

**STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH**

DOCKET NO. W-390, SUB 13
DOCKET NO. W-390, SUB 14
DOCKET NO. W-354, SUB 358

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of)	
Request by Public Staff – North)	
Carolina Utilities Commission for)	
Appointment of Carolina Water)	
Service, Inc. of North Carolina as)	ORDER APPROVING
Emergency Operator of the Riverbend)	TRANSFER, GRANTING
Estates Water System in Macon)	FRANCHISE, APPROVING
County, North Carolina)	RATES, AND REQUIRING
)	CUSTOMER NOTICE
In the Matter of)	
Application for Transfer of Public Utility)	
Franchise from Riverbend Estates)	
Water Systems, Inc., to Carolina Water)	
Service, Inc. of North Carolina and For)	
Approval of Rates)	

BY THE COMMISSION: On May 9, 2017, the Public Staff – North Carolina Utilities Commission (Public Staff) filed a Petition pursuant to G.S. 62-116(b) and G.S. 62-118(b) requesting that the Commission issue an Order: (1) declaring an emergency due to abandonment by Riverbend Estates Water Systems, Inc. (REWS) of the water system serving Riverbend Estates; (2) appointing Carolina Water Service, Inc. of North Carolina (CWSNC or Company) as emergency operator (EO); and (3) approving an emergency rate increase on a provisional basis for the water system serving Riverbend Estates in Macon County, North Carolina (Docket No. W-390, Sub 13, the EO Petition).

After the matter was presented to the Commission by the Public Staff at the May 15, 2017 Commission Staff Conference, the Commission issued an Order on May 16, 2017, declaring that an emergency existed, adopting the Public Staff's recommendations to appoint CWSNC as the EO for the Riverbend Estates water system effective May 16, 2017, approving the Public Staff's recommended provisional rates, and requiring that a copy of the Order be served on all customers of REWS by CWSNC no later than 15 days from the date of the Order.

On July 10, 2017, the Commission issued an Order Scheduling Show Cause Hearing, as the Commission found that good cause existed to require REWS and Ronald

L. Hardegree, the REWS president, to appear before the Commission on a date certain to provide evidence to rebut the prima facie abandonment conclusion reached by the Commission and/or to show cause why sanctions and/or penalties should not be assessed by the Commission against REWS and/or Ronald L. Hardegree for abandoning REWS' obligation to provide water utility service in its franchised territory without first securing the Commission's consent as required by G.S. 62-118, and for failing to comply with the Public Utilities Act, the Commission's rules, regulations, and orders, and the explicit and implicit terms and conditions included in the certificate of public convenience and necessity (CPCN) which the Commission issued to REWS and/or Ronald L. Hardegree.

The Show Cause Hearing was held as scheduled on Tuesday, August 15, 2017, at the Macon County Courthouse in Franklin, North Carolina, and due to unexpected power outage at the courthouse, was recessed and rescheduled until October 25, 2019. REWS and Mr. Hardegree were represented throughout the hearing by attorney Stuart Sloan. The Public Staff was represented by Public Staff attorney William E. Grantmyre.

On October 24, 2017, CWSNC and REWS filed an application with the Commission (Docket No. W-390, Sub 14, the Transfer Application) requesting approval of the transfer of the Riverbend Estates CPCN and water system assets to CWSNC and approval of reduced rates. When the hearing reconvened the following day, October 25, 2017, attorneys Grantmyre and Sloan advised the Commission that REWS, the Public Staff, and CWSNC had reached a verbal settlement agreement, which — once completed — would resolve all the outstanding issues.

The Public Staff, at the October 25, 2017 hearing, advised the Commission and attending customers of the primary settlement agreement provisions and represented the following:

a. Pursuant to the terms of the October 24, 2017 Transfer Application, the franchise to operate the Riverbend Estates water system would be transferred to CWSNC, which would then be the utility. REWS at that point would no longer be a regulated public utility.

b. Pursuant to the Utility Asset Purchase Agreement (APA) by and between CWSNC, REWS, and Riverbend Water System, Inc. filed with the Transfer Application, CWSNC would acquire all water system assets, including the five real property parcels at Riverbend Estates that either were part of the water system or are still part of the water system properties.

