

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

**November 15, 2021**

The Regular Commission Staff Conference of the North Carolina Utilities Commission was held on Monday, November 15, 2021, 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 during the entirety of the remote meeting:

**COMMISSIONERS:**

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

**COMMISSION STAFF:** Ms. McMillen, Ms. Lazo, Ms. Henderson, Ms. Fennell, Ms. Duffy, Ms. Hicks, Ms. Barnes, Ms. Kennedy, Ms. Hilburn, Ms. Paschal, Ms. Zhang, Ms. Jayasheela, Ms. Burns, Ms. Needham, Mr. Hardy, Mr. McCoy

**PUBLIC STAFF:** Ms. Culpepper, Ms. Holt, Mr. Creech, Mr. Grantmyre, Ms. Luhr, Ms. Coxton, Mr. Josey, Mr. Little, Mr. Maness, Ms. Boswell, Ms. Sun, Mr. Saillor, Mr. Lucas, Mr. T. Williamson, Ms. Casselberry, Ms. Proffitt, Mr. Franklin

**ATTORNEY GENERAL:**

**COURT REPORTER:** Ms. Vines

**C. COMMUNICATIONS****P1. FILING OF INTERCONNECTION AGREEMENT AND AMENDMENT BY WINDSTREAM AND AT&T NORTH CAROLINA**

The following interconnection agreement and amendment were filed for Commission approval on September 7, 2021:

**Windstream North Carolina, LLC, Windstream Concord Telephone, LLC, Windstream Lexcom Communications, LLC (the Windstream ILEC entities):**

*Docket Nos. P-118, Sub 208, P-16, Sub 272, and P-31, Sub 177* – Agreement with TDS Metrocom, LLC (TDS), filed on September 7, 2021. TDS has elected to adopt the interconnection agreement between Level 3 Communications, LLC, and the Windstream ILEC entities, approved on May 5, 2021, in P-118, Sub 207, P-16, Sub 270, and P-31, Sub 175.

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

*Docket No. P-55, Sub 1637* – Amendment filed on September 7, 2021, to an existing interconnection agreement with Dialog Telecommunications, Inc., approved on June 6, 2006. The amendment implements the changes mandated by the Federal Communications Commission (FCC) in WC Docket No. 18-141, by FCC 19-66, filed on July 19, 2019, and FCC 19-72, filed on August 2, 2019 (FCC UNE and Resale Forbearance Order). The amendment provides Attachment 16b, which provides terms and conditions for Section 251(b)(1) resale services. In addition, the amendment implements changes mandated by the FCC in FCC 20-152, filed January 8, 2021, in WC Docket No. 19-308 (FCC UNE Relief Order). Exhibit A to the amendment contains additional digital rate elements that are subject to the FCC UNE Relief Order.

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 reviewed the filings, recommended Commission approval, and provided proposed orders to the Commission Staff.

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

**D. ELECTRIC****P1. DOCKET NO. E-22, SUB 607 – DOMINION ENERGY NORTH CAROLINA – APPLICATION FOR APPROVAL OF POWER PURCHASE AGREEMENT AND RENEWABLE ENERGY CREDIT PURCHASE AND SALE AGREEMENT**

This item was withdrawn.

**P2. DOCKET NO. E-22, SUB 611 – DOMINION ENERGY NORTH CAROLINA – APPLICATION FOR APPROVAL OF AFFILIATE SERVICES AGREEMENT**

On October 15, 2021, Virginia Electric and Power Company, d/b/a Dominion Energy North Carolina (DENC) filed, pursuant to N.C.G.S. § 62-153(b) and Regulatory Condition 3.1(a) as approved by the Commission's Order Approving Merger Subject to Regulatory Conditions and Code of Conduct issued November 19, 2018, in Docket Nos. E-22, Sub 551 and G-5, Sub 585 (Merger Order), an application for approval of an affiliate services agreement (Agreement) between Birdseye Renewable Energy, LLC (Birdseye) and DENC. Under the Agreement, Birdseye will provide certain enumerated services to DENC on an as-needed basis. DENC states that through the Agreement DENC will be able to benefit from Birdseye's knowledge, expertise, and experience to enhance its ability to develop renewable and other clean energy generation projects, which will support the growth of clean, renewable energy across DENC's service territory for the benefit of its customers. The Virginia State Corporation Commission (VSCC) approved the Agreement on October 21, 2021, subject to certain requirements.

