

NORTH CAROLINA UTILITIES COMMISSION
MINUTES OF REGULAR COMMISSION STAFF CONFERENCE
September 27, 2021

The Regular Commission Staff Conference of the North Carolina Utilities Commission was held on Monday, September 27, 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. Fennell, Ms. Duffy, Ms. Barnes, Ms. Franke, Ms. Kennedy, Ms. Hilburn, Ms. Paschal, Ms. Zhang, Ms. Jayasheela, Ms. Burns, Mr. Hardy, Mr. McCoy

PUBLIC STAFF: Ms. Downey, Ms. Culpepper, Mr. Creech, Mr. Grantmyre, Ms. Luhr, Mr. Henry, Mr. Dorgan, Ms. Boswell, Mr. D. Williamson, Mr. Singer, Ms. Patel, Ms. Casselberry, Ms. Darden, Mr. Junis, Ms. Proffitt, Mr. Franklin

ATTORNEY GENERAL:

COURT REPORTERS: Ms. Mitchell

B. GAS**P1. DOCKET NO. G-5, SUB 637 – APPLICATION OF PUBLIC SERVICE COMPANY OF NORTH CAROLINA, INC., FOR APPROVAL OF BI-ANNUAL ADJUSTMENT OF RATES UNDER RIDER C AND AN ADJUSTMENT TO TRACK CHANGES IN ITS WHOLESALE COSTS OF GAS UNDER RIDER D TO ITS TARIFF**

On September 16, 2021, Public Service Company of North Carolina, Inc. (PSNC or Company), filed an application (Application) pursuant to N.C. Gen. Stat. § 62-133.7, and N.C. Gen. Stat. § 62-133.4, Commission Rule R1-17(k)(3) and (5) (d), and PSNC's Riders C and D of the Company's tariffs, requesting authority to adjust its rates effective October 1, 2021. The Company requests pursuant to Rider C, to implement new temporary increments and decrements in its rates for residential, small general service and medium general service customers and pursuant to Rider D, to implement an increase in its commodity benchmark cost of gas.

PSNC's Application complies with its Rider C - Customer Usage Tracker (CUT) mechanism, which is based on the Customer Usage Deferred Account balances as of July 31, 2021.

According to the CUT, PSNC is to compare actual residential and small and medium general service margins with the margins contained in the most recent Commission-approved rates. PSNC is to then apply, on a bi-annual basis, for authority to implement temporary rate increments or decrements (temporaries) to collect or refund any differences in the Customer Usage Deferred Account.

The proposed CUT temporaries, as well as the existing CUT temporaries and the corresponding rate changes, expressed in dollars per dekatherm (\$/dt), are as follows:

Description	Residential		SGS		
	Residential Rate 101	Hi-Efficiency Rate 102	SGS Rate 125	Hi-Efficiency Rate 127	MGS Rate 140
Ending Balance Due (To)/From Customers	11,174,934	(39,075)	3,054,919	(24,997)	520,598
Rate Case Volumes (dts)	29,824,953	439,438	12,075,370	100,097	3,295,885
Increment/Decrement (\$/dts)	\$0.3747	(\$0.0889)	\$0.2530	(\$0.2497)	\$0.1580
Current Mo Increment/(Decrement) (\$/dts)	\$0.5439	\$0.0704	\$0.3679	(\$0.0323)	\$0.2170
Change in Increment/(Decrement)(\$/dts)	(\$0.1692)	(\$0.1593)	(\$0.1149)	(\$0.2174)	(\$0.0591)

PSNC's Application is also, in compliance with Rider D – Purchased Gas Adjustment (PGA) Procedures, PSNC is seeking authority to increase its sales rates by \$1.2622 per dt and its transportation rates by \$0.0122 per dt effective October 1, 2021. The increases are the result of a change in the current commodity benchmark cost of gas from \$2.50 to \$3.75 per dt, as well as a change in the company use and unaccounted for gas as described in PSNC's Rider D.