c. The purchase price of \$53,821.28 would be paid directly by CWSNC to the Town of Franklin to pay the amounts owed to the Town of Franklin as of May 16, 2017, when CWSNC took over as EO. The Public Staff recommended that the purchase price of \$53,821.28, plus up to \$3,000 of Stuart Sloan's legal fees for the transfer closing be included in CWSNC's rate base as part of CWSNC's uniform statewide system rate base.

d. The Public Staff recommended that the Riverbend Estates future rates be the same as CWSNC's uniform rates, expected at that time to be \$24.44 per month for the base facility charge \$6.86 per 1,000 gallons for the commodity charge, which was the same amount the Town of Franklin was charging for bulk water purchased and supplied to the REWS system.

e. Based on the average monthly per customer usage of 4,200 gallons, the average bill at that time under the new rates would be \$53.25. Under the EO provisional rates, the average monthly bill for 4,200 gallons was then \$85.19. The proposed new rates would result in a reduction of \$31.94 in the average monthly bill per customer based on usage of 4,200 gallons.

f. The Public Staff recommended that the Commission expedite consideration of the Transfer Application.

g. The Commission-approved rates, which had become effective on May 16, 2017, for the EO, CWSNC, were provisional rates subject to refund and audit. The Public Staff committed to conduct an audit of the EO revenues, expenses, and capital costs and to recommend refunds if CWSNC had collected more than its authorized costs.

h. The Public Staff, not CWSNC, calculated the provisional rates.

i. After the Commission's approval of the transfer and after the closing of the water system and asset transfer, the Public Staff would withdraw its previous recommendation for the \$84,000 fine or penalty that was recommended, based upon the Public Staff's assertion that REWS abandoned the system.

j. The supplemental testimony filed by the Public Staff on September 22, 2017, showed that REWS had been overbilling the customers since 2015. Part of the overbilling resulted from REWS' occasionally billing higher rates than approved by the Commission. Additionally, REWS failed to implement the Commission-ordered rate reductions pursuant to Orders issued in Docket No. W-390, Sub 12, based on the repeal of the gross receipts tax (Order issued October 13, 2015) and the reductions in the State corporate income tax rates (Orders issued May 26, 2016 and December 12, 2016). These overbillings were presented in detail in the Public Staff's filed supplemental testimony.

k. The Public Staff planned to calculate the refund due to each customer for the overbillings. The Public Staff would then present the refund numbers to REWS along with the Public Staff's calculations, and if REWS and the Public Staff could agree, then REWS would refund each of the customers the appropriate amount. Once REWS made the required refunds, the Public Staff would withdraw its recommendation for the \$33,000 penalty which the Public Staff had recommended initially due to REWS' charging higher rates than authorized by the Commission.

(See Report of Public Staff, filed January 11, 2018, in Docket No. W-390, Sub 13 [January 11, 2018 Report]).

In the January 11, 2018 Report, the Public Staff stated that on December 15, 2017, it provided REWS a refund summary, including each active customer's name, mailing address, and refund amount including interest at 10%. Further, the Public Staff affirmed that the refunds, which totaled \$2,615.96, were paid from the Kenney, Sloan, VanHook, PLLC, law firm's trust account, and were mailed on December 18, 2017.

On February 22, 2018, the Public Staff filed a Proposed Order Approving Transfer, Granting Franchise, Approving Rates, and Requiring Customer Notice. The Public Staff submitted in its Proposed Order that:

- CWSNC had advised the Public Staff that it revised its applied-for rates to be the same as CWSNC's uniform rates, which were approved by the Commission in the Docket No. W-354, Sub 356 Rate Case Order, dated November 8, 2017. This reflected a monthly base charge for no usage of \$24.44, and the commodity charge of \$6.86 per 1,000 gallons; which was the same commodity charge then being applied to CWSNC by the Town of Franklin;
- CWSNC and REWS had advised that documentation for the transfer was ready and that the transfer closing could take place once the Commission approved the transfer, approved the rate reduction, and issued a CPCN to CWSNC; and
- There was no need for an additional hearing in Franklin, North Carolina given the level of customer support for the proposal.

In the Proposed Order, the Public Staff reiterated its recommendation from the January 11, 2018 Report, as follows:

- That the Commission approve the transfer to CWSNC, issue a CPCN to CWSNC, approve the rates of \$24.44 monthly base charge for no usage and the commodity charge of \$6.86 per 1,000 gallons, and cancel the CPCN previously issued to REWS; all effective upon the filing of a written certification by CWSNC that the transfer closing took place and that the \$53,821.28 purchase price was paid by CWSNC to the Town of Franklin.
- That the Commission approve the inclusion of the \$53,821.28 purchase price plus up to \$3,000 of Stuart Sloan's attorney fees for the transfer closing in CWSNC's rate base.
- That after the filing of CWSNC's closing certification, the Commission close the REWS Show Cause proceeding and not levy either of the Public Staff's

previously recommended fines or penalties — which were for \$84,000 and \$33,000, respectively.

