

► **Water & Sewer Service Charges**

WATER & SEWER SERVICE CHARGES

New Account Service Fee	\$20	Waived with bank draft
Application Fee	5	
<i>SECURITY DEPOSITS</i>		
3/4" meter	\$75-225,	based on credit score
1" meter	100	
1 1/2" meter	140	
2" meter	275	
Transfer Account	25	
Returned Check Fee	25	
Late Fees	10%	added to late portion
Reconnect Fee - Business Hours	25	
Reconnect Fee - After Hours	75	
After Hours Service Calls	75	
Temporary Connection (for cleaning, renovation inspection, etc.)	25	available for a 2-week period, plus water and sewer usage charges
Fire Hydrant Meters	75	mobilization, on site-employee, and 5,000 gal of water; additional \$.01/gal
Irrigation/Dock Meter	700	tap fee
Meter-Only Install	400	no new tap fee
Meter Testing	30	
Meter Tampering	100	

Tommy Burns

From: Eugene Foxworth
Sent: Tuesday, September 27, 2022 9:00 AM
To: Tommy Burns
Subject: Fwd: Water System Merger Grant

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From: John Day <j.day@beaufortnc.org>
Sent: Tuesday, March 10, 2020 11:49:29 AM
To: Tommy Burns <Tommy.Burns@carteretcountync.gov>
Cc: Eugene Foxworth <Eugene.Foxworth@carteretcountync.gov>; Greg Meshaw <g.meshaw@beaufortnc.org>
Subject: RE: Water System Merger Grant

You're welcome, Tommy. I wish you success!

John Day
Beaufort Town Manager
252-728-2141, office
252-528-5623, mobile
www.beaufortnc.org

From: Tommy Burns [mailto:Tommy.Burns@carteretcountync.gov]
Sent: Monday, March 9, 2020 11:39 PM
To: John Day <j.day@beaufortnc.org>
Cc: Eugene Foxworth <Eugene.Foxworth@carteretcountync.gov>; Greg Meshaw <g.meshaw@beaufortnc.org>
Subject: Re: Water System Merger Grant

Thanks John for the information, the County is going to inquire of private utility companies for interest in assuming the water system(s).

Tommy
Sent from my iPhone

On Mar 9, 2020, at 3:57 PM, John Day <j.day@beaufortnc.org> wrote:

Hey Tommy,
We've reviewed the merger report and the board does not wish to pursue merger at this time.

Thanks for having the study performed – it is good information.

John

John Day
Beaufort Town Manager
252-728-2141, office
252-528-5623, mobile

From: Tommy Burns [<mailto:Tommy.Burns@carteretcountync.gov>]
Sent: Monday, February 3, 2020 9:53 AM
To: John Day <j.day@beaufortnc.org>
Cc: Eugene Foxworth <Eugene.Foxworth@carteretcountync.gov>
Subject: Water System Merger Grant

John,

Danny Meadows, the grant consultant for the water system merger study, has tried to contact you to finalize the water system grant report. The County just needs to know if the Town wants to continue the merger study/discussion or if it has no desire to look at any further. If the latter is the case, the County intends to close out the grant. Hope you are doing well,

Regards,

Tommy Burns

Tommy Burns
Carteret County Manager
252-728-8450

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**Carteret County
Water System
Infrastructure By Funding Sources**

