

**STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH**

**STAFF CONFERENCE AGENDA
December 21, 2020**

***IMPORTANT NOTE: STAFF CONFERENCE
WILL BE CONDUCTED VIA WEBEX.
INSTRUCTIONS FOR PARTICIPATION AND A LINK TO VIEW
THE MEETING WILL BE POSTED ON THE COMMISSION'S
WEBSITE, NCUC.NET***

COMMISSION STAFF

NO AGENDA ITEMS

PUBLIC STAFF

B. NATURAL GAS

- P1. [DOCKET NO. G-40, SUB 159 – APPLICATION OF FRONTIER NATURAL GAS COMPANY FOR AN ADJUSTMENT OF ITS RATES AND CHARGES TO TRACK CHANGES IN ITS WHOLESALE COSTS OF GAS EXHIBIT NO. P-1](#)

C. COMMUNICATIONS

- P1. [FILING OF INTERCONNECTION AGREEMENT AMENDMENTS BY AT&T NORTH CAROLINA AND VERIZON SOUTH](#)

E. WATER

- P1. [DOCKET NO. W-354, SUB 370 – CAROLINA WATER SERVICE, INC. OF NORTH CAROLINA - NOTIFICATION OF INTENTION TO BEGIN OPERATIONS IN CONTIGUOUS SERVICE AREA EXHIBIT NO. P-2](#)
- P2. [DOCKET NO. W-830, SUB 6 – ROCK CREEK ENVIRONMENTAL COMPANY, INC. – NOTIFICATION OF NEED TO MODIFY RATES TO PROVIDE SEWER UTILITY SERVICE TO PREPS, INC. COMMERCIAL PROPERTY EXHIBIT NO. P-3](#)

- P3. [DOCKET NO. W-1205, SUB 13 – CLARKE UTILITIES, INC. - NOTIFICATION OF INTENTION TO BEGIN OPERATIONS IN CONTIGUOUS SERVICE AREA](#)
[**EXHIBIT NO. P-4**](#)

- P4. [DOCKET NO. W-1327, SUB 0 – DILLSBORO WATER UTILITIES, INC. AND DOCKET NO. W-1303, SUB 4 – DILLSBORO WATER AND SEWER, INC. – APPLICATION FOR TRANSFER](#) [**EXHIBIT NO. P-5**](#)

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TO: Agenda – Commission Conference – December 21, 2020

FROM: PUBLIC STAFF – North Carolina Utilities Commission

B. NATURAL GAS

P1. DOCKET NO. G-40, SUB 159 – APPLICATION OF FRONTIER NATURAL GAS COMPANY FOR AN ADJUSTMENT OF ITS RATES AND CHARGES TO TRACK CHANGES IN ITS WHOLESALE COSTS OF GAS

EXPLANATION: On December 9, 2020, Frontier Natural Gas Company (Frontier) filed an application pursuant to the provisions of N.C. Gen. Stat. § 62-133.4, Commission Rule R1-17(k)(3), and Appendix A of Frontier’s Gas Service Rules & Regulations seeking authority to increase its sales rates by \$1.00 per dekatherm (dt) effective January 1, 2021. The increase is a result of a change in Frontier’s Benchmark City Gate Delivered Gas Cost from \$3.45 per dt to \$4.45 per dt.

The Public Staff has reviewed the application and recommends approval as filed.

EXHIBIT: A proposed order is attached as [Exhibit No. P-1](#).

RECOMMENDATION: (Naba) That the Commission issue the proposed order approving the rate change proposed by Frontier.

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C. COMMUNICATIONS

P1. FILING OF INTERCONNECTION AGREEMENT AMENDMENTS BY AT&T NORTH CAROLINA AND VERIZON SOUTH

EXPLANATION: The following interconnection agreement amendments were filed for Commission approval between October 13, 2020, and October 19, 2020:

BellSouth Telecommunications, LLC, d/b/a AT&T North Carolina

Docket No. P-55, Sub 1586 – Amendment filed on October 13, 2020, to an existing interconnection agreement with Metropolitan Telecommunications of North Carolina, Inc., formerly Metropolitan Telecommunications, Inc., approved by the Commission on November 28, 2005. The amendment modifies certain provisions related to Operations Support Systems and/or Data Connection Security Requirements, General Terms and Conditions, adds a new section regarding Pre-ordering, Ordering, provisioning, and Maintenance and Repair, and replaces Section N, which addresses Notices and the contact information to be used by the companies.

Docket No. P-55, Sub 1633 – Amendment filed on October 13, 2020, to an existing interconnection agreement with IDT America, Corp., approved by the Commission on June 6, 2006. The amendment modifies certain provisions of the agreement related to Customer Information Services pursuant to WC Docket No. 16-13, approved March 15, 2016.

The amendment deletes the rates, terms, and conditions pertaining to Operator Services (OS), Directory Assistance (DA), Directory Assistance Listings, and Inward Assistance Operator Services, and adds terms and conditions for the provision of OS/DA and Directory Listing terms for Resale, specified in Exhibit B, at rates reflected in the Exhibit C Pricing Sheets, and replaces Section N, which addresses Notices and the contact information to be used by the companies.

Verizon South Inc. (Verizon South)

Docket No. P-19, Sub 446

Amendment filed on October 19, 2020, to an existing interconnection agreement with Sprint Communications Company L.P., which was approved by the Commission in Docket No. P-19, Sub 446, on October 16, 2002. The amendment was erroneously filed in Docket No. P-19, Sub 344, and was re-filed on December 11, 2020, in Docket No. P-19, Sub 446.

