

**NORTH CAROLINA UTILITIES COMMISSION**  
**MINUTES OF REGULAR COMMISSION STAFF CONFERENCE**

**January 3, 2022**

The Regular Commission Staff Conference of the North Carolina Utilities Commission was held on Monday, January 3, 2022, at 10:00 a.m., with Chair Mitchell presiding. The remote meeting was conducted by use of simultaneous communication (via Webex) pursuant to N.C. Gen. Stat. § 166A-19.24, streamed live online, and available to the public.

The following were present:

**COMMISSIONERS:**

Commissioner Brown-Bland  
Commissioner Gray  
Commissioner Clodfelter  
Commissioner Duffley  
Commissioner Hughes  
Commissioner McKissick

**COMMISSION STAFF:** Ms. Lazo, Ms. Henderson, Ms. Fennell, Ms. Duffy, Ms. Kennedy, Ms. Hilburn, Ms. Zhang, Ms. Jayasheela, Ms. Burns, Mr. Gajda, Mr. Hardy, Mr. McCoy, Ms. Ackerman

**PUBLIC STAFF:** Mr. Creech, Mr. Grantmyre, Ms. Luhr, Mr. Josey, Mr. Henry, Ms. Feasel, Ms. Darden, Mr. Franklin,

**ATTORNEY GENERAL:**

**COURT REPORTER:** Ms. Vines

**E. WATER****P1. DOCKET NO. W-1274, SUB 9 – LAKE JUNALUSKA ASSEMBLY, INCORPORATED – REQUEST FOR TARIFF REVISION**

On October 15, 2021, Lake Junaluska Assembly, Incorporated (LJA), filed a letter with the Commission pursuant to N.C. Gen. Stat. § 62-133.11, requesting authority to amend its tariff for the purpose of passing along to sewer customers in its Lake Junaluska Assembly service area in Haywood County an increase in the cost of purchasing sewer treatment service from the Town of Waynesville (Waynesville). On December 13, 2021, LJA filed the required verification. N.C.G.S. § 62-133.11 provides that the Commission shall allow a water or sewer utility to adjust its rates approved pursuant to N.C.G.S. § 62-133 to reflect changes in its costs based solely on changes in the rates imposed by third-party suppliers of purchased water or sewer service.

LJA provides sewer service to metered sewer customers and flat rate sewer customers. Increasing the usage charge only would have no effect on flat rate customers, and metered customers would bear the full impact for the increase in the cost of sewer treatment. Therefore, the Public Staff has used the rate design approved in LJA's last general rate case, Docket No. W-1274, Sub 7, and as reflected in the Testimony of Gina Y. Casselberry, Casselberry Exhibit No. 11, filed December 20, 2019 and adjusted the rates to reflect an increase of \$16,052 in revenue to recover the increased cost of purchased sewer treatment.

LJA's current rates and the Public Staff's recommend rates for sewer service are shown below:

Monthly Metered Sewer Service: (Residential and Commercial)

|                                   | Present Rates | Public Staff Recommend Rates |
|-----------------------------------|---------------|------------------------------|
| Base facility charge (zero usage) |               |                              |
| 3/4" meter                        | \$ 17.00      | \$ 17.00                     |
| 1" meter                          | \$ 42.50      | \$ 42.50                     |
| 2" meter                          | \$ 136.00     | \$ 136.00                    |
| 3" meter                          | \$ 255.00     | \$ 255.00                    |
| 4" meter                          | \$ 425.00     | \$ 425.00                    |
| Usage charge, per 100 cubic feet  | \$ 5.20       | \$ 5.56                      |
| Usage charge, per 1,000 gallons   | \$ 6.95       | \$ 7.43                      |

Monthly Flat Rate Sewer Service (Residential and Commercial)

|                          | Present<br>Rates | Public Staff<br>Recommend Rates |
|--------------------------|------------------|---------------------------------|
| Sewer Only               |                  |                                 |
| Residential (3/4" meter) | \$ 30.25         | \$ 31.50                        |
| Commercial (3/4" meter)  | \$ 30.25         | \$ 31.50                        |
| Restaurant               | \$ 242.00        | \$ 252.00                       |
| Mobile Home Park         | \$ 453.75        | \$ 472.50                       |

The Public Staff has also evaluated the effect of the current regulatory fee of 0.13% on the proposed increase and determined that the revenue generated by the Public Staff's recommended rates for sewer would cover the \$20.87 increase in regulatory fees.

