

STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH

DOCKET NO. W-938, SUB 5
DOCKET NO. M-100, SUB 138

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

DOCKET NO. W-938, SUB 5)	
)	
In the Matter of)	
Baytree Waterfront Properties, Inc. Tariff Filing to)	ORDER
Reflect House Bill 998)	APPROVING
)	TARIFF REVISION
DOCKET NO. M-100, SUB 138)	AND REQUIRING
)	REFUND
In the Matter of)	
Implementation of House Bill 998 – An Act to)	
Simplify the North Carolina Tax Structure and to)	
Reduce Individual and Business Tax Rates)	

BY THE COMMISSION: On April 9, 2015, North Carolina Session Law 2015-6 (House Bill (HB) 41), An Act to Make Technical and Clarifying Changes to Various Revenue Laws,¹ as Recommended by the Revenue Laws Study Committee, was signed into law, having previously been ratified by the North Carolina General Assembly. HB 41 reads in pertinent part:

Section 2.4.(b) Section 4.2(a) of S.L. 2013-316 reads as rewritten:

“Section 4.2.(a) ~~Pursuant to G.S. 62-31 and G.S. 62-32, the~~ The Utilities Commission must adjust the rate set for the following utilities:

(3) Public water and wastewater companies to reflect the repeal of G.S. 105-116 and the resulting liability of public water and wastewater companies under G.S. 105-122, and the reduction in the corporate income tax rate imposed under G.S. 105-130.3.”

On April 21, 2015, the Commission issued an Order Requesting Comments on Session Law 2015-6, in which the Commission solicited comments, to be filed on or

¹ The revenue laws to which reference is made in HB 41 pertinent to this order are the reduction in corporate state income tax rate and the repeal of the Gross Receipts Tax (GRT) for water and sewer companies effective July 1, 2014 in HB 998. With respect to the reduction in corporate state income tax rate and the repeal of the GRT for water and sewer companies, HB 998 was silent on the utility ratemaking treatment for these tax changes. (“The Act (HB 998) did not direct the Utilities Commission to take any action on utility rates related to the reduction in corporate income tax rates.” Report to the 2015-2016 General Assembly of North Carolina 2015 Session).

before May 21, 2015, and reply comments, to be filed on or before June 18, 2015, in regard to how the Commission should proceed in response to the enactment of HB 41.

On May 14, 2015, the Public Staff filed comments in which it recommended that the Company's rates be reduced to reflect the repeal of GRT and the reduction in the State corporate income tax rate. The Public Staff also recommended that the incremental revenue impact made provisional by the Commission's June 30, 2014 Order Providing for Provisional Recovery and Requesting Comments, be refunded to customers through a bill credit, including interest at 10% on the refund associated with the corporate income tax rate reduction as required by HB 41. Specifically, the Public Staff recommended that the bill credits for the Company be calculated by multiplying any revenues billed at the old rates on or after July 1, 2014, by 6.41% for sewer operations. Also on May 14, 2015, the Public Staff filed a proposed order, revised tariff, and proposed customer notice for the Company.

On July 13, 2015, Baytree Waterfront Properties, Inc. filed a copy of a signed and notarized Verification as attached to the Public Staff's May 14, 2015 filing. The Commission recognizes this signed and notarized Verification as acceptance by Baytree Waterfront Properties, Inc. of the Public Staff's May 14, 2015 filing and will not require Baytree Waterfront Properties, Inc. to refile the Verification.

Based upon the General Assembly's directive in HB 41, the Commission must adjust rates to reflect all of the tax changes enacted in S.L. 2013-316. Therefore, the Commission is of the opinion that the rates recommended by the Public Staff, which reflect the decrease in rates for the repeal of the GRT and the reduction of the State corporate income tax rate to 5%, should be approved. The Commission further concludes that the incremental revenue impact associated with the repeal of GRT and the reduction of the State corporate income tax rate made provisional by Commission Orders should be refunded to customers through a bill credit, with interest at 10% on the refund related to the reduction in the corporate income tax. The bill credits should be calculated by multiplying any revenues billed at the old rates on or after July 1, 2014, by 6.41% for sewer operations.

IT IS, THEREFORE, ORDERED as follows:

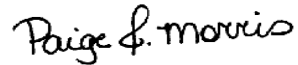
1. That the Schedule of Rates, attached as Appendix A, is approved and is deemed filed with the Commission pursuant to G.S. 62-138.
2. That the Company, to the extent not previously done, shall issue bill credits to its customers equal to any revenues billed at the old rates on or after July 1, 2014, times 6.41% for sewer operations.

3. That, to the extent not previously done, a copy of the Notice to Customers attached as Appendix B be mailed with sufficient postage or hand delivered by the Company to all of its customers contemporaneously with the next billing of customers.

ISSUED BY ORDER OF THE COMMISSION.

This the 14th day of October, 2015.

NORTH CAROLINA UTILITIES COMMISSION

A handwritten signature in cursive script that reads "Paige J. Morris".

Paige J. Morris, Deputy Clerk

SCHEDULE OF RATES

for

BAYTREE WATERFRONT PROPERTIES, INC.

for providing sewer utility service in

WINDEMERE POINTE SUBDIVISION

Montgomery County, North Carolina

Monthly Flat Sewer Rate: \$ 34.83

Annual Availability Rate: \$140.45

Connection Charge: \$ 2,250

Reconnection Charge:

If sewer utility service is cut off by utility \$ 46.82

Bills Due: On billing date

Bills Past Due: 15 days after billing date

Billing Frequency: Shall be quarterly for service in arrears

Finance Charge for Late Payment: 1% per month will be applied to the unpaid balance of all bills still past due 25 days after billing date.

Issued in Accordance with Authority Granted by the North Carolina Utilities Commission in Docket No. W-938, Sub 5, on this the 14th day of October, 2015.

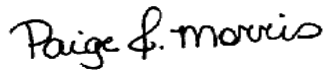
NOTICE TO CUSTOMERS

Notice is hereby given that the North Carolina Utilities Commission has approved a rate decrease of 6.37% for sewer operations to reflect a recent tax change enacted by the North Carolina General Assembly. In 2013, House Bill 998, an Act to Simplify the North Carolina Tax Structure and to Reduce Individual and Business Tax Rates was signed into law. This Act, among other things, repealed the gross receipts tax paid by sewer utilities of 6%, effective July 1, 2014 and reduced the State corporate income tax rate from 6.9% to 6% for taxable years beginning on or after January 1, 2014, and from 6% to 5% for taxable years beginning on or after January 1, 2015.

In addition to the decrease in rates noted above, the North Carolina Utilities Commission has also ordered that Baytree Waterfront Properties, Inc. refund through bill credits the incremental revenues collected since July 1, 2014 associated with the gross receipts tax and the reduction in the State corporate income tax. The amount refunded by the Company is to be calculated by multiplying any revenues billed at the old rates on or after July 1, 2014, by 6.41% for sewer operations.

This the 14th day of October, 2015.

NORTH CAROLINA UTILITIES COMMISSION

A handwritten signature in black ink that reads "Paige J. Morris". The signature is written in a cursive, flowing style.

Paige J. Morris, Deputy Clerk