The amendment implements the changes mandated by the Federal Communications Commission (FCC) in two orders issued in WC Docket No. 18-141, specifically: FCC 19-66, released on July 12, 2019, and FCC 19-72, released on August 2, 2019.

These filings were made in compliance with Commission Rule R17-4(d) and Sections 252(e) and 252(i) of the Telecommunications Act of 1996. The Act provides for the filing of such agreements and amendments with the state commission and approval or rejection by the state commission within 90 days after filing. On June 18, 1996, the Commission issued an Order in Docket No. P-100, Sub 133, allowing interim operation under negotiated agreements filed as public records prior to Commission approval of the agreements.

The Public Staff has reviewed the filings and recommends Commission approval.

RECOMMENDATION: (Proffitt/Edmondson) That orders be issued approving the amendments effective on the date they were filed. The Public Staff has provided proposed orders to the Commission Staff.

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E. WATER

P1. DOCKET NO. W-354, SUB 370 – CAROLINA WATER SERVICE, INC. OF NORTH CAROLINA - NOTIFICATION OF INTENTION TO BEGIN OPERATIONS IN CONTIGUOUS SERVICE AREA

EXPLANATION: On November 19, 2020, Carolina Water Service, Inc. of North Carolina (CWSNC or Company) filed a notification of intention to begin sewer utility operations at five lots on Smokerise Lane, Kernersville (Smokerise), which is contiguous to the Company's present Abington service area in Forsyth County, North Carolina.

CWSNC proposes to charge the rates currently approved in Docket No. W-354, Sub 364, under its Uniform Sewer Rate Division. The Company proposes to eventually service five customers.

The North Carolina Department of Environment Quality, Division of Water Resources has issued to CWSNC Permit No. WQ0041560, dated April 16, 2020, to construct and operate a wastewater collection extension to serve five residential units.

CWSNC has entered into a sanitary sewer service agreement, dated March 20, 2020, with Turner Built Homes, LLC (Developer), which requires the Developer to construct and install the complete wastewater collection system within Smokerise at no cost to CWSNC. The Developer agrees to convey the sewer systems to CWSNC and pay to CWSNC its approved uniform sewer connection fee/tap fee.

On August 26, 2019, in Docket No. W-100, Sub 57, the Commission issued an Order that required in Ordering paragraph 2 that "all certificated water and wastewater companies shall collect from contributors the income tax on CIAC for new contributions contracted for on or after October 5, 2018, using the full gross up method."

The Agreement between CWSNC and the Developer in this matter was executed March 20, 2020, and is subject to the full gross-up requirements in the Commission's August 26, 2019 Order. The Developer has agreed to pay to CWSNC \$5,500, the full gross-up tax on CIAC for each equivalent single-family dwelling.

CWSNC has requested a waiver of filing the five-year projected income and cash flow statements, because only five customers are being added using only 1,800 gpd of capacity, which will not have a significant impact on CWSNC's revenues and expenses. The Public Staff supports this request.

The Public Staff is of the opinion that CWSNC has the technical, managerial, and financial capacity to provide water and sewer utility service in Smokerise, and recommends that the contiguous extension be recognized.

The Public Staff further recommends that the Commission require posting of a \$10,000 bond for sewer service for the contiguous extension to Smokerise. CWSNC currently has

\$4,020,000 of bonds posted with the Commission. Of this amount, \$3,760,000 of the bond is assigned to specific subdivisions, and \$260,000 of the bond remains unassigned.

EXHIBIT: A copy of the proposed order is attached as [Exhibit No. P- 2](#).

RECOMMENDATION: (Casselberry/Feasel/Holt) That the Public Staff's proposed order be issued accepting and approving bond; recognizing the contiguous extension; and approving rates.

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P2. DOCKET NO. W-830, SUB 6 – ROCK CREEK ENVIRONMENTAL COMPANY, INC. – NOTIFICATION OF NEED TO MODIFY RATES TO PROVIDE SEWER UTILITY SERVICE TO PREPS, INC. COMMERCIAL PROPERTY

EXPLANATION: On August 21, 2013, in Docket No. W-830, Sub 4, Rock Creek Environmental Company, Inc. (Rock Creek) filed a notification of intention to begin sewer utility operation at the Preps, Inc. Commercial Property, which is contiguous to Rock Creek’s Rock Creek Subdivision in Onslow County, North Carolina.

On April 22, 2014, in Docket No. W-830, Sub 4, the Commission issued its Order Recognizing Contiguous Extension of sewer utility service from the Rock Creek Subdivision service area into the Preps, Inc. Commercial Property. The Findings of Fact in support of the April 22, 2014 Order state that Rock Creek has entered into a wastewater utility system agreement dated October 3, 2012, with Preps Inc. (Preps). The agreement provides that the cost to Preps will be substantially the same as if Onslow Water and Sewer Authority (ONWASA) provided the service and not greater than 10% more than ONWASA would charge. Rock Creek proposed to charge Preps the current ONWASA commercial metered wastewater service rates plus 10%, and ONWASA’s \$39,467 Sewer Impact Fee for a three-inch water meter.

On December 12, 2016, in Docket No. W-830, Sub 5, the Commission issued its Order Approving Tariff Revision and Requiring Customer Notice to reflect tax changes under N.C. Gen. Stat. § 105-130.3A, as enacted in HB 998, adjusting Rock Creek’s rates for wastewater service to reflect the reduction in the State corporate income tax rate from 4% to 3%.

On July 29, 2020, Rock Creek filed a letter with the Commission stating that the actual meter size is one and a half inches instead of three inches, and that the sewer utility service rates charged to Preps should be modified as a result. The present rates for a three-inch meter include a monthly base charge, zero usage, of \$324.90 and a one-time System Development/CIAC Impact Fee of \$39,467.