Fiscal Year	Description	Funding Agency	Grants	Loan	Developer Paid	Other	Total
FY01	Jarett Bay Water Lines	CDBG	96,581	-	-	-	96,581
FY03 & 04	Water Distrib. Plant & Lines Phase I	NCDEQ	2,969,280	-	-	-	2,969,280
FY03 & 04	Water Distrib. Plant & Lines Phase I	NCDEQ (Revolving Loan)	-	589,608	-	-	589,608
FY03 & 04	Water Distrib. Plant & Lines Phase I	Sales tax Refund, tap fees, etc	-	-	-	96,540	96,540
FY04	Water Distribution Lines Phase II	NCDEQ (Revolving Loan)	-	2,800,000	-	-	2,800,000
FY04	Water Distribution Lines Phase II	Sates Tax Refunds, taps	-	-	-	57,009	57,009
FY04	Water Distribution Lines Phase II	Water Fund Transfer to Project	-	-	-	49,667	49,667
FY13	Looping lines & Fire Hydrants	NC Rural Center	670,000	-	-	-	670,000
FY13	Looping lines & Fire Hydrants	USDA Grant	1,515,000	-	-	-	1,515,000
FY13	Looping lines & Fire Hydrants	USDA Revenue Bond	-	1,046,000	-	-	1,046,000
FY13	Looping lines & Fire Hydrants	General Fund transfer	-	-	-	137,785	137,785
FY13	Looping lines & Fire Hydrants	Interest / Sales tax refund	-	-	-	6,166	6,166
FY07	Infrastructure / Lines	Developer Paid	-	-	122,583	-	122,583
FY08	Infrastructure / Lines	Developer Paid	-	-	15,704	-	15,704
FY09	Infrastrucure / Lines	Developer Paid	-	-	167,657	-	167,657
Various	Various Projects	Water Fund	-	-	-	380,565	380,565
1991	Merrimom System - CDBG funds	Federal Government	1,337,172	-	-	-	1,337,172
			6,491,452	4,435,608	305,944	727,732	11,960,736
Percentage			54.27%	37.08%	2.56%	6.08%	100.00%

Note: Did not include equipment. Equipment was paid by the Water Fund

Assessment Criteria Summary 2022 Assessment

OFFICIAL COPY

Oct 14 2022

Parameter	Total Possible Points	Description	Other Notes	Data Source
Service Population	1	Identifies smaller systems. Point scored for systems serving less than 10,000 people.	This is a statutorily required criterion.	Varied
Debt Service Coverage Ratio (DSCR)	1	Measures unit's ability to cover loan payments after paying for day to day operations. Measured by looking at revenue, expenses, and loan payments (principal and interest). Calculated as (Operating revenues-operating expenses excluding depreciation) / (principal + interest payments) Point scored if value is less than 1.1.	Over 70% of utilities have a DSCR greater than 1.1. This is a statutorily required criterion.	Calculated from 2021 Audit data
Transfers Out	1	May indicate that revenue generated by the utilities is not being used for utility expenses. Point scored when money is transferred out of the system's dedicated utility fund in 2 or more of the last 5 fiscal years if the system also has a negative surplus in the fiscal year of the transfer, or if the system has no debt and there is a negative surplus with debt service for a \$1 million "test" project.	This is a statutorily required criterion.	Calculated from 2021 Audit data
Transfers In	1	Indicates that the system is not generating enough money to cover expenditures. Point scored when money is transferred into the primary water/sewer fund from other sources in 2 or more of the last 5 years.	This is a statutorily required criterion.	Calculated from 2021 Audit data
Affordability	1	Recognizes a service area's population change rate, poverty rate, median household income (MHI), unemployment rate, and property valuation per capita to established state benchmarks. Note that the benchmark values are updated every year. <u>Current Benchmarks:</u> Population change: 4.42% Poverty rate: 14.0% MHI: \$52,413 Unemployment rate: 4.0% Property valuation per capita: \$107,620 Point scored if 4 or 5 of these indicators are worse than the state benchmark.		American Community Survey, Employment Security Commission, and Dept. of Revenue
UAL Control Issues	3	The UAL identifies units whose audits indicate that they may have accounting issues contributing to financial risk. Points scored for systems that have been identified by the LGC as medium risk (2) or high risk (1) of accounting control issues		LGC