The Public Staff has reviewed the application and recommends that the proposed rate adjustments be approved as filed.

The Public Staff recommended that the Commission issue the proposed order approving PSNC's proposed rate changes as filed.

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

P2. DOCKET NO. G-9, SUB 792 – APPLICATION OF PIEDMONT NATURAL GAS COMPANY, INC., FOR AN ADJUSTMENT OF ITS RATES AND CHARGES TO TRACK CHANGES IN ITS WHOLESALE COSTS OF GAS

On September 16, 2021, Piedmont Natural Gas Company, Inc. (Piedmont) filed an application pursuant to N.C. Gen. Stat. § 62-133.4, Commission Rule R1-17(k)(3)(a), and Appendix A of Piedmont's North Carolina Service Regulations, seeking authority to increase its sales rates by \$1.2738 per dekatherm (dt) and its transportation rates by \$0.0238 per dt effective October 1, 2021. The increase is a result of a change in its Benchmark Commodity Cost of Gas from the current rate of \$3.25 per dt to \$4.50 per dt, as well as a change in the company use and unaccounted for gas as provided for in Appendix A.

The Public Staff has reviewed the application and recommends approval as filed.

The Public Staff recommended that the Commission issue the proposed order approving the rate changes proposed by Piedmont.

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

P3. DOCKET NO. G-40, SUB 162 – APPLICATION OF FRONTIER NATURAL GAS COMPANY, FOR AN ADJUSTMENT OF ITS RATES AND CHARGES TO TRACK CHANGES IN ITS WHOLESALE COSTS OF GAS

On September 15, 2021, Frontier Natural Gas Company (Frontier) filed an application pursuant to the provisions of N.C. Gen. Stat. § 62-133.4, Commission Rule R1-17(k)(3) and Appendix A of Frontier's Gas Service Rules & Regulations, seeking authority to increase its sales rates by \$0.80 per dekatherm (dt) effective October 1, 2021. The increase is a result of a change in its Benchmark City Gate Delivered Cost of Gas from the current rate of \$4.45 per dt to \$5.25 per dt.

The Public Staff has reviewed the application and recommends approval as filed.

The Public Staff recommended that the Commission issue the proposed order approving the rate changes proposed by Frontier.

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

C. COMMUNICATIONS

P1. DOCKET NO. P-1000, SUB 7, P-224, SUB 14 – PETITION OF LINGO TELECOM OF THE SOUTH, LLC AND MATRIX TELECOM, LLC REGARDING INTERNAL REORGANIZATION AND REQUEST TO CANCEL CERTIFICATES OF PUBLIC CONVENIENCE AND NECESSITY

This item was withdrawn.

P2. FILING OF INTERCONNECTION AGREEMENT AMENDMENTS BY AT&T NORTH CAROLINA

The following interconnection agreement amendments were filed for approval by the North Carolina Utilities Commission (Commission) on June 17, 2021. The amendments implement changes resulting from an organizational change of Birch Communications, Inc. (Birch), in 2018, whereby certain Birch affiliated entities became indirect subsidiaries of Fusion Connect, Inc., and certain other Birch affiliated entities were spun off to Lingo Management, LLC, a wholly owned subsidiary of Lingo Communications, LLC, and parent company of Lingo Telecom of the South, LLC.

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

Docket No. P-55, Sub 1749 and P-1000, Sub 7 – Amendment to an existing interconnection agreement with Birch Communications, Inc., n/k/a Fusion Cloud Services, LLC, and Birch Telecom of the South, Inc. n/k/a Lingo Telecom of the South, LLC (Lingo South), which was approved on August 8, 2008. This amendment removes Lingo South from the agreement and assigns Lingo South's interest in the agreement to Birch Communications, Inc., n/k/a Fusion Cloud Services, LLC.

Docket No. P-55, Sub 1749 – Amendment to the above interconnection agreement with Birch Communications, Inc. n/k/a Fusion Cloud Services, LLC, to reflect the change of Birch's name to Fusion Cloud Services, LLC, and updates terms, conditions, and contact information for notices by the parties.

