



**NORTH CAROLINA
PUBLIC STAFF
UTILITIES COMMISSION**

July 13, 2020

Ms. Kimberley A. Campbell, Chief Clerk
North Carolina Utilities Commission
4325 Mail Service Center
Raleigh, North Carolina 27699-4000

Re: Docket No. W-1324, Sub 0 and Docket No. W-406, Sub 6
Application of Springdale Golf Partners, LLC, d/b/a Springdale Water
& Sewer, LLC, 200 Golfwatch Road, Canton, North Carolina 28716,
for Transfer of Public Utility Franchise and for Approval of Rates

Dear Ms. Campbell:

Docket numbers W-1324, Sub 0 and W-406, Sub 6 involve an application by Springdale Golf Partners, LLC, d/b/a Springdale Water and Sewer, LLC, (Springdale), filed on October 4, 2019, seeking authority for transfer of public utility franchise and for approval of rates for providing water and sewer utility service in Springdale Estates Subdivision and Springdale Country Club (together, Springdale Estates) in Haywood County, North Carolina. As of October 4, 2019, Springdale was providing water and sewer utility service to approximately 45 residential customers in Springdale Estates Subdivision and to five non-residential buildings at Springdale Country Club. As of October 4, 2019, Springdale was also providing water-only service to 61 residential customers in Springdale Estates Subdivision and to two non-residential buildings at Springdale Country Club.

The present rates and the rates recommended by the Public Staff are as follows:

<u>Monthly Metered Water Rates:</u>	<u>Present</u>	<u>Recommended</u>
Base Charge, zero usage	\$ 6.59	\$ 9.35
Usage Charge, per 1,000 gallons	\$ 2.63	\$ 3.75

Executive Director
(919) 733-2435

Communications
(919) 733-5610

Economic Research
(919) 733-2267

Legal
(919) 733-6110

Transportation
(919) 733-7766

Accounting
(919) 733-4279

Consumer Services
(919) 733-9277

Electric
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Water
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Monthly Metered Sewer Rates:

Base Charge, zero usage	\$ 10.81	\$ 12.30
Usage Charge, per 1,000 gallons	\$ 3.76	\$ 3.85

Other Charges:

Connection Charges

Per water tap (existing mains)	\$ 350.00	\$ 350.00
Per sewer tap (existing mains)	\$ 950.00	\$ 950.00

The present water and sewer rates were established by Order dated November 22, 2016, in Docket No. W-406, Sub 5 and Docket No. M-100, Sub 138.

The operating ratio method was used to evaluate Springdale's proposed rate increase. Water rates are set to produce \$31,237 of total operating revenues. Sewer rates are set to produce \$18,004 of total operating revenues. This annual level of revenue will provide Springdale the opportunity to earn a return of 7.50%. The recommended rates will produce the annual level of service revenues recommended for approval herein.

The recommended rates will increase the average monthly bill for water and sewer from \$44.32 to \$53.08, or 19.8%. The average monthly bill for water-only services would increase from \$16.20 to \$23.05, or 42.3%. This is based on 3,654 gallons of monthly water usage and 4,604 gallons of monthly wastewater usage.

Springdale has agreed to the recommended rates for water and wastewater utility service.

The Public Staff recommended that the Commission require posting a \$25,000 bond for the Springdale Estates water system and a \$25,000 bond for the Springdale Estates wastewater system. Springdale has posted these bond amounts and filed the bond documents in the above-captioned dockets on June 26, 2020.

The Public Staff recommends approval of the transfer, granting of the franchise, acceptance and approval of the bond, approval of rates, and requiring customer notice.

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The Public Staff does not believe this matter requires presentation at a Staff Conference, but instead may be approved by the Commission based upon this letter and the filings. A proposed order has been provided to the Commission Staff.

Yours very truly,

Electronically submitted
s/ Nadia L. Luhr
Staff Attorney
nadia.luhr@psncuc.nc.gov

**STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH**

DOCKET NO. W-1324, SUB 0
DOCKET NO. W-406, SUB 6

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of	
Application of Springdale Golf Partners, LLC, d/b/a Springdale Water & Sewer, LLC, 200 Golfwatch Road, Canton, North Carolina 28716, for Transfer of Public Utility Franchise and for Approval of Rates) ORDER APPROVING TRANSFER, GRANTING FRANCHISE, ACCEPTING AND APPROVING BOND, APPROVING RATES, AND REQUIRING CUSTOMER NOTICE

BY THE COMMISSION: On October 4, 2019, in the above-captioned dockets, Springdale Golf Partners, LLC, d/b/a Springdale Water and Sewer, LLC, (Springdale) filed an application with the Commission seeking authority for transfer of public utility franchise and for approval of rates for providing water and sewer utility service in Springdale Estates Subdivision and Springdale Country Club (together, Springdale Estates) in Haywood County, North Carolina.

On January 27, 2020, the Commission issued an Order Scheduling Hearings and Requiring Customer Notice. The Order scheduled a public hearing on March 11, 2020, for the purpose of receiving testimony from Springdale's service area customers. The Order also scheduled an expert witness hearing on April 23, 2020, for the purpose of receiving expert testimony from Springdale, the Public Staff – North Carolina Utilities Commission (Public Staff), and intervenors, if any.

