

**STATE OF NORTH CAROLINA  
UTILITIES COMMISSION  
RALEIGH**

**STAFF CONFERENCE AGENDA  
June 19, 2023  
Commission Hearing Room 2115, 10:00 a.m.**

**ELECTRIC**

*RIDER ADJUSTMENTS*

**Duke Energy Carolinas, LLC**

1. Docket No. E-7, Sub 1026 – Application of DEC for an adjustment to its Bulk Power Marketing (BPM) True-up Rider and BPM Prospective Rider (*Lentz/Zhang/Keyworth*)
2. Docket No. E-7, Subs 487, 828, 1026, 1146, and 1214 – Application of DEC for an adjustment to its Existing DSM Program Rider (EDPR) (*Lentz/Zhang/Keyworth*)

**ELECTRIC AND NATURAL GAS**

*AFFILIATE AGREEMENTS*

**Duke Energy Progress, LLC and Piedmont Natural Gas Company, Inc.**

3. Docket Nos. E-2, Sub 1260 and G-9, Sub 773 – Application of DEP and PNG for approval of an affiliate agreement pursuant to N. C. Gen. Stat. § 62-153(b) (*Meda/Zhang/Felling*)

**WATER AND WASTEWATER**

*ORDER SCHEDULING HEARINGS, ESTABLISHING DISCOVERY GUIDELINES, AND  
REQUIRING CUSTOMER NOTICE*

**Red Bird Utility Operating Company, LLC and Total Environmental Solutions, Inc.**

4. Docket Nos. W-1328 Sub 10 and W-1146 Sub 13 – Application for Authority to Transfer the Total Environmental Solutions, Inc. water and wastewater utility systems and Public Utility Franchise in Franklin and Nash Counties, North Carolina to Red Bird Utility Operating Company, LLC and approval of rates (*Franklin/Houser/Feasel/Jost*)

The Public Staff recommends approval of the preceding agenda items as described above and reflected in proposed orders provided to the Commission Staff.

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**STATE OF NORTH CAROLINA  
UTILITIES COMMISSION  
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DOCKET NO. E-7, SUB 1026

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of	
Application of Duke Energy Carolinas, LLC,	)
for Adjustment of Rates and Charges	)
Applicable to Electric Utility Service in North	)
Carolina	)
	ORDER APPROVING RIDERS

BY THE COMMISSION: On May 1, 2023, Duke Energy Carolinas, LLC (DEC or the Company) filed a proposed Bulk Power Marketing (BPM) True-up Rider and a BPM Prospective Rider, to be effective for the period July 1, 2023, through June 30, 2024. The purpose of the BPM Prospective Rider and the BPM True-up Rider is to flow back to DEC's North Carolina (NC) retail customers their jurisdictionally allocated share of 90% of the Company's BPM Net Revenues and 100% of its Non-Firm Point-to-Point Transmission (NFPTP) Revenues, on a prospective basis and subsequently on a trued-up basis. Pursuant to the May 1 filing, the proposed BPM True-up Rider consists of a rate decrement of (0.0071) cents per kilowatt-hour (kWh),<sup>1</sup> based on a comparison of DEC's actual BPM Net Revenues and NFPTP Revenues earned in calendar year 2022 with the amounts credited to NC retail customers during 2022 for those two categories. In the filing, DEC also proposed a BPM Prospective Rider consisting of a rate decrement of (0.0128) cents per kWh.

The proposed decrement BPM True-up Rider of (0.0071) cents per kWh, if approved, will replace the existing decrement BPM True-up Rider of (0.0031) cents per kWh approved by the Commission in its Order issued June 28, 2022, in this docket. The proposed decrement BPM Prospective Rider of (0.0128) cents per kWh, if approved, will replace the current BPM Prospective Rider decrement of (0.0120) cents per kWh included in base rates. The sum of the proposed BPM Prospective Rider and BPM True-up Rider, including the regulatory fee, is a rate decrement of (0.0199) cents per kWh, which is a decrease of 0.0048 cents per kWh from the existing combined rider decrement of (0.0151) cents per kWh, including the regulatory fee, approved in 2022.

A BPM/NFPTP Rider was first approved by the Commission on December 20, 2007, in Docket No. E-7, Sub 828, and the Commission has continued to approve the BPM/NFPTP mechanism in subsequent general rate cases. Under the mechanism, 90% of the allocated NC retail portion of DEC's BPM Net Revenues and 100% of the similarly allocated NFPTP Revenues are flowed through to the benefit of the Company's NC retail customers. The annual rider was established to true up the difference between the actual amounts calculated to be flowed through pursuant to those allocations and percentages

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<sup>1</sup> Except as otherwise indicated, all proposed rates exclude the North Carolina regulatory fee.

and the amounts included in base rates for that purpose, as calculated for the then most recent calendar year.