The Commission-approved wastewater rates and the rates recommended by the Public Staff are as follows:

<u>Monthly Metered Wastewater Rates:</u>	<u>Present</u>	<u>Recommended</u>
Base Charge, 1.5 inch meter, zero usage	NA	\$122.62
Usage Charge, per 1,000 gallons	\$ 5.78	\$ 5.78
<u>Other Charges:</u>		
System Development/CIAC Impact Fee, 1.5 inch meter	NA	\$12,333

EXHIBIT: A proposed order is attached as [Exhibit No. P-3](#).

RECOMMENDATION: (Franklin/Grantmyre) That the Commission issue the proposed order modifying the previously-approved rates and requiring customer notice.

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P3. DOCKET NO. W-1205, SUB 13 – CLARKE UTILITIES, INC. - NOTIFICATION OF INTENTION TO BEGIN OPERATIONS IN CONTIGUOUS SERVICE AREA

EXPLANATION: On August 27, 2020, Clarke Utilities, Inc. (Clarke Utilities or the Applicant) filed a notification of intention to begin water operations in Glen Creek Subdivision, Phase 2, which is contiguous to the Applicant's present Glen Creek Subdivision, Phase 1, in Docket No. W-1205, Sub 9, in Wake County, North Carolina.

On October 30, 2020, the Applicant filed the required exhibits necessary to complete the application.

The Applicant is proposing to charge new customers in Phase 2 its uniform rates, approved in Docket Nos. W-1205, Sub 8 and M-100, Sub 138. Those rates were effective on January 1, 2017 and include a \$160 meter installation fee. The Applicant states that it is not serving customers in Phase 2 at this time.

On April 19, 2016, Clarke Utilities entered into an Agreement for Water Service (Agreement) with Buffalo Preserve, LLC (Developer) for approximately 90 lots, which includes the 50 lots in this filing. Under the Agreement, the Developer will construct and install the central water supply, storage, and distribution system. All of the facilities installed by the Developer shall become the property of Clarke Utilities at no charge. Clarke Utilities has agreed to waive all approved tap-on fees. The Agreement was executed in 2016 and is, therefore, not subject to the full gross-up requirements set forth in the Commission's October 5, 2018, and August 26, 2019, orders.

The North Carolina Department of Environmental Quality, Division of Water Resources has approved water system improvements for a total of 92 connections, under serial number 18-00318, dated April 13, 2019.

The Public Staff is of the opinion that Clarke Utilities has the technical, managerial, and financial capacity to provide water utility service in Glen Creek Subdivision, Phase 2 and recommends that the contiguous extension be recognized.

The Public Staff further recommends that the Commission require posting of a \$10,000 bond for the contiguous extension in Glen Creek Subdivision, Phase 2. Clarke Utilities currently has \$120,000 of bonds posted with the Commission. Of this amount, \$100,000 of the bond is assigned to specific subdivisions, and \$20,000 of the bond remains unassigned.

EXHIBIT: A copy of the proposed order is attached as [Exhibit No. P-4](#).

RECOMMENDATION: (Casselberry/Feasel/Coxton) That the Commission issue the proposed order accepting and approving bond, recognizing the contiguous extension, and approving rates.

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P4. DOCKET NO. W-1327, SUB 0 – DILLSBORO WATER UTILITIES, INC. AND DOCKET NO. W-1303, SUB 4 – DILLSBORO WATER AND SEWER, INC. – APPLICATION FOR TRANSFER

EXPLANATION: On July 24, 2020, Dillsboro Water Utilities, Inc. (Dillsboro or Applicant) filed an application seeking authority to acquire from Dillsboro Water and Sewer, Inc. (DWS) the franchise for providing water and sewer utility service to four commercial customers in Dillsboro Township, Jackson County, North Carolina, and for approval of rates.

By Order dated November 3, 2020, the Commission required that the Company provide notice of the proposed transfer to customers, stating that the matter may be determined without public hearing if no significant protests were received subsequent to customer notice. On November 9, 2020, the Applicant filed a Certificate of Service certifying that the required notice had been provided to customers. The time within which customers could protest expired on December 4, 2020, and no protests have been received.

Dillsboro has entered into a Contract and Asset Agreement with DWS to acquire the assets for the water distribution system and the wastewater collection system that currently serves the BP/Subway, Microtel (formerly DRA Living Hotel), Holiday Inn Express, and Dillsboro Crossing Apartments (sewer only), constituting three metered water and sewer commercial customers and one flat-rate sewer commercial customer. The purchase price is \$225,000.

The Public Staff has calculated DWS's original cost net investment to be \$251,412 as of December 31, 2020. Since DWS's net investment is more than the purchase price, Dillsboro's net investment is the full purchase price of \$225,000.

DWS purchases water service and sewer treatment from Tuckaseegee Water and Sewer Authority of Sylva. DWS's rates have been in effect since November 21, 2016.