On March 11, 2020, the public hearing was held in Waynesville, North Carolina, with five individuals providing customer testimony. At the conclusion of the hearing, Springdale agreed to provide a response to the concerns expressed in the customer testimony by no later than April 1, 2020.

On March 18, 2020, the Public Staff filed testimony describing the results and conclusions of its review of Springdale's application. No rebuttal testimony or petitions to intervene have been filed.

On March 24, 2020, Springdale agreed by letter with the Public Staff's recommended rates and bond amounts for both the water and sewer systems; Springdale's letter was filed in the above-captioned dockets on March 25, 2020.

On March 31, 2020, Springdale filed its response to the concerns identified at the customer hearing. The Public Staff reviewed Springdale's response and found the response adequately addressed customer concerns.

On April 3, 2020, Springdale filed a request to cancel the expert witness hearing.

On April 13, 2020, the Public Staff filed a letter stating that based upon the application, testimony, and filings in this matter, the Public Staff does not believe that an evidentiary hearing is required. Consequently, the Public Staff recommended that the hearing be cancelled.

On April 15, 2020, the Commission issued an Order Canceling Expert Witness Hearing.

On June 26, 2020, Springdale filed proof of bond purchase in the amount of \$50,000 for the Springdale Estates water and wastewater systems.

On June 29, 2020, the Public Staff filed the corrected testimony of D. Michael Franklin.

On July 13, 2020, the Public Staff presented this matter at the Commission's Regular Staff Conference. The Public Staff recommended that the Commission issue an order approving the transfer, granting the franchise, accepting and approving the bond, approving rates, and requiring customer notice.

On the basis of the information provided in the application, the recommendations of the Public Staff, and the records of the Commission, the Commission makes the following

FINDINGS OF FACT

1. On March 28, 2018, by General Warranty Deed recorded with the Haywood County Register of Deeds and a Bill of Sale, Springdale Golf Partners, LLC purchased from Royal Oaks, Inc. (Royal Oaks), the real and personal property that included all assets used in connection with the operation of the existing Springdale Estates Water System, including wells, pipes and pipelines, pumps, pump houses, storage tanks,

maintenance buildings, and the Springdale Estates Wastewater System, including the sewer collection system, the wastewater treatment plant, and all sewer-related appurtenances.

2. The test year in this proceeding is the twelve months ended March 31, 2019.

3. As of October 4, 2019, Springdale was providing water and sewer utility service to approximately 45 residential customers in Springdale Estates Subdivision and to five non-residential buildings at Springdale Country Club. As of October 4, 2019, Springdale was also providing water-only service to 61 residential customers in Springdale Estates Subdivision and to two non-residential buildings at Springdale Country Club.

4. The water system at Springdale Estates is approved by the North Carolina Department of Environmental Quality (NCDEQ), Division of Water Resources, under system number NC0144113.

5. The wastewater system at Springdale Estates has an approved National Pollutant Discharge Elimination System (NPDES) permit issued by NCDEQ, Division of Water Resources. The NPDES permit number is NC0040355.

6. The water system and the wastewater system have no open or unresolved Notices of Violation.

7. The present water and sewer rates were established by Order dated November 22, 2016, in Docket No. W-406, Sub 5 and Docket No. M-100, Sub 138.

8. The operating ratio method was used to evaluate Springdale's proposed rate increase. Water rates are set to produce \$31,237 of total operating revenues. Sewer rates are set to produce \$18,004 of total operating revenues. This annual level of revenue will provide the Springdale the opportunity to earn a return of 7.50%.

9. The annual water and wastewater revenues are as follows:

<u>Rate Type</u>	<u>Current Revenue</u>	<u>Recommended Revenue</u>
Water	\$21,967	\$31,237
Wastewater	\$16,873	\$18,004
Total	\$38,840	\$49,241

The annual service revenues are based on an average usage per month of 3,654 gallons for water and 4,604 gallons for wastewater.

10. The present rates and the rates recommended by the Public Staff are as follows:

<u>Monthly Metered Water Rates:</u>	<u>Present</u>	<u>Recommended</u>
Base Charge, zero usage	\$ 6.59	\$ 9.35
Usage Charge, per 1,000 gallons	\$ 2.63	\$ 3.75
<u>Monthly Metered Sewer Rates:</u>		
Base Charge, zero usage	\$ 10.81	\$ 12.30
Usage Charge, per 1,000 gallons	\$ 3.76	\$ 3.85
<u>Other Charges:</u>		
Connection Charges		
Per water tap (existing mains)	\$ 350.00	\$ 350.00
Per sewer tap (existing mains)	\$ 950.00	\$ 950.00

11. The recommended rates will produce the annual level of service revenues approved herein. Springdale has agreed to the recommended rates for water and wastewater utility service.