The Public Staff reviewed the Agreement filed with the Commission and the VSCC, as well as the order of the VSCC. The Public Staff agrees with the opinion of the VSCC pertaining to the conditions for approval of the Agreement. Furthermore, the Public Staff believes that it is reasonable for the Commission to approve the Agreement pursuant to the Regulatory Conditions approved as part of the Merger Order, subject to the additional conditions set forth below. In light of its review, the Public Staff recommends that the Commission approve the Agreement between Birdseye and DENC, subject to the following conditions, many of which are also included in the VSCC's order:

1. The Commission's approval of the proposed Agreement shall extend for five years from the effective date of the order granting approval in this docket. If DENC wishes to continue under the proposed Agreement beyond that date, separate approval shall be required;
2. The Commission's approval of the Agreement shall have no accounting or ratemaking implications;

3. The Commission's approval shall be limited to the specific services identified and described in the proposed Agreement. If DENC wishes to provide or receive services not specifically identified and described in the proposed Agreement, separate approval shall be required;
4. Separate Commission approval shall be required for Birdseye to provide services to DENC through the engagement of any affiliated third parties under the proposed Agreement;
5. DENC shall be required to maintain records demonstrating that the Services received from Birdseye under the proposed Agreement are cost beneficial to North Carolina ratepayers. For any service that DENC receives from Birdseye where a market may exist, DENC shall investigate whether there are alternative sources from which DENC could obtain such service. If an alternative source exists, DENC shall compare the market price to its cost of receiving the service and pay Birdseye the lower of cost or market. Records of such investigations and comparisons shall be available for Commission and Public Staff review upon request. DENC shall bear the burden of proving, in any rate proceeding, that it paid Birdseye the lower of cost or market for any service received under the proposed Agreement;
6. The Commission's approval of the Agreement shall not be deemed, in connection with any future proceeding before the Commission, to determine and establish DENC's retail rates or for any other purpose, or to constitute Commission approval of any level of charges directly charged, assigned, or allocated to DENC under the Agreement;
7. Separate Commission approval shall be required for any changes in the terms and conditions of the proposed Agreement;
8. The Commission reserves the right to examine the books and records of any affiliate in connection with the Agreement, whether or not such affiliate is regulated by the Commission;
9. DENC shall file a copy of the approved and executed Agreement within 30 days after the effective date of this Order;
10. DENC shall include all transactions associated with the Agreement in its Annual Report of Affiliate Transactions;
11. For ratemaking purposes, the Commission's approval of the Agreement does not constitute approval of any amount paid by DENC under the Agreement; and

12. The authority granted by the Commission in its Order shall be without prejudice to the right of any party to take issue with any provision of the Agreement in a future proceeding.

The Public Staff recommended that the Commission issue the proposed order approving the service agreement between Birdseye and DENC, subject to the conditions set forth herein.

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

**P3. DOCKET NO. EC-52, SUB 48 – SOUTH RIVER EMC – APPLICATION FOR CERTIFICATE OF ENVIRONMENTAL COMPATIBILITY AND PUBLIC CONVENIENCE AND NECESSITY AND MOTION FOR WAIVER OF NOTICE AND HEARING**

On September 14, 2021, pursuant to N.C.G.S. §§ 62-101 and 102, and Commission Rule R8-62(k), South River Electric Membership Corporation (South River EMC or Applicant) filed with the Commission an application for a certificate of environmental compatibility and public convenience and necessity to construct a new 230-kV transmission line (Line), approximately 225 feet in length, in Cumberland County, North Carolina. The application stated that the Line would allow South River EMC to provide redundancy and increase electric service reliability to customers in southern Cumberland and northern Bladen Counties. Included in the application was a motion for waiver of the notice and hearing requirements of N.C.G.S. §§ 62-102 and 104, and Commission Rule R8-62, as provided for in N.C.G.S. § 62-101(d)(1). As detailed in South River EMC's application, the Applicant will construct the Line on property for which it has purchased the right of way from the property owner, and the property owner does not object to a waiver of the hearing and notice requirements of N.C.G.S. §§ 62-102 and 104.