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). 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 – North Carolina Utilities Commission (Public Staff) has reviewed the filings and recommends Commission approval.

The Public Staff recommended that orders be issued approving the amendments effective on the date they were filed. The Public Staff has provided proposed orders to the Commission Staff.

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

D. ELECTRIC

P1. APPLICATIONS FOR A CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY TO CONSTRUCT A SOLAR FACILITY

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

Duke Energy Progress, LLC:

- Docket No. SP-7189, Sub 0 – Application of Arthur Solar 2, LLC, for renewal of a certificate of public convenience and necessity to construct a 5-MW solar photovoltaic generating facility in Columbus County, North Carolina. (registration statement accepted previously)
- Docket No. SP-7919, Sub 0 – Application of Cathcart Solar, LLC, for an amendment and renewal of a certificate of public convenience and necessity to construct a 5-MW solar photovoltaic generating facility in Columbus County, North Carolina. (registration statement accepted previously)

The Public Staff has 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 has 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-354, SUB 364A – CAROLINA WATER SERVICE, INC. OF NORTH CAROLINA. – REQUEST FOR APPROVAL OF WATER AND SEWER SYSTEM IMPROVEMENT CHARGE

On July 30, 2021, Carolina Water Service, Inc. of North Carolina (CWSNC), filed an application for approval of Water System Improvement Charge (WSIC) and Sewer System Improvement Charge (SSIC) rate adjustments effective October 1, 2021 (Application), pursuant to N.C. Gen. Stat. § 62-133.12, Commission Rules R7-39 and R10-26, and the WSIC and SSIC mechanisms, which were approved in CWSNC's general rate case, in Docket No. W-354, Sub 336 (Sub 336 Rate Case) and in the Commission's prior Orders approving WSIC and SSIC mechanisms for CWSNC and the other Utilities, Inc. companies that have been merged into CWSNC.

The WSIC and SSIC procedures allow for semi-annual adjustments to CWSNC's rates every April 1st and October 1st, based upon reasonable and prudently incurred investment in eligible system improvements completed and placed in service prior to the filing of the request. Eligible system improvements are water and sewer system improvements set forth in N.C.G.S. § 62-133.12(b), (c), and (d) and shall include only those prudent and reasonable improvements found necessary by the Commission to enable the water or sewer utility to provide safe, reliable, and efficient service in accordance with applicable water quality and effluent standards.

CWSNC's WSIC and SSIC percentages were reset to zero as of March 31, 2020, the effective date of CWSNC's new base rates in its last general rate case, Docket No. W-354, Sub 364 (Sub 364 Rate Case). This is CWSNC's third filing to implement charges under the WSIC and SSIC mechanism since the Sub 364 Rate Case.

CWSNC's request includes WSIC and SSIC projects completed and placed in service during the six months ending June 30, 2021. These projects consist of the following:

Wells and springs	\$2,473
Electric pump equip. WTP	4,752
Electric pump equip. trans. dist.	1,731
Water treatment equipment	179,507
Dist. Resv. and standpipes	1,850
Transmission & distribution mains	199,391
Service lines	5,995
Meters	6,077
Meter installations	<u>2,347</u>
Total WSIC plant additions	<u>\$404,123</u>
Struct. and improve. pump plant	\$216,531
Sewer gravity main	209,847
Manholes	17,407
Pumping equipment pump plant	<u>83,253</u>
Total SSIC plant additions	<u>\$527,038</u>

CWSNC's proposed WSIC and SSIC percentages to be implemented on October 1, 2021, are as follows:

	Previously Approved WSIC/SSIC <u>Percentage</u>	Net Change To WSIC/SSIC <u>Percentage</u>	Cumulative WSIC/SSIC <u>Percentage</u>
Uniform Water	0.75%	0.19%	0.94%
Uniform Sewer	0.32%	0.57%	0.89%
BF/FH/TC Water	0.18%	0.07%	0.25%
BF/FH Sewer	0.70%	-0.01%	0.69%

