



On January 26, 2024, the Public Staff filed a letter with the Commission indicating that the docket includes all the information required for a complete Application.

On February 2, 2024, pursuant to N.C. Gen. Stat. § 62-111(f), the Commission issued an Order Establishing New Docket for CPCN Application, Finding CPCN Application Complete, and Requiring the Public Staff to Provide Specific Application Data, which was provided on February 9, 2024.<sup>3</sup>

On February 14, 2024, the Commission issued an Order Scheduling Hearings, Establishing Discovery Guidelines, and Requiring Customer Notice (Scheduling Order) that, among other matters, established that a public witness hearing would take place on March 18, 2024, subject to cancellation if no significant protests were received; and that an expert witness hearing would take place on May 7, 2024.

On March 1, 2024, GWWTP filed its Certificate of Service attesting that customer notice was provided as required by the Commissions' Scheduling Order.

On March 11, 2024, GWWTP filed the Direct Testimony of Robert Howsare, Owner of RPAM Services, LLC – Consulting Contractor for Saga Construction and Development and manager of the wastewater utility serving the Ginguite Woods Subdivision.

On March 18, 2024, a public witness hearing was held as scheduled. Five customers testified at the public witness hearing, each expressing concerns regarding the Company's requested rate increase.

On April 2, 2024, the Company filed its Verified Report on Customer Complaints. On April 16, 2024, the Public Staff filed its Verified Response of the Public Staff to GWWTP's Verified Reports on Customer Complaints stating that the Company's response adequately addresses the customer's concerns.

On April 5, 2024, the Public Staff filed the Direct Testimony and Exhibits of Lindsay Q. Darden, Utilities Engineer, Water, Sewer, and Telephone Division; the Direct Testimony and Exhibits of Kuei Fen Sun, Public Utilities Regulatory Analyst, Accounting Division; and the Public and Confidential Direct Testimony of Gregory J. Reger, Public Utilities Regulatory Analyst, Economic Research Division.

Subsequent to the filing of the Company's Application in this docket, the Public Staff engaged in substantial discovery regarding the matters addressed in the Company's Application, including, but not limited to, examining the relevant books and records of GWWTP, and sending out data requests and reviewing the responses thereto. The Public Staff also conducted a field inspection of GWWTP's sewer system.

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<sup>3</sup> Due to the issues raised through the asset transfers and operation of the wastewater system without Commission knowledge or approval, the Public Staff advised GWWTP to seek a CPCN for wastewater service to Ginguite Woods Subdivision and abandon its February 10, 2023, Transfer Application filed in Docket No. W-1139, Sub 7.

The Public Staff and GWWTP (Stipulating Parties) engaged in settlement discussions following the Public Staff's investigation of the Company's Application, the filing of the Company's and the Public Staff's direct testimony, and the customer hearing. There are no intervenors to this docket.

On April 19, 2024, GWWTP filed a Motion to Extend Time to File Rebuttal Testimony due to continued settlement discussions with the Public Staff, which the Commission granted the same day.

On April 25, 2024, the Public Staff and GWWTP notified the Commission that they had agreed in principle to a settlement.

On May 6, 2024, the Stipulating Parties filed their Settlement Agreement and Stipulation (Stipulation) resolving all issues between them in this docket.

Also on May 6, 2024, the Public Staff filed the Joint Settlement Testimony of Kuei Fen Sun, Gregory J. Reger, and Lindsay Q. Darden in support of the Stipulation, and a joint motion to excuse witnesses from appearing at the expert witness hearing; admit into evidence without objection all prefiled testimony, exhibits, and affidavits, the Application, and the Stipulation; waive each party's right to cross examine any witnesses; and allow 60 days to file final schedules and a joint proposed order.

The expert witness hearing commenced on May 7, 2024, at which time the Commission granted the Stipulating Parties' motion to excuse witnesses, accept testimony, and waive cross examination. The Stipulating Parties addressed questions from the Commission regarding the terms of the Stipulation. In light of the Commission's questions, the Public Staff called witness Darden to testify regarding the parties' subsequent agreement to require a bond amount of \$85,000, which was inadvertently not addressed in the Stipulation, thereby amending the Stipulation to include the Stipulating Parties' agreed-upon bond amount. Witness Darden also testified that the costs included in the Stipulation do not include costs associated with the Emergency Operator Application.

On June 7, 2024, the Stipulating Parties filed Joint Settlement Exhibits I and II as attachments to the Joint Proposed Order Approving Stipulation and Rates, Granting Franchise, and Requiring Bond and Customer Notice as required by Section II, Subsection D, Paragraph 2 of the Stipulation.