Dillsboro requests to continue to charge the current rates approved for DWS in Docket No. W-1303, Sub 3, as shown below:

<u>Monthly Metered Water Utility Service</u>	<u>DWS Present Rates</u>
Base charge, zero usage	
5/8" or 3/4" meter	\$ 54.20
1" meter	\$ 135.50
1 1/2" meter	\$ 271.00
2" meter	\$ 433.60
3" meter	\$ 813.00
4" meter	\$1,355.00
6" meter	\$2,710.00

Usage charge, per 1,000 gallons	\$ 4.03
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Monthly Sewer Utility Service

Base charge per REU ¹	\$ 31.30
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BP/Subway (4 REUs)	\$ 125.20
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Holiday Inn Express (71 REUs)	\$2,222.30
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Microtel (formerly DRA Living Hotel, 61 REUs)	\$1,909.30
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Usage charge per 1,000 gallons	\$ 3.55
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Monthly Flat Rate for Sewer Service

Dillsboro Crossing Apartments (26 REUs)	\$ 835.16
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1 (1 REU = 120 gallons = 1 bathroom)

The Public Staff believes that the Applicant has the technical, managerial, and financial capacity to provide water and sewer utility service to four commercial customers in Dillsboro Township.

The Public Staff recommends that the Applicant file a bond in the amount of \$10,000 for water and \$10,000 for sewer. On December 7, 2020, the Applicant filed bond in the amount of \$20,000 as required.

The Public Staff further recommends that the Applicant provide written notification to the Commission within three days after the transfer closing has been completed and the date of the closing.

EXHIBIT: A proposed order is attached as [Exhibit No. P-5](#).

RECOMMENDATION: (Casselberry/Feasel/Creech) That the Commission issue the Public Staff's proposed order accepting the bond, granting the transfer, approving rates, and requiring customer notification.

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**STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH**

DOCKET NO. G-40, SUB 159

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of	
Application of Frontier Natural Gas Company)	ORDER ALLOWING RATE
for an Adjustment of Its Rates and Charges to)	CHANGES EFFECTIVE
Track Changes in Its Wholesale Costs of Gas)	JANUARY 1, 2021

BY THE COMMISSION: On December 9, 2020, Frontier Natural Gas Company (Frontier) filed an application pursuant to the provisions of N.C. Gen. Stat. § 62-133.4, Commission Rule R1-17(k)(3), and Appendix A of Frontier's Gas Service Rules & Regulations seeking authority to increase its sales rates by \$1.00 per dekatherm (dt) effective January 1, 2021. The increase is a result of a change in Frontier's Benchmark City Gate Delivered Gas Cost from \$3.45 per dt to \$4.45 per dt.

The Public Staff presented this matter to the Commission at its Regular Staff Conference on December 21, 2020. 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 finds good cause to approve the proposed rate changes as filed, to become effective for service rendered on and after January 1, 2021.

IT IS, THEREFORE, ORDERED as follows:

1. That Frontier is authorized to increase its sales rates by \$1.00 per dekatherm effective for service rendered on and after January 1, 2021;
2. That Frontier shall file revised tariffs consistent with Ordering Paragraph 1 within five days of the date of this Order; and
3. That Frontier shall give notice to its customers of the rate changes authorized by this Order.

ISSUED BY ORDER OF THE COMMISSION.

This the _____ day of _____, 2020.

NORTH CAROLINA UTILITIES COMMISSION

Kimberley A. Campbell, Chief Clerk

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**STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH**

DOCKET NO. W-354, SUB 370

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of

Notification by Carolina Water Service, Inc. of)
North Carolina, 4944 Parkway Plaza Boulevard,)
Suite 375, Charlotte, North Carolina 28217, of)
Intention to Begin Operations in an Area)
Contiguous to Present Service Area Providing)
Sewer Utility Service in Smokerise Lane, in)
Forsyth County, North Carolina)

**ORDER RECOGNIZING
CONTIGUOUS EXTENSION,
APPROVING BOND, AND
APPROVING RATES**

BY THE COMMISSION: On November 19, 2020, Carolina Water Service, Inc. of North Carolina (CWSNC or Company), filed a notification of intention to begin sewer utility operations at five lots on Smokerise Lane, Kernersville (Smokerise), which is contiguous to the Applicant’s present Abington service area in Forsyth County, North Carolina.

The Public Staff presented this matter at the Commission’s Staff Conference on December 21, 2020. The Public Staff recommended that the Commission issue an order accepting and approving bond; recognizing the contiguous extension; and approving rates.

Based upon the verified application and the entire record in this matter, the Commission makes the following

FINDINGS OF FACT

1. CWSNC is currently serving approximately 30,725 water and 20,105 sewer customers in North Carolina, and its record of service is satisfactory.
2. CWSNC proposes to charge the rates currently approved in Docket No. W-354, Sub 364, under its Uniform Sewer Rate Division, and proposes to eventually serve five customers.

3. The North Carolina Department of Environmental Quality, Division of Water Resources has issued to CWSNC Permit No. WQ0041560, dated April 16, 2020, to construct and operate a wastewater collection extension to serve five residential units.

4. CWSNC has entered into a sanitary sewer service agreement, dated March 20, 2020, with Turner Built Homes, LLC (Developer), which requires the Developer to construct and install the complete wastewater collection system within Smokerise at no cost to CWSNC. The Developer agrees to convey the sewer systems to CWSNC and pay to CWSNC its approved uniform sewer connection fee/tap fee.

5. On August 26, 2019, in Docket No. W-100, Sub 57, the Commission issued an Order that required in Ordering paragraph 2 that “all certificated water and wastewater companies shall collect from contributors the income tax on CIAC for new contributions contracted for on or after October 5, 2018, using the full gross up method.”

6. The Agreement between CWSNC and the Developer in this matter was executed March 20, 2020, and is subject to the full gross-up requirements in the Commission’s August 26, 2019 Order. The Developer has agreed to pay to CWSNC \$5,500, the full gross-up tax for each equivalent single-family dwelling.

7. CWSNC has requested a waiver of filing the five-year projected income and cash flow statements, because only five customers are being added using only 1,800 gpd of capacity, which will not have a significant impact on CWSNC’s revenues and expenses. The Public Staff supported this request, and the Commission finds it reasonable.