LJA agrees with the Public Staff's recommended new rates.

The new rates will increase the average residential monthly bill by \$1.00, from \$57.72 to \$58.72 based on an average usage of 2.78 ccf (not including \$16.48 for the water and sewer capital improvement assessment). The average usage was determined in Exhibit 11 of the Testimony of Gina Y. Casselberry, Advanced Utilities Engineer, Public Staff Water, Sewer, and Telephone Division, filed on December 20, 2019 in Docket No. W-1274, Sub 7.

The Public Staff recommended that the Commission issue the proposed order approving the recommended tariff revision.

It was moved and passed that the Public Staff's recommendation be adopted.

**P2. DOCKET NO. W-1300, SUB 57 – OLD NORTH STATE WATER COMPANY, LLC – APPLICATION FOR CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY**

On April 9, 2020, Old North State Water Company, LLC (ONSWC), filed an Application for a Certificate of Public Convenience and Necessity (Application) to provide water utility service in Prescott subdivision in Wake County, North Carolina, and for approval of rates.

ONSWC presently serves 21 water customers in Prescott. ONSWC expects to eventually serve 32 water customers in Prescott. The service area is shown on plans filed with the Application.

The North Carolina Department of Environmental Quality, Division of Water Resources, Public Water Supply Section, has issued a plan approval letter for Prescott subdivision, part of Water System No. NC4092172. The plans are approved under serial number 17-01164, dated November 9, 2018.

ONSWC has entered into an Agreement for Water Service dated October 1, 2018, with Solid Rock Construction of NC, Inc. (Developer), under which the Developer is installing the water utility system. ONSWC is requesting a meter installation fee of \$70 and a connection fee of \$500 per single family equivalent unit (SFRE) for water service, to be paid one time by the builder or person first requesting service to a particular lot. ONSWC is purchasing the water system for \$1,000 per residential equivalent unit (REU) from Developer, payable quarterly based upon the number of water service meters installed during the previous quarter.

ONSWC presently holds water franchises serving approximately 1,688 customers and wastewater franchises serving approximately 4,404 customers in North Carolina. ONSWC's record of service is satisfactory.

ONSWC has filed all exhibits required with the Application.

Based on the foregoing, the Public Staff is of the opinion that ONSWC has the technical, managerial, and financial capacity to provide water utility service in this franchise location and recommends that the Certificate of Public Convenience and Necessity be issued. The Public Staff further recommends that the Commission require posting of a \$10,000 bond for the franchise in Prescott. Old North State currently has \$750,000 of bonds posted with the Commission. Of this amount, \$630,000 of bond surety is assigned to specific subdivisions, and \$120,000 of bond surety is unassigned.

The Public Staff recommended that the Commission issue the proposed order granting the franchise and approving the proposed rates.

It was moved and passed that the Public Staff's recommendation be adopted.

P3. DOCKET NO. W-1300, SUB 58 – OLD NORTH STATE WATER COMPANY, LLC – APPLICATION FOR CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY

On April 29, 2019, Old North State Water Company, LLC (ONSWC), filed an Application for a Certificate of Public Convenience and Necessity (Application) to provide water utility service in Brook Meadow subdivision in Wake County, North Carolina, and for approval of rates. On July 16, 2021, ONSWC filed an amended Application.

ONSWC presently serves 12 water customers in Brook Meadow. The total number of approved connections for Brook Meadow is 12 connections. The service area is shown on plans filed with the Application.

The North Carolina Department of Environmental Quality, Division of Water Resources, Public Water Supply Section, has issued a plan approval letter for Brook Meadow subdivision, part of Water System No. NC4092180. The plans are approved under serial number 18-00008, dated April 24, 2018.