The WSIC and SSIC percentages above do not include the Experience Modification Factor (EMF) adjustments from the 2020 annual WSIC and SSIC revenue review, which went into effect on October 1, 2021. The impact of the 2020 EMF on CWSNC's requested WSIC and SSIC percentages is as follows:

	2020 Experience Modification <u>Factor</u>	Proposed WSIC/SSIC <u>Percentage</u>	Cumulative WSIC/SSIC <u>Percentage</u>
Uniform Water	0.09%	0.94%	1.03%
Uniform Sewer	0.05%	0.89%	0.94%
BF/FH/TC Water	0.02%	0.25%	0.27%
BF/TC Sewer	0.08%	0.69%	0.77%

The cumulative WSIC and SSIC revenue requirements after CWSNC's proposed increases are as follows:

	Previously Approved WSIC/SSIC Revenue Requirement	Net Change to WSIC/SSIC Revenue Requirement	Cumulative WSIC/SSIC Revenue Requirement
Uniform Water	\$145,339	\$35,046	\$180,385
Uniform Sewer	\$88,307	\$53,849	\$142,156
BF/FH/TC Water	\$2,487	\$1,002	\$3,489
BF/TC Sewer	\$15,718	(\$289)	\$15,429

CWSNC's cumulative WSIC and SSIC revenue requirement is comprised of the calculated WSIC/SSIC revenue requirement for the current review period, plus updates to previously approved WSIC and SSIC revenue requirements which became effective on December 17, 2020 and March 29, 2021, and have been updated through June 30, 2021. The updates include a roll forward of accumulated depreciation and accumulated deferred income taxes.

Pursuant to N.C.G.S. § 62-133.12(g), the cumulative WSIC & SSIC percentages are now capped at 7.5%¹ of the total annual service revenues approved by the Commission in the Sub 364 Rate Case, resulting in the following maximum revenue requirement for CWSNC's water and sewer operations:

	<u>Service Revenues</u>	<u>Cap Percentage</u>	<u>WSIC/SSIC Cap</u>
Uniform Water	\$19,271,785	X 7.5%	\$1,445,384
Uniform Sewer	\$15,904,852	X 7.5%	\$1,192,864
BF/FH/TC Water	\$ 1,402,009	X 7.5%	\$105,151
BF/FH Sewer	\$ 2,243,027	X 7.5%	\$168,227

CWSNC's proposed revenue requirement does not exceed the maximum WSIC and SSIC revenue requirement listed above.

As stated by the Commission in its Order adopting Rules R7-39 and R10-26 issued on June 6, 2014, in Docket No. W-100, Sub 54, the Public Staff is to review all infrastructure improvements proposed for recovery for eligibility and reasonableness prior to making its recommendation to the Commission on WSIC or SSIC rate adjustments. Furthermore, any WSIC or SSIC rate adjustments will be allowed to become effective, but not unconditionally approved. The adjustments may be rescinded retroactively in the Company's subsequent general rate case, at which time the adjustment may be further examined for a determination of its justness and reasonableness.

¹ On September 10, 2021, Governor Roy Cooper signed into law Senate Bill 211 (Session Law 2021-149), which, among other changes, amends the statute to increase the cap from 5% to 7.5%.

The Public Staff has carefully reviewed CWSNC's stated WSIC and SSIC improvements, including reviewing in detail construction work in progress ledgers and transactions, invoices, work orders, engineering certifications and other accounting records. Based on this review, the Public Staff recommends adjustments to (1) correct the calculation of average accumulated depreciation for Bradfield Farms/Fairfield Harbour/Treasure Cove (BF/FH/TC) water operations, (2) replace accumulated depreciation in the Company's calculation of WSIC and SSIC revenue requirement with annual depreciation expense, and (3) remove emergent projects from CWSNC's WSIC and SSIC revenue requirement calculations.