In its September 24, 2013, Order Granting General Rate Increase in Docket No. E-7, Sub 1026 (Sub 1026 Order), the Commission reaffirmed the 90% and 100% allocations, as well as continuation of the true-up process. Additionally, the Sub 1026 Order directed that: (1) the decrement amounts recovered in base rates would be prospectively implemented in the form of a continuing decrement rider (BPM Prospective Rider), which would be subject to modification in each annual rider adjustment proceeding; (2) the annual true-up for the most recent calendar year (the BPM True-up Rider) would continue; and (3) the return on any over- or under-recovery included as part of the BPM True-up Rider would be calculated using a rate of return equal to 50% of the most current after-tax rate of return approved by the Commission. The BPM Prospective Rider is calculated annually based on projected BPM and NFPTP transmission revenues and expected kWh sales.

According to DEC's May 1, 2023 filing, the proposed BPM True-up Rider is calculated by dividing the NC retail BPM and NFPTP Revenues Adjustment of \$4,260,237 (the difference between 2022 actual BPM and NFPTP revenues and the collected 2022 BPM Prospective Rider decrements, plus a return on deferred revenues) by projected NC retail sales of 60,178,434,000 kWh for the period July 2023 through June 2024. The resulting BPM True-up Rider amount is a rate decrement of (0.0071) cents per kWh. The proposed BPM Prospective Rider is calculated by dividing the NC retail BPM and NFPTP Forecasted Revenue to Share of \$(7,660,000) by the Forecasted NC Retail Sales of 60,016,681,000 kWh calendar year of 2023.

The Public Staff presented this item at the Commission's Regular Staff Conference on June 19, 2023. The Public Staff stated that it had reviewed DEC's calculation of the proposed riders, including the supporting workpapers submitted with the filings and information provided by the Company in response to a Public Staff data request, and had concluded that the proposed riders are reasonable. Therefore, the Public Staff recommended that DEC's proposed riders be approved. The Public Staff also indicated that including the North Carolina regulatory fee does not cause a change in the Riders in this case.

Based on its review of DEC's filing and the recommendation of the Public Staff, the Commission concludes that the proposed riders are reasonable and should be approved, effective on July 1, 2023.

IT IS, THEREFORE, ORDERED, as follows:

1. That the following riders for Bulk Power Marketing Net Revenues and Non-Firm Point-to-Point Transmission Revenues proposed by DEC in its filing of May 1, 2023, are approved effective during the period July 1, 2023, through June 30, 2024:

(1) a BPM True-up Rider, consisting of a rate decrement of (0.0071) cents per kWh, including the regulatory fee; and

(2) a BPM Prospective Rider, consisting of a rate decrement of (0.0128) cents per kWh, including the regulatory fee.

2. That DEC shall file with the Commission, within 10 days following the date of this order, revised tariffs showing the effective date of the tariffs.

ISSUED BY ORDER OF THE COMMISSION.

This the \_\_\_\_ day of June 2023.

NORTH CAROLINA UTILITIES COMMISSION

A. Shonta Dunston, Chief Clerk

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**STATE OF NORTH CAROLINA  
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RALEIGH**

DOCKET NO. E-7, SUB 487  
DOCKET NO. E-7, SUB 828  
DOCKET NO. E-7, SUB 1026  
DOCKET NO. E-7, SUB 1146  
DOCKET NO. E-7, SUB 1214

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of	
Duke Energy Carolinas, LLC, Existing DSM	) ORDER APPROVING
Program Rider	) EDPR RIDER

BY THE COMMISSION: On March 31, 2023, Duke Energy Carolinas, LLC (DEC or the Company) made a filing proposing its annual change to the Existing DSM Program Rider (EDPR) based on the December 31, 2022 legacy demand-side management (DSM) deferral account balance. The Company requested that the EDPR be effective beginning July 1, 2023.

An EDPR was first approved in the December 20, 2007 Order Approving Stipulation and Deciding Non-Settled Issues in Docket No. E-7, Sub 828 (the Sub 828 Order), and the Commission has continued to approve the EDPR mechanism in DEC's subsequent general rate cases. The EDPR reflects the inclusion in DEC's approved base rates of a per kilowatt-hour (kWh) amount specifically intended to recover the costs of certain legacy DSM and energy efficiency (EE) programs existing as of the date of the Sub 828 Order. The EDPR is adjusted annually to true up the difference between the applicable base rate amount in effect and the actual cost of the legacy DSM and EE programs incurred during the then most recent calendar year. In its March 31, 2023 filing, DEC indicated that the applicable base existing rate amount was 0.0063 cents per kWh effective June 1, 2021,<sup>1</sup> pursuant to the Commission's March 31, 2021 Order in general rate case Docket No. E-7, Sub 1214.