### **DESCRIPTION OF THE STIPULATION**

The Stipulation provides, in pertinent part, the following provisions:

- A. GWWTP should be granted a CPCN to provide sewer utility service to Ginguite Woods in Dare County, North Carolina.

- B. Pursuant to a future order by the Commission, GWWTP shall furnish a bond in the amount of \$85,000 and in a form acceptable to the Commission for Ginguite Woods.<sup>4</sup>
- C. The maximum rate case expense to be recovered per the settlement is \$69,355, which includes audited actual rate case expense of \$66,855 for expenses incurred up to the settlement date of April 25, 2024, and additional expenses up to and not to exceed \$2,500 of actual audited expenses through the completion of the case, which will be included in the calculation of the final revenue requirement in the accounting schedules to be filed upon the completion of the audit.<sup>5</sup>
- D. The rate case expense will be amortized over three years subject to a regulatory liability where the Company will record any overcollection of rate case expense, beginning the first month after the three-year amortization period ends and continuing until a new Commission order is issued determining updated rates, on a monthly basis, with the overcollection to be returned to ratepayers with interest based on the weighted average cost of capital, in a manner determined in the Company's next rate case. Should the Company file for a rate case before the expiration of the amortization period, any unrecovered rate case expense balance will be added in the new rate case expense and amortized over the number of years approved by the Commission in that rate case.
- E. GWWTP reserves the right to challenge the Public Staff rate case expense refund mechanism in the next rate case for future rate case expenses associated with a future rate case based on what GWWTP believes to be accepted regulatory principles, accounting rules, and previous Commission policy. Should the Company file for a rate case before the expiration of the three-year amortization period, any unrecovered rate case expense balance will be added in the new rate case expense and amortized over the number of years approved by the Commission in the next rate case.
- F. The Company has accepted the following adjustments by the Public Staff:
  - i. Reclassification of sludge hauling to plant in service during the construction front-end upgrade;

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<sup>4</sup> The parties reached an agreement on a bond amount during the expert witness hearing wherein the Stipulation was amended via Public Staff witness Darden's direct live testimony to include a stipulated bond amount of \$85,000. Tr. vol. 2, 108.

<sup>5</sup> Because this docket is for an Application for a CPCN, references to rate case expense in this Order are considered regulatory commission expense in accordance with the NARUC Uniform System of Accounts (1996).

- ii. Reclassification of maintenance and repair (M&R) expense to testing fees; and
  - iii. Normalized/annualized Albetuck Land Development LLC cost of \$14,000 over five years.
- G. GWWTP agrees not to recover an acquisition premium.
- H. The Stipulating Parties agree that the original cost rate base used and useful in providing wastewater utility service to the Company's customers for use in this case is \$463,668.
- I. The agreed upon revenue increase is based upon an authorized rate of return on common equity of 9.80%, a hypothetical capital structure composed of 50.00% debt and 50.00% common equity, and an embedded cost of debt of 4.20%. The foregoing factors produce an overall rate of return of 7.0%.
- J. The Stipulating Parties agree that the revenue requirement effects of the Stipulation provide sufficient support for the annual revenue required on the issues agreed to in the Stipulation.
- K. The Public Staff, after consultation and agreement with the Company, will file accounting schedules detailing the final revenue requirement prior to filing the joint proposed order, schedule of rates, and notice to customers.
- L. Because GWWTP will not be recovering its allowed revenue requirement based on the billing of only the 38 existing customers, the Company reserves the right to change its rate methodology in the next general rate case if the mixed-use development does not come online.

Based upon the foregoing, including the Application, the testimony and exhibits of the witnesses, the Stipulation, and the entire record in this proceeding, the Commission makes the following

### **FINDINGS OF FACT**

1. GWWTP is a duly organized limited liability company in the State of North Carolina and is before this Commission seeking a CPCN to furnish sewer utility service in Ginguite Woods in Dare County, North Carolina and approval of rates.

2. On August 13, 2003, in Docket No. W-1139, Sub 0, the Ginguite Woods Water Reclamation Association, Inc. (GWWRA) was granted a CPCN to provide sewer utility service in Ginguite Woods Subdivision and the Ginguite Center in Dare County, North Carolina.

3. By Commission order issued on January 12, 2024, GWWTP was appointed as the emergency operator of the Ginguite Woods wastewater utility system effective January 1, 2024. As of approximately March 24, 2017, without Commission knowledge or approval, GWWTP had purchased and held full ownership and control of the assets comprising the Ginguite wastewater system. As the emergency operator, GWWTP currently serves 38 residential customers in the Southern Shores Landing Subdivision. The Ginguite Mixed Use Development currently has no customers. The current provisional interim rates for GWWTP were approved in Docket No. W-1139, Sub 4, effective January 12, 2024.