Correct Calculation of Average Accumulated Depreciation – Based on review of the supporting work papers provided by CWSNC with its Application, the Company did not calculate an amount for accumulated depreciation for plant costs additions in the BF/FH/TC water service areas. Correction of this error results in an increase in the average amount of accumulated depreciation used in the calculation of the annual WSIC revenue requirement for the BF/FH/TC water service areas.

Replace Accumulated Depreciation with Depreciation Expense – CWSNC mistakenly used accumulated depreciation instead of depreciation expense in its calculation of the annual revenue requirement for all rate divisions in this current Application. The result of this adjustment is an increase in the annual revenue requirement for each rate division.

Remove Emergent Work Projects – In an effort to compromise and address the workload and time constraints placed on the Public Staff having to review both the WSIC/SSIC filing and CWSNC's pending general rate application, CWSNC and the Public Staff have agreed to limit the scope of the current WSIC/SSIC filing to four projects totaling \$745,313 and remove the 27 emergent projects and address them in the Company's general rate case proceeding filed on July 2, 2021 in Docket No. W-354, Sub 384. The four projects make up the bulk of capital costs in this filing and are WSIC and SSIC eligible projects.

Based on our investigation, the Public Staff recommends the following adjustments to the WSIC and SSIC percentages proposed by CWSNC:

	WSIC/SSIC Percentages Including EMF Per CWSNC	WSIC/SSIC Revenue Requirement Per Public Staff	Impact of Public Staff Adjustments	WSIC/SSIC Percentage Including EMF Per Public Staff
Uniform Water	1.03%	\$34,641	(0.02%)	1.01%
Uniform Sewer	0.94%	\$41,609	(0.08%)	0.86%
BF/FH/TC Water	0.27%	\$0	(0.07%)	0.20%
BF/TC Sewer	0.77%	\$0	(0.00%)	0.77%

The Public Staff has discussed its recommended adjustments with CWSNC and the Company has agreed to accept each adjustment as recommended by the Public Staff.

The Public Staff will continue to review the justness, prudence, and reasonableness of these improvements during its review of CWSNC's future WSIC and SSIC filings and in CWSNC's next general rate case.

The Public Staff recommends that CWSNC be allowed to implement the Public Staff's recommended WSIC and SSIC percentages, effective for service rendered on or after October 1, 2021, subject to true-up.

The Public Staff recommended that the Commission issue the proposed order approving the Public Staff's recommended water and sewer system improvement charges, effective for service rendered on or after October 1, 2021, subject to true-up.

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

P2. DOCKET NO. W-1300, SUB 30 – OLD NORTH STATE WATER COMPANY, LLC – NOTIFICATION OF INTENTION TO BEGIN WATER UTILITY OPERATIONS IN CONTIGUOUS SERVICE AREA

On January 24, 2017, Old North State Water Company, LLC (ONSWC), filed a Notification of Intention to Begin Operations in Area Contiguous to Present Service Area (Notification) to provide wastewater utility service in Majestic Oaks West Subdivision, in Pender County, North Carolina. Majestic Oaks West Subdivision is contiguous to ONSWC's Majestic Oaks Subdivision service area. ONSWC proposes to charge the rates currently approved for the Majestic Oaks service area.

ONSWC does presently serves 13 wastewater customers in Majestic Oaks West Subdivision. The service area is shown on plans filed with the Notification.

The North Carolina Department of Environmental Quality, Division of Water Resources, Water Quality Permitting Section, has issued permit number WQ0040002, dated February 22, 2019, for the construction and operation of the Majestic Oaks West Lots 1-13 wastewater collection system.

ONSWC has entered into a Wastewater Agreement dated September 29, 2016, with Eastern NC Homebuilders, LLC (Developer), under which the Developer is installing an individual STEP System (septic tank effluent pump system) for each lot. ONSWC will accept the wastewater from the lots and the individual lot owners shall be responsible for the cost of the maintenance, repair, and/or replacement of the individual STEP system. ONSWC is requesting a connection fee of \$4,200 per SFRE for the wastewater service. Pursuant to the Commission's August 26, 2019 Order in Docket No. W-100, Sub 57, a utility is not required to collect income tax on CIAC from a contributor unless contributions were contracted for on or after October 5, 2018.