- That the Public Staff should audit the revenues collected with the provisional rates by the EO, as well as the expenses and capital expenditures incurred, and file a report with the Commission within 90 days of the filing of CWSNC's closing certification, with recommendations as to whether there should be customer refunds and the refund amounts, if any.

By letter of counsel dated March 2, 2018, CWSNC wrote to the Commission to: (a) provide information and make certain procedural requests on behalf of the Company; (b) facilitate an order from the Commission allowing immediate rate relief to the customers of Riverbend Estates water system in Macon County; (c) amend the Company's Application for Transfer and Approval of Rates, filed in Docket No. W-354, Sub 358, to request approval of the rates contained in the Proposed Order filed on February 22, 2018, by the Public Staff in these dockets; and (d) support and adopt by reference that Proposed Order, which addressed the transfer, franchise, rates, and customer notice. In support of this filing, CWSNC stated that, as EO for Riverbend, CWSNC agreed to imposition by the Commission of the rates attached to the Proposed Order filed on February 22, 2018, by the Public Staff in the dockets captioned herein. Specifically, CWSNC agreed to imposition of those rates for bills issued after the date of any Commission order which substitutes the proposed rates for the provisional rates. These proposed rates were lower than the provisional rates established in Docket No. W-390, Sub 13 (the EO Docket), and early adoption of them by the Commission would bring rate relief to the Riverbend customers. CWSNC filed this notice in the "transfer dockets" (Docket Nos. W-354, Sub 358 and W-390, Sub 14), to state on the record that:

a. It amends its Application for Transfer to request imposition of the rates contained in Appendix B, pp. 15-16 of the Proposed Order filed on February 22, 2018, by the Public Staff; and

b. It agrees to imposition of the lower rates, contained in Appendix B, pp. 15-16 of the Public Staff's Proposed Order of February 22, 2018, with no further filing or hearing and with provision of appropriate customer notice.

Finally, CWSNC submitted that: it participated in the preparation of the Proposed Order filed by the Public Staff in Docket Nos. W-354, Sub 358 and W-390, Sub 14; it supported and endorsed that Proposed Order as written, including the appendices which address rates and customer notice; and it adopted the Proposed Order by reference.

By filing of March 7, 2018, the Public Staff and REWS stipulated to agreement with CWSNC's proposal to reduce rates. On March 13, 2018, counsel for CWSNC formally requested approval of the new provisional rates, as agreed upon among CWSNC, REWS, and the Public Staff, for bills rendered on or after March 13, 2018. Additionally, the CWSNC requested the Commission to defer taking any action on the transfer application

until it had performed additional due diligence to investigate easements and other related issues.

On March 13, 2018, in the EO Docket, the Commission concluded that the provisional rates then being charged by the EO to the Riverbend Estates Subdivision customers should be reduced to CWSNC's uniform statewide monthly base charge for zero consumption of \$24.44 (for a meter size of less than one inch) and a usage charge of \$6.86 per 1,000 gallons, which was the same usage charge per 1,000 gallons that the Town of Franklin then charged to CWSNC for the bulk purchased water. Furthermore, in the March 13, 2018 Order, the Commission concluded that by a further order of the Commission, the Public Staff would be required to audit the revenues CWSNC had received as EO from customers and all expenses and capital expenditures for the Riverbend Estates water system for the EO period beginning May 16, 2017 through March 13, 2018, and should file with the Commission a report including recommendations as to the amount of revenues from the provisional rates that exceeded the EO's expenditures, and that the over-collection amounts, if any, should be refunded by CWSNC to each customer.

By filing of August 13, 2018, CWSNC provided the Commission an update concerning the status of the required additional due diligence to investigate certain easements and other related issues. CWSNC stated that its inquiry into a range of property and title issues had been lengthy, complex, and very significant in terms of all resources: time, personnel attention, and expense. CWSNC further stated that the due diligence was ongoing and that proper management required resolution of these issues prior to a transfer of the utility and its assets from REWS to CWSNC. CWSNC informed the Commission that once such issues were resolved, the Company would renew its request for active consideration of the transfer application and would work with the Public Staff to provide the Commission with a new version of a Joint Proposed Order.

