

**STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH**

DOCKET NO. W-1298, SUB 4

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of	
Application by JACABB Utilities, LLC,) ORDER CANCELING HEARING,
210 West North Second Street, Seneca,) GRANTING RATE INCREASE,
South Carolina 29643, for Authority to) AND REQUIRING CUSTOMER
Increase Rates for Water Utility Service in) NOTICE
Cedar Ridge Estates Subdivision in)
Jackson County, North Carolina)

BY THE COMMISSION: On November 13, 2018, JACABB Utilities, LLC (JACABB or Applicant) filed an application with the Commission seeking authority to increase its rates for water utility service in Cedar Ridge Estates Subdivision in Jackson County, North Carolina. JACABB provides water service for 38 residential customers. The present rates for water utility service reflect the original rates approved in Docket No. W-1298, Sub 0, per Commission Order issued May 2, 2012, adjusted to reflect House Bill 998, effective February 13, 2015, pursuant to Commission Order issued in Docket Nos. W-1298, Sub 1 and M-100, Sub 138.

On December 12, 2018, the Commission issued an Order Establishing General Rate Case, Suspending Rates, Scheduling Hearing, and Requiring Customer Notice, specifying that the matter could be determined without public hearing if no significant protests were received. On December 28, 2018, the Applicant filed its Certificate of Service indicating that customer notice had been given in accordance with the Commission's December 12, 2018 Order. No customers submitted letters or emails protesting the Applicant's proposed rates.

On March 19, 2019, the Public Staff – North Carolina Utilities Commission (Public Staff) filed the Affidavits of Calvin C. Craig, III, Financial Analyst, Economic Research Division; Mary Coleman, Staff Accountant, Accounting Division; and Gina Y. Casselberry, Utilities Engineer, Water, Sewer, and Communications Division (Engineer Casselberry).

On March 20, 2019, the Public Staff filed a proposed order which included a request for the Commission to cancel the hearing scheduled for April 25, 2019, stating that no consumer protests have been received. The Applicant did not oppose the Public Staff's request to cancel the hearing.

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

FINDINGS OF FACT

1. The Applicant holds a franchise to provide water utility service to approximately 38 residential customers in Cedar Ridge Estates Subdivision in Jackson County, North Carolina. The Applicant is properly before the Commission seeking an increase in rates and charges for water utility service.

2. The test year established for use in this proceeding is the 12-month period ended December 31, 2017.

3. The present rates for water utility service reflect the original rates approved in Docket No. W-1298, Sub 0, per Commission Order issued May 2, 2012, adjusted to reflect House Bill 998, effective February 13, 2015, pursuant to Commission Order issued in Docket Nos. W-1298, Sub 1 and M-100, Sub 138.

4. The Applicant's present and proposed rates filed in the application are as follows:

	<u>Present Rates</u>	<u>Proposed Rates</u>
<u>Quarterly Metered Water Rates:</u>		
Base Charge, includes first 10,500 gallons of usage		
Residential Rate, 5/8" x 3/4" meter	\$100.80	\$130.00
Usage Charge, per 1,000 gallons, after first 10,500 gallons		
10,501 to 15,000 gallons	\$ 3.60	\$ 4.84
15,001 to 24,000 gallons	\$ 6.72	\$ 9.03
24,001 and above	\$11.52	\$15.48
New Water Customer Administrative Charge	\$ 24.00	\$ 25.00
Reconnection Charges	\$ 14.40	\$ 15.00
Returned Check Fee	\$ 19.20	\$ 25.00
Tap Fee	\$500.00	\$850.00

5. The proposed rates would increase the average residential quarterly water bill from \$100.80 to \$130.00, a 29% increase, based on an average quarterly usage of 6,390 gallons.

6. In response to inquiries from Engineer Casselberry, the North Carolina Department of Environmental Quality, Division of Water Resources, Public Water Supply Section, expressed no major concerns with the Cedar Ridge Estates Subdivision water system and did not identify any major issues concerning water quality.