N.C.G.S. § 62-101(d)(1) authorizes the Commission to waive the notice and hearing requirements of N.C.G.S. §§ 62-102 and 104 when it finds that the owners of the land to be crossed by the proposed transmission line do not object to the waiver and either the transmission line is less than one mile long or will connect an existing transmission line to a substation, to another public utility, or to a public utility customer when any of these is in proximity to the existing transmission line. The application states that: 1) South River EMC has acquired an easement from the property owner on whose land South River EMC will construct the Line; 2) the property owner does not object to the waiver of notice or hearing requirements of N.C.G.S. §§ 62-102 and 104; and 3) the total length of the Line is approximately 225 feet. Thus, the conditions of N.C.G.S. § 62-101(d)(1) for a waiver of notice and hearing have been met. The application is also supported by Exhibits 1 through 14.

Based on its review, the Public Staff has determined that the application meets the requirements of N.C.G.S. § 62-102 and Commission Rule R8-62 for a certificate and the conditions of N.C.G.S. § 62-101(d)(1) for waiver of the notice and hearing requirements of N.C.G.S. §§ 62-102 and 104.

The Public Staff recommended that the Commission issue an order waiving the notice and hearing requirements of N.C.G.S. §§ 62-102 and 104 and issue the requested certificate for the construction of the Line.

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

**P4. APPLICATIONS FOR CERTIFICATES OF PUBLIC CONVENIENCE AND NECESSITY TO CONSTRUCT SOLAR FACILITIES**

The following applications regard certificates of public convenience and necessity for construction of solar photovoltaic generating facilities, pursuant to N.C.G.S. § 62-110.1 and Commission Rule R8-64.

**Duke Energy Carolinas, LLC:**

Docket No. SP-2216, Sub 0 – Application of Elliana Solar, LLC, for an amendment of a certificate of public convenience and necessity to construct a 5-MW solar photovoltaic generating facility in Alamance County, North Carolina. An amendment is requested to update the facility's site plan. (registration statement accepted previously).

Docket No. SP-3360, Sub 0 – Application of BG Stewart Solar Farm, LLC, for an amendment of a certificate of public convenience and necessity to construct a 5-MW solar photovoltaic generating facility in Union County, North Carolina. An amendment is requested to update the facility's site plan. (registration statement accepted previously).

**Duke Energy Progress, LLC:**

Docket No. SP-7468, Sub 0 – Application of Harding Solar, LLC, for renewal and amendment of a certificate of public convenience and necessity to construct a 5-MW solar photovoltaic generating facility in Greene County, North Carolina. (registration statement accepted previously).

The Public Staff reviewed the applications and determined that they comply with the requirements of N.C.G.S. § 62-110.1 and Commission Rule R8-64.

The Public Staff recommended that the Commission issue orders approving the applications and issuing the requested certificates. The Public Staff provided proposed orders to the Commission Staff.

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

**E. WATER**

**P1. DOCKET NO. W-1063, SUB 5 – C & P ENTERPRISES, INC. – SCHEDULING HEARING AND REQUIRING CUSTOMER NOTICE**

On August 27, 2021, C & P Enterprises, Inc. (Applicant), filed an application with the Commission seeking authority to increase its rates for providing sewer utility service. The Applicant serves two customers, Ocean Bay Villas Owners Association, Inc. (Ocean Bay Villas), and Ocean Glen Condominiums.<sup>1</sup> The present sewer rates have been in effect since January 1, 2017.<sup>2</sup>

On September 20, 2021, the Commission issued an Order Establishing General Rate Case and Suspending Rates.

The Applicant’s present and proposed rates are as follows:

<u>Monthly Flat Rate Sewer Utility Service:</u>	<u>Present Rates</u>	<u>Proposed Rates</u>
Ocean Bay Villas	\$2,912.31	\$3,526.65
Ocean Glen Condominiums	\$2,169.96	\$2,627.70

The Public Staff recommends that the matter be scheduled for a customer hearing for the sole purpose of receiving testimony from customers, subject to cancellation if no significant protests are received; that the matter should also be scheduled for an expert witness hearing for the sole purpose of receiving expert testimony from the Applicant, the Public Staff, and intervenors, if any; and that the Applicant should be required to provide notice to its customers of the application, including the applied-for rates and the scheduled hearings.

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<sup>1</sup> There are 51 residential units in Ocean Bay Villas and 38 residential units in Ocean Glen Condominiums.

