

1 STAFF CONFERENCE

September 12, 2022

2 CHAIR MITCHELL: Good morning. Let's come  
3 to order and go on the record, please. I'm  
4 Charlotte Mitchell, Chair of the Utilities  
5 Commission. With me this morning are Commissioners  
6 Brown-Bland, Clodfelter, Hughes, McKissick, and  
7 Kemerait.

8 In compliance with the State Government  
9 Ethics Act, I remind members of the Commission of  
10 our duty to avoid conflicts of interest, and inquire  
11 at this time as to whether any member of the  
12 Commission has a known conflict with respect to  
13 matters coming before us this morning?

14 (No response)

15 The record will reflect no conflicts have  
16 been identified, so we will proceed with Public  
17 Staff, Item 1.

18 MR. METZ: Good morning. I'm Dustin Metz  
19 with the Energy Division. Item P1 is an amended and  
20 renewed Application for a Certificate of Public  
21 Convenience and Necessity for a solar photovoltaic  
22 facility.

23 The Public Staff recommends that the  
24 Commission approve the Application and issue the

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1 Certificate.

2 COMMISSIONER BROWN-BLAND: Move approval  
3 of the recommendation.

4 COMMISSIONER CLODFELTER: Second.

5 CHAIR MITCHELL: It's been moved and  
6 seconded that the item be approved as recommended by  
7 the Public Staff. Are there questions or discussion  
8 on that motion?

9 (No response)

10 Hearing none, all in favor indicate with  
11 an aye.

12 (All Commissioners say aye)

13 CHAIR MITCHELL: Is there anyone opposed?

14 (No response)

15 The motion carries.

16 MR. METZ: Thank you.

17 CHAIR MITCHELL: Thank you, Mr. Metz.

18 Let's proceed to Public Staff, Item 2.

19 MR. JUNIS: Charles Junis, Director of the  
20 Public Staff - Water, Sewer and Telephone Division.  
21 Item 2, Docket Numbers W-1341, Sub 0 and W-661, Sub  
22 10, Fearrington Utilities, LLC, and Fitch Creations,  
23 Inc., d/b/a Fearrington Utilities filed with the  
24 Commission an Application for transfer of public

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1 utility franchise and for approval of rates; seeking  
2 authority to transfer the wastewater utility system  
3 and public utility franchise serving the Fearrington  
4 Village Subdivision in Chatham County, North  
5 Carolina, from Fitch Creations to Fearrington  
6 Utilities, a subsidiary of Fitch Creations.

7 The Public Staff has reviewed the  
8 Application and recommends that the Commission issue  
9 the proposed order requiring customer notice and  
10 that the matter be determined without public hearing  
11 if no significant protests are received subsequent  
12 to customer notice.

13 COMMISSIONER HUGHES: Motion to approve  
14 it.

15 COMMISSIONER CLODFELTER: Second.

16 CHAIR MITCHELL: It's been moved and  
17 seconded that the item be approved as recommended by  
18 the Public Staff. Questions or discussion?  
19 Commissioner McKissick.

20 COMMISSIONER McKISSICK: Yes. One or two  
21 quick questions.

22 In terms of the notice that will be  
23 provided, what will that consist of?

24 MR. JUNIS: So the notice should be

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1 attached to that proposed order. It lays out the  
2 information about the transfer, the rates that it  
3 will be transferred at, and then if there's no  
4 significant protest within 45 days of customer  
5 hearing, that the Commission could decide the  
6 matter.

7 COMMISSIONER McKISSICK: Very good. And  
8 one quick follow up. I notice that they are  
9 proposing about \$4.1 million in terms of  
10 improvements, or perhaps it's even construction of a  
11 new wastewater treatment facility, and I guess the  
12 thing which I'm noticing is that they're projecting  
13 that maybe it will be a \$31.09 cost per month per  
14 customer to retire that debt; is that correct?

15 MR. JUNIS: So that's essentially the  
16 revenue requirement tied to that capital investment  
17 under a certain set of assumptions, basically a  
18 50/50 cap structure and a reasonable return. It's  
19 just a projection to give an idea of what the  
20 customers are likely going to see in terms of a rate  
21 increase subsequent to that investment, but that  
22 would be subject to filing a rate case, Public Staff  
23 investigation, and a decision by the Commission, so  
24 that's still some time off. But it is my

1 understanding they do intend to complete, it's  
2 actually the construction of a new train to replace  
3 some of the existing infrastructure, and then they  
4 would file a rate case.

5 COMMISSIONER McKISSICK: And that would be  
6 on top of the cost that they pay today?

7 MR. JUNIS: Correct. I mean, you're going  
8 to have some cost changes, and as plant continues to  
9 depreciate, so it might not be a perfect sort of  
10 pancaking but probably fairly close.

11 COMMISSIONER McKISSICK: And will any of  
12 that information be shared with existing customers  
13 when they get notification of the hearing or --  
14 because it really just does look like an interested  
15 party transaction exchanging ownership from one  
16 entity to the next which is separate, but basically  
17 it sounds like it's controlled by the same people.

