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November 9, 2023

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

RE: Docket Nos. W-1300, Sub 92.

Dear Ms. Dunston:

Please accept for filing the attached responses from Old North State Water Company to Commissioners' questions and Commission requests for supplemental information at the October 4, 2023 hearing in this docket.

Sincerely,
/s/ Edward S. Finley, Jr.
Edward S. Finley, Jr.
Counsel for Old North State
Water Company

cc. Craig Schauer

NCUC Docket No. W-1300, Sub 92.

Responses to Commissioners' questions and requests for information.

During the oral argument held on October 4, 2023, members of the Commission panel asked Old North State to provide certain information as supplemental or late filed exhibits. The following are a recitation of the questions or requests and the transcript pages and Old North State's responses.

Page 124:

Commission question: And so I'm going to move to the Sub 71 order. And the Sub 71 order states that, for the full build out of the Briar Chapel subdivision, there will be approximately 414 additional commercial customers and 180 new residential customers.

Of those 414 commercial customers, do you know how many of them have interconnected since issuance of the Sub 71 order?

RESPONSE: The Blue Heron Apartments, a Food Lion Grocery Store (6.88 REUs) and a Cruizers gas station/convenience store (15.87 REUs).

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Commission question: Do you know whether the commercial customers, other than Blue Heron, have interconnected to the system since the issuance of the Sub 71 order?

RESPONSE: Yes, a Food Lion Grocery Store (6.88 REUs) and a Cruizers gas station/convenience store (15.87 REUs).

Commission question: Do you know the date that the capacity -- that the construction of the capacity increased in the wastewater treatment plant to 500,000 gallons per day along with the completion of the force main and lift station, the date that all of that was completed? Do you have that information?

RESPONSE:

Force Main completion:	August 4, 2022.	Cost: \$3,748,900
Lift Station completion:	August 4, 2022.	Cost: \$690,148
Plant completion:	October 7, 2022.	Cost: \$4,498,627 Plant was certified by engineer John Phillips to have capacity of 500,000 GPD

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Commission question: Again referring to the Sub 71 Order that refers to commercial customers at Briar Chapel, of the commercial customers -- and if you don't know, we'd ask for a late-filed exhibit about this too.

Of any commercial customers that have connected to the wastewater system, are any of them multifamily residential buildings, such as -- similar to Blue Heron?

RESPONSE:

No, but Liberty Senior Living is planned to be multi-family once construction is complete.

The only customers on the force main currently are the Perch (apartments), Food Lion and Cruizers (gas station). A dentist office and Liberty Senior are under construction.

And along with a similar description of the commercial customers that have connected to the system since Sub 71 order.

RESPONSE:

See above.

Commission question: And since we've talked about not having the dates for when the expansion of the wastewater treatment plant was completed, if you know this answer, please tell us. If not please include this in a late filed exhibit.

But was the expansion of the wastewater system to the additional 250,000 gallons per day complete when Old North State sent the March 19, 2021 letter to the Chatham County director of permits?

RESPONSE:

See above response. Plant completion, 10-7-2022.

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Commission question: On March 19, 2021, Old North State's president sent a letter to the Chatham County Director of Permits and Inspections stating that Old North State was "now allowing commercial customer" -- excuse me -- commercial connections to the Briar Chapel system."

What changes had occurred to the wastewater treatment system between the acquisition in 2015 and the -- and March 2021 that enabled Old North State to now allow commercial connections?

So what we want to know if the -- what was constructed, whether the expansion was completed in relation to the date of that letter.

RESPONSE: The timing of Old North State's decision to make capacity available for customers such as Blue Heron and Liberty Senior was Newland's act of turning over to Old North State additional needed spray irrigation capacity for effluent discharge.

The permit renewal for the Briar Chapel non-discharge permit dated January 14, 2021 shows daily flow reduced to 206,727 GPD (gallons per day) as confirmed by DEQ. In November, 2020, the daily average flow was 202,594 GPD. The 206,727 was close to the permit limit. In addition, on at least one day in November, the flow matched the daily maximum of 313,000 GPD. If either the daily permitted maximum or the daily average flow had been exceeded, the permit would be violated.

At that time, Old North State's best estimate was that builders currently had 131 homes under construction. Multiplication of the 131 homes by the per home flow 189 GPD resulted in an addition of 24,759 GPD of flow.