4. The Ginguite Woods wastewater system operates under the North Carolina Division of Environmental Quality (DEQ) permit No. WQ0017224, which applies to the wastewater treatment plant (WWTP) and the reclaimed water utilization system.

5. As of March 11, 2024, GWWTP has completed approximately \$440,000 in capital upgrades, and upon approval of the CPCN, plans to make an additional \$600,000 in capital improvements, including \$500,000 for back-end replacement of the sewer plant and \$100,000 in additions and upgrades to be undertaken after back-end replacement is complete due to the age of the sewer plant.

6. The test year established for use in this proceeding is the 12-month period ended August 31, 2023, updated for certain items.

7. The provisional interim rates for sewer utility service presently charged by GWWTP (as emergency operator) and the stipulated rates (as franchise holder) as agreed to by the Stipulating Parties are as follows:

	<u>Present</u>	<u>Stipulated</u>
<u>Monthly Sewer Utility Service:</u>		
Residential Flat Rate (per SFE)	\$ 180.00	\$ 150.38 <sup>6</sup>
<u>Connection Charge:</u> (per SFE)	\$ 3,500.00	\$ 3,500.00
<u>Reconnection Charge:</u>		
If sewer utility service is cut off by utility	\$ 15.00	\$ 15.00

8. It is reasonable and appropriate to include the future customers in the billing determinants used to calculate the flat monthly sewer rate in this proceeding such that the cost of service for the entire plant and system is distributed equitably among all

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<sup>6</sup> The provisional interim rate approved for GWWTP was based on a SFE of 360 gallons per day. The stipulated rate is based on a SFE of 225 gallons per day as explained by Public Staff witness Darden on pages 15-16 of her direct testimony filed on April 5, 2024.

existing and potential customers, as proposed by GWWTP in its Application and agreed to by the Public Staff.

9. The total annual revenue requirement is \$203,915, of which all is attributed to service revenues, as shown on Public Staff Joint Settlement Exhibit I, Schedule 3, Page 1 of 2.

10. The total rate case expense for this proceeding is \$69,355, amortized over a period of three years, resulting in an annual rate case expense of \$23,118, as shown on Public Staff Joint Settlement Exhibit I, Schedule 3-2, and subject to a regulatory liability for over recovery or a regulatory mechanism for under recovery as described in Section II, Part A, Rate Case Expense, Paragraph 2 of the Stipulation.

11. The appropriate level of depreciation and amortization expense for use in this proceeding is \$29,620, as shown on Public Staff Joint Settlement Exhibit I, Schedule 2-1, column (e).

12. The original cost rate base used and useful in providing service to the Company's customers for use in this case is \$463,668, consisting of plant in service of \$517,067, including a Standby Generator at a cost of \$46,430 and a Natural Gas Connection at a cost of \$3,458, reduced by accumulated depreciation of \$70,244, plus cash working capital of \$16,845, as stipulated.

13. An imputed hypothetical capital structure comprised of 50.00% common equity and 50.00% long-term debt ratio is reasonable and appropriate for GWWTP for purposes of this proceeding, as stipulated.

14. An imputed 4.20% cost of debt for GWWTP is reasonable and appropriate for purposes of this proceeding, as stipulated.

15. A 9.80% rate of return on common equity for GWWTP is just and reasonable for purposes of this proceeding, as stipulated.

16. The annual revenue requirement approved in this Order is intended to provide GWWTP, through sound management, the opportunity to earn an overall rate of return of 7.00%. This weighted average cost of capital or overall rate of return is derived from applying a cost of debt of 4.20% and a rate of return on common equity of 9.80%, to a hypothetical capital structure consisting of 50.00% long-term debt and 50.00% common equity.

17. The Stipulation resolves all contested issues related to GWWTP's Application for the Ginguite Woods wastewater utility system. The Stipulation is the product of give-and-take in settlement negotiations between the Public Staff and GWWTP, is material evidence in this proceeding, and is entitled to be given appropriate weight in this case, along with other evidence from GWWTP and the Public Staff.

18. It is appropriate for the Commission to approve the Stipulation in its entirety.

19. GWWTP has the technical, managerial, and financial capacity to provide adequate, safe, efficient, and reasonable wastewater utility service on an ongoing basis to customers in Ginguite Woods.

20. Consistent with N.C.G.S. § 62-111(a), approval of the Application is justified by the public convenience and necessity and is in the public interest.