18 MR. JUNIS: Yes. So that information is  
19 included in the customer notice which is Appendix A.

20 COMMISSIONER McKISSICK: Very good. Thank  
21 you. No further questions.

22 CHAIR MITCHELL: Any additional questions?

23 (No response)

24 All in favor indicate with an aye.

1 (All commissioners say aye)

2 CHAIR MITCHELL: Is there anyone opposed?

3 (No response)

4 The motion carries.

5 Thank you, Mr. Junis.

6 MR. JUNIS: Thank you.

7 CHAIR MITCHELL: Proceeding now to Public  
8 Staff, Item 3.

9 MR. JUNIS: Yep, I'm on board for that,  
10 too. Item 3, Carolina Water Service, Inc. of North  
11 Carolina filed with the Commission an Application  
12 for determination of fair value of utility assets  
13 pursuant to North Carolina General Statute  
14 § 62-133.1(a), and establishing rate base for  
15 acquisition of the Carteret County water system in  
16 Docket Number W-354, Sub 398.

17 Carolina Water also filed an Application  
18 for a Certificate of Public Convenience and  
19 Necessity and for approval of rates to provide water  
20 utility service to the Carteret County water system  
21 in Carteret County, North Carolina, in W-354 Sub  
22 399.

23 The Fair Value Application is a first of  
24 its kind and is a not a simple single issue and

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1 associated CPCN Application will be to some degree  
2 dependent on the outcome of the Fair Value  
3 proceeding. Therefore, the Public Staff requests  
4 continued thoughtful consideration and determination  
5 of hearing dates and deadlines by the Commission  
6 given the unprecedented press of business including  
7 the Company's own multi-year rate case, a few extra  
8 days here and there would be beneficial to all  
9 parties involved without materially delaying the  
10 outcome of the proceedings.

11 The Public Staff has reviewed the  
12 Applications and recommends that the Commission  
13 issue the proposed order scheduling a joint public  
14 hearing and separate evidentiary hearings,  
15 establishing discovery guidelines, and requiring  
16 customer notice.

17 COMMISSIONER BROWN-BLAND: Move approval  
18 of the recommendation.

19 COMMISSIONER CLODFELTER: Second.

20 CHAIR MITCHELL: It's been moved and  
21 seconded that the item be approved as recommended by  
22 the Public Staff. Questions or discussion on the  
23 motion?

24 (No response)

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1                   Hearing none, all in favor indicate with  
2                   an aye.

3                   (All Commissioners say aye)

4                   CHAIR MITCHELL: Is there anyone opposed?

5                   (No response)

6                   The motion carries. Thank you, Mr. Junis.

7                   MR. JUNIS: Thank you very much.

8                   CHAIR MITCHELL: Mr. Franklin, I see you  
9                   approaching. We'll proceed now to Public Staff,  
10                  Item 4.

11                  MR. FRANKLIN: Good morning,  
12                  Commissioners. Mike Franklin, Engineer, Public  
13                  Staff - Water, Sewer and Telephone Division. On  
14                  June 8th, 2022, West Springdale, LLC, d/b/a  
15                  Springdale Water and Sewer, LLC, filed an  
16                  Application with the Commission seeking authority to  
17                  increase its rates for providing water and  
18                  wastewater utility services to the Springdale  
19                  Estates Subdivision in Springdale Country Club in  
20                  Haywood County.

21                  On June 29th, 2022, the Commission issued  
22                  an Order establishing a general rate case and  
23                  suspending rates.

24                  A proposed order has been provided,

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1 scheduling hearings, establishing discovery  
2 guidelines and requiring customer notice, and it is  
3 recommended that the Commission issue the proposed  
4 order.

5 COMMISSIONER BROWN-BLAND: Move approval  
6 of the recommendation.

7 COMMISSIONER CLODFELTER: Second.

8 CHAIR MITCHELL: It's been moved and  
9 seconded that the item be approved as recommended by  
10 the Public Staff. Questions or discussion?

11 (No response)

12 Hearing none, all in favor indicate with  
13 an aye.

14 (All Commissioners say aye)

15 CHAIR MITCHELL: Is there anyone opposed?

16 (No response)

17 The motion carries. Thank you,  
18 Mr. Franklin.

19 The Commission has before us for approval  
20 our minutes from the September 6th, 2022, Staff  
21 Conference.

22 COMMISSIONER CLODFELTER: Move approval.

23 COMMISSIONER BROWN-BLAND: Second.

24 CHAIR MITCHELL: Questions, discussion on

1 the minutes or on the motion?

2 (No response)

3 All in favor indicate with an aye.

4 (All Commissioners say aye)

5 CHAIR MITCHELL: Is there anyone opposed?

6 (No response)

7 Our minutes are approved.

8 Just checking in, any business for the  
9 Commission this morning before we adjourn?

10 (No response)

11 I'm not seeing any, so we will be  
12 adjourned. Thank you very much everybody. Let's go  
13 off the record.

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15 WHEREUPON, this conference is adjourned.  
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## C E R T I F I C A T E

I, KIM T. MITCHELL, DO HEREBY CERTIFY that  
the Proceedings in the above-captioned matter were  
taken before me, that I did report in stenographic  
shorthand the Proceedings set forth herein, and the  
foregoing pages are a true and correct transcription  
to the best of my ability.

Kim T. Mitchell

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