8. CWSNC has filed all exhibits required with the application.

9. CWSNC has the technical, managerial, and financial capacity to provide sewer utility service in Smokerise.

10. The Public Staff recommended that the Commission require posting of a \$10,000 bond for sewer service for the contiguous extension to Smokerise. CWSNC currently has \$4,020,000 of bonds posted with the Commission. Of this amount, \$3,760,000 of the bond is assigned to specific subdivisions, and \$260,000 of the bond remains unassigned.

CONCLUSIONS

Based on the foregoing, the record in its entirety, and the recommendations of the Public Staff, the Commission is of the opinion that \$10,000 of CWSNC’s unassigned bond surety should be assigned to Smokerise; that the notification to provide sewer service at Smokerise should be recognized; and that the rates approved in Docket No. W-354, Sub 364 should be approved for service to Smokerise.

IT IS, THEREFORE, ORDERED as follows:

1. That \$10,000 of CWSNC's unassigned surety bond is assigned to Smokerise. The remaining unassigned bond surety shall be \$250,000.
2. That the contiguous extension of sewer utility service to Smokerise, in Forsyth County, North Carolina, is hereby recognized as meeting the Commission's criteria for the extension.
3. That Appendix A constitutes the Certificate of Public Convenience and Necessity covering the contiguous extension.
4. That the Schedule of Rates approved for CWSNC in Docket No. W-354, Sub 364, dated March 31, 2020, is recognized as being applicable for service and is approved for service at Smokerise, Forsyth County, North Carolina.

ISSUED BY ORDER OF THE COMMISSION.

This the ____ day of _____, 2020.

NORTH CAROLINA UTILITIES COMMISSION

Kimberly A. Campbell, Chief Clerk

**STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH**

DOCKET NO. W-354, SUB 370

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

SMOKERISE LANE
(Lots 8, 9, 10, 11, and 12)

Forsyth 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 _____, 2020.

NORTH CAROLINA UTILITIES COMMISSION

Kimberly A. Campbell, Chief Clerk

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**STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH**

DOCKET NO. W-830, SUB 6

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of)	
Notification by Rock Creek Environmental	)	ORDER MODIFYING
Company, Inc., 308 Country Club Blvd.,	)	PREVIOUSLY-APPROVED
Jacksonville, North Carolina 28540, of Need to	)	RATES AND REQUIRING
Modify Rates to Provide Sewer Utility Service	)	CUSTOMER NOTICE
to Preps, Inc. Commercial Property in Onslow)	
County, North Carolina)	

BY THE COMMISSION: On August 21, 2013, in Docket No. W-830, Sub 4, Rock Creek Environmental Company, Inc. (Rock Creek) filed a notification of intention to begin sewer utility operation at the Preps, Inc. Commercial Property, which is contiguous to Rock Creek’s Rock Creek Subdivision in Onslow County, North Carolina.

On April 22, 2014, in Docket No. W-830, Sub 4, the Commission issued its Order Recognizing Contiguous Extension of sewer utility service from the Rock Creek Subdivision service area into the Preps, Inc. Commercial Property. The Findings of Fact in support of the April 22, 2014 Order state that Rock Creek has entered into a wastewater utility system agreement dated October 3, 2012, with Preps, Inc. (Preps). The agreement provides that the cost to Preps will be substantially the same as if Onslow Water and Sewer Authority (ONWASA) provided the service and not greater than 10% more than ONWASA would charge. Rock Creek proposed to charge Preps the current ONWASA commercial metered wastewater service rates plus 10%, and ONWASA’s \$39,467 Sewer Impact Fee for a three-inch water meter.

On December 12, 2016, in Docket No. W-830, Sub 5, the Commission issued its Order Approving Tariff Revision and Requiring Customer Notice to reflect tax changes under N.C. Gen. Stat. § 105-130.3A, as enacted in HB 998, adjusting Rock Creek’s rates for wastewater service to reflect the reduction in the State corporate income tax rate from 4% to 3%.

On July 29, 2020, Rock Creek filed a letter with the Commission stating that the actual meter size is one and a half inches instead of three inches, and that the sewer utility service rates charged to Preps should be modified as a result. The present rates for a three-inch meter include a monthly base charge, zero usage, of \$324.90 and a one-time System Development/CIAC Impact Fee of \$39,467.

On December 21, 2020, the Public Staff presented this matter at the Commission's regular Staff Conference. The Public Staff recommended that the Commission issue an order modifying the previously-approved 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. Rock Creek states in its letter filed on July 29, 2020, in Docket No. 830, Sub 6, that the actual sewer meter used to provide wastewater utility service to Preps is a one-and-one-half-inch meter instead of the three-inch meter stipulated in the April 22, 2014 Order Recognizing Contiguous Extension in Docket No. W-830, Sub 4.

2. The Fiscal Year 2020-2021 Rate and Fee Schedule for ONWASA shows a sewer system development fee of \$12,333 and a base sewer charge of \$111.47 for a one-and-one-half-inch meter.

3. Rock Creek has not requested a change to the wastewater usage rate approved in the Order Approving Tariff Revision and Requiring Customer Notice in Docket No. W-830, Sub 5, dated December 12, 2016.

4. The change to the sewer system development fee and the base sewer charge does not impact the wastewater utility system agreement between Rock Creek and Preps, dated October 3, 2012.

5. The wastewater utility system agreement between Rock Creek and Preps dated October 3, 2012, states that the cost to Preps of the use of the Rock Creek wastewater treatment and collection system shall be substantially the same as if ONWASA provided the service and not greater than 10% more than ONWASA's charge would be.