In its March 31, 2023 filing, DEC proposed to replace the existing EDPR decrement rider amount of (0.0020) cents per kWh,<sup>2</sup> with a new decrement rider amount of (0.0022) cents per kWh, to be effective on and after July 1, 2023.

The base existing DSM program cost amount of 0.0063 will remain in place following Commission approval of the new EDPR pursuant to the current filing. Adjusting for the regulatory fee does not result in a change to either the base amount or the rider

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<sup>1</sup> Except as otherwise indicated, all rates are excluding the North Carolina regulatory fee.

<sup>2</sup> The existing EDPR decrement rider was allowed to become effective as of July 1, 2022, pursuant to Commission Order in these dockets.

amount proposed in this proceeding. Therefore, the proposed net change to the EDPR, relative to the currently approved amount, including all rate adders, is the difference between the proposed decrement rider, including the regulatory fee, of (0.0022) cents per kWh, and the current decrement rider, including the regulatory fee, of (0.0020) cents per kWh, or a net rate decrease of (0.0002) cents per kWh.

This Public Staff presented this item at the Commission's Regular Staff Conference on June 19, 2023. The Public Staff stated that it had reviewed DEC's calculation of the proposed EDPR, including the supporting workpapers submitted with the filings and information provided by the Company in response to a Public Staff data request. Based on its review, the Public Staff concluded that the proposed rate decrement is reasonable. Therefore, the Public Staff recommended that DEC's proposed EDPR be approved, effective for the period July 1, 2023, through June 30, 2024.

Based on its review of DEC's filing and the recommendation of the Public Staff, the Commission concludes that the proposed EDPR is reasonable and should be approved, effective July 1, 2023.

IT IS, THEREFORE, ORDERED that the EDPR proposed by DEC in its filing of March 31, 2023, consisting of a rate decrement of (0.0022) cents per kWh excluding the regulatory fee [(0.0022) cents per kWh, including the regulatory fee], is approved effective July 1, 2023, through June 30, 2024.

ISSUED BY ORDER OF THE COMMISSION.

This the \_\_\_\_ day of June, 2023.

NORTH CAROLINA UTILITIES COMMISSION

A. Shonta Dunston, Chief Clerk

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**STATE OF NORTH CAROLINA  
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DOCKET NO. E-2, SUB 1260  
DOCKET NO. G-9, SUB 773

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of	
Application of Duke Energy Progress, LLC and)	ORDER APPROVING THE
Piedmont Natural Gas Company, Inc. for )	PROPOSED LEASE
Approval of Affiliate Agreement )	AGREEMENT

BY THE COMMISSION: On May 18, 2023, Duke Energy Progress, LLC (DEP) and Piedmont Natural Gas Company, Inc. (Piedmont) (collectively the Companies) filed an application for the approval of an affiliate agreement pursuant to N.C. Gen. Stat. § 62-153(b) and Regulatory Condition 3.1(a) as approved by the Commission's Order Granting Motion to Amend Regulatory Conditions issued on August 24, 2018, in Docket Nos. E-7, Sub 1100A; E-2, Sub 1095A; and G-9, Sub 682A for the proposed lease agreement between DEP and Piedmont (Agreement), where Piedmont is seeking a laydown yard for an upcoming project and will compensate DEP for the leased land. On May 19, 2023, DEP and Piedmont updated the filing to include the proposed lease agreement. On June 1, 2023, the Companies filed a letter of correction to the May 19, 2023 filing along with clarification that, upon Commission approval of the Affiliate Agreement, the lease term contained in the proposed lease will be amended to reflect the effective date of the lease agreement.

During the Public Staff's review and discussion with the Companies, the Companies stated they have identified the tract of land in New Hanover County owned by DEP to be leased to Piedmont for the secure storage of materials and rental equipment as Piedmont works on a project involving alternating current (AC) mitigation for a line. The anticipated start date of the lease should be in August or September 2023, for an initial term of six months. Piedmont, upon at least 15 days advance written notice to DEP for each extension, can extend the lease for an additional three-month term for up to two consecutive three-month periods beginning upon the expiration of the initial term. The Companies stated that the amount for the lease payments for initial and renewal term is determined based on the surrounding local comparable land values for similar industrial yard space. Piedmont also stated it has explored another location that satisfied the requirements; however, the landowner was unable to accommodate Piedmont's laydown yard due to ongoing construction on the property.