21. A bond in the amount of \$85,000 for the Ginguite Woods wastewater utility system is just, reasonable, and appropriate, as stipulated.

### **EVIDENCE AND CONCLUSION FOR FINDING OF FACT NO. 1**

The evidence supporting this finding of fact is contained in GWWTP's Application; the testimony of GWWTP witness Howsare; and the entire record in this docket.

Based upon competent, substantial, and material evidence in the record, the Commission concludes that this finding of fact is informational, procedural, and jurisdictional in nature and is not contested by any party.

### **EVIDENCE AND CONCLUSION FOR FINDING OF FACT NO. 2**

The evidence supporting this finding of fact is contained in the Commission's records in Docket No. W-1139, Sub 0; the testimony of GWWTP witness Howsare; the testimony of Public Staff witness Darden; and the entire record in this docket.

Based upon competent, substantial, and material evidence in the record, the Commission concludes that this finding of fact is informational, procedural, and jurisdictional in nature and is not contested by any party.

### **EVIDENCE AND CONCLUSION FOR FINDING OF FACT NO. 3**

The evidence supporting this finding of fact is contained in GWWTP's Application; the Commission's records in Docket No. W-1139, Sub 4; the testimony of GWWTP witness Howsare; and the testimony of Public Staff witnesses Darden, Reger, and Sun.

Between November 13, 2015, and March 24, 2017, GWWTP acquired the system assets associated with the Ginguite Woods wastewater system and gained full ownership without seeking or receiving Commission approval. Pursuant to the EO Order, the Commission appointed GWWTP as EO of the wastewater utility system serving Ginguite Woods effective January 1, 2024. The EO Order includes descriptions of system ownership issues and inadequate wastewater utility service, which, collectively, caused the Commission to declare that an emergency existed with regard to the Ginguite Woods wastewater system.



Based upon competent, substantial, and material evidence in the record, the Commission concludes that this finding of fact is informational, procedural, and jurisdictional in nature and is not contested by any party.

#### **EVIDENCE AND CONCLUSION FOR FINDING OF FACT NO. 4**

The evidence supporting this finding of fact is found in the testimony of Public Staff witness Darden and the Commission's records in W-1139, Sub 0.

Based upon competent, substantial, and material evidence in the record, the Commission concludes that this finding of fact is informational, procedural, and jurisdictional in nature and is not contested by any party.

#### **EVIDENCE AND CONCLUSION FOR FINDING OF FACT NO. 5**

The evidence supporting this finding of fact is contained in GWWTP's Application, the testimony of GWWTP witness Howsare; the testimony of Public Staff witness Darden; the Commission's records in Docket No. W-1139, Sub 4; and the entire record in this docket.

In GWWTP witness Howsare's testimony, he states that GWWTP has made approximately \$440,000 in capital upgrades, and upon approval of the CPCN, plans to make an additional \$600,000 in capital improvements, including \$500,000 for back-end replacement of the sewer plant and \$100,000 in additions and upgrades to be undertaken after back-end replacement is complete. He states that these improvements as well as others are necessary to ensure proper operation of the Ginguite Wood wastewater system and to provide safe and reliable service to customers. Howsare Direct at 8-9.

Witness Darden testifies that during the periods of time during which there was inadequate operation of the Ginguite wastewater system, violations occurred, and standard maintenance work was not performed resulting in the degradation of the WWTP. As a result, witness Darden comments that extensive capital improvement projects are now needed, some of which GWWTP has already undertaken and others that it plans to complete in the future. Witness Darden maintained that it will be incumbent upon GWWTP to ensure the improvements are reasonable and prudent for the capital investment associated with the improvements to be added to rate base and included in rates in a future rate case proceeding. Darden Direct at 6-7.

The Commission acknowledges from the testimony of witnesses Howsare and Darden that GWWTP has made substantial capital improvements to the Ginguite Woods wastewater system after taking ownership of the assets, and as discussed hereinbelow, the Stipulating Parties have agreed upon the amount of rate base used and useful in providing service to GWWTP's customers in this proceeding. The Commission further acknowledges that these witnesses also testify that extensive additional capital improvements are necessary in the future to assure the operation of the wastewater utility system in an adequate, sufficient manner. In regard to these future capital improvements,

the Commission concludes, based on competent, substantial, and material evidence in the record, that the scope and extent of future capital improvements and repairs that are reasonable and prudent is, at this time, not adequately known or knowable by any party to this proceeding. Thus, the Commission concludes that the appropriate time and venue to determine the reasonable and prudence of these proposed capital investments is the next general rate case involving this wastewater utility system when such investments have been completed, have been placed into service, and are used and useful in providing wastewater utility service to customers.