6. The Public Staff has recommended that a revised base sewer charge of \$111.47 plus 10% and a System Development/CIAC Impact Fee of \$12,333 corresponding to the actual wastewater meter size be approved.

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

<u>Monthly Metered Wastewater Rates:</u>	<u>Present</u>	<u>Recommended</u>
Base Charge, 1.5 inch meter, zero usage	NA	\$122.62
Usage Charge, per 1,000 gallons	\$ 5.78	\$ 5.78
 <u>Other Charges:</u>		
System Development/CIAC Impact Fee, 1.5 inch meter	NA	\$12,333

CONCLUSIONS

Based upon the entire record in this proceeding, the Commission finds that Rock Creek has sufficiently demonstrated the need to adjust its rates for providing wastewater utility service to Preps, as recommended by the Public Staff.

IT IS, THEREFORE, ORDERED as follows:

1. That the Schedule of Rates, attached hereto as Appendix A, 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.
2. That a copy of this Order shall be mailed with sufficient postage or hand delivered by Rock Creek to Preps contemporaneously with the next billing of customers.
3. That Rock Creek 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 December, 2020.

NORTH CAROLINA UTILITIES COMMISSION

Kimberley A. Campbell, Chief Clerk

SCHEDULE OF RATES

for

ROCK CREEK ENVIRONMENTAL COMPANY, INC.

for providing sewer utility service in

PREPS, INC. COMMERCIAL PROPERTY

Onslow County, North Carolina

<u>Monthly Commercial Base Rate (zero usage):</u>	\$122.62
<u>Monthly Commercial Usage Sewer Service:</u>	\$5.78 per 1,000 gallons
<u>Impact Fee:</u>	\$12,333
<u>Bills Due:</u>	On billing date
<u>Bills Past Due:</u>	15 days after billing date
<u>Billing Frequency:</u>	Shall be monthly for service in arrears
<u>Finance Charges for Late Payment:</u>	None.

Issued in Accordance with Authority Granted by the North Carolina Utilities Commission in Docket No. W-830, Sub 6, on this the _____ day of December, 2020.

CERTIFICATE OF SERVICE

I, _____, mailed with sufficient postage or hand delivered to all affected customers a copy of the Order Approving Rates and Requiring Customer Notice issued by the North Carolina Utilities Commission in Docket No. W-830, 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 No. W-830, Sub 6.

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

Notary Public

Address

(SEAL) My Commission Expires: _____
Date

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**STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH**

DOCKET NO. W-1205, SUB 13

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

<p>In the Matter of Notification by Clarke Utilities, Inc., 223) Highway 70 East, Suite 115, Garner, North) Carolina 27529, of Intention to Begin) Operations in an Area Contiguous to Present) Service Area Providing Water Utility Service in) Glen Creek Subdivision, Phase 2, in Wake) County, North Carolina)</p>	<p>ORDER RECOGNIZING CONTIGUOUS EXTENSION, APPROVING BOND, AND APPROVING RATES</p>
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BY THE COMMISSION: On August 27, 2020, Clarke Utilities, Inc. (Clarke Utilities or the Applicant) filed a notification of intention to begin water operations in Glen Creek Subdivision, Phase 2, which is contiguous to the Applicant's present service area in Glen Creek Subdivision, Phase 1, in Docket No. W-1205, Sub 9, in Wake County, North Carolina.

The Public Staff presented this matter at the Commission's Staff Conference on December 21, 2020. The Public Staff recommended that the Commission issue an order accepting and approving bond; recognizing the contiguous extension; and approving rates.

Based upon the verified application and the entire record in this matter, the Commission makes the following

FINDINGS OF FACT

1. Clarke Utilities presently holds seven water and three sewer franchises serving approximately 535 water and 312 sewer customers in Wake and Franklin Counties, North Carolina, and its record of service is satisfactory.

2. Clarke Utilities is proposing to charge new customers in Phase 2 its uniform rates, approved in Docket Nos. W-1205, Sub 8 and M-100, Sub 138. Those rates were effective on January 1, 2017 and include a \$160 meter installation fee. The Applicant states that it is not serving any customers in Phase 2 at this time.

3. The North Carolina Department of Environmental Quality, Division of Water Resources has approved water system improvements for a total of 92 connections, under serial number 18-00318, dated April 13, 2019.

4. On April 19, 2016, Clarke Utilities entered into an Agreement for Water Service (Agreement) with Buffalo Preserve, LLC (Developer) for approximately 90 lots, which includes the 50 lots in this filing. Under the Agreement, the Developer will construct and install the central water supply, storage, and distribution system. All of the facilities installed by the Developer shall become the property of Clarke Utilities at no charge. Clarke Utilities has agreed to waive all approved tap-on fees. The Agreement was executed in 2016 and is, therefore, not subject to the full gross-up requirements set forth in the Commission's October 5, 2018, and August 26, 2019, orders.

5. Clarke Utilities has filed all required exhibits with the Commission.

6. Clarke Utilities has the technical, managerial, and financial capacity to provide water utility service in Glen Creek Subdivision, Phase 2.

7. The Public Staff recommended that the Commission require posting of a \$10,000 bond for the contiguous extension in Glen Creek Subdivision, Phase 2. Clarke Utilities currently has \$120,000 of bonds posted with the Commission. Of this amount, \$100,000 of the bond is assigned to specific subdivisions, and \$20,000 of the bond remains unassigned.

