

**STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH**

DOCKET NO. W-218, SUB 526

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of		
Application by Aqua North Carolina, Inc.,)	ORDER ESTABLISHING DATES
202 MacKenan Court, Cary, North)	FOR COMMENTS ON PETITION
Carolina 27511, for Authority to Adjust)	FOR LEAVE TO INTERVENE
and Increase Rates for Water and)	FILED OUT OF TIME BY
Sewer Utility Service in All its Service)	CAROLINA MEADOWS, INC.
Areas in North Carolina)	

BY THE PRESIDING COMMISSIONER: On August 14, 2020, Carolina Meadows, Inc. (Carolina Meadows or Petitioner), filed a Petition for Leave to Intervene Out of Time (Petition) and for an Order Declaring Invalid the Parties' Partial Settlement Agreement and Stipulation (Partial Settlement Agreement), or, in the Alternative, to Open a Complaint Docket Against Aqua North Carolina, Inc (Aqua), and the verified affidavits of Kevin McLeod, President and Chief Executive Officer of Carolina Senior Communities, the parent corporation and sole member of Carolina Meadows; and Services, Inc., and William Stannard, PE, a professional engineer and Chairman of Raftelis, a consulting firm that advises utilities and municipalities regarding rate setting, finance, management and operations.

On February 14, 2020, the Commission issued a scheduling order (Scheduling Order) which set the deadline for the filing of petitions to intervene in this proceeding as no later than Tuesday, May 19, 2020. The Scheduling Order also established the deadline for the Public Staff – North Carolina Utilities Commission (Public Staff) and other intervenors to file testimony and exhibits on all subjects except the subject of the public witness hearings as at or before 12:00 p.m. on Tuesday, May 19, 2020. No petitions to intervene were received by the established deadline and the Commission observes that Carolina Meadows' Petition is not limited to the subject of the public witness hearings.

On June 23, 2020, the expert witness hearing began in accordance with the Scheduling Order, was recessed, and resumed on July 8, 2020, remotely using Webex. The expert witness hearing concluded on July 13, 2020.

On August 3, 2020, the public witness hearing was held in two sessions as scheduled.

Initial Proposed Orders of the Public Staff and Aqua and the Attorney General's Brief were filed on or before August 17, 2020, as directed by the Presiding Commissioner at the close of the expert witness hearing.

Carolina Meadows provides as a basis for its late-filed Petition that (1) the Partial Settlement Agreement filed by Aqua and the Public Staff on July 1, 2020, as it specifically applies to Carolina Meadows did not disclose that the stipulating parties had reached an agreement to increase Carolina Meadow's base facility rate, and only Carolina Meadow's base facility rate, to a level that will approximate a 1,300% increase in its current base facility charges, which is to be implemented in two stages; (2) the Partial Settlement Agreement is contrary to Aqua's filed rates, customer service classifications, cost of service, and the notices provided to Carolina Meadows and the public regarding the rate relief requested in the present proceeding; (3) the stipulated increase is based on a flawed methodology that has been discriminatorily applied only to Carolina Meadows; (4) Carolina Meadows relied on Aqua's application in this proceeding which sought a \$68.50 increase to its monthly base facility rate for a six-inch meter, an approximately 5.24% change which was also plainly stated in the public notice of this proceeding; (5) billing charges included in the Partial Settlement Agreement as they pertain to Carolina Meadows are based on faulty assumptions which are a patent violation of the cost causation principles that apply to setting just and reasonable rates; and (6) these circumstances were not revealed to Carolina Meadows until July 10, 2020, when contacted by Aqua.

Based upon the foregoing, the Presiding Commissioner finds good cause to set a schedule allowing for the filing of comments from the parties to the present proceeding regarding Carolina Meadow's filing on August 14, 2020, in the above-captioned docket. Accordingly, Aqua, the Attorney General and the Public Staff shall have until Thursday, September 3, 2020, to file comments. Each party is encouraged to file responsive comments sooner but not later than September 3, 2020, and any party not intending to file comments is requested to file notice of the same as soon as possible. Carolina Meadows shall file any reply comments no later than five business days following the date the last party files its comments, but Carolina Meadows is encouraged to submit reply comments earlier, if possible.

IT IS, THEREFORE, SO ORDERED.

ISSUED BY ORDER OF THE COMMISSION.

This the 19th day of August, 2020.

NORTH CAROLINA UTILITIES COMMISSION

A handwritten signature in dark ink, appearing to read "Janice H. Fulmore", is written over a faint, circular official stamp of the North Carolina Utilities Commission.

Janice H. Fulmore, Deputy Clerk