The Public Staff has reviewed the initial filing, updated Agreement, including the proposed lease agreement, and correction letter.



The Public Staff presented this item at the Commission's Regular Staff Conference on June 19, 2023. The Public Staff recommended approval subject to the following conditions:

- (1) The Commission's approval of the Agreement shall not be deemed, in connection with any future proceeding before the Commission, to determine and establish DEP or Piedmont retail rates or for any other purpose, or to constitute an approval of any level of charges directly charged, assigned, or allocated to DEP or Piedmont under the Agreement;
- (2) The authority granted by the Commission in its Order shall be without prejudice to the right of any party to take issue with any provision of the Agreement in question in a future proceeding;
- (3) The Companies shall file with the Commission signed and executed copies of the Agreement within 30 days of its execution.

Based on the foregoing and the record, the Commission concludes that pursuant to N.C.G.S. § 62-153(b), the proposed lease agreement should be approved, subject to the conditions recommended by the Public Staff, as set forth above.

IT IS, THEREFORE, ORDERED as follows:

That the proposed lease agreement is approved, subject to the conditions recommended by the Public Staff, as enumerated in the body of this order.

ISSUED BY ORDER OF THE COMMISSION.

This the \_\_\_\_ day of June, 2023.

NORTH CAROLINA UTILITIES COMMISSION

A. Shonta Dunston, Chief Clerk

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**STATE OF NORTH CAROLINA  
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DOCKET NO. W-1146, SUB 13  
DOCKET NO. W-1328, SUB 10

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of	
Application by Red Bird Utility Operating	)
Company, LLC, 1650 Des Peres Road, Suite	)
303, St. Louis, Missouri 63131, and Total	)
Environmental Solutions, Inc., Post Office Box	)
14056, Baton Rouge, Louisiana 70898, for	)
Authority to Transfer the Lake Royale	)
Subdivision Water and Wastewater Utility	)
Systems and Public Utility Franchise in	)
Franklin and Nash Counties, North Carolina,	)
and for Approval of Rates	)
	ORDER SCHEDULING
	HEARINGS, ESTABLISHING
	DISCOVERY GUIDELINES, AND
	REQUIRING
	CUSTOMER NOTICE

BY THE COMMISSION: On June 7, 2021, Red Bird Utility Operating Company, LLC (Red Bird), and Total Environmental Solutions, Inc. (TESI), filed with the Commission an Application for Transfer of Public Utility Franchise and for Approval of Rates (Application) seeking authority to transfer the water and wastewater utility systems and public utility franchise serving Lake Royale Subdivision (Lake Royale) in Franklin and Nash Counties, North Carolina, from TESI to Red Bird and approval of rates. Red Bird filed with the Commission supplemental and additional materials in support of the Application on June 8, 2021, and January 24, August 2, and September 8, 2022.

TESI currently serves 1,650 residential and 15 commercial water utility customers in Lake Royale. TESI also serves two commercial water and wastewater utility customers in Lake Royale. Upon acquisition, Red Bird plans to make water utility system capital improvements, including demolishing the existing elevated water storage tank and installing a new booster pump station with a backup power generator. Based on Red Bird's estimated costs for these improvements, due diligence costs, and the purchase price of the Lake Royale water utility system, the approximate annual revenue requirement associated with the water utility system capital expenditures is \$68,962, or \$3.48 per customer per month for 25 years, subject to true-up.

Red Bird also plans to make wastewater utility system capital improvements, including replacing internal equipment in two lift stations, replacing the force main's air release valves, and refurbishing the wastewater treatment plant. Based on Red Bird's estimated costs for these improvements, due diligence costs, and the purchase price of the Lake Royale wastewater utility system, the approximate annual revenue requirement associated with the wastewater utility system capital expenditures is \$80,143, or \$3,339 for each of the two customers per month for 25 years, subject to true-up.