ONSWC has entered into an Agreement for Water Service dated April 24, 2017, with ESB Partners, LLC (Developer), under which the Developer is installing the water utility system. ONSWC is requesting a meter installation fee of \$70. ONSWC is purchasing the water system for \$500 per residential equivalent unit (REU) from Developer, payable quarterly based upon the number of water service meters installed during the previous quarter.

ONSWC presently holds water franchises serving approximately 1,688 customers and wastewater franchises serving approximately 4,404 customers in North Carolina. ONSWC's record of service is satisfactory.

ONSWC has filed all exhibits required with the Application.

Based on the foregoing, the Public Staff is of the opinion that ONSWC has the technical, managerial, and financial capacity to provide water utility service in this franchise location and recommends that the Certificate of Public Convenience and Necessity be issued. The Public Staff further recommends that the Commission require posting of a \$10,000 bond for the franchise in Brook Meadow. Old North State currently has \$750,000 of bonds posted with the Commission. Of this amount, \$630,000 of bond surety is assigned to specific subdivisions, and \$120,000 of bond surety is unassigned.

The Public Staff recommended that the Commission issue the proposed order granting the franchise and approving the proposed rates.

It was moved and passed that the Public Staff's recommendation be adopted.

P4. DOCKET NO. W-1300, SUB 59 – OLD NORTH STATE WATER COMPANY, LLC – APPLICATION FOR CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY

On June 26, 2020, Old North State Water Company, LLC (ONSWC), filed an Application for a Certificate of Public Convenience and Necessity (Application) to provide water utility service in Thatcher Woods subdivision in Guilford County, North Carolina, and for approval of rates. On March 30, 2021, ONSWC filed an amended Application.

ONSWC presently serves 32 water customers in Thatcher Woods. The total number of approved connections for Thatcher Woods is 32 connections. The service area is shown on plans filed with the Application.

The North Carolina Department of Environmental Quality, Division of Water Resources, Public Water Supply Section, has issued a plan approval letter for Thatcher Woods subdivision, part of Water System No. NC3041113. The plans are approved under serial number 19-00052, dated April 20, 2019.

ONSWC has entered into an Agreement for Water Service dated October 4, 2018, with Alcorn Road, LLC (Developer), under which the Developer is installing the water utility

system. ONSWC is requesting a meter installation fee of \$70 and a connection fee of \$500 per single family equivalent unit (SFRE) for water service, to be paid one time by the builder or person first requesting service to a particular lot. ONSWC is purchasing the water system for \$1,000 per residential equivalent unit (REU) from Developer, payable quarterly based upon the number of water service meters installed during the previous quarter.

ONSWC presently holds water franchises serving approximately 1,688 customers and wastewater franchises serving approximately 4,404 customers in North Carolina. ONSWC's record of service is satisfactory.

ONSWC has filed all exhibits required with the Application.

Based on the foregoing, the Public Staff is of the opinion that ONSWC has the technical, managerial, and financial capacity to provide water utility service in this franchise location and recommends that the Certificate of Public Convenience and Necessity be issued. The Public Staff further recommends that the Commission require posting of a \$10,000 bond for the franchise in Thatcher Woods. Old North State currently has \$750,000 of bonds posted with the Commission. Of this amount, \$630,000 of bond surety is assigned to specific subdivisions, and \$120,000 of bond surety is unassigned.

The Public Staff recommended that the Commission issue the proposed order granting the franchise and approving the proposed rates.

It was moved and passed that the Public Staff's recommendation be adopted.

P5. DOCKET NO. W-1300, SUB 65 – OLD NORTH STATE WATER COMPANY, LLC – APPLICATION FOR CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY

On March 23, 2020, Old North State Water Company, LLC (ONSWC), filed an Application for a Certificate of Public Convenience and Necessity (Application) to provide water utility service in Fish Hawk Ranch subdivision in Wake County, North Carolina, and for approval of rates.

ONSWC presently serves 37 water customers in Fish Hawk Ranch. ONSWC expects to eventually serve 69 water customers in Fish Hawk Ranch. The service area is shown on plans filed with the Application.