<sup>2</sup> In its Order Approving Tariff Revision and Requiring Customer Notice issued in Docket No. W-1063, Sub 4, on December 6, 2016, the Commission approved rates effective for service rendered on and after January 1, 2017.

Based on the current state of uncertainty regarding future requirements to assist in preventing the spread of COVID-19, the Public Staff recommends that the customer hearing proposed for January 5, 2022, be held remotely via Webex and the expert witness hearing proposed for February 8, 2022, be held in person.

The Public Staff recommended that the Commission issue an order establishing discovery guidelines, scheduling hearings, and requiring customer notice. The Public Staff provided a proposed order to the Commission Staff.

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

**P2. DOCKET NO. W-1205, SUB 16 – CLARKE UTILITIES, INC. – APPLICATION FOR CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY**

On October 5, 2021, Clarke Utilities, Inc. (Clarke Utilities), filed an application for a Certificate of Public Convenience and Necessity (CPCN) to provide water utility service in Creedmoor Manor subdivision in Wake County, North Carolina, and for approval of rates. On November 4, 2021, Clarke Utilities filed supplemental documentation.

Clarke Utilities does not presently serve any water customers in Creedmoor Manor and expects to eventually serve 30 residential customers in the service area, which is shown on the plans filed with the application.

Clarke Utilities proposes to charge the rates currently approved by the Commission on July 28, 2021, in Docket No. W-1205, Sub 14.

The North Carolina Department of Environmental Quality, Division of Water Resources, Public Water Supply Section, issued a plan approval letter for Creedmoor Manor, part of Water System No. NC4092147. The plans and specifications to serve 30 single-family lots in Creedmoor Manor are approved under serial number 16-00646, dated February 3, 2017.

Clarke Utilities entered into an Agreement for Water Services dated February 12, 2016, with Falls Lake Holdings, LLC (Developer), under which the Developer will construct and install the central water supply, storage, and distribution system (Agreement). 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 Commission-approved water tap fees.

On August 26, 2019, in Docket No. W-100, Sub 57, the Commission issued an Order that required in Ordering Paragraph No. 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 Clarke Utilities and the Developer in this matter was executed February 12, 2016, and as such, is not subject to the full gross-up requirements in the Commission's August 26, 2019 Order.



Clarke Utilities holds water franchises serving approximately 593 customers in North Carolina. Clarke Utilities' record of service is satisfactory.

Clarke Utilities has filed all exhibits required with the application.

The Public Staff states that Clarke Utilities has the technical, managerial, and financial capacity to provide water utility service in Creedmoor Manor and further recommends that the CPCN be issued.

The Public Staff recommends that Clarke Utilities be required to post a bond in the amount of \$10,000. Clarke Utilities currently has \$120,000 of bonds posted with the Commission. Of this amount, \$100,000 of bond surety is assigned to specific subdivisions, and \$20,000 of bond surety is unassigned.

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

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

**P3. DOCKET NO. W-1250, SUB 8 – SAXAPAHAW UTILITY COMPANY – APPLICATION FOR RATE INCREASE**

On October 18, 2021, Saxapahaw Utility Company (Applicant) filed an application with the Commission seeking authority to increase its rates for water utility service in the Village of Saxapahaw in Alamance County, North Carolina. The Applicant serves approximately 268 metered water customers. The present water rates have been effective since the issuance of the Commission's Order Granting Rate Increase and Requiring Customer Notice on September 17, 2019, in Docket No. W-1250, Sub 7.

The Public Staff recommends that the Commission issue an order establishing a general rate case and suspending rates and noted that it will provide the Commission with a proposed order establishing discovery guidelines, scheduling hearings, and requiring customer notice at a later date.

The Public Staff recommended that the Commission issue the proposed order establishing a general rate case and suspending rates.

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

**P4. DOCKET NO. W-1305, SUB 31 – PLURIS HAMPSTEAD, LLC – NOTIFICATION OF INTENTION TO BEGIN OPERATIONS IN CONTIGUOUS SERVICE AREA**

On March 10, 2021, Pluris Hampstead, LLC (Pluris Hampstead), filed a Notification of Intention to Begin Operations in Area Contiguous to Present Service Area (Notification) to provide sewer utility service in Hampstead Pines subdivision and Heartwood Drive Extension in Pender County, North Carolina. Hampstead Pines and Heartwood Drive Extension are contiguous to Pluris Hampstead's Coastal Plantation, Phase IV, service area. Pluris Hampstead filed amendments to the Notification on March 3, 2021. Pluris Hampstead requests approval of the sewer utility rates currently approved for the Coastal Plantation service area.