The present rates for TESI were approved in Docket Nos. W-1146, Sub 11 and M-100, Sub 138, and have been in effect since January 1, 2017. Upon acquisition of the system, Red Bird proposes to charge the current Commission-approved rates for Lake Royale. The present and proposed rates are as follows:

<u>Monthly Metered Water Service:</u>	<u>Present</u>	<u>Proposed</u>
Base Charge, zero usage	\$ 29.03	\$ 29.03
Usage Charge, per 1,000 gallons	\$ 6.02	\$ 6.02

Monthly Metered Wastewater Rates (Commercial):

Base Charge, zero usage		
<1" meter	\$164.50	\$164.50
1" meter	\$246.75	\$246.75
2" meter	\$411.25	\$411.25
Usage Charge, per 1,000 gallons	\$ 49.03	\$ 49.03

Based on these rates, a residential customer who uses 2,300 gallons of water per month would be billed \$42.88 per month for water utility service. Also based on these rates, a commercial customer with a one-inch meter with wastewater usage of 12,200 gallons per month would be billed \$844.92 per month for wastewater utility service.

Upon acquisition, Red Bird plans to make capital improvements and implement changes to operations that will increase annual operating costs above current levels. Non-confidential Attachment K.1 to the Application states that Red Bird plans to request a rate increase approximately 14 months post-acquisition, subject to Commission approval.<sup>1</sup> Depending on the number of systems which it has been able to acquire by the time it files a rate case relating to the TESI systems, Red Bird may seek approval of uniform rates across all its North Carolina systems, including Lake Royale.

If the full amount of the projected rate increase, including the request for uniform rates, were approved by the Commission in the timeframe proposed by Red Bird, the average monthly bill charged to each customer for water and wastewater utility service would be as follows:

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<sup>1</sup> Any future change in rates proposed by Red Bird would require filing a general rate case application pursuant to N.C. Gen. Stat. § 62-134 and approval by the Commission. Future rates are subject to change and could be less or more than the projected \$73.44 per customer.

<u>Timeframe</u>	<u>Monthly Water Utility Bill</u>	<u>Monthly Wastewater Bill</u>
Present <sup>1</sup>	\$ 42.88	\$844.92
Year 1	\$ 42.88	\$844.92
Year 2 <sup>2</sup>	\$ 68.35	\$844.92
Years 3 through 5	\$ 73.44	\$844.92

The Public Staff presented this matter at the Commission's Staff Conference on June 19, 2023. The Public Staff recommended that the matter be scheduled for a public witness hearing for the sole purpose of receiving testimony from customers; that the matter should also be scheduled for an expert witness hearing for the sole purpose of receiving expert witness testimony from Red Bird, the Public Staff, and other intervenors, if any; and that Red Bird should be required to provide notice to all affected customers of the Application, including the applied for rates and the scheduled hearings.

Based on the foregoing, and the recommendation of the Public Staff, the Commission hereby establishes the procedural schedule, including filing requirements of Red Bird, the Public Staff, and other intervenors, and requires that Red Bird provide public notice to all customers affected by the Application, including the applied for rates and the scheduled hearings.

The guidelines regarding discovery in this docket, subject to modification for good cause shown, are as follows:

1. Any deposition shall be taken before the deadline for the filing of the Public Staff and other intervenor testimony. A notice of deposition shall be served on all parties at least seven business days prior to the taking of the deposition.

2. Any motion for subpoena of a witness to appear at the expert witness hearing shall be filed with the Commission before the deadline for the filing of the Public Staff and other intervenor testimony, shall be served by hand delivery or facsimile to the person sought to be subpoenaed at or before the time of filing with the Commission, and shall make a reasonable showing that the evidence of such person will be material and relevant to an issue in the proceeding. N.C. Gen. Stat. § 62-62. Unless an objection is filed, the Chief Clerk shall issue the requested subpoena within one business day of the filing of such motion.

3. Formal discovery requests related to the Application and Red Bird's prefiled direct and any supplemental testimony shall be served on Red Bird by hand delivery, facsimile, or electronic delivery with Red Bird's agreement, no later than 14 calendar days

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<sup>1</sup> The timeframe of the present through the first two months of Year 2 assumes an average monthly usage of 2,300 gallons per water utility service customer and 12,200 gallons per wastewater utility service customer.

<sup>2</sup> Values are based on two months at Year 1 rates and ten months at the higher estimated uniform statewide rate of \$73.44 per customer for water utility service and no change in rates projected for wastewater utility service.

prior to the filing of Public Staff and other intervenor testimony. Red Bird shall have up to ten calendar days to file with the Commission objections to discovery requests on an item-by-item basis, but in no event shall objections be filed later than ten calendar days prior to the deadline for the filing of Public Staff and other intervenor testimony.

4. Formal discovery requests related to the prefiled direct testimony of the Public Staff and other intervenors shall be served by hand delivery, facsimile, or electronic delivery with the agreement of the receiving party no later than three business days after the filing of that party's testimony. The party served shall have up to five business days to file with the Commission objections to the discovery requests on an item-by-item basis, but in no event shall objections be filed later than nine calendar days after the filing of that party's testimony.