#### **EVIDENCE AND CONCLUSION FOR FINDING OF FACT NO. 6**

The evidence supporting this finding of fact is contained in the Application and the testimony and exhibits of Public Staff witnesses Darden and Sun.

Based upon competent, substantial and material evidence in the record, the Commission concludes that this finding of fact is informational in nature and is not contested by any party.

#### **EVIDENCE AND CONCLUSION FOR FINDING OF FACT NO. 7-8**

The evidence supporting this finding of fact is contained in the Commission's records in Docket No. W-1139, Sub 4; the testimony of GWWTP witness Howsare; the testimony of Public Staff witness Reger; the testimony and exhibits of Public Staff witnesses Darden and Sun; and the Stipulation.

In Public Staff witness Darden's testimony, she provides recommended rates which result in a decrease from the present provisional interim rates, based on the service revenue requirement determined by Public Staff witness Sun. Darden Direct at 18-19. Witness Darden states that the billing determinants used by the Public Staff in its rate design are consistent with the Company's proposed billing determinants. *Id.* at 16. She comments that the rates are based on the full buildout of the Ginguite Mixed-Use Development. She states that the Public Staff and the Company have discussed this methodology and agree that including the future customers in the rate calculations accurately distributes the cost of service amongst the customer base. Witness Darden explains that although the Company will not be recovering the total service revenue requirement until the future customers are added, by incorporating the future customers into the billing determinants, the cost of service for the entire plant and system is distributed equitably among all existing and potential customers. She maintains that this methodology is a reasonable and preferred alternative to an excess capacity adjustment for overbuilt plant. She further maintains that by including the future customers in the billing determinants, the recovery of the cost of service is shared and appropriately addresses the concerns expressed by customers regarding having to pay for the plant associated with future development. *Id.* at 16-17.

Witness Darden testifies that a present flat monthly rate of \$180.00 and other charges were approved by the Commission's Order Discharging Emergency Operator

Subject to Final Financial Review, Appointing New Emergency Operator, Approving Increased Rates, and Requiring Customer Notice issued on January 12, 2024, in Docket No. W-1139, Sub 4. *Id.* at 14. She states that the flat monthly rate for Ginguite Woods is based on a per SFE. *Id.* at 15. The present rates define SFE as 360 gallons per day. *Id.* She commented that DEQ issues permits for wastewater treatment plants with required capacity amounts of gallons per day of usage determined by the 15A NCAC 02T .0014 rules. *Id.* Witness Darden testified that the 15A NCAC 02T .0014 rules were recently revised by the enactment of Session Law 2023-137, and the capacity amount required for the type of residential homes in the Ginguite Woods service area has been reduced. *Id.* at 15-16. Witness Darden states that the minimum design capacity amount for a residential three-bedroom home was reduced from 360 to 225 gallons per day. *Id.* at 16. She explained that to account for this rule change, the Public Staff's rate design defines SFE as 225 gallons per day, and the capacity amounts for each type of customer is based on the current 15A NCAC 02T .0014 rules. *Id.*

In the Stipulation, the Stipulating Parties agreed that the Public Staff would file, after consultation and agreement with the Company, accounting schedules detailing the updated, final revenue requirement based upon the matters agreed upon in the Stipulation. On June 7, 2024, the Public Staff filed Public Staff Joint Settlement Exhibit I and supporting schedules and Joint Settlement Exhibit No. II. The final annual revenue requirement stipulated to by the parties results in a flat monthly rate of \$150.38 based on SFE of 225 gallons per day, resulting in a decrease from the present provisional interim monthly rate of \$180.00. In the Stipulation, the Stipulating Parties agreed to file accounting schedules updating the revenue requirement, which are attached as Settlement Exhibit I. The resulting stipulated flat monthly rate is \$150.38 (SFE is 225 gallons per day).

The Commission concludes that the rates and charges agreed upon by the Stipulating Parties as set forth in the Schedule of Rates (Appendix B) are just and reasonable and should be approved.

### **EVIDENCE AND CONCLUSIONS FOR FINDINGS OF FACT NOS. 9-12**

The evidence supporting these findings of fact is contained in the testimony of GWWTP witness Howsare; the testimony of Public Staff witnesses Darden and Reger; the testimony and exhibits of Public Staff witness Sun; the joint settlement testimony of Public Staff witnesses Sun, Darden, and Reger; the Stipulation; and Public Staff Joint Settlement Exhibit I and supporting schedules and Joint Settlement Exhibit No. II filed on June 7, 2024.