On April 24, 2019, a Joint Proposed Order was filed by CWSNC, REWS, and the Public Staff.

On the basis of the verified Transfer Application, the evidence presented at the hearings on August 15, 2017 and October 25, 2017, the Public Staff's Report, the various filings by CWSNC and the Public Staff, and the records of the Commission, the Commission makes the following

FINDINGS OF FACT

1. CWSNC has more than 40 years of experience managing and operating water systems in the North Carolina mountains. Currently, CWSNC manages and operates mountain water systems in the following North Carolina counties: Alleghany, Avery, Buncombe, Cherokee, Henderson, Jackson, Madison, Macon, Rutherford, Transylvania, Watauga, and Yancey.

2. The Order Granting Franchise, Granting Partial Rate Increase, and Requiring Customer Notice dated February 26, 2013, in Docket No. W-390, Sub 11, granted a CPCN to REWS and a rate increase to include the expenses relating to purchased bulk water from the Town of Franklin.

3. The Riverbend Estates water system currently has approximately 131 metered customers in single-family residential homes.

4. The Riverbend Estates water system is a purchased water system; all water is purchased from the Town of Franklin.

5. CWSNC was appointed EO for the Riverbend Estates water system by Commission Order dated May 16, 2017, in Docket No. W-390, Sub 13. On May 16, 2017, the date the EO was appointed, REWS owed the Town of Franklin a balance of \$53,821.28 for bulk water purchases.

6. The APA filed with the Transfer Application provides the parties agreed on a purchase price of \$53,821.28 for the Riverbend Estates water system, to be paid directly by CWSNC to the Town of Franklin.

7. The Public Staff has recommended that the \$53,821.28 purchase price, plus up to \$3,000 of REWS' attorney's fees for the transfer closing, be included in CWSNC's rate base as part of CWSNC's uniform statewide system rate base.

8. As part of its due diligence investigation in this matter, related in particular to the additional obligations associated with the irregular documentation of ownership of REWS' property — including the length of time and expense of additional support of counsel and consultants in the examination and in the regulatory process — CWSNC has, to date, incurred additional due diligence expenditures in the amount of \$47,391.35. The Public Staff has audited the invoices in support of these additional expenditures.

9. In appointing the EO, the Commission found REWS to be an exceptionally-troubled water system. CWSNC, in assuming responsibility for REWS, should be fairly reimbursed for the costs and risks incurred and undertaken to "rescue" REWS.

10. In appointing CWSNC as the EO, the Commission approved the provisional emergency rate increase recommended by the Public Staff which resulted in Commission-approved provisional rates for the EO of \$35.00 for the base monthly charge (zero usage) and \$11.95 per 1,000 gallons for the usage charge. Pursuant to a subsequent request by CWSNC, the Commission approved lower rates for bills issued on or after March 13, 2018. The new rates were set to equal the then applicable CWSNC uniform water rates of \$24.44 for the base monthly charge (zero usage) and \$6.86 per 1,000 gallons for the usage charge.

11. In the Joint Proposed Order filed on April 24, 2019, in the transfer dockets, CWSNC requested Commission approval, effective on the water system transfer closing

date, of CWSNC's current uniform statewide monthly base charge for zero consumption of \$27.53 (set by the Commission in its Order of February 21, 2019, in Docket No. W-354, Sub 360, a general rate case proceeding) and a usage charge of \$7.20 per 1,000 gallons, which is the current pass-through rate from the Town of Franklin. The Public Staff recommended approval of the CWSNC requested rates, noting they remain a significant reduction from the initial EO provisional rates.

12. The proposed new rates of \$27.53 for the monthly base charge (zero usage) and \$7.20 per 1,000 gallons for the usage charge are just and reasonable and should be approved effective for service rendered on and after the date of closing of the transfer of the Riverbend Estates water system to CWSNC.

13. As shown in detail on Junis Exhibit No. 6 of the supplemental testimony of Public Staff witness Junis filed on September 22, 2017, REWS had been overbilling its customers since 2015. On December 15, 2017, the Public Staff provided REWS a refund summary calculated by the Public Staff which included each active customer's name, mailing address, and refund amount including interest at 10%. On December 18, 2017, REWS refunded with interest the overbillings of customers in the amount of \$2,615.96. Such refunds were paid from the Kenney, Sloan, VanHook, PLLC, law firm's trust account.