Old North State determined that it was only a matter of time before more flow would be received than permitted. Also, Newland's "new home velocity" was projected to be at least 20 homes per month. While Newland had committed since the fall of 2020 to turn over more irrigation capacity, no additional permitted capacity was available.

As Old North State was already operating so close to its permitted limit, additional connections to the system placed an immediate risk of violating the state environmental permit. Old North State deemed it prudent and necessary to temporarily stop new connections into the sewer system until Newland could bring more irrigation capacity online, certified and approved by the state, allowing Old North State to increase its disposal capacity.

The addition of approximately 51,000 gallons per day of demand from Blue Heron could not be accommodated with the existing spray irrigation capacity. DEQ issued a permit that increased the irrigation capacity 318,000 GPD on March 19 2021. Once that permit was issued, Old North State began allowing connections to the sewer system again.

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Commission question: Did Old North State provides the application to Blue Heron to fill out and complete and return to Old North State, or did they obtain it from Old North State's website and do it on their own? Or is that in the record for how- for what the process-

RESPONSE: Blue Heron made an unsolicited request for the application from Old North State on March 22, 2021. Old North State responded by sending the form. Blue Heron completed the application and returned it to Old North State on March 23, 2021.

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Commission question: Does Old North State plan to add to its tariff for Commission approval the method to calculate REUs related to connection fees for a non-residential customer, for example as Pluris has done? Are you - is Old North State going to proactively in the future correct this problem with the Commission?

RESPONSE: Old North State will consider addressing the best way to identify for potential non-single family residential customers the appropriate billing determinate. Old North State maintains that the correct way to calculate the billing determinate for such customers is reliance on the flows permitted by DEQ as Old North State has relied upon in billing Blue Heron and Liberty Senior and as justified by its position in this docket. As discussed in the hearing there are potentially different types of non-single family residential customers, e.g., industrial, commercial, multi-family residential. This presents challenges in determining the best way to address and convey to potential customers in a uniform fashion the determination of the correct billing determinate. It may be that the only way to address this issue is to calculate a billing determinate individually for each such customer by conversion of the single family residential billing determinate to one appropriate to the individual demand from the customer at issue. Old North State maintains that it is important to ensure that large volume customers are charged accurately to avoid improper cross subsidization from the many residential customers. To the extent not resolved in this docket Old North State will be amenable to consulting with the Public Staff and the Commission to address this issue.

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Commission question: Has Old North State amended, modified or revised its application in any respect in light of the way things have worked out in this particular case and controversy?

RESPONSE:

Old North State has not changed the application because 97%+ of the customers are residential. For these customers, no change is necessary. The tariff calls for a fee of \$4,000, and the tariffed billing determinant of REU equals one single family equivalent unit needs no interpretation. These customers apply for service, and the tariff applies without any additional contract or negotiation. However, Old North State is attempting to address the best way to convey information when dealing with non-single family residential customers with respect to connection fees, and once the outcome of this dispute is resolved will continue this effort to address the best way for determining how connection fees for non-single family residential customers are to be calculated.

Commission question: I mean, if there is an application that is different from the one that was used in this time frame and specifically we're referring to March 23rd or 21 you know, in that general window of time - if you could file that as a late filed exhibit, I'd just be curious to see if it remains the same or if there's any - any references that have changed, anything that's

incorporated by reference, or anything that clarifies the potential ambiguity which exists as a result of the application that was used and the circumstances that have unfolded in this case.

RESPONSE

See previous response.

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Commission question: And I guess the other question: have your practices changed if your applications have remained the same? Do you know if they are different?

RESPONSE:

See response above.

STATE OF ALABAMA

VERIFICATION

Stebby COUNTY

John McDonald, being first duly sworn, deposes and says that he is President of Old North State Water Company, Inc., that he has read the foregoing Responses and that the same are true of his own knowledge, except as to those matters and things therein alleged upon information and belief, which he believes to be true.

This the 8th day of November, 2023.

Old North State Water Company, Inc.

By: [Signature]
John McDonald
President

Sworn to and subscribed before me,
This the 8th day of November 2023

[Signature]
Notary Public



OFFICIAL COPY

Nov 09 2023

CERTIFICATE OF SERVICE

I hereby certify that a true and exact copy of the foregoing Old North State Water Company Responses to Commissioners' Questions and Commission Requests for Supplemental Information was duly served upon parties of record either by depositing same in a depository of the United States Postal Service, first class postage prepaid, or by electronic delivery.

This the 9th day of November, 2023

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/s/ Edward S. Finley, Jr.
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STATE WATER COMPANY