Public Staff witness Sun provides accounting schedules in Sun Exhibit I which reflected adjustments supported by Public Staff witnesses Darden and Reger. Sun Direct at 6-7. Witness Sun provides recommendations on the original cost of rate base, revenue requirement, and operating expenses.

Public Staff Joint Settlement Exhibit I and supporting schedules and Joint Settlement Exhibit II filed on June 7, 2024, provide the final accounting schedules, pursuant to the agreements reached in the Stipulation by the Stipulating Parties, showing the rate base, total revenue requirement, rate case expense, depreciation and amortization expense, and total annual revenues at the stipulated flat monthly rate.

Consistent with the Stipulation and as reflected in the final accounting schedules filed on June 7, 2024, the Commission concludes that the appropriate plant in service for the GWWTP wastewater system is \$517,067 with accumulated depreciation of \$70,244 reflected through December 31, 2023. Furthermore, the Commission notes that GWWTP has agreed not to pursue an acquisition adjustment. Based upon the entire record in this proceeding, the Commission concludes that the adjusted levels of rate base, revenues, and expenses set forth in Public Staff Joint Settlement Exhibit I and supporting schedules, are the appropriate levels for use in this proceeding.

### **EVIDENCE AND CONCLUSIONS FOR FINDINGS OF FACT NOS. 13-16**

The evidence supporting these findings of fact is contained in the testimony of GWWTP witness Howsare; the testimonies of Public Staff witnesses Sun, Darden, and Reger; the joint settlement testimony of Public Staff witnesses Sun, Darden, and Reger; and the Stipulation.

In Public Staff witness Reger's testimony, he recommends a fair rate of return of 7.00%, derived from a cost of debt of 4.20% and a rate of return on common equity of 9.80%, to a hypothetical rate structure of 50.00% common equity and 50.00% debt. Reger Direct at 10.

Consistent with the Stipulation, the Commission concludes that the stipulated rate of return on common equity, hypothetical capital structure, cost of debt, and overall rate of return is appropriate. The overall rate of return and capital structure approved by the Commission appropriately balance the benefits received by GWWTP's customers from the provision of safe, adequate, and reliable wastewater utility service with increased rates and are supported by competent, material, and substantial record evidence consistent with the requirements of N.C.G.S. § 62-133.

### **EVIDENCE AND CONCLUSIONS FOR FINDINGS OF FACT NOS. 17-18**

These findings of fact are based on the Stipulation; the entire record in this docket; and the joint settlement testimony filed by Public Staff witnesses Sun, Darden, and Reger.

GWWTP and the Public Staff are the only parties to this proceeding, and the Stipulation resolves all issues between the Stipulating Parties in this proceeding.

Based upon competent, substantial, and material evidence in the record, the Commission finds that the Stipulation represents a negotiated settlement of all issues in this proceeding and that the provisions agreed to by the Stipulating Parties are

reasonable and appropriate for the purpose of this proceeding. Therefore, the Commission concludes that the provisions of the Stipulation are just and reasonable to customers of the Ginguite Woods wastewater utility system and all parties to this proceeding and serve the public interest. Accordingly, the Commission concludes that the Stipulation should be approved in its entirety.

In making this determination, the Commission gives substantial weight to the testimony of Public Staff witnesses Darden, Sun, and Reger; GWWTP witness Howsare; and Public Staff witness Darden's testimony at the expert witness hearing; and recognizes that the Stipulation is the product of arm's length negotiations involving give-and-take between the Stipulating Parties. Based on the record as a whole, the Commission concludes that the terms of the Stipulation are just and reasonable to both GWWTP as well to current and future customers of the Ginguite Woods wastewater system.

#### **EVIDENCE AND CONCLUSION FOR FINDING OF FACT NO. 19**

The evidence supporting this finding of fact is found in GWWTP's Application; the testimony of GWWTP witness Howsare; the Stipulation; the testimony of Public Staff witnesses Darden and Reger; and the entire record in this docket.

In GWWTP witness Howsare's testimony, he describes how GWWTP came to own the Ginguite Woods wastewater utility system and operates the system through a contract operator. He describes how Saga Construction and Development owns the Ginguite Woods wastewater utility systems through affiliates and has an interest in providing adequate service as the developer of Ginguite Woods. Howsare Direct at 3.

In Public Staff witness Darden's testimony, she testifies that GWWTP has the financial, technical, and managerial ability to own, and operate the Ginguite Woods wastewater system. Darden Direct at 34. Witness Reger concludes in his testimony that GWWTP "has the financial viability to make necessary system improvements and upgrades and to adequately maintain the wastewater system." Reger Direct at 7.