7. The Public Staff has received no customer protests in this matter.
8. The Applicant is providing adequate service to its customers.
9. The original cost rate base for use in this proceeding is \$12,204, consisting of utility plant in service of \$11,509, less accumulated depreciation of \$1,585, plus cash working capital of \$2,280.
10. The Applicant's total annual operating revenues under present rates are \$16,463 and under proposed rates are \$21,324. These total annual operating revenue amounts consist entirely of service revenues.
11. The Applicant requested an increase in rates that would produce \$4,861 in additional service revenues, an increase of 29% over present annual service revenues.
12. The total rate case costs for this proceeding are \$2,100. These costs should be amortized over three years, resulting in annual rate case expense of \$700.
13. The appropriate level of operations and maintenance (O&M) expenses for use in this proceeding is \$18,236.
14. The appropriate level of depreciation expense for use in this proceeding is \$1,271.
15. The appropriate level of other taxes for use in this proceeding is \$23.
16. It is reasonable and appropriate to calculate regulatory fees using the rate of 0.14%, pursuant to the Commission's Order issued on July 11, 2016, in Docket No. M-100, Sub 142.
17. It is reasonable and appropriate to calculate income taxes based upon the statutory rates for the level of income found reasonable in this proceeding, which includes a federal corporate income tax rate of 21% and a State corporate income tax rate of 2.5%.
18. It is appropriate to increase the new water customer administrative charge from \$24.00 to \$25.00, the reconnection charge (both for cause and upon the customer's request) from \$14.40 to \$15.00, the returned check fee from \$19.20 to \$25.00, and the tap fee from \$500 to \$850, as requested by the Applicant and recommended by the Public Staff.
19. The reasonable level of operating revenue deductions requiring a return (excluding regulatory fees and income taxes) is \$19,507 for water operations.
20. The operating ratio method, which allows a margin on operating revenue deductions requiring a return, is the appropriate method to be used in this proceeding for

determining the Applicant's revenue requirement for water operations as allowed by N.C. Gen. Stat. § 62-133.1.

21. A return of 7.05% on operating revenue deductions is just and reasonable for use in this proceeding.

22. The Applicant's proposed revenues of \$21,324 (an increase of \$4,861 for water operations) are not unreasonable, would not be unfair to customers, and should be approved. As calculated in Public Staff Coleman Exhibit I, Schedule 1, the Applicant's proposed revenues would allow the Applicant an opportunity to earn a 7.05% return on operating revenue deductions requiring a return found reasonable in this proceeding.

23. The Applicant's proposed water rates shown below and provided in Appendix A, attached hereto, are just and reasonable and should be approved.

	<u>Approved Rates</u>
<u>Quarterly Metered Water Rates:</u>	
Base Charge, includes first 10,500 gallons of usage	
Residential Rate, 5/8" x 3/4" meter	\$130.00
Usage Charge, per 1,000 gallons, after first 10,500 gallons	
10,501 to 15,000 gallons	\$ 4.84
15,001 to 24,000 gallons	\$ 9.03
24,001 and above	\$15.48
New Water Customer Administrative Charge	\$ 25.00
Reconnection Charges	\$ 15.00
Returned Check Fee	\$ 25.00
Tap Fee	\$850.00

WHEREUPON, the Commission reaches the following

CONCLUSIONS

The evidence for the foregoing findings of fact is contained in the application; the Commission's records; the uncontested affidavits and exhibits of Public Staff witnesses Calvin C. Craig, III, Mary Coleman, and Gina Y. Casselberry.

Based upon the entire record in this proceeding, the Commission is of the opinion that the hearing scheduled for April 25, 2019, in Sylva, North Carolina should be canceled;

that JACABB has sufficiently demonstrated the need to increase its rates for water utility service; that the operating ratio method is the appropriate method for determining JACABB's revenue requirement; that the rates and charges proposed by JACABB and recommended by the Public Staff are just and reasonable and should be approved; and that customer notice should be provided.

Further, the Commission concludes that the affidavits and exhibits of Public Staff witnesses Craig, Coleman, and Casselberry filed by the Public Staff on March 19, 2019, in this docket should be admitted into evidence in this proceeding.

IT IS, THEREFORE, ORDERED as follows:

1. **That the public hearing previously scheduled for Thursday, April 25, 2019, in the Jackson County Courthouse, Courtroom #2, 401 Grindstaff Road, Sylva, North Carolina, is hereby canceled.**

2. That the affidavits and exhibits of Public Staff witnesses Calvin C. Craig, III, Financial Analyst, Economic Research Division; Mary Coleman, Staff Accountant, Accounting Division; and Gina Y. Casselberry, Utilities Engineer, Water, Sewer, and Communications Division filed by the Public Staff on March 19, 2019, in this docket are hereby received as evidence in this proceeding.

3. That JACABB Utilities, LLC is authorized to increase its rates for water utility service in Cedar Ridge Estates Subdivision in Jackson County, North Carolina.