5. Formal discovery requests related to prefiled rebuttal testimony shall be served by hand delivery, facsimile, or electronic delivery with Red Bird's agreement, no later than two business days after the filing of such testimony. The party served shall have up to two business days to file with the Commission objections to the discovery requests on an item-by-item basis, but in no event shall objections be filed later than three business days after the filing of such rebuttal testimony. Discovery related to rebuttal testimony shall be limited to new material introduced in such rebuttal testimony and will be carefully scrutinized upon objection that such discovery should have been sought during the initial period of discovery.

6. Discovery requests need not be filed with the Commission when served; however, objections shall be filed with the Commission and the objecting party shall attach a copy of the relevant discovery request to the objections. Each discovery request, or part thereof, to which no objection is filed, shall be answered by the time objections are due, subject to other agreement of the affected parties or other order of the Commission. Upon the filing of objections, the party seeking discovery shall have two business days to file with the Commission a motion to compel, and the party objecting to discovery shall have one business day thereafter to file a response. All objections, motions to compel, and responses shall be served on the other affected party by hand delivery, facsimile, or electronic delivery with the agreement of the receiving party, at or before the time of filing with the Commission.

7. A party shall not be granted an extension of time to pursue discovery due to that party's late intervention or other delay in initiating discovery.

The Commission urges all parties to work in a cooperative manner and to try to accommodate discovery within the time available. The Commission recognizes that in the past, most discovery has been conducted in an informal manner without the need for Commission involvement or enforcement, and that such has been generally successful. The above guidelines are without prejudice to the parties conducting informal discovery or exchanging information by agreement at any time with the understanding that such will not be enforceable by the Commission if outside these guidelines.

Further, the Commission finds good cause to require all parties who file exhibits and workpapers that include tables of numbers and calculations to provide the Commission Staff, the Public Staff, and any other party upon request from such party an electronic version of all such exhibits and workpapers, with formulas intact.

IT IS, THEREFORE, ORDERED as follows:

1. That the Application is scheduled for a public witness hearing beginning at [Time] on [Day of Week], [Date], at the Franklin County Courthouse, Courtroom [Courtroom number], 102 South Main Street, Louisburg, North Carolina 27549;

2. That the hearing on [Day of Week], [Date] will be conducted solely for the purpose of receiving the testimony of public witnesses in accordance with Commission Rule R1-21(g). The Commission reserves the right to limit testimony at the public witness hearing pursuant to Commission Rule R1-21(g)(5);

3. That the public witness hearing is subject to cancellation if no significant protests are received from customers on or before [Date], 2023.

4. That TESI and Red Bird are required to file separate, verified reports addressing all customer service and service quality complaints expressed during the public witness hearing held on [Day of Week], [Date], within 15 days of the conclusion of the public witness hearing. The Public Staff shall and other intervenors may file a verified response and any comments to TESI's and Red Bird's reports on or before [Day of Week], [Date];

5. That the Application is scheduled for an expert witness hearing beginning at [Time], on [Day of Week], [Date], and continuing as necessary until conclusion. The hearing will be held in Commission Hearing Room 2115, Dobbs Building, 430 North Salisbury Street, Raleigh, North Carolina 27603;

6. That the parties shall comply with the discovery guidelines established herein and shall work in a cooperative manner as to discovery;

7. That Red Bird is required to prefile all testimony on which it will rely at the expert witness hearing on or before [Day of Week], [Date], which is 60 days prior to the expert witness hearing. The Public Staff and intervenors, if any, shall file their testimony on or before [Day of Week], [Date], which is 40 days prior to the expert witness hearing, and Red Bird shall file its rebuttal testimony, if any, on or before [Day of Week], [Date], which is 20 days prior to the expert witness hearing;

8. That on or before [Day of Week], [Date], any persons having an interest in this matter may file petitions to intervene in this proceeding pursuant to Commission Rules R1-5, R1-7, and R1-19;

9. That Red Bird shall consult with all other parties and file, no later than [Day of Week], [Date], a list of witnesses to be called at the expert witness hearing, the order

of witnesses, and each party's estimated time for cross-examination. If the parties cannot agree, the remaining parties shall, no later than [Day of Week], [Date], make a filing indicating their points of disagreement with Red Bird's filing;

10. That an officer or representative of Red Bird is required to appear before the Commission at the time and place of the expert witness hearing to testify concerning any of the information contained in the Application;

11. That all parties filing supporting exhibits in PDF format shall provide to the Commission Staff electronic versions of the exhibits filed in native Excel format via email at NCUCexhibits@ncuc.net, where applicable, including all of the supporting tabs and formulas, within three days of the filing of such exhibits; and that Red Bird and all other parties filing exhibits and workpapers that include tables of numbers and calculations shall provide the Public Staff and any other party upon request an electronic version of all such exhibits and workpapers, with formulas intact; and

12. That the Notice to Customers, attached hereto as Appendix A, shall be mailed with sufficient postage or hand delivered by Red Bird to all affected customers no later than ten days after the date of this Order and that Red Bird shall submit to the Commission the attached Certificate of Service, properly signed and notarized, not later than 20 days after the date of this Order.