Based upon competent, substantial, and material evidence in the record, the Commission concludes that GWWTP has the technical, managerial, and financial capacity to provide adequate, safe, efficient, and reasonable wastewater utility service on an ongoing basis to customers in Ginguite Woods.

#### **EVIDENCE AND CONCLUSION FOR FINDING OF FACT NO. 20**

The evidence supporting this finding of fact is found in the Stipulation; the testimony of GWWTP witness Howsare; the joint settlement testimony of Public Staff witnesses Sun, Darden, and Reger; and the entire record in this docket.

Based upon competent, substantial, and material evidence in the record, the Commission concludes that good cause exists to approve the Application. Consistent with

N.C.G.S § 62-111(a), the Commission concludes that approval of the Application is justified by the public convenience and necessity and is in the public interest. Accordingly, the Commission concludes that GWWTP's Application should be approved as modified under the Stipulation.

### **EVIDENCE AND CONCLUSION FOR FINDING OF FACT NO. 21**

The evidence supporting this finding of fact is found in the testimony of Public Staff witness Darden and the Transcript of Hearing held in Raleigh on Tuesday, May 7, 2024, Volume 2.

In Public Staff witness Darden's testimony, she provides several factors the Commission considers in setting a bond in accordance with N.C.G.S. § 62-110.3(a), including, but not limited to, the applicant's record of operation of other franchises, number of customers, and likelihood of future expansion needs of service. Darden Direct at 33.

During the expert witness hearing held in Raleigh on Tuesday, May 7, 2024, the Stipulating Parties reached an agreement to set the bond at \$85,000. Tr. vol. 2, 108. In light of the Commission's questions, the Public Staff called witness Darden to testify regarding the parties' subsequent agreement to require a bond amount of \$85,000, which was inadvertently omitted from the Stipulation, thereby amending the Stipulation with regard to the Stipulating Parties' agreed-upon bond amount.

Based upon competent, substantial, and material evidence in the record, the Commission concludes that the \$85,000 bond agreed upon by the Stipulating Parties for the Ginguite Woods wastewater system is reasonable and should be approved.

IT IS, THEREFORE, ORDERED as follows:

1. That GWWTP is granted a CPCN to provide wastewater utility service to Ginguite Woods;
2. That Appendix A, attached hereto, constitutes the CPCN;
3. That the CPCN granted to the Ginguite Woods Water Reclamation Association, Inc. on August 13, 2003, in Docket No. W-1139, Sub 0, to provide wastewater utility service in Ginguite Woods Subdivision and the Ginguite Center in Dare County, North Carolina is hereby canceled;
4. That the Stipulation between the Public Staff and GWWTP is hereby approved in its entirety;
5. That Joint Settlement Exhibits I and II filed as attachments to the Joint Proposed Order Approving Stipulation and Rates, Granting Franchise, and Requiring

Bond and Customer Notice on June 7, 2024, in the instant docket, are hereby admitted into evidence;

6. That, GWWTP shall furnish a \$85,000 bond in a form acceptable to the Commission and in compliance with N.C.G.S. § 62-110.3 and that GWWTP provide the original bond documents to the Commission's Bond Administrator for acceptance and filing within 30 days from the date of this Order;

7. That the Schedule of Rates, attached hereto as Appendix B, is hereby approved and deemed filed with the Commission pursuant to N.C.G.S. § 62-138. This Schedule of Rates shall become effective for service rendered on and after the date of this Order;

8. That a copy of the Notice to Customers attached hereto as Appendix C shall be mailed with sufficient postage or hand delivered to GWWTP's customers contemporaneously with the next billing cycle and that GWWTP shall submit to the Commission the attached Certificate of Service, properly signed and notarized, not later than 15 days after the mailing or hand delivery of the Notice to Customers;

9. That with the granting of a CPCN to GWWTP herein, effective the date of this Order, GWWTP shall be discharged as the EO of the Ginguite Woods wastewater system;

10. That the Public Staff shall complete a final review of the financial status of the wastewater system and the reasonableness of rates charged to customers during Enviro-Tech's and GWWTP's tenures as emergency operator, and file with the Commission its recommendations regarding whether a refund is due to customers based on Enviro-Tech's and/or GWWTP's operation of the system as emergency operator within 90 days of the date of this Order; and

11. That the Chief Clerk shall file a copy of this Order in Docket No. W-1139, Sub 4.

ISSUED BY ORDER OF THE COMMISSION.

This the 9th day of July, 2024.