CONCLUSIONS

Based on the foregoing, the record in its entirety, and the recommendations of the Public Staff, the Commission is of the opinion that \$10,000 of the Applicant's unassigned bond surety should be assigned to Glen Creek Subdivision, Phase 2; that the notification to provide water service at Glen Creek Subdivision, Phase 2 should be recognized; and that the rates approved in Docket Nos. W-1205, Sub 8 and M-100, Sub 138- should be approved for use in Glen Creek Subdivision, Phase 2.

IT IS, THEREFORE, ORDERED as follows:

1. That \$10,000 of the Applicant's unassigned surety bond is assigned to Glen Creek Subdivision, Phase 2. The remaining unassigned bond surety shall be \$10,000.

EXHIBIT NO. P-4
PAGE 3 OF 4

2. That the contiguous extension of water utility service in Glen Creek Subdivision, Phase 2, in Wake County, North Carolina, is hereby recognized as meeting the Commission's criteria for such an extension.

3. That Appendix A, attached hereto, constitutes the Certificate of Public Convenience and Necessity covering the contiguous extension.

4. That the Schedule of Rates approved for Clarke Utilities per the Commission's orders in Docket Nos. W-1205, Sub 8 and M-100, Sub 138, effective January 1, 2017, is recognized as being applicable for service and is approved for service at Glen Creek Subdivision, Phase 2, Wake County, North Carolina.

ISSUED BY ORDER OF THE COMMISSION.

This the ____ day of December, 2020.

NORTH CAROLINA UTILITIES COMMISSION

Kimberly A. Campbell, Chief Clerk

**STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH**

DOCKET NO. W-1205, SUB 13

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

CLARKE UTILITIES, INC.

is granted this

CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY

to provide water utility service

in

GLEN CREEK SUBDIVISION, PHASE 2

Wake 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 _____, 2020.

NORTH CAROLINA UTILITIES COMMISSION

Kimberly A. Campbell, Chief Clerk

**STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH**

DOCKET NO. W-1327, SUB 0
DOCKET NO. W-1303, SUB 4

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of		
Application by Dillsboro Water Utilities, Inc., 163)	
Sylvan Street, Waynesville, North Carolina,	)	ORDER
28786, for Authority to Acquire the Franchise for	)	APPROVING BOND,
Providing Water and Sewer Utility Service in	)	GRANTING TRANSFER,
BP/Subway, Holiday Inn Express, Microtel	)	APPROVING RATES,
(formerly DTA Living), and Dillsboro Crossing	)	AND REQUIRING
Apartments in Jackson County, North Carolina,	)	CUSTOMER NOTICE
and Approval of Rates)	

BY THE COMMISSION: On July 24, 2020, Dillsboro Water Utilities, Inc. (Dillsboro or Applicant) filed an application seeking authority to acquire from Dillsboro Water and Sewer, Inc. (DWS) the franchise for providing water and sewer utility service to four commercial customers in Dillsboro Township, Jackson County, North Carolina, and for approval of rates.

By Order dated November 3, 2020, the Commission required that the Company provide notice of the proposed transfer to customers, stating that the matter may be determined without public hearing if no significant protests were received subsequent to customer notice. On November 9, 2020, the Applicant filed a Certificate of Service certifying that the required notice had been provided to customers. The time within which customers could protest expired on December 4, 2020, and no protests have been received.

On December 21, 2020, the Public Staff presented this matter at the Commission's regular Staff Conference. The Public Staff recommended accepting and approving bond, approving the transfer, and requiring customer notice.

FINDINGS OF FACT

1. This is the first franchise sought by Dillsboro.

2. Dillsboro has entered into a Contract and Asset Agreement with DWS to acquire the assets for the water distribution system and the wastewater collection system that currently serves the BP/Subway, Microtel (formerly DRA Living Hotel), Holiday Inn Express, and Dillsboro Crossing Apartments (sewer only), constituting three metered water and sewer commercial customers and one flat-rate sewer commercial customer. The purchase price is \$225,000.

3. The Public Staff has calculated DWS's original cost net investment to be \$251,412 as of December 31, 2020. Since DWS's net investment is more than the purchase price, Dillsboro's net investment is the full purchase price of \$225,000.

4. DWS purchases water service and sewer treatment from Tuckasegee Water and Sewer Authority of Sylva. DWS's rates have been in effect since November 21, 2016.

5. Dillsboro requests to continue to charge the current rates approved for DWS in Docket No. W-1303, Sub 3, as shown below:

<u>Monthly Metered Water Utility Service</u>	DWS Present Rates
Base charge, zero usage	
5/8" or 3/4" meter	\$ 54.20
1" meter	\$ 135.50
1 1/2" meter	\$ 271.00
2" meter	\$ 433.60
3" meter	\$ 813.00
4" meter	\$1,355.00
6" meter	\$2,710.00
 Usage charge, per 1,000 gallons	 \$ 4.03
 <u>Monthly Sewer Utility Service</u>	
Base charge per REU ¹	\$ 31.30
BP/Subway (4 REUs)	\$ 125.20
Holiday Inn Express (71 REUs)	\$2,222.30
Microtel (formerly DRA Living Hotel, 61 REUs)	\$1,909.30
 Usage charge per 1,000 gallons	 \$ 3.55

Monthly Flat Rate for Sewer Service

Dillsboro Crossing Apartments (26 REUs)	\$ 835.16
2 (1 REU = 120 gallons = 1 bathroom)	

6. The Applicant has the technical, managerial and financial capacity to provide water and sewer utility service in BP/Subway, Microtel, Holiday Inn Express, and Dillsboro Crossing Apartments in Jackson County, North Carolina.