Parameter	Total Possible Points	Description	Other Notes	Data Source
DW Compliance	1	Identifies units with DW system compliance issues. Point scored if system has more than 5 MCL violations in a 5-year period or has ongoing treatment technique violations.		NC DEQ-DWR
WW / CS Compliance	1	Identifies units with wastewater treatment or collection system compliance issues. <ul style="list-style-type: none"> • WW: Point scored if either in the top 10% for number of violations in a 5-year period, or a combination of in the top 20% for number of violations in a 5-year period and more than 50% of inspections document violations for wastewater treatment operations. • CS: Point scored if either the following occur: <ul style="list-style-type: none"> ○ The system is in the top 10% of systems for the number of SSO violations in a 5-year period and the top 20% for the number of SSOs per mile of collection system, or ○ The system is in the top 20% of systems for the number of SSO violations in a 5-year period and the top 10% for the number of SSOs per mile of collection system. 		NC DEQ-DWR
Flow Moratorium	4	Points scored when the system is under a moratorium preventing service expansion due to inability to treat wastewater or because the system has reached 90% of permitted capacity.		NC DEQ-DWR
DW Pop/ Mile	1	Evaluates population density, measured as service population divided by miles of water line. Lower density areas tend to face more service challenges. Point scored for density lower than 100		
Sewer Pop/ Mile	1	Evaluates population density, measured as service population divided by miles of sewer line. Lower density areas tend to face more service challenges. Point scored for density lower than 100		
Rates	1	High rates indicate that a system is unlikely to be able to increase rates to improve revenue. Point scored when inside rates for 5,000 gallons are greater than \$100/month for combined water and sewer service; \$50/month for water service only; and \$60/month for wastewater service only.		EFC
Revenue Outlook	4	Reflects unit's ability to generate income in the future while recognizing affordability issues. Points scored when the system has high rates (see above) AND declining population.		EFC rates; source of population varies

Parameter	Total Possible Points	Description	Other Notes	Data Source
Surplus (deficit) w/ Debt	2	Identifies systems that are not generating enough revenue to cover expenditures including debt payments. Points shored when number is less than or equal to \$0, indicating insufficient funds to cover expenses. Calculated as Operating Revenues-((Operating Expenses - Depreciation) + Long-term Debt Service)	Approximately 75% of utilities have revenue exceed expenditures.	Calculated from 2021 Audit data
No Debt DSCR Test	1	Similar to the DSCR calculated above but includes \$1 million "test" project if system has no debt to evaluate the unit's ability to finance a simple project with a loan. Point scored if less than 1.1.		Calculated from 2021 Audit data
% Depreciated	1	Evaluates the financial impact of wear and tear on water and sewer assets as they age and how much service life is left. Point scored if greater than 50%.	Approximately 70% of utilities have depreciation less than 50%.	Calculated from 2021 Audit data
Operating Margin	1	Indicates the system's ability to generate enough revenue to cover operating expenses including depreciation. Point scored if the operating margin is less than 0. Calculated as (Operating Revenue - Operating Expenses) / Operating Revenue	Approximately 50% of utilities have an operating margin greater than 0.	Calculated from 2021 Audit data
Quick Ratio	1	Indicates whether a system is able to meet short-term financial obligations with cash or easily accessible funds by comparing current assets to liabilities. Point scored if less than 1.1.	Approximately 95% of utilities have a quick ratio greater than 1.1.	Calculated from 2021 Audit data
Receivables Ratio	1	Measures how well the system is collecting money from customers. Point scored for 3-year average greater than or equal to 2.3 or if there is an increase of greater than or equal to 0.2 in each of the last two years which demonstrates a declining trend in bill payment.	Over 85% of utilities have a receivables ratio less than 2.3 or less than a 0.2 increase in each of the last two years.	Calculated from 2021 Audit data

List of Acronyms		
CS = Collection System	DWR = Division of Water Resources	SSO = Sanitary Sewer Overflow
DEQ = Dept. of Environmental Quality	EFC = Environmental Finance Center	SWIA = State Water Infrastructure Authority
DSCR = Debt Service Coverage Ratio	LGC = Local Government Commission	WW = Wastewater (sewer)
DW = Drinking Water	LWSR = Local Water Supply Plan	UAL = Unit Assistant List generated by LGC to identify communities that may have problems with accounting procedures identified through audits
DWI = Division of Water Infrastructure	MCL = Maximum Contaminant Level	

Distressed Unit Identification Criteria

The State Water Infrastructure Authority and Local Government Commission adopted the following Identification Criteria to be used to identify distressed units:

1. A unit whose fiscal affairs are under the control of the Commission pursuant to its authority granted by G.S. 159-181 (“under Commission fiscal control”), or
2. A unit that has not submitted its annual audits for the last two (2) fiscal years to the Commission as required by G.S. 159-34, or
3. A unit with a total Assessment Criteria (see Attachment 1) score that:
 - a) Equals or exceeds 9 for units providing both drinking water and wastewater services, or
 - b) Equals or exceeds 8 for units providing only one service, either drinking water or wastewater, or
4. A unit for which other information is available to or known by the Authority or Commission that reflects and is consistent with, but does not expressly appear in, the Assessment Criteria to account for situations in which the Assessment Criteria score does not wholly or accurately reflect a system’s level of risk due to the limitations of available data.

Unit Assessment Criteria Scorecard – 2022 Scores

Unit Name: Carteret County

Total Score: 9

Type of System (Water/Sewer): DW

As required by Session Law 2020-79 (SL 2020-79). The Local Government Commission (LGC) and State Water Infrastructure Authority (Authority) have developed criteria to identify local governments that may be struggling to provide water and/or sewer services. Assessment criteria include parameters required by the statute, infrastructure and organizational issues, and indicators of financial strain. This score card shows the points your unit scored and the data values used to determine those points. The attached Unit Scorecard Explanation provides additional information about each of the parameters that contribute to the score. Units providing both water and sewer service and scoring 9 or more points, or units providing only a single service and scoring 8 or more points are considered at risk of being designated distressed under the new law.

Statutory Points				
Criteria	Service Population	Debt Service Coverage Ratio	Transfers Out	Transfers In
Points Scored	1	1		1
Value Used	2930	0.25	0	5

Infrastructure/Organizational Points									
Criteria	Afford-ability	UAL Control	DW Compliance	WW / CS Compliance	Flow Moratorium	DW Pop / Mile	Sewer Pop / Mile	Rate (2022 inside) \$/5000 gal	Revenue Outlook
Points Scored						1		1	
Value Used	2			WW: CS:		51	DW Only	DW: \$107.45 WW: \$0 Combined: \$0	Population Change: 1% (also considers rates)

Financial Points						
Criteria	Surplus (deficit) w/ Debt	No Debt DSCR Test	% Depreciated	Operating Margin	Quick Ratio	Receivables Ratio
Points Scored	2		1	1		
Value Used	Surplus w/Debt: \$(178,896) W/\$1Million Test if No Debt:		54%	(0.41)	2.5	Ratio: 1.3 Trend: 0.0



The Problem: Over the next 20 years, water and wastewater systems in North Carolina will require an estimated \$26 billion in investment. Government funding alone cannot adequately address these statewide demands.

Background: Thousands of water and wastewater customers in North Carolina are served by private, regulated water utilities, rather than public water systems. These utilities have access to capital for system improvements that could supplement the limited funding available from government sources. However, current law and regulatory barriers impede the ability of local governments to voluntarily sell water and wastewater systems to regulated water utilities due to accounting and valuation requirements that do not reflect a fair value of the assets. Due to these barriers, government owned utility systems are unable to receive full and fair market value for their assets, regulated water and wastewater utilities are prevented from recouping their entire investment, and customers are often deprived the benefits of enhanced investment in essential infrastructure.

North Carolina is home to an estimated 2000 municipal, authority and investor-owned community drinking water systems and wastewater systems. The North Carolina Utilities Commission has no jurisdiction over North Carolina's municipal, county, district, and authority-owned community drinking water and wastewater systems.

Proposed Solution: This legislation removes these impediments by creating a beneficial *optional* and *voluntary* valuation appraisal process to determine the asset value while providing clarity to the valuation and rate-making process when a private regulated utility acquires the water or wastewater assets of a governmentally-owned system.

Key Points:

- The proposed legislation would help address the needs and opportunities arising from the estimate that up to \$26 billion in investment is required for water and wastewater infrastructure in N.C. over the next 20 years.
- North Carolina's water and wastewater industry is both fragmented and in need of infrastructure infusion. This fragmentation and lack of adequate funding sources often result in systems that may lack operational expertise and access to capital necessary to fund investments that will keep their systems safe, reliable and in compliance with environmental standards.

Summary:

This proposed legislation:

- Clarifies and makes transparent the entire acquisition process;
- Protects customers of both the governmental system and of the currently regulated system;
- Standardizes the acquisition process, adding clarity, certainty and structure
"Rate Base = lesser of Purchase Price or Appraised Value;"
- Offers governmental providers of water and wastewater an additional option to upgrade their water and wastewater infrastructure and service;
- Provides a tool for municipalities to address economic development, community revitalization or other needs with an infusion of capital and infrastructure investment from private sources; and
- Specifically preserves full authority of NC Utilities Commission to set fair rates.

CAROLINA WATER SERVICE, INC. OF NORTH CAROLINA
W-354, SUB 398
Public Staff Data Request No. 2
Date Requested: September 6, 2022
Date Due: September 16, 2022

Public Staff Technical Contact: Charles M. Junis
 Phone #: (919) 733-5610
 Email: charles.junis@psncuc.nc.gov

Public Staff Legal Contacts: Gina Holt
 Phone #: (919) 733-6110
 Email: gina.holt@psncuc.nc.gov

William E. H. Creech
 Phone #: (919) 733-6110
 Email: zeke.creech@psncuc.nc.gov

Please provide responses to this request in a searchable native electronic format (e.g., Excel, Word, or PDF files). If in Excel format, please include all working formulas. In addition, please include: (1) the name and title of the individual who has the responsibility for the subject matter addressed therein; and (2) the identity of the person making the response by name, occupation, and job title. Please also refer to Public Staff Data Request No. 1 for instructions for responding to this and all other Data Requests served on the Company by the Public Staff in the above-captioned proceeding.

Topic: Application

1. Regarding Form Application Exhibit 3, please provide the Carteret average residential bill calculations including the percent increase and underlying assumptions for the increase in 2027.

Response: The original Form Application Exhibit 3 rates were based on estimates of the expected rate case filing in the Sub 400 Docket. It was unknown at the time the specific rate increases that would be requested by rate group. Subsequent to the Sub 400 rate filing, CWSNC has more information available as to its rates in 2027 with the subsequent rate case filing that would be applicable to Carteret customers. The 2027 rates are still an estimate at an approximate 5% increase in the filing after the current WSIP period ending. Please see attached DR#2 – Exhibit 3 Update.xlsx, table included below.

CWSNC Uniform Water						Carteret Avg. Residential Bill		
Docket	Avg. Usage	BFC	Usage/1,	Avg Bil..	% Increase	Water	% Increase	
Sub 384	4000	24.53	11.71	\$ 71.37		\$ 70.55		
Sub 400 WSIP Yr 1	4000	28.78	13.57	\$ 83.06	16.38%	\$ 70.55	0.00%	
Sub 400 WSIP Yr 2	4000	29.76	14.03	\$ 85.88	3.40%	\$ 70.55	0.00%	
Sub 400 WSIP Yr 3	4000	30.72	14.48	\$ 88.64	3.21%	\$ 70.55	0.00%	
New Filing	4000	32.26	15.20	\$ 93.07	5.00%	\$ 93.07	31.92%	

2. Regarding Form Application Exhibit 5A, please identify individually Phases 1, 2, 3, and 4 in Figure 1 “Carteret County’s Water System” of Form Application Exhibit 5C.

Response: CWSNC is working with Carteret on a response to this data request.

3. Regarding Revised Form Application Exhibit 8, please provide the following:
 - a. Detailed transaction listing of the incurred costs;

Response: Please see attached DR#2.3 – Transaction Ledger.xlsx, tab Incurred Costs.

- b. Copies of contracts and invoices supporting the incurred costs; and

Response: Please see attached folder DR#2.3 – Invoices.

- c. Calculations and associated assumptions supporting the estimated amounts through closing.

Response: Please see attached DR#2.3 – Transaction Ledger.xlsx, tab Exh 8, column L for narrative descriptions of estimated additional costs.