NORTH CAROLINA UTILITIES COMMISSION



Tamika D. Conyers, Deputy Clerk

**STATE OF NORTH CAROLINA  
UTILITIES COMMISSION  
RALEIGH**

DOCKET NO. W-1343, SUB 1

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

GWWTP, LLC

is granted this

CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY

to provide wastewater utility service

to

SOUTHERN SHORES LANDING SUBDIVISION AND  
GINGUITE MIXED USE DEVELOPMENT SERVICE AREAS

Dare County, North Carolina

subject to any orders, rules, regulations,  
and conditions now or hereafter lawfully made  
by the North Carolina Utilities Commission.

ISSUED BY ORDER OF THE COMMISSION.

This the 9th day of July, 2024.

NORTH CAROLINA UTILITIES COMMISSION



Tamika D. Conyers, Deputy Clerk



SCHEDULE OF RATES

for

GWWTP, LLCfor providing wastewater utility service

for

SOUTHERN SHORES LANDING SUBDIVISION AND  
GINGUITE MIXED USE DEVELOPMENT

Dare County, North Carolina

Monthly Residential Flat Rate, per SFE: <sup>1/</sup> \$ 150.38<sup>1/</sup> Single-Family Equivalent (SFE) is 225 gallons per dayReconnection Charge:

If sewer service cut off by utility for good cause: \$ 15.00

Connection Charge: \$3,500.00Bills Due: On billing dateBills Past Due: 25 days after billing dateBilling Frequency: Shall be monthly for service in arrearsFinance Charge for Late Payment: 1% per month will be applied to the unpaid balance of all bills still past due 25 days after the billing date.

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Issued in Accordance with Authority Granted by the North Carolina Utilities Commission in Docket No. W-1343, Sub 1, on this the 9th day of July, 2024.

**STATE OF NORTH CAROLINA  
UTILITIES COMMISSION  
RALEIGH**

**NOTICE TO CUSTOMERS**

DOCKET NO. W-1343, SUB 1

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

Notice is hereby given that the North Carolina Utilities Commission has granted GWWTP, LLC (GWWTP) a certificate of public convenience and necessity (CPCN) to provide wastewater utility service in Southern Shores Landing Subdivision and Ginguite Mixed-Use Development Service Areas in Dare County, North Carolina.

GWWTP has served as the Commission-appointed emergency operator for the wastewater utility system serving Southern Shores Landing Subdivision since January 1, 2024, pursuant to the Commission's Order Discharging Emergency Operator Subject to Final Financial Review, Appointing New Emergency Operator, Approving Increased Rates, and Requiring Customer Notice issued on January 12, 2024, in Docket No. W-1139, Sub 4.

On July 9, 2024, the Commission approved, for GWWTP (as franchise owner), the following rates for sewer utility service provided on and after the date of this notice.

Monthly Residential Flat Rate, per SFE: <sup>1/</sup> \$ 150.38

<sup>1/</sup> Single-Family Equivalent (SFE) is 225 gallons per day

Reconnection Charge:

If sewer service cut off by utility for good cause: \$ 15.00

Bills Due: On billing date

Bills Past Due: 25 days after billing date

Billing Frequency: Shall be monthly for service in arrears

Finance Charge for Late Payment: 1% per month will be applied to the unpaid balance of all bills still past due 25 days after the billing date.

The provisional interim flat monthly sewer rate collected by GWWTP as emergency operator (and the flat monthly sewer rate charged by Enviro-Tech during its tenure as emergency operator) will be audited by the Public Staff – North Carolina Utilities Commission (Public Staff). The Public Staff will notify the Commission whether its audit reveals that there has been an overcollection and if so, recommend whether customer refunds should be required by the Commission by a future order.

Customers may review the complete Commission Order which approved the CPCN for GWWTP on the Commission's website ([www.ncuc.gov](http://www.ncuc.gov)), by clicking on Docket Search under Dockets portal; then for Docket Number, entering W-1343 Sub 1; and clicking on Documents to locate the Order dated July 9, 2024.

This the 9th day of July, 2024.

NORTH CAROLINA UTILITIES COMMISSION

A handwritten signature in cursive script, appearing to read "Tamika D. Conyers".

Tamika D. Conyers, 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-1343, Sub 1, and the Notices were mailed, or hand delivered by the date specified in the Order.

This the \_\_\_\_\_ day of \_\_\_\_\_, 2024.

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-1343, Sub 1.

Witness my hand and notarial seal, this the \_\_\_\_\_ day of \_\_\_\_\_, 2024.

\_\_\_\_\_  
Notary Public

(SEAL)

\_\_\_\_\_  
Printed or Typed Name

My Commission Expires: \_\_\_\_\_