7. The Applicant has filed all exhibits required with the application.

8. The Public Staff recommended that the Applicant file a bond in the amount of \$10,000 for water and \$10,000 for sewer. On December 7, 2020, the Applicant filed bond in the amount of \$20,000 as required.

CONCLUSIONS

Based on the foregoing, the Commission is of the opinion that the bond should be accepted, the transfer should be granted, the rates should be approved, and customers should be notified.

IT IS, THEREFORE, ORDERED as follows:

1. That the bond filed in this proceeding in the amount of \$20,000 required by the Commission is accepted and approved.

2. That Dillsboro Water Utilities, Inc. is granted a certificate of public convenience and necessity to provide water and sewer utility service to BP/Subway, Microtel, Holiday Inn Express, and Dillsboro Crossing Apartments in Jackson County, North Carolina.

3. That Appendix A, attached hereto, constitutes the Certificate of Public Convenience and Necessity.

4. That the Schedules of Rates, attached hereto as Appendix B, is approved and deemed to be filed with the Commission pursuant to N.C. Gen. Stat. § 62-138. This Schedule of Rates is authorized to become effective for service rendered on and after the date of this Order.

5. That the Notice to Customers, attached hereto as Appendix C, shall be mailed with sufficient postage or hand delivered by the Applicant to all customers affected by the transfer no later than 15 days after the date of this Order; and that Dillsboro Water Utilities, Inc. shall submit to the Commission the attached Certificate of Service properly signed and notarized not later than 30 days from the date of this Order.

6. That Dillsboro Water Utilities, Inc. shall provide written notification to the Commission within three days after the closing that the transfer has been completed and the date of the closing.

ISSUED BY ORDER OF THE COMMISSION.

This the _____ day of _____, 2020.

NORTH CAROLINA UTILITIES COMMISSION

Kimberley A. Campbell, Chief Clerk

**STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH**

DOCKET NO. W-1327, SUB 0

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

DILLSBORO WATER UTILITIES, INC.

is granted a

CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY

for providing water and sewer utility service

in

BP/SUBWAY
HOLIDAY INN EXPRESS
MICROTEL
DILLSBORO CROSSING APARTMENTS (sewer only)

Jackson 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 _____, 2020.

NORTH CAROLINA UTILITIES COMMISSION

Kimberley A. Campbell, Chief Clerk

SCHEDULE OF RATES

for

DILLSBORO WATER UTILITIES, INC.

for providing water and sewer utility service in

BP/SUBWAY

HOLIDAY INN EXPRESS

MICROTEL

DILLSBORO CROSSING APARTMENTS (sewer only)

Jackson County, North Carolina

Monthly Metered Water Rates: (Commercial)

Base Charge, zero usage

5/8" x 3/4" meter	\$ 54.20
1" meter	\$ 135.50
1 1/2" meter	\$ 271.00
2" meter	\$ 433.60
3" meter	\$ 813.00
4" meter	\$1,355.00
6" meter	\$2,710.00

Usage Charge, per 1,000 gallons \$ 4.03

Monthly Metered Rate for Sewer Service:

Base Charge per REU (1 REU = 120 gallons = 1 bathroom) \$ 31.30

BP/Subway (4 REU's) \$ 125.20

Holiday Inn Express (71 REU's) \$2,222.30

Usage Charge, per 1,000 gallons \$ 3.55

Monthly Flat Rate for Sewer Service:

Dillsboro Crossing Apartments (26 REUs) \$830.47

Reconnection Charges:

If water service cut off by utility for good cause \$ 15.00
If water service discontinued at customer's request \$ 15.00

Returned Check Charge: \$ 25.00

Bills Due: On billing date

Bills Past Due: 15 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.

**STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH**

**NOTICE TO CUSTOMERS
DOCKET NO. W-1327, SUB 0
DOCKET NO. W-1303, SUB 4
BEFORE THE NORTH CAROLINA UTILITIES COMMISSION**

NOTICE IS HEREBY GIVEN that the North Carolina Utilities Commission has issued an Order approving the transfer of the franchise for providing water and sewer utility service to BP/Subway, Holiday Inn Express, Microtel, and Dillsboro Crossing Apartments (sewer only) in Jackson County, North Carolina. The Commission has approved the following rates, which are the same as the currently approved rates, effective for service rendered on and after the date of this Order:

Monthly Metered Water Utility Service

Base charge, zero usage	
5/8" or 3/4" meter	\$ 54.20
1" meter	\$ 135.50
1 1/2" meter	\$ 271.00
2" meter	\$ 433.60
3" meter	\$ 813.00
4" meter	\$1,355.00
6" meter	\$2,710.00
 Usage charge, per 1,000 gallons	 \$ 4.03

Monthly Sewer Utility Service

Base charge per REU ¹	\$ 31.30
BP/Subway (4 REUs)	\$ 125.20
Holiday Inn Express (71 REUs)	\$2,222.30
Microtel (formerly DRA Living Hotel, 61 REUs)	\$1,909.30
 Usage charge per 1,000 gallons	 \$ 3.55

Monthly Flat Rate for Sewer Service

Dillsboro Crossing Apartments (26 REUs)	\$ 835.16
1 (1 REU = 120 gallons = 1 bathroom)	

ISSUED BY ORDER OF THE COMMISSION.

This the ____ day of _____, 2020.

NORTH CAROLINA UTILITIES COMMISSION

Kimberley A. Campbell, Chief 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 No. W-1327, Sub 0, and the Notice 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 No. W-1327, Sub 0.

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

Notary Public

Address

(SEAL) My Commission Expires: _____
Date

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