



**NORTH CAROLINA  
PUBLIC STAFF  
UTILITIES COMMISSION**

April 4, 2024

Ms. A. Shonta Dunston, Chief Clerk  
North Carolina Utilities Commission  
4325 Mail Service Center  
Raleigh, North Carolina 27699-4300

Re: Docket No. W-1344, Sub 1 – Application for Certificate of Public Convenience and Necessity and for Approval of Rates to Provide Sewer Utility Service to Currently Served Cape Pointe Village Subdivision, Additional Phases of the National Park Service, Harkers Island RV Park and a Few Single-Family Homes and Commercial Services

Dear Ms. Dunston:

On February 29, 2024, in Docket Nos. W-1297, Sub 17 and W-1344, Sub 1, HISCO I, LLC (HISCO I), filed an Application for Certificate of Public Convenience and Necessity for the Wastewater System Serving Various Areas of Harkers Island in Carteret County, North Carolina, and for Approval of Rates (CPCN Application). HISCO East, LLC, and HISCO I also filed a joint Application for Transfer of Public Utility Franchise and for Approval of Rates (Transfer Application) for the wastewater system in the same dockets.

On March 19, 2024, the Public Staff filed a Motion to Establish Docket Sub 0 for the Transfer Application and Docket Sub 1 for the CPCN Application. In the Motion, the Public Staff sought to have separate dockets established for the two applications: Docket No. W-1344, Sub 1 to be designated as the docket for the CPCN Application, and Docket Nos. W-1344, Sub 0 and W-1297, Sub 17 to be established as the dockets for the Transfer Application.

Also on March 19, 2024, the Public Staff filed a letter outlining the deficiencies in the Application and indicating that the Public Staff considers the Application incomplete.

On March 20, 2024, HISCO I filed an amended Application.

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On March 22, 2024, the Commission issued an Order Establishing Dockets, which established that Docket No. W-1344 Sub 1 shall remain the docket for the CPCN Application, directed that Docket No. W-1344, Sub 0 become the purchaser's docket for the Transfer Application, and assigned Docket No. W-1247, Sub 17 as the companion seller's docket to Docket No. W-1344, Sub 0. The Commission ordered that all future filings related to the CPCN Application shall be filed in Docket No. W-1344, Sub 1.

On March 22, 2024, the Public Staff filed a letter with the Commission indicating that as of March 21, 2024, the CPCN Application includes all information required for a complete Application.

On March 28, 2024, the Commission issued its Order Finding Transfer Application Complete and Requiring the Public Staff to Provide Specific Application Data (Order). The Order required the Public Staff to provide the Commission, within five business days, certain application data as provided in the following five enumerated paragraphs. In response thereto, the Public Staff provides as follows:

1. The number and type of customers to be served by HISCO I;

**Response:**

- Cape Pointe Subdivision (32 residential lots);
- Additional residential services;
- Harkers Island RV Resort (1 connection with up to 126 RV lots);
- Six commercial services:
  - National Park Service (NPS) Headquarters Phase 2,
  - NPS Shell Point Restrooms,
  - Fish Hook Restaurant,
  - LDS Church,
  - Pasfield Enterprises, Inc., and
  - The Bridges Youth Ministry.

2. The rates currently being charged to customers, including the docket number, if applicable, in which the current rates were approved by the Commission and the effective date for the current rates;

**Response: Monthly Flat Sewer Service:**

Residential: \$60.00 or \$61.10 per Residential Equivalent Unit (REU)

NPS Headquarters: \$460

NPS Shell Point Bathroom: \$100

Fish Hook Restaurant: \$233

LSD Church: \$150

Pasfield Enterprises, Inc.: \$280

The Bridges Youth Ministry: \$224

Harkers Island RV Park Resort: \$15 per RV lot

3. The proposed rates and fees HISCO I seeks to charge if the Commission approves the issuance of a CPCN to HISCO I for the provision of wastewater utility service to the various areas of Harkers Island in Carteret County, North Carolina;

**Response:** The aforementioned service areas/services with associated wastewater monthly rates are already being served. Once the Commission approves the CPCN for these services, HISCO I intends to charge the same rates.

4. If an increase in rates is proposed, provide the impact on the average monthly sewer bill under the proposed rates compared to current rates. For metered rates, indicate the average monthly usage used in your calculations; and

**Response:** Increase in rates is not proposed by HISCO I. However, HISCO I is seeking an approval of the rates indicated in #2 above.

5. Briefly summarize any pertinent points from the CPCN Application such as a description of any planned capital improvements, the related dollar amounts, the estimated total impact on annual revenue requirement, and the estimated impact on the average monthly sewer bill.

**Response:** No capital improvements are planned for the CPCN. However, HISCO I is evaluating different options for the wastewater treatment plant (WWTP) replacement/expansion because the current WWTP is aged and needs to be replaced. It has also reached its maximum treatment capacity and needs to be expanded to serve additional customers. HISCO I plans to provide wastewater service to additional customers. Either the current WWTP will need to be replaced and expanded, or smaller additional wastewater treatment facilities will need to be constructed. HISCO is working with the Department of Health and Human Services/Local Health Department and Department of Environmental Quality (DEQ) to come up with the most feasible solution. The approximate estimated cost of a new 140,000 gallons-per-day (GPD) WWTP provided by HISCO I is \$2,940,000 (this does not include the transmission mains cost and finance cost estimates provided by HISCO I). The estimated annual revenue requirement for the planned improvements would be approximately \$356,945, subject to true up based on further investigation. With the new DEQ residential wastewater design flow standard of 225 GPD per REU (DEQ Memorandum December 13, 2023: Session Law 2023-137 – Changes to Wastewater Design Flow Rates in 15A NCAC 02T .01149b), the monthly bill impact would be an increase of approximately \$47.82 per REU due to the planned replacement/expansion.

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If you have any questions, please do not hesitate to contact me.

Sincerely,  
Electronically submitted  
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Staff Attorney  
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cc: Parties of Record

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Apr 04 2024