthly Metered Water Rates (Residential)		
Residential Monthly Metered Water Rates:		
Base charge, zero usage		
<1' meter	\$ 12.68	\$ 17.48
1" meter	\$ 31.69	\$ 43.70
1.5" meter	\$ 63.37	\$ 87.40
2" meter	\$101.40	\$139.84
Usage charge, per 1,000 gallons	\$ 2.49	\$ 3.50

Monthly Metered Sewer Rates (Residential and Commercial)

Residential Monthly Metered Service Rates:

Base charge, zero usage		
<1" meter	\$ 25.58	\$ 32.10
1" meter	\$ 63.92	\$ 80.25
1.5" meter	\$127.84	\$160.50
2" meter	\$204.56	\$256.80
 Richland Community Church	 \$204.56	 \$256.80
 Usage charge, per 1,000 gallons	 \$ 2.88	 \$ 3.60

6. The original cost rate base for use in this proceeding is \$184,211, of which \$72,385 is attributable to water operations and \$111,827 is attributable to sewer operations.

7. The level of operating revenue deductions requiring a return (total operating expenses, excluding regulatory fee and income taxes) is \$203,640 for water operations and \$183,821 for sewer operations.

8. The operating ratio method set forth in N.G.G.S. § 62-133.1, which allows a return on operating revenue deductions, is the proper method for determining Clarke's revenue requirement.

9. The level of ongoing annual service revenues under present rates is \$185,106 for water operations and \$159,073 for sewer operations.

10. The level of ongoing annual service revenues under Clarke's proposed rates is \$257,723 for water operations and \$199,340 for sewer operations.

11. After an investigation and an audit of Clarke's records, the Public Staff recommended an increase in water service revenues of \$37,519 resulting in a recommended total revenue requirement of \$222,436 for water operations and an increase in sewer service revenue of \$40,078 resulting in a recommended sewer revenue requirement of \$199,151. Clarke agrees with the Public Staff's recommendations.

12. A return of 7.00% on water operating revenue deductions is reasonable for use in this proceeding. The total annual water service revenue necessary to allow Clarke to earn the 7.00% return is \$222,625, an increase of \$37,519 for water operations.

13. Clarke and the Public Staff have agreed to the sewer revenue requirement of \$199,151, which is the revenue requirement resulting from

Clarke's applied for rates. The resulting return from this \$199,151 revenue requirement is 6.31%.

14. The following rates and rate structures, recommended by the Public Staff and accepted by Clarke will produce the total of \$421,965 in annual service revenue necessary to allow Clarke to earn the aforementioned 7.00% return for water operations and 6.31% return for sewer operations:

Monthly Metered Water Rates (Residential)

Residential Monthly Metered Service Rates:

Base charge, zero usage

<1" meter	\$ 15.50
1" meter	\$ 38.75
1.5" meter	\$ 77.50
2" meter	\$124.00

Usage charge, per 1,000 gallons \$ 2.95

Monthly Metered Sewer Rates (Residential and Commercial)

Residential Monthly Metered Service Rates:

Base charge, zero usage

<1" meter	\$ 32.10
1" meter	\$ 80.25
1.5" meter	\$160.50
2" meter	\$256.80

Richland Community Church \$256.80

Usage charge, per 1,000 gallons \$ 3.60

15. The rates recommended by the Public Staff and agreed to by Clarke are not in excess of a just and reasonable level and should be approved.

EVIDENCE AND CONCLUSIONS FOR FINDINGS OF FACT 1-15

The evidence for these findings of facts is contained in the verified application filed in this docket; the affidavit, testimonies, and exhibits of the Public Staff witnesses Akpom, Casselberry, and Hinton; and the Commission's records. This evidence is uncontroverted.

Based upon the entire record in this proceeding, the Commission is of the opinion that Clarke has sufficiently demonstrated the need to increase its rates for providing water and sewer utility service in all its service areas in Franklin, Granville, and Wake Counties, North Carolina. The Commission, therefore, concludes that the rates recommended by the Public Staff and agreed to by Clarke are just and reasonable and should be approved.

IT IS, THEREFORE, ORDERED as follows:

1. That the Schedule of Rates, attached as Appendix A, is approved and deemed to be filed with the Commission pursuant to N.C.G.S. § 62-138. Said Schedule of Rates is authorized to become effective for service rendered on and after the date of this Order.

2. That the Notice to Customers, attached as Appendix B, be mailed with sufficient postage, or hand delivered by Clarke, to all customers affected by the new rates no later than 10 days after the date of this Order; and that Clarke submit to the Commission the attached Certificate of Service properly signed and notarized not later than 15 days after the date of this Order.

ISSUED BY ORDER OF THE COMMISSION.

This the ____ day of _____, 2021.

NORTH CAROLINA UTILITIES COMMISSION

(SEAL)

SCHEDULE OF RATES

for

CLARKE UTILITIES, INC.

for providing water and sewer service

in

In All Its Service Area

Franklin, Granville, and Wake Counties, North Carolina

Water Utility Service:

Base charge, zero usage	
< 1 inch meter	\$ 15.50
1 inch meter	\$ 38.75
1.5 inch meter	\$ 77.50
2 inch meter	\$124.00
Usage charge, per 1,000 gallons	\$ 2.95

Sewer Utility Service:

Base charge, zero usage	
< 1 inch meter	\$ 32.10
1 inch meter	\$ 80.25
1.5 inch meter	\$160.50
2 inch meter	\$256.80
Richland Community Church	\$256.80
Usage charge, per 1,000 gallons	\$ 3.60

Reconnection Charges:

If water service is cut off by utility for good cause
\$14.35
If water service cut off by utility at customer's request:
\$14.35

Return Check Charge: \$19.13

Bills Due: On billing date

<u>Bills Past Due:</u>	15 days after billing date
<u>Billing frequency:</u>	Shall be monthly for service in arrears
<u>Finance Charge For Late Payment:</u>	1.00% per month will be applied to the unpaid balance of all bills still past due 25 days after the billing date

Issued in Accordance with Authority by the North Carolina Utilities Commission in Docket No. W-1205, Sub 14, on this the ____ day of _____, 2021.

**STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH**

**NOTICE TO CUSTOMERS
DOCKET NO. W-1205, SUB 14
BEFORE THE NORTH CAROLINA UTILITIES COMMISSION**

The North Carolina Utilities Commission has issue an Order granting an increase in rates to Clarke Utilities, Inc. for providing water and sewer utility service in all its service areas in Franklin, Granville, and Wake Counties, North Carolina. The Commission has approved the following rates, effective for service rendered on and after the date of this Order.

Water Utility Service:

Base charge, zero usage	
< 1 inch meter	\$ 15.50
1 inch meter	\$ 38.75
1.5 inch meter	\$ 77.50
2 inch meter	\$124.00
Usage charge, per 1,000 gallons	\$ 2.95

Sewer Utility Service:

Base charge, zero usage	
< 1 inch meter	\$ 32.10
1 inch meter	\$ 80.25
1.5 inch meter	\$160.50
2 inch meter	\$256.80
Richland Community Church	\$256.80
Usage charge, per 1,000 gallons	\$ 3.60

ISSUED BY ORDER OF THE COMMISSION.

This the ____ day of _____, 2021.

NORTH CAROLINA UTILITIES COMMISSION

A. Shonta Dunston, Interim Chief Clerk