14. There is no need for another hearing in Franklin, North Carolina. The customers attending the October 25, 2017 hearing expressed approval for transfer to CWSNC and the anticipated resulting rate reduction.

15. It is reasonable and appropriate to include in CWSNC's statewide uniform rate base the \$53,821.28 purchase price, plus up to \$3,000 of REWS' attorney's fees for the transfer closing.

16. It is reasonable and appropriate that the Company's due diligence costs in the amount of \$47,391.35, as well as any other reasonable and prudently incurred unrecovered costs associated with the Company's performance of its duties as EO up through the time of its discharge by the Commission (including a return on the accumulated balance), be included in rate base and recovered in the Company's next general rate case as a component of the revenue requirement for the Company's Uniform Water Rate Division

17. The Public Staff's recommendation that a \$10,000 bond be posted for the Riverbend Estates water system is reasonable and appropriate. CWSNC has \$3,730,000 of bonds posted with the Commission. Of this amount, \$3,690,000 of the bond amount is assigned to specific subdivisions, and \$40,000 of the bond amount is unassigned.

18. CWSNC has the technical, managerial, operational, and financial capacity to provide water utility service in the REWS service area.

CONCLUSIONS

Based upon the foregoing, and the recommendations of the Public Staff, the Commission finds good cause to approve the transfer of the Riverbend Estates water system and franchise to CWSNC; to include the \$53,821.28 purchase price plus up to \$3,000 of the fees charged by REWS' attorney for the transfer closing in CWSNC's statewide uniform rate base as a plant acquisition adjustment; to approve the rates proposed by CWSNC; and to assign \$10,000 of CWSNC's unassigned bond to this system.

In addition, the Commission finds good cause to approve the Company's request to recover and include in rate base its due diligence costs in the amount of \$47,391.35, as well as any other reasonable and prudently incurred unrecovered costs associated with the Company's performance of its duties as EO up through the time of its discharge by the Commission (including a return on the accumulated balance), in the Company's next general rate case as a component of the revenue requirement for the Company's Uniform Water Rate Division.

IT IS, THEREFORE, ORDERED as follows:

1. That \$10,000 of the CWSNC \$40,000 unassigned bond shall be assigned to the Riverbend Estates Subdivision. The remaining unassigned bond surety shall be \$30,000.
2. That CWSNC is granted a certificate of public convenience and necessity to provide water utility service in Riverbend Estates Subdivision in Macon County, North Carolina, effective upon the closing of the transfer of the water utility system assets to CWSNC.
3. That Appendix A, attached hereto, constitutes the Certificate of Public Convenience and Necessity.
4. That the Schedule of Rates, attached hereto as Appendix B, is approved for water utility service in Riverbend Estates Subdivision, effective for service rendered on and after the date of closing of the transfer of the water utility system assets to CWSNC.
5. That the Riverbend Estates water system shall not be charged the Water System Improvement Charge until being included in CWSNC's next general rate case.
6. That the \$53,821.28 purchase price paid to the Town of Franklin, plus up to \$3,000 of attorney's fees charged by REWS' attorney, Stuart Sloan, for the transfer closing, shall be included in CWSNC's rate base.
7. That the due diligence costs in the amount of \$47,391.35, as well as any other reasonable and prudently incurred unrecovered costs associated with CWSNC's

performance of its duties as EO up through the time of its discharge by the Commission (including a return on the accumulated balance) shall be included in rate base to be recovered in the Company's next general rate case as a component of the revenue requirement for the Uniform Water Rate Division.

8. That CWSNC shall provide written notification to the Commission within three days after the closing that the transfer has been completed and the date of such closing.

9. That upon the Commission's receipt of CWSNC's written notification that the closing is completed, the Public Staff's recommended fine or penalty of \$84,000 for the Public Staff's assertion that REWS abandoned the system, and the Public Staff's recommended penalty of \$33,000 for REWS' charging higher rates without Commission approval will be deemed withdrawn by the Public Staff; thus, the Commission will not assess or impose any fine or penalty in this matter.

10. That the Certificate of Public Convenience and Necessity to provide water utility service granted REWS is canceled effective on the date which CWSNC files with the Commission written notification that the closing of the transfer of the system has been completed.