ONSWC presently holds water franchises serving approximately 1,688 customers and wastewater franchises serving approximately 4,404 customers in North Carolina. ONSWC's record of service is satisfactory.

ONSWC has filed all exhibits required with the application.

Based on the foregoing, the Public Staff is of the opinion that ONSWC 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 a \$10,000 bond for the contiguous extension of Majestic Oaks West Subdivision. ONSWC currently has \$610,000 of bonds posted with the Commission. Of this amount, \$580,000 of bond surety is assigned to specific subdivisions, and \$30,000 of bond surety is unassigned.

The Public Staff 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.

P3. DOCKET NO. W-1300, SUB 56 – OLD NORTH STATE WATER COMPANY, LLC – NOTIFICATION OF INTENTION TO BEGIN WATER UTILITY OPERATIONS IN CONTIGUOUS SERVICE AREA

On January 4, 2019, Old North State Water Company, LLC (ONSWC), filed a Notification of Intention to Begin Operations in Area Contiguous to Present Service Area (Notification) to provide wastewater utility service in Salter's Haven at Lea Marina Subdivision, in Pender County, North Carolina. Salter's Haven at Lea Marina Subdivision is contiguous to ONSWC's Majestic Oaks Subdivision service area. ONSWC proposes to charge the rates currently approved for the Majestic Oaks service area.

ONSWC presently serves 39 sewer customers in Salter's Haven at Lea Marina Subdivision. ONSWC expects to eventually serve 277 residential customers in Salter's Haven at Lea Marina Subdivision. The service area is shown on plans filed with the Notification.

The North Carolina Department of Environmental Quality, Division of Water Resources, Water Quality Permitting Section, has issued permit number WQ0040594, dated March 25, 2020, for the construction and operation of the gravity wastewater collection system for a total of 277 residences in Salter's Haven at Lea Marina Phases 1 and 2.

ONSWC has entered into an Agreement dated December 13, 2018, with WLI Investments LLC (Developer), under which the Developer is installing the wastewater collection system. ONSWC is requesting a connection fee of \$4,200 per SFRE for wastewater service. ONSWC is purchasing the wastewater system for 82% of the actual cost of the Off-Site Wastewater Pump Station and Off-Site Wastewater Forcemain (excluding the

cost of upsizing a portion of the Forcemain from 4-inch to 6-inch diameter). The purchase price is payable based on 82% of the actual cost of the Off-Site Pump Station and Off-Site Forcemain divided by 150 residential equivalent units (REU). ONSWC will not be required to make any purchase price payments to the developer for the first 150 connections. Purchase price payments after the first 150 connections are payable quarterly based on the number of connections installed during the previous quarter.

ONSWC has attempted to collect the full gross up from the Developer for the contributed wastewater collection system plant, but the Developer has refused to pay. ONSWC has collected the full gross up on the connection fees.

ONSWC presently holds water franchises serving approximately 1,688 customers and wastewater franchises serving approximately 4,404 customers in North Carolina. ONSWC's record of service is satisfactory.

ONSWC has filed all exhibits required with the application.

Based on the foregoing, the Public Staff is of the opinion that ONSWC 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 a \$10,000 bond for the contiguous extension of Salter's Haven at Lea Marina Subdivision Phases 1 and 2. ONSWC currently has \$610,000 of bonds posted with the Commission. Of this amount, \$580,000 of bond surety is assigned to specific subdivisions, and \$30,000 of bond surety is unassigned.

The Public Staff 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.

P4. DOCKET NO. W-1300, SUB 20 – OLD NORTH STATE WATER COMPANY, LLC – APPLICATION FOR CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY

On October 5, 2015, Old North State Water Company, LLC (ONSWC), filed an Application for a Certificate of Public Convenience and Necessity (CPCