

**STATE OF NORTH
CAROLINA UTILITIES
COMMISSION RALEIGH**

STAFF CONFERENCE AGENDA – August 29, 2022

Link to view staff conference will be posted on the commission website, ncuc.net

NATURAL GAS

INTEGRITY MANAGEMENT ADJUSTMENT

Public Service Company of North Carolina, Inc.

1. Docket No. G-5, Sub 651 – Application for rate adjustments pertaining to Integrity Management Tracker (IMT), effective September 1, 2022 (*Nader/Patel/Holt*)

WATER AND WASTEWATER

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

Carolina Water Services, Inc.

2. Docket No. W-354, Sub 398 – Application for Determination of Fair Value of Utility Assets Pursuant to N.C. Gen. Stat. § 62-133.1A and Establishing Rate Base for Acquisition of the Carteret County Water System (*Junis/Feasel/Creech*)

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

**STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH**

DOCKET NO. G-5, SUB 651

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of		
Application of Public Service Company of)	ORDER APPROVING RATE
North Carolina, Inc., for Bi-Annual Adjustment)	ADJUSTMENTS EFFECTIVE
of Rates Under Rider E to its Tariff)	SEPTEMBER 1, 2022

BY THE COMMISSION: Pursuant to Public Service Company of North Carolina, Inc.'s (PSNC or Company) Integrity Management Tracker (IMT), Rider E of the Company's tariffs and N.C. Gen. Stat. § 62-133.7A, PSNC is required to file with the Commission, by January 31 and July 31 of each year, information showing the computation of the Integrity Management Revenue Requirement (IMRR) that supports the bi-annual Integrity Management (IM) Adjustment of the IMT. PSNC is also required to file bi-annual adjustments to its rates based upon qualifying capital investments in integrity and safety projects as of December 31 and June 30, respectively. Rider E of the Company's tariff requires PSNC to file a revision to its tariffs for Commission approval by February 15 and August 15 each year showing the computation of the IM Adjustment that it proposes to charge during the six-month period beginning March 1 and September 1, respectively. Additionally, PSNC is required to file by February 15 an IM True-Up Adjustment based on the balance in the IM Deferred Account as of January 31.

On July 29, 2022, pursuant to Rider E of the Company's Tariff, PSNC filed in Docket No. G-5, Sub 565C the computation for the IMRR that supports the bi-annual IM rate adjustments, effective September 1, 2022, based on the Company's IM Plant Investment through June 30, 2022.

On August 15, 2022, PSNC filed an Application for Bi-Annual Adjustment of Rates Under Rider E to its Tariff (Application), which included the schedule showing the computation of the IM rate adjustments for each rate schedule and the revised tariffs effective for service rendered on and after September 1, 2022.

The proposed IM rate adjustments, expressed in dollars per therm (\$/therm), are as follows:

Description	Residential Rates 101, 102, 115	Commercial Rates 125, 126, 127, 140	Firm Large General Rates 145, 175	Interruptible Large General Rates 135, 150, 160, 165, 180
Customer Class Percentage	69.99%	19.10%	8.36%	2.55%
IMRR for Recovery	\$7,187,975	\$1,961,571	\$858,572	\$261,885
Rate Case Volumes (therms)	332,441,182	172,905,640	256,721,533	143,316,551
IM Rate Increment (per therm)	\$0.02162	\$0.01134	\$0.00334	\$0.00183
Current IMT Increment	\$0.02407	\$0.01263	\$0.00372	\$0.00203
Adjustment to IMT Increment	<u>(\$0.00245)</u>	<u>(\$0.00129)</u>	<u>(\$0.00038)</u>	<u>(\$0.00020)</u>

The Public Staff presented this matter to the Commission at its August 29, 2022, Staff Conference. The Public Staff stated that it had reviewed the Application and recommended approval as filed.

Based upon review of the Application and the recommendation of the Public Staff, the Commission is of the opinion that the proposed rate adjustments should be allowed to become effective as filed.

IT IS, THEREFORE, ORDERED as follows:

1. That PSNC is authorized to implement the proposed IM rate adjustments as contained in the body of this Order effective for service rendered on and after September 1, 2022.
2. That PSNC shall file revised tariffs consistent with Ordering Paragraph 1 within five days of the date of this Order; and
3. That PSNC shall give notice to its customers of the rate changes authorized in this Order.

ISSUED BY ORDER OF THE COMMISSION.

This the _____ day of August 2022.

NORTH CAROLINA UTILITIES COMMISSION

A. Shonta Dunston, Chief Clerk

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**STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH**

DOCKET NO. W-354, SUB 398

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of	
Application by Carolina Water Service, Inc.)
of North Carolina, 5821 Fairview Road,)
Suite 401, Charlotte, North Carolina 28209,)
for Determination of Fair Value of Utility Assets)
Pursuant to N.C. Gen. Stat. § 62-133.1A and)
Establishing Rate Base for Acquisition of the)
Carteret County Water System)
	ORDER SCHEDULING
	HEARINGS, ESTABLISHING
	DISCOVERY GUIDELINES,
	AND REQUIRING
	CUSTOMER NOTICE

BY THE COMMISSION: On July 26, 2022, Carolina Water Service, Inc. of North Carolina (CWSNC or the Applicant) filed an Application for Determination of Fair Value of Utility Assets Pursuant to N.C. Gen. Stat. § 62-133.1A and Establishing Rate Base for Acquisition of the Carteret County Water System in the above-referenced docket (Application). The authority of CWSNC to provide water utility service to the Carteret County Water System and charge rates is subject to filing an application with the Commission for and being granted a certificate of public convenience and necessity.¹

On August 5, 2022, the Public Staff notified CWSNC by letter filed with the Commission of its determination that additional enumerated information was necessary to complete the filing as required by Commission Rule R7-41 and N.C.G.S. § 62-133.1A.

On August 11, 2022, the Commission issued an Order Finding Application Incomplete requiring the Applicant to file the omitted information and consult with the Public Staff to ensure the completeness of the Application. The Commission's Order also required the Public Staff to file, no later than three business days following the Company's filing of supplemental information, a statement as to whether it deems the Application to be complete.

On August 11, 2022, CWSNC filed Revised Exhibits supplementing its Application.

On August 16, 2022, the Public Staff notified CWSNC by letter filed with the Commission that it had reviewed the supplemental information provided by CWSNC and deemed the Application to be complete.

¹ On August 2, 2022, CWSNC filed with the Commission in Docket No. W-354, Sub 399 an Application for a Certificate of Public Convenience and Necessity and for Approval of Rates to provide water utility service to the Carteret County Water System in Carteret County, North Carolina.

The Carteret County Water System, owned by Carteret County (County or Seller), a municipality or county or an authority or district established under Chapter 162A of the General Statutes, is a “Local Government Utility” as defined by Rule R7-41(b)(1). The water system serves approximately 1,245 customers in the North River/Mill Creek and Merrimon systems in Carteret County.

On October 18, 2021, CWSNC and the County entered into a utility asset purchase agreement whereby CWSNC agreed to purchase the County’s water utility system assets for a purchase price of \$9,500,000.

The County’s present water utility rates have been in effect since September 21, 2021, and are filed as Exhibit 11 to the Application. Upon acquisition of the system, CWSNC proposes to continue to charge the County’s present rates with limited proposed modifications, see Revised Exhibit 12 to the Application. The present rates are as follows:

<u>Monthly Metered Water Service:</u>	<u>Present</u>	<u>Proposed</u>
Base Charge		
North River/Mill Creek:		
¾” meter, includes first 1,000 gallons	\$ 40.25	\$ 40.25
1” meter, includes first 1,000 gallons	\$ 55.60	\$ 55.60
2” meter, includes first 15,000 gallons	\$160.90	\$160.90
4” meter, includes first 53,000 gallons	\$497.25	\$497.25
Town of Beaufort (Eastman’s Creek):		
¾” meter, includes first 1,000 gallons	\$ 40.25	\$ 40.25
Merrimon:		
¾” meter, includes first 1,000 gallons	\$ 23.40	\$ 23.40
Usage Charge, per 1,000 gallons over base	\$ 10.10	\$ 10.10

Based on an assumed usage of 4,000 gallons per month, the monthly water utility bill is \$70.55.

Upon acquisition of the system and as part of its next rate case after the pending case in Docket No. W-354, Sub 400, CWSNC intends to propose that the Carteret County Water System customers be included in and charged the CWSNC Uniform Rates for metered water utility service, subject to Commission approval.¹ If the full amount of the projected rate increase, including the request for uniform rates, were approved by the

¹ Any future change in rates proposed by CWSNC would require filing a general rate case application pursuant to N.C.G.S. § 62-134 and approval by the Commission. The future rates are based on projections and thus are subject to change and could be less or more than the projected \$98.24 per customer.

Commission in the timeframe projected by CWSNC, the average monthly bill charged to a residential customer for water utility service could be as follows:

<u>Year</u>	<u>Monthly Water Utility Bill</u>	<u>Increase</u>
2023	\$70.55	0.00%
2024	\$70.55	0.00%
2025	\$70.55	0.00%
2026	\$70.55	0.00%
2027	\$98.24	39.25%

The Public Staff presented this matter at the Commission's Staff Conference on August 29, 2022. The Public Staff recommended that the matter be scheduled for a public witness hearing for the sole purpose of receiving testimony from customers; the matter also be scheduled for an expert witness hearing for the sole purpose of receiving expert witness testimony from CWSNC, the County, the Public Staff, and intervenors, if any; and CWSNC should be required to provide notice to all affected customers of the Application, including the applied for rates and the scheduled hearings.

Based upon the foregoing, and the recommendation of the Public Staff, the Commission hereby establishes the procedural schedule, including filing requirements of CWSNC, the County, the Public Staff, and other parties, and requires that CWSNC provide public notice to all affected customers of 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.G.S. § 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 CWSNC's prefiled direct and supplemental testimony shall be served on CWSNC by hand delivery, facsimile, or electronic delivery with CWSNC's agreement, no later than 14 calendar days prior to the filing of the Public Staff and other intervenor testimony. CWSNC 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 of the Public Staff or other intervenors shall be served by hand delivery, facsimile, or electronic delivery (with the agreement of the receiving party), no later than two business days after the filing of that party's testimony. The party served shall have up to three business days to file with the Commission objections to the discovery requests on an item-by-item basis.

5. Formal discovery requests related to prefiled rebuttal testimony shall be served by hand delivery, facsimile, or electronic delivery with CWSNC's and the County'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. 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.

IT IS, THEREFORE, ORDERED as follows:

1. That a public witness hearing is hereby scheduled for [Day of Week], [Date], in the Carteret County Courthouse, Courtroom #__, Room _____, 300 Courthouse Square, Beaufort, North Carolina;

2. That the public witness hearing will be conducted solely for the purpose of receiving the testimony of customers 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 CWSNC is required to file a report addressing all customer service and service quality complaints expressed at the public hearing within 14 days after the public witness hearing;

4. 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;

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

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

7. That the Public Staff and intervenors, if any, shall file their testimony on or before [Day of Week], [Date], which is 20 days prior to the expert witness hearing;

8. That CWSNC and the County shall file their rebuttal testimony, if any, on or before [Day of Week], [Date], which is 10 days prior to the expert witness hearing;

9. That CWSNC 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 CWSNC's filing;

10. That an officer or representative from each of CWSNC and the County 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 Excel format shall provide the Commission Staff electronic versions of the exhibits filed in native Excel format, including all of the supporting tabs and formulas, within three days of the filing of such exhibits; and that CWSNC, the County, 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;

12. 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 CWSNC 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

13. That the Notice to Customers, attached hereto as Appendix A, shall be mailed with sufficient postage or hand delivered by CWSNC to all affected customers at least 21 calendar days before the date of the public hearing and that CWSNC shall submit to the Commission the attached Certificate of Service, properly signed and notarized, at least 14 calendar days before the date of the public hearing.

ISSUED BY ORDER OF THE COMMISSION.

This the ____ day of August 2022.

NORTH CAROLINA UTILITIES COMMISSION

A. Shonta Dunston, Chief Clerk

**STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH**

NOTICE TO CUSTOMERS

DOCKET NO. W-354, SUB 398

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

Notice is hereby given that Carolina Water Service, Inc. of North Carolina (CWSNC or the Applicant) filed an Application for Determination of Fair Value of Utility Assets Pursuant to N.C. Gen. Stat. § 62-133.1A and Establishing Rate Base for Acquisition of the Carteret County Water System in the above-referenced docket (Application). The authority of CWSNC to provide water utility service to the Carteret County Water System and charge rates is subject to filing an application with the Commission for and being granted a certificate of public convenience and necessity.¹

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EFFECT OF RATES:

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¹ Any future change in rates proposed by CWSNC would require filing a general rate case application pursuant to N.C. Gen. Stat. § 62-134 and approval by the Commission. The future rates are projections and thus subject to change and could be less or more than the projected \$98.24 per customer.

PROCEDURES FOR PUBLIC HEARINGS:

The Commission has scheduled the following hearings on the Application:

Public witness hearing on [Day of Week], [Date], in the Carteret County Courthouse, Courtroom #__, Room _____, 300 Courthouse Square, Beaufort, North Carolina.

The public witness hearing on [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 public witness hearing.

Expert witness hearing beginning at [Time], on [Day of Week], [Date], and continuing as necessary until conclusion. The hearing will be held in the Commission Hearing Room 2115, Dobbs Building, 430 North Salisbury Street, Raleigh, North Carolina. The hearing scheduled for [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 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, 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 J. Ayers, Executive Director, Public Staff, 4326 Mail Service Center, Raleigh, North Carolina 27699-4326. 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.

Commission hearings are subject to change because of COVID-19. Any changes to scheduled hearings will be posted on the NCUC website at www.ncuc.net.

Information regarding this proceeding can also be accessed searching for Docket Number "W-364 Sub 398" in the docket search on the Commission's website at www.ncuc.net.

This the ____ day of August 2022.

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 No. W-354, Sub 398, and the Notice was mailed or hand delivered by the date specified in the Order.

This the ____ day of _____ 2022.

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 No. W-354, Sub 398.

Witness my hand and notarial seal, this the ____ day of _____ 2022.

Notary Public

Address

(SEAL) My Commission Expires:

Date

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