11. That effective upon the transfer closing date and the granting of a CPCN to CWSNC for the Riverbend Estates Subdivision in Macon County, North Carolina, CWSNC shall be discharged as the EO.

12. That the Public Staff shall audit the revenues CWSNC received as EO from customers and all expenses and capital expenditures (including due diligence costs) for the Riverbend Estates water system for the EO period from May 16, 2017, through the transfer closing date, and shall file with the Commission within 90 days of the closing date, the Public Staff's report thereon, reconciling these revenues and expenses. Such analysis and report shall clearly reflect the Commission-approved reduction in rates effective on March 13, 2018 pursuant to the Commission's March 13, 2018 Order in the EO Docket.

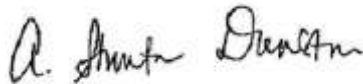
13. That a copy of the Notice to Customers, attached hereto as Appendix C, shall be mailed with sufficient postage or hand delivered by CWSNC to all its affected customers in the Riverbend Estates Subdivision within 10 business days after the date of the closing of the transfer of the water system to CWSNC.

14. That CWSNC shall submit to the Commission the attached Certificate of Service, properly signed and notarized, not later than 15 business days after the closing of the transfer to CWSNC.

ISSUED BY ORDER OF THE COMMISSION.

This is the 16th day of May 2019.

NORTH CAROLINA UTILITIES COMMISSION

A handwritten signature in black ink, appearing to read "A. Shonta Dunston".

A. Shonta Dunston, Deputy Clerk

**STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH**

DOCKET NO. W-354, SUB 358

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

CAROLINA WATER SERVICE, INC. OF NORTH CAROLINA

is granted this

CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY

to provide water utility service in

RIVERBEND ESTATES SUBDIVISION

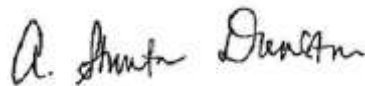
Macon County, North Carolina

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 is the 16th day of May 2019.

NORTH CAROLINA UTILITIES COMMISSION

A handwritten signature in black ink, appearing to read "A. Shonta Dunston".

A. Shonta Dunston, Deputy Clerk

SCHEDULE OF RATES

for

CAROLINA WATER SERVICE, INC. OF NORTH CAROLINA

for providing water utility service

in

RIVERBEND ESTATES SUBDIVISION

WATER RATES AND CHARGES

Monthly Metered Water Service (Residential and Commercial):

Base Facility Charge (based on meter size with zero usage):

< 1" meter	\$ 27.53
1" meter	\$ 68.83
1½" meter	\$ 137.65
2" meter	\$ 220.24
3" meter	\$ 412.95
4" meter	\$ 688.25
6" meter	\$1,376.50

Usage Charge:

Purchased Water for Resale, per 1,000 gallons:

<u>Service Area</u>	<u>Bulk Provider</u>	
Riverbend Estates	Town of Franklin	\$ 7.20

Connection Charge: \$ 1,000 plus actual cost to connect to the Town of Franklin

Meter Testing Fee: ^{1/} \$ 20.00

New Water Customer Charge: \$ 27.00

Reconnection Charge: ^{2/}

If water service is cut off by utility for good cause	\$ 27.00
If water service is discontinued at customer's request	\$ 27.00

Meter Fee:

For <1" meter	\$ 50.00
For meters 1" or larger	Actual Cost

Irrigation Meter Installation: Actual Cost

MISCELLANEOUS UTILITY MATTERS

Charge for Processing NSF Checks: \$ 25.00

Bills Due: On billing date

Bills Past Due: 21 days after billing date

Billing Frequency: Shall be monthly 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.

Notes:

^{1/} If a customer requests a test of a water meter more frequently than once in a 24-month period, the Company will collect a \$20.00 service charge to defray the cost of the test. If the meter is found to register more than the prescribed accuracy limits, the meter testing charge will be waived. If the meter is found to register accurately or below prescribed accuracy limits, the charge shall be retained by the Company. Regardless of the test results, customers may request a meter test once in a 24-month period without charge.

^{2/} Customers who request to be reconnected within nine months of disconnection at the same address shall be charged the base facility charge for the service period they were disconnected.

**STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH**

NOTICE TO CUSTOMERS
DOCKET NO. W-390, SUB 13
DOCKET NO. W-390, SUB 14
DOCKET NO. W-354, SUB 358

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

NOTICE IS HEREBY GIVEN that the North Carolina Utilities Commission (Commission) has approved the transfer of the Riverbend Estates water system in Macon County, North Carolina, from Riverbend Estates Water Systems, Inc., to Carolina Water Service, Inc. of North Carolina (CWSNC).

CWSNC has served as the Commission-appointed emergency operator for the Riverbend Estates water system since May 16, 2017, pursuant to the Commission's Order Appointing Emergency Operator, Approving Increased Rates, and Requiring Customer Notice issued in Docket No. W-390, Sub 13.

The Commission has approved the following new rates for CWSNC (as franchise owner) as set forth below. These rates are effective for service rendered on and after the date of the closing of the transfer.

Monthly Metered Water Service (Residential and Commercial):

Base Facility Charge (based on meter size with zero usage)

< 1" meter	\$ 27.53
1" meter	\$ 68.83
1½" meter	\$ 137.65
2" meter	\$ 220.24
3" meter	\$ 412.95
4" meter	\$ 688.25
6" meter	\$1,376.50

Usage charge, per 1,000 gallons: \$ 7.20
(Purchased water from the Town of Franklin)

Connection Charge: \$ 1,000 plus actual cost to connect to the Town of Franklin

Meter Testing Fee: ^{1/} \$ 20.00

New Water Customer Charge: \$ 27.00

Reconnection Charge: ^{2/}

If water service is cut off by utility for good cause \$ 27.00

If water service is discontinued at customer's request \$ 27.00

Meter Fee:

For <1" meter \$ 50.00

For meters 1" or larger Actual Cost

Irrigation Meter Installation: Actual Cost

MISCELLANEOUS UTILITY MATTERS

Charge for Processing NSF Checks: \$ 25.00

Bills Due: On billing date

Bills Past Due: 21 days after billing date

Billing Frequency: Shall be monthly 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.

Notes:

^{1/} If a customer requests a test of a water meter more frequently than once in a 24-month period, the Company will collect a \$20.00 service charge to defray the cost of the test. If the meter is found to register in excess of the prescribed accuracy limits, the meter testing charge will be waived. If the meter is found to register accurately or below prescribed accuracy limits, the charge shall be retained by the Company. Regardless of the test results, customers may request a meter test once in a 24-month period without charge.

^{2/} Customers who request to be reconnected within nine months of disconnection at the same address shall be charged the base facility charge for the service period they were disconnected.

Provisional Rates and Public Staff Audit

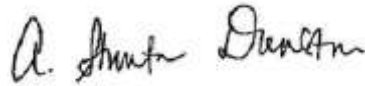
The Public Staff – North Carolina Utilities Commission (Public Staff), in its emergency operator petition filed on May 9, 2017, in Docket No. W-390, Sub 13, recommended that the Commission appoint CWSNC as the emergency operator and approve an emergency rate increase with provisional rates for base monthly charge, zero usage, of \$35.00 and usage charge per 1,000 gallons of \$11.95, which the Commission did. Pursuant to a subsequent request by CWSNC, rates were lowered for bills issued on or after March 13, 2018, to the then applicable uniform water rate for a base monthly charge of \$24.44, zero usage, and a usage charge of \$6.86 per 1,000 gallons.

The Public Staff has been required by the Commission to audit the revenues CWSNC received as emergency operator from customers and all expenses and capital expenditures (including due diligence costs) for Riverbend for the emergency operator period of May 16, 2017, through the closing date of the system transfer to CWSNC. Within 90 days of the closing date, the Public Staff will file with the Commission an audit report reconciling these revenues and expenses.

ISSUED BY ORDER OF THE COMMISSION.

This is the 16th day of May, 2019.

NORTH CAROLINA UTILITIES COMMISSION

A handwritten signature in cursive script, appearing to read "A. Shonta Dunston".

A. Shonta Dunston, Deputy Clerk

CERTIFICATE OF SERVICE

I, _____, mailed with sufficient postage or hand delivered to all affected customers the attached Notice to Customers issued by the North Carolina Utilities Commission in Docket Nos. W-390, Subs 13 and 14, and W-354, Sub 358, and the Notice was mailed or hand delivered by the date specified in the Order.

This the _____ day of _____, 2019.

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-390, Subs 13 and 14, and W-354, Sub 358.

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

Notary Public

Printed Name

(SEAL) My Commission Expires:

Date