Pluris Hampstead presently serves 59 residential sewer customers in Hampstead Pines. Pluris Hampstead expects eventually to serve 59 residential sewer customers in Hampstead Pines and 12 residential sewer customers in Heartwood Drive Extension, for a total of 71 customers.

The North Carolina Department of Environmental Quality, Division of Water Resources has issued permit number WQ000023479, dated September 4, 2020, to Pluris Hampstead, LLC. The permit is for the continued operation of approximately 2,869 linear feet (LF) of 8-inch gravity sewer; approximately 1,980 LF of 6-inch and 220 LF of 4-inch force main, and an 80 gallon per minute pump station to serve 59 three-bedroom residences as part of the Hampstead Pines Subdivision; the construction and operation of approximately 770 LF of 8-inch gravity main to serve 12 three-bedroom homes as part of the Heartwood Drive Extension; and the discharge of 25,560 gallons per day of collected wastewater into Pluris Hampstead's existing sewerage system.

Pluris Hampstead has entered into an Agreement for Sanitary Sewer Service dated February 27, 2020, with Hampstead Pines Homeowners Association, Inc., and JT Capital, LLC (Developer), by which Pluris Hampstead will pay up to \$100,000 to cover the cost for the interconnection and upgrading Hampstead Pines' existing lift station and the Developer will cover any cost over \$100,000. Pluris Hampstead has waived the tap fees for the 59 existing customers in Hampstead Pines Subdivision. The Developer will pay a non-refundable sewer connection fee of \$3,200 per three-bedroom single-family equivalent for each of the 12 new single-family residences. On August 25, 2021, Pluris Hampstead filed the recorded Utility Easement and on August 30, 2021, Pluris Hampstead filed an Agreement Conveying Sanitary Sewer Lines and Granting Easements with Stevens Building Company which was executed on August 27, 2021.

On August 26, 2019, in Docket No. W-100, Sub 57, the Commission issued an Order that required in Ordering Paragraph No. 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 Pluris Hampstead and the Developer in this matter was executed February 27, 2020. The Developer agreed to pay the full income tax gross-up

on all CIAC made to Pluris Hampstead by the Developer, including facilities and property contributed by Pluris Hampstead, as well as connection fees and tap fees paid to Pluris Hampstead, such that Pluris Hampstead will be held harmless from the income tax consequences of receipt of all its CIAC contributed by the Developer.

Pluris Hampstead holds wastewater franchises serving approximately 436 residential and 69 commercial customers in North Carolina, and its record of service is satisfactory.

Pluris Hampstead has filed all exhibits required with the Notification.

The Public Staff recommends that Pluris Hampstead has the technical, managerial, and financial capacity to provide wastewater 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 bond in the amount of \$25,000. Pluris Hampstead currently has \$500,000 of bonds posted with the Commission. Of this amount, \$350,000 of bond surety is assigned to specific subdivisions, and \$150,000 of bond surety is unassigned.

The Public Staff provided a proposed order to the Commission Staff and 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.

**P5. DOCKET NOS. W-1130, SUB 11 AND W-1333, SUB 0 – ORDER SCHEDULING HEARINGS, ESTABLISHING DISCOVERY GUIDELINES, AND REQUIRING CUSTOMER NOTICE**

On May 20, 2021, Currituck Water and Sewer, LLC (CWS), and Sandler Utilities at Mill Run, LLC (Sandler), filed with the Commission an Application for Transfer of Public Utility Franchise and for Approval of Rates (Application) seeking authority to transfer the wastewater utility system and public utility franchise serving Eagle Creek Subdivision, Mill Creek Golf Club, and Moyock Middle School in Currituck County, North Carolina, from Sandler to CWS and approval of rates.

Sandler presently serves approximately 420 residential and 2 non-residential customers in the Eagle Creek service area using a vacuum collection system. Envirolink, Inc., is the current contract operator of the wastewater utility system serving Eagle Creek subdivision and may continue to operate the wastewater utility system for CWS upon completion of the acquisition.

On April 14, 2021, CWS and Sandler entered into an asset purchase agreement whereby CWS agreed to purchase Sandler's wastewater utility system for a purchase price of \$250,000. In addition, CWS agreed that the purchase price of \$250,000 shall be increased by the amount of any costs incurred and paid by Sandler for renewal and

replacements, capitalized repairs, and/or upgrades to the wastewater system as approved by the Commission and CWS during the period from the effective date until the closing date. The Public Staff may oppose a portion of the purchase price in rate base.

The present rates for Sandler were approved in Docket Nos. W-1130, Sub 9 and M-100, Sub 138, and have been in effect since December 9, 2016. Upon acquisition of the system, CWS proposes to charge the current Commission-approved rates for Sandler. The present and proposed rates are as follows:

<u>Monthly Wastewater Service:</u>	<u>Present</u>	<u>Proposed</u>
Flat Rate Residential Wastewater Service	\$52.60	\$52.60
Mill Creek Golf Club	\$364.67	\$364.67
Moyock Middle School	\$884.20	\$884.20

The Eagle Creek wastewater collection system has experienced numerous outages and sanitary sewer overflows, the most recent series of outages beginning September 29, 2020. The N.C. Department of Environmental Quality – Division of Water Resources (DWR) has issued four Notices of Violation and Notice of Intent to Enforce dated October 7, 2020, November 23, 2020, December 16, 2020, and January 14, 2021. The service outages have continued into 2021 with recent outages being four days beginning October 1, 2021, and four days beginning October 29, 2021. A significant number of customers have experienced more than 45 days of outages since September 29, 2020.

The Attorney General on behalf of DWR obtained in the Superior Court of Currituck County a Consent Judgment with Sandler dated July 1, 2021, 21 CVS 78. The Consent Judgment requires Sandler to make substantial capital and operational improvements for the wastewater collection system with the review and oversight of DWR. The Attorney General and DWR have been reviewing Sandler’s planned upgrades and have required modifications.

Upon acquisition, CWS plans to make capital improvements including renovations to the wastewater treatment plant, renovations to and reactivation of the effluent infiltration pond, and conversion of the wastewater collection system from a vacuum collection system to a gravity collection system in an effort to improve wastewater system reliability. CWS estimates the costs of the proposed capital improvements to be approximately \$3 million, of which \$1.767 million is attributed to replacing the vacuum collection system with a gravity collection system. The Public Staff states that based on CWS’s estimated costs for these improvements, the approximate annual revenue requirement increase associated with the capital improvement expenditures solely for increased interest cost, depreciation, and return on equity would be approximately \$761 per resident equivalent unit (REU) per year, or \$63.42 per REU per month. This is in addition to the proposed rates identified above.

A significant number of customers have advised the Public Staff that they are opposed to the gravity system replacement and the expected major disruptions including damage to the roads, fences, and sheds near customer property lines during the installation of gravity

service lines, and potential damage to home foundations, walls, and floors caused by dewatering the high water table. In addition, some customers believe the estimated cost of \$1.767 million for the gravity collection system is materially understated.

AirVac, a major vacuum wastewater system company, has provided an estimate of \$1.2 million for renovations and capital upgrades to the existing vacuum collection system. Renovations to the wastewater treatment plant and renovations and reactivation of the effluent infiltration pond would also be necessary. The total combined estimated upgrade costs would be approximately \$2.2 million. The Public Staff states the approximate annual revenue requirement increase associated with the capital improvement expenditures solely for increased interest costs, depreciation, and return on equity would be approximately \$756 REU per year, or \$62.97 per REU per month. The vacuum system equipment has a shorter expected service life than the gravity system.

The Public Staff recommends that the matter be scheduled for a customer hearing for the sole purpose of receiving testimony from customers; that the matter also be scheduled for an evidentiary hearing for the sole purpose of receiving expert witness testimony from CWS, Sandler, the Public Staff, and intervenors, if any; and that Sandler be required to provide notice to all affected customers of the Application, including of the applied for rates and the scheduled hearings.

The Public Staff recommended that the Commission issue the proposed order scheduling public hearings, establishing discovery guidelines, and requiring customer notice. The Public Staff provided a proposed order to the Commission Staff.

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

Minutes of the Regular Commission Staff Conference of November 1, 2021, were approved.

Minutes prepared by Portia Barnes.