The North Carolina Department of Environmental Quality, Division of Water Resources, Public Water Supply Section, has issued a plan approval letter for Fish Hawk Ranch subdivision, part of Water System No. NC4092179. The plans are approved under serial number 18-00298, dated April 15, 2019.

ONSWC has entered into an Agreement for Water Service dated September 24, 2018, with Cheyenne Developers, LLC (Developer), under which the Developer is installing the

water utility system. ONSWC is requesting a meter installation fee of \$70 and a connection fee of \$500 per single family equivalent unit (SFRE) for water service, to be paid one time by the builder or person first requesting service to a particular lot. ONSWC is purchasing the water system for \$1,000 per residential equivalent unit (REU) from Developer, payable quarterly based upon the number of water service meters installed during the previous quarter.

ONSWC presently holds water franchises serving approximately 1,688 customers and wastewater franchises serving approximately 4,404 customers in North Carolina. ONSWC's record of service is satisfactory.

ONSWC has filed all exhibits required with the Application.

Based on the foregoing, the Public Staff is of the opinion that ONSWC has the technical, managerial, and financial capacity to provide water utility service in this franchise location and recommends that the Certificate of Public Convenience and Necessity be issued. The Public Staff further recommends that the Commission require posting of a \$10,000 bond for the franchise in Fish Hawk Ranch. Old North State currently has \$750,000 of bonds posted with the Commission. Of this amount, \$630,000 of bond surety is assigned to specific subdivisions, and \$120,000 of bond surety is unassigned.

The Public Staff recommended that the Commission issue the proposed order granting the franchise and approving the proposed rates.

It was moved and passed that the Public Staff's recommendation be adopted.

P6. DOCKET NO. W-1300, SUB 66 – OLD NORTH STATE WATER COMPANY, LLC – NOTIFICATION OF INTENTION TO BEGIN WATER UTILITY OPERATIONS IN CONTIGUOUS SERVICE AREA

On March 26, 2020, Old North State Water Company, LLC (ONSWC), filed a Notification of Intention to Begin Operations in Area Contiguous to Present Service Area (Notification) to provide water utility service in Sterling Crest Phase 2 subdivision, in Wake County, North Carolina. Sterling Crest Phase 2 is contiguous to ONSWC's Camp Kanata service area. ONSWC proposes to charge the rates currently approved for that service area.

ONSWC presently serves 12 water customers in Sterling Crest Phase 2. Camp Kanata Road subdivision has been approved for 139 connections in total across all the phases. The service area is shown on plans filed with the Notification.

The North Carolina Department of Environmental Quality, Division of Water Resources, Public Water Supply Section, has issued a plan approval letter for Sterling Crest Phase 2 subdivision, part of Water System No. NC4092145. The plans are approved under serial number 17-00964, dated November 9, 2017.

ONSWC has entered into an Agreement for Water Service dated December 14, 2017, with Sterling Crest II LLC (Developer), under which the Developer is installing the water utility system. ONSWC is requesting a meter installation fee of \$70 and a connection fee of \$500 per single family equivalent unit (SFRE) for water service, to be paid on time by the builder or person first requesting service to that particular lot.

ONSWC presently holds water franchises serving approximately 1,688 customers and wastewater franchises serving approximately 4,404 customers in North Carolina. ONSWC's record of service is satisfactory.

ONSWC has filed all exhibits required with the Notification.

Based on the foregoing, the Public Staff is of the opinion that ONSWC has the technical, managerial, and financial capacity to provide water utility service in this contiguous area 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 of Sterling Crest Phase 2. ONSWC currently has \$750,000 of bonds posted with the Commission. Of this amount, \$630,000 of bond surety is assigned to specific subdivisions, and \$120,000 of bond surety is unassigned.

The Public Staff recommended that the Commission issue the proposed order recognizing the contiguous extension and approving rates.

It was moved and passed that the Public Staff's recommendation be adopted.

Minutes of the Regular Commission Staff Conference of December 20, 2021 were approved.

Minutes prepared by Le Anne Ackerman.