

**STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH**

DOCKET NO. W-1274, SUB 7

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of

Application by Lake Junaluska Assembly, Inc.,)	ORDER APPROVING
19 Sleepy Hollow Drive, Waynesville, North)	PASS THROUGH OF
Carolina 28785, for a Certificate of Public)	PURCHASED BULK
Convenience and Necessity to Provide Water)	SEWER SERVICE AND
and Sewer Utility Service in Lake Junaluska)	REQUIRING CUSTOMER
Assembly Service Area, in Haywood County,)	NOTICE
North Carolina, and for Approval of Rates)	

BY THE COMMISSION: On September 28, 2018, in the above-captioned docket, Lake Junaluska Assembly, Inc. (LJA), filed an application for a certificate of public convenience and necessity (CPCN) to provide water and sewer utility service to the residential and commercial customers in the Lake Junaluska Assembly service area, in Haywood County, North Carolina and for approval of rates.

In Docket No. W-1274, Sub 0, by Order dated December 19, 2007, the Commission granted a CPCN to Southeastern Jurisdictional Administrative Council, d/b/a Lake Junaluska Assembly. On June 23, 2009, in Docket No. W-1274, Sub 4, LJA filed a petition with the Commission requesting exemption from regulation pursuant to N.C. Gen. Stat. § 62-110.5. LJA is a North Carolina non-profit corporation, formed in 1938. LJA is affiliated with The United Methodist Church, and the Internal Revenue Service recognized LJA as a tax exempt charitable organization in 1959. On August 18, 2011, the Commission granted LJA's petition and LJA was exempt from Commission regulation, unless and until such time that circumstances change so that the regulation of LJA, is required.

On October 11, 2017, in Docket No. W-1274, Sub 5, Timothy F. Phelan filed a formal complaint with the Commission against LJA, alleging that the organization is no longer eligible for exemption from Commission regulation and must file for a CPCN. On October 18, 2017, in Docket No. W-1274, Sub 6, Walt Logan, filed a complaint with the Commission against LJA, alleging that the organization refuses to make available financial information regarding its operation of utility services and should no longer be exempt from Commission regulation. LJA filed a response in Docket No. W-1274, Subs 5 and 6 on November 1, 2017, denying the allegations of both Mr. Phelan and Mr. Logan, but consented to be regulated by the Commission. Docket No. W-1274, Subs 5 and 6 were consolidated by Order dated November 2, 2017. On April 23, 2018, in Docket No. W-1274, Subs 5 and 6, the Commission issued an Order revoking the exemption

granted to LJA and further Ordered that LJA file an application for a CPCN within 120 days of the date of the Order.

On August 20, 2018, in Docket No. W-1274, Subs 5 and 6, LJA filed a motion for extension of time. On August 21, 2018, the Commission granted LJA an extension until September 29, 2018, to file its application.

The CPCN Application filed by LJA on September 28, 2018, in Docket No. W-1274, Sub 7, reflected LJA's sewer usage rates of \$3.99 per CCF (100 cubic feet) or \$5.33 per 1,000 gallons, which were based upon the bulk rates of \$3.10 per CCF being paid by LJA to the Town of Waynesville for purchased bulk sewer service at that time.

On August 12, 2019, in Docket No. W-1274, Sub 7, LJA requested authority to pass on the increased cost of purchased bulk sewer treatment from Waynesville, in the interim pending approval of the CPCN application. Effective for service rendered on and after July 1, 2019, Waynesville increased its bulk sewer rate to LJA by 10%, from \$3.10 per CCF to \$3.41 per CCF. As a result, LJA in its August 12, 2019 filing amended the proposed rates set forth in its CPCN Application and further requested authority to pass along to its customers in Lake Junaluska Assembly the \$0.31 per CCF increased cost of purchasing bulk sewer service from Waynesville, resulting in a sewer usage rate increase from \$3.99 per CCF to \$4.30 per CCF, which is an increase in the per 1,000 gallon charge from \$5.33 per 1,000 gallons to \$5.74 per 1,000 gallons.

FINDINGS OF FACT

1. LJA currently purchases bulk water and bulk sewer treatment service from the Town of Waynesville and provides utility service to approximately 862 water and 829 sewer customers in the Lake Junaluska Assembly service area.

2. This matter was presented to the Commission at its Staff Conference on September 23, 2019. The Public Staff stated that it had reviewed LJA's request and recommended that LJA be allowed to increase its sewer usage rates only (no increase in base rates) as shown below to reflect the Town of Waynesville's \$0.31 per CCF increase, which equates to \$0.41 per 1,000 gallons.

Monthly Sewer Service	<u>Old Rate</u> ^{1/}	<u>New Rate</u>
Base charge, zero usage ^{2/}	\$15.94	\$15.94
Usage charge, per CCF	\$ 3.99	\$ 4.30
Usage charge, per 1,000 gallons	\$ 5.33	\$ 5.74

Notes:

^{1/} Current rates per LJA as stated in its pending CPCN Application, Attachment #1C.

^{2/} There are larger base monthly charges for larger non-residential meters based on meter size.

3. The Public Staff further stated that it is in the process of working with the Commission Staff to schedule a hearing on the CPCN Application. The Commission has

not approved rates for LJA subsequent to LJA being ruled exempt in 2011 from Commission regulation.

4. For an average customer using 3.77 CCF per month, the rates shown above will increase their monthly sewer bill from \$30.98 to \$32.15.

CONCLUSION

Based upon the foregoing, including the recommendation of the Public Staff, the Commission concludes the sewer rate pass through should be approved.

IT IS, THEREFORE, ORDERED as follows:

1. That Lake Junaluska Assembly, Inc., is authorized to increase its sewer rates by \$0.31 per CCF, or \$0.41 per 1,000 gallons, as reflected above.

2. That a complete Schedule of Rates will be established after audit and customer hearing on the currently pending Application for a Certificate of Public Convenience and Necessity in this docket.

3. That a copy of this Order shall be mailed with sufficient postage or hand delivered by LJA to all its customers contemporaneously with the next billing of customers, and that LJA shall submit to the Commission the attached Certificate of Service, properly signed and notarized, no later than 15 days after the date of the next billing.

ISSUED BY ORDER OF THE COMMISSION.

This the 23rd day of September, 2019.

NORTH CAROLINA UTILITIES COMMISSION

A handwritten signature in dark ink, appearing to read "Janice H. Fulmore", is written over a faint, circular official stamp.

Janice H. Fulmore, Deputy Clerk

CERTIFICATE OF SERVICE

I, _____, mailed with sufficient postage or hand delivered to all affected customers copies of the attached Order issued by the North Carolina Utilities Commission in Docket No. W-1274, Sub 7, and the Order was mailed or hand delivered by the date specified therein.

This the _____ day of _____ 2019.

By: _____
Signature

Name of Utility Company

The above named individual, _____, personally appeared before me this day and, being first duly sworn, says that copies of the Commission Order dated _____ in Docket No. W-1274, Sub 7, were mailed or hand delivered to all affected customers, as required by the Order.

Witness my hand and notarial seal, this the _____ day of _____ 2019.

Notary Public

Address

(SEAL) My Commission Expires:

Date