ISSUED BY ORDER OF THE COMMISSION.

This the \_\_\_\_ day of \_\_\_\_\_, 2023.

NORTH CAROLINA UTILITIES COMMISSION

A. Shonta Dunston, Chief Clerk

**STATE OF NORTH CAROLINA  
UTILITIES COMMISSION  
RALEIGH**

**NOTICE TO CUSTOMERS**  
DOCKET NO. W-1146, SUB 13  
DOCKET NO. W-1328, SUB 10

**BEFORE THE NORTH CAROLINA UTILITIES COMMISSION**

Notice is hereby given that Red Bird Utility Operating Company, LLC (Red Bird), 1650 Des Peres Road, Suite 303, St. Louis, Missouri 63131, and Total Environmental Solutions, Inc. (TESI), Post Office Box 14056, Baton Rouge, Louisiana 70898, filed an Application with the North Carolina Utilities Commission (Commission) for Transfer of Public Utility Franchise and for Approval of Rates (Application) seeking authority to transfer the water and wastewater utility systems and public utility franchise serving Lake Royale Subdivision (Lake Royale) in Franklin and Nash Counties, North Carolina, from TESI to Red Bird and approval of rates.

Upon acquisition, Red Bird plans to make water utility system capital improvements including demolishing the existing elevated water storage tank and installing a new booster pump station with a backup power generator. Based on Red Bird's estimated costs for these improvements, due diligence costs, and the purchase price of the Lake Royale water utility system, the approximate annual revenue requirement associated with the capital expenditures is \$68,962, or \$3.48 per customer per month of 25 years, subject to true-up.

Red Bird also plans to make wastewater utility system capital improvements, including replacing internal equipment in two lift stations, replacing the force main's air release valves, and refurbishing the wastewater treatment plant. Based on Red Bird's estimated costs for these improvements, due diligence costs, and the purchase price of the Lake Royale wastewater utility system, the approximate annual revenue requirement associated with the wastewater utility capital expenditures is \$80,143, or \$3,339 for each of the two customers per month for 25 years, subject to true-up.

When Red Bird files a general rate case application with the Commission, Red Bird intends to include the costs of purchasing the Lake Royale water and wastewater utility systems and its investment in the system in rate base, which would allow Red Bird to recover in rates the reasonable depreciation expense and allow Red Bird the opportunity to earn a return, approved by the Commission, on its post-closing investment. Depending on the number of systems which it has been able to acquire by the time it files a rate case relating to the TESI systems, Red Bird may seek approval of uniform rates across all its North Carolina systems, including Lake Royale.



## EFFECT OF RATES:

The present rates for TESI were approved in Docket Nos. W-1146, Sub 11 and M-100, Sub 138, and have been in effect since January 1, 2017. Upon acquisition of the system, Red Bird proposes to charge the current Commission approved rates for Lake Royale. The present and proposed rates are as follows:

<u>Monthly Metered Water Service:</u>	<u>Present</u>	<u>Proposed</u>
Base Charge, zero usage	\$ 29.03	\$ 29.03
Usage Charge, per 1,000 gallons	\$ 6.02	\$ 6.02

### Monthly Metered Wastewater Rates (Commercial):

Base Charge, zero usage

<1" meter	\$164.50	\$164.50
1" meter	\$246.75	\$246.75
2" meter	\$411.25	\$411.25
Usage Charge, per 1,000 gallons	\$ 49.03	\$ 49.03

Based on these rates, a residential customer who uses 2,300 gallons of water per month would be billed \$42.88 per month for water utility service. Also based on these rates, a commercial customer with a one-inch meter with wastewater usage of 12,200 gallons per month would be billed \$844.92 per month for wastewater utility service.

Red Bird plans to request a rate increase and uniform statewide rates approximately 14 months post-acquisition, subject to Commission approval.<sup>1</sup> If the full amount of the projected rate increase, including the request for uniform rates, is granted, the average monthly statewide bill amount could be as much as the rates shown below.