12. The recommended rates will increase the average monthly bill for water and sewer from \$44.32 to \$53.08. The average monthly bill for water-only services would increase from \$16.20 to \$23.05. This is based on 3,654 gallons of monthly water usage and 4,604 gallons of monthly wastewater usage.

13. Springdale has the technical, managerial, and financial capacity to provide water and wastewater utility service to the Springdale Estates service area.

14. The Public Staff recommended that the Commission require posting a \$25,000 bond for the Springdale Estates water system and a \$25,000 bond for the Springdale Estates wastewater system. Springdale has posted these bond amounts and filed the bond documents in the above-captioned dockets on June 26, 2020.

CONCLUSIONS

The evidence for the foregoing Findings of Fact is contained in the application, the record, the uncontested testimony of Public Staff witnesses D. Michael Franklin and Iris Morgan, and the affidavit of Public Staff affiant Calvin C. Craig, III.

Based upon the entire record in this proceeding, the Commission finds and concludes that the \$50,000 bond should be accepted and approved, that the transfer of the water and wastewater utility systems to Springdale should be approved, that the franchise should be granted, and that Springdale has sufficiently demonstrated the need to increase its rates for providing water and wastewater utility service as recommended by the Public Staff.

IT IS, THEREFORE, ORDERED as follows:

1. That the bond amount of \$50,000 is accepted and approved for Springdale Estates water and wastewater systems.
2. That Springdale is granted a certificate of public convenience and necessity to provide water and wastewater utility service in Springdale Estates located in Haywood County, North Carolina. Appendix A, attached hereto, constitutes the Certificate of Public Convenience and Necessity.
3. That the Schedule of Rates, attached hereto as Appendix B, is hereby approved and deemed filed with the Commission pursuant to N.C. Gen. Stat. § 62-138. This Schedule of Rates shall become effective on the date of this Order.
4. That the Certificate of Public Convenience and Necessity to provide water and wastewater utility service granted to Springdale Water and Sewer Company for Springdale Estates is cancelled effective on the date of this Order.
5. That a copy of this Order shall be mailed with sufficient postage or hand delivered by Springdale to all customers in Springdale Estates contemporaneously with the next billing of customers.
6. That Springdale shall submit to the Commission the attached Certificate of Service properly signed and notarized not later than 10 days after the next billing of customers.

ISSUED BY ORDER OF THE COMMISSION.

This the ____ day of July, 2020.

NORTH CAROLINA UTILITIES COMMISSION

Kimberley A. Campbell, Chief Clerk

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APPENDIX A

**STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH**

DOCKET NO. W-1324, SUB 0
DOCKET NO. W-406, SUB 6

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

SPRINGDALE GOLF PARTNERS, LLC

is granted this

CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY

to provide water and sewer utility service

in

SPRINGDALE ESTATES SUBDIVISION
and SPRINGDALE COUNTRY CLUB

Haywood 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 ____ day of July, 2020.

NORTH CAROLINA UTILITIES COMMISSION

Kimberley A. Campbell, Chief Clerk

SCHEDULE OF RATES

for

SPRINGDALE GOLF PARTNERS, LLC

for providing water and sewer utility service in

SPRINGDALE ESTATES SUBDIVISION
and SPRINGDALE COUNTRY CLUB

Haywood County, North Carolina

Monthly Metered Water Rates:

Base Charge, zero usage	\$ 9.35
Usage Charge, per 1,000 gallons	\$ 3.75

Monthly Metered Sewer Rates:

Base Charge, zero usage	\$ 12.30
Usage Charge, per 1,000 gallons	\$ 3.85

Connection Charges:

- \$ 350 per water tap (existing mains)
- \$ 950 per sewer tap (existing mains)
- \$ 500 per water tap (for extension of mains only)
- \$1,000 per sewer tap (for extension of mains only)

Reconnection Charges:

If water service cut off by utility for good cause	\$ 14.36
If water service discontinued at customer's request ^{1/}	\$ 14.36
If sewer service cut off by utility for good cause	\$ 14.10

^{1/} Springdale is authorized to collect the minimum monthly charge (times the number of months disconnected) for water and/or sewer service from

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any customer who is disconnected at the customer's request and requests reconnection to the same address within a period of less than nine months.

<u>Bills Due:</u>	On billing date
<u>Bills Past Due:</u>	30 days after billing date
<u>Billing Frequency:</u>	Shall be quarterly for service in arrears
<u>Finance Charge for Late Payment:</u>	1% per month will be applied to the unpaid balance of all bills still past due 25 days after billing date.

CERTIFICATE OF SERVICE

I, _____, mailed with sufficient postage or hand delivered to all affected customers a copy of the Order Approving Transfer, Granting Franchise, Approving Rates, and Requiring Customer Notice issued by the North Carolina Utilities Commission in Docket Nos. W-1324, Sub 0, and W-406, Sub 6, and such Order was mailed or hand delivered by the date specified in the Order.

This the ____ day of _____ 2020.

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-1324, Sub 0, and W-406, Sub 6.

Witness my hand and notarial seal, this the ____ day of _____ 2020.

Notary Public

Address

(SEAL) My Commission Expires:

Date