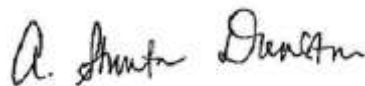
4. That the Schedule of Rates, attached hereto as Appendix A, is hereby approved and deemed to be filed with the Commission pursuant to N.C. Gen. Stat. § 62-138. Said Schedule of Rates is authorized to become effective for service rendered on and after the date of this Order.

5. That the Notice to Customers, attached as Appendix B, shall be mailed with sufficient postage or hand delivered by the Applicant to all customers affected by the new rates no later than seven days after the date of this Order; and that the Applicant shall submit to the Commission the attached Certificate of Service, properly signed and notarized, not later than 10 days after the date of this Order.

ISSUED BY ORDER OF THE COMMISSION.

This the 22nd day of March 2019.

NORTH CAROLINA UTILITIES COMMISSION



A. Shonta Dunston, Deputy Clerk

SCHEDULE OF RATES
for
JACABB UTILITIES, LLC
for providing water utility service
in
CEDAR RIDGE ESTATES SUBDIVISION
Jackson County, North Carolina

Quarterly Metered Water Rates:

Base Charge, includes first 10,500 gallons of usage

Residential Rate, 5/8" x 3/4" meter \$130.00

Usage Charge, per 1,000 gallons, after first 10,500 gallons

10,501 to 15,000 gallons \$ 4.84

15,001 to 24,000 gallons \$ 9.03

24,001 and above \$ 15.48

Tap Fee:

5/8" x 3/4" meter \$ 850.00
All other meter sizes Actual cost of installation

Reconnection Charges:

If water service is cut off by utility for good cause \$15.00

If water service cut off by utility at customer's request \$15.00

(Customers who ask to be reconnected within nine months of disconnection will be charged the base monthly charge for zero usage for the service periods they were disconnected.)

<u>New Customer Administrative Charge:</u>	\$25.00
<u>Returned Check Fee:</u>	\$25.00
<u>Bills Due:</u>	On billing date
<u>Bills Past Due:</u>	25 days after billing date
<u>Billing Frequency:</u>	Shall be quarterly for service in arrears
<u>Finance Charge for Late Payment:</u>	1% per month will be applied to the unpaid balance of all bills still past due 25 days after the billing date

**STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH**

**NOTICE TO CUSTOMERS
DOCKET NO. W-1298, SUB 4
BEFORE THE NORTH CAROLINA UTILITIES COMMISSION**

The North Carolina Utilities Commission is hereby canceling the hearing previously scheduled for Thursday, April 25, 2019, in the Jackson County Courthouse, Courtroom #2, 401 Grindstaff Road, Sylva, North Carolina. The Commission's decision followed customer notice and investigation by the Public Staff – North Carolina Utilities Commission (Public Staff). The Commission issued an Order on December 12, 2018, requiring the Applicant to provide customer notice stating that the matter may be determined without public hearing if no significant protests were received subsequent to customer notice. No customer protests were received. The Commission has therefore approved the following rates, effective for service rendered on and after the date of this Notice.

Quarterly Metered Water Rates:

Base Charge, includes first 10,500 gallons of usage

Residential Rate, 5/8" x 3/4" meter	\$130.00
-------------------------------------	----------

Usage Charge, per 1,000 gallons, after first 10,500 gallons

10,501 to 15,000 gallons	\$ 4.84
15,001 to 24,000 gallons	\$ 9.03
24,001 and above	\$ 15.48

Reconnection Charges:

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

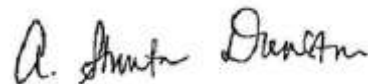
(Customers who ask to be reconnected within nine months of disconnection will be charged the base monthly charge for zero usage for the service periods they were disconnected.)

<u>New Customer Administrative Charge:</u>	\$25.00
<u>Returned Check Fee:</u>	\$25.00

ISSUED BY ORDER OF THE COMMISSION.

This the 22nd day of March, 2019.

NORTH CAROLINA UTILITIES COMMISSION



A. Shonta Dunston, Deputy 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-1298, Sub 4 by the date specified in the Order.

This the ____ day of _____, 2019.

By: _____
Signature

Name of Utility Company

The above named Applicant, _____, personally appeared before me this day, and being first duly sworn, says that the Notice to Customers was mailed or hand delivered to all affected customers as required by the Commission Order dated _____ in Docket No. W-1298, Sub 4.

Witness my hand and notarial seal, this the ____ day of _____, 2019.

Notary Public

Typed or Printed Name

(SEAL) My Commission Expires:

Date