Subject to Commission approval, the present and projected average monthly bill charged to each customer for water and wastewater utility service as proposed by Red Bird are as follows:

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<sup>1</sup> Any future change in rates proposed by Red Bird would require filing a general rate case application pursuant to N.C. Gen. Stat. § 62-134 and approval by the Commission. Future rates are subject to change and could be less or more than the projected \$73.44 per customer.

<u>Timeframe</u>	<u>Monthly Water Utility Bill</u>	<u>Monthly Wastewater Bill</u>
Present <sup>1</sup>	\$ 42.88	\$844.92
Year 1	\$ 42.88	\$844.92
Year 2 <sup>2</sup>	\$ 68.35	\$844.92
Years 3 through 5	\$ 73.44	\$844.92

## PROCEDURES FOR PUBLIC HEARINGS:

The Commission has scheduled the following hearings on the Application:

*Public witness hearing* at [Time] on [Day of Week], [Date], to be held at the Franklin County Courthouse, Courtroom [Courtroom number], 102 South Main Street, Louisburg, North Carolina. *This hearing may be cancelled if no significant protests are received on or before [Day of Week], [Date].*

The public witness hearing on [Day of Week], [Date], will be solely for the purpose of receiving the testimony of public witnesses in accordance with Commission Rule R1-21(g). The Commission reserves the right to limit testimony at the customer hearing.

*Expert witness hearing* beginning at [Time], on [Day of Week], [Date], and continuing as necessary until conclusion. The hearing will be held in Commission Hearing Room 2115, Dobbs Building, 430 North Salisbury Street, Raleigh, North Carolina. The hearing scheduled for [Day of Week], [Date], shall be conducted solely for the purpose of receiving testimony of Red Bird, the Public Staff, and any other parties of record.

Consumer statements may be submitted to the Commission via the web form at <https://www.ncuc.net/contactus.html>. Consumer statements are not evidence unless those persons appear at a public witness hearing and testify concerning the information contained in their consumer statements.

The Public Staff – North Carolina Utilities Commission (Public Staff) is authorized by statute to represent consumers in proceedings before the Commission. Consumer statements to the Public Staff should include the customer's name, contact information,

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<sup>1</sup> The timeframe of the present through the first two months of Year 2 assumes an average monthly usage of 2,300 gallons per water utility service customer and 12,200 gallons per wastewater utility service customer.

<sup>2</sup> Bill amounts for water utility service are based on two months at Year 1 rates and ten months at the higher estimated uniform statewide rate of \$73.44 per customer and no change in rates projected for wastewater utility service.

and any information that the writer wishes to be considered by the Public Staff in its investigation of the matter, and such statements should be addressed to Mr. Christopher . Ayers, Executive Director, Public Staff, 4326 Mail Service Center, Raleigh, North Carolina 27699-4300. Consumer statements may also be faxed to (919) 715-6704.

The Attorney General is also authorized by statute to represent the consumers in proceedings before the Commission. Statements to the Attorney General should be addressed to The Honorable Josh Stein, Attorney General, c/o Utilities Section, 9001 Mail Service Center, Raleigh, North Carolina 27699-9001. Written statements may also be e-mailed to utilityAGO@ncdoj.gov.

Persons desiring to intervene in this matter as formal parties of record should file a petition pursuant to North Carolina Utilities Commission Rules R1-5, R1-7, and R1-19, on or before [Day of Week], [Date]. Any such petition should be filed with the North Carolina Utilities Commission, 4325 Mail Service Center, Raleigh, North Carolina 27699-4300.

Information regarding this proceeding can also be accessed from the Commission's website at [www.ncuc.net](http://www.ncuc.net) under Docket Number "W-1328 Sub 10."

This the \_\_\_\_ day of \_\_\_\_\_, 2023.

NORTH CAROLINA UTILITIES COMMISSION

A. Shonta Dunston, Chief Clerk

## CERTIFICATE OF SERVICE

I, \_\_\_\_\_, mailed with sufficient postage or hand delivered to all affected customers copies of the attached Notice to Customers issued by the North Carolina Utilities Commission in Docket Nos. W-1146, Sub 13 and W-1328, Sub 10, and the Notice was mailed or hand delivered by the date specified in the Order.

This the \_\_\_\_\_ day of \_\_\_\_\_ 2023.

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 Nos. W-1146, Sub 13 and W-1328, Sub 10.

Witness my hand and notarial seal, this the \_\_\_\_\_ day of \_\_\_\_\_ 2023.

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

\_\_\_\_\_  
Address

(SEAL) My Commission Expires:

\_\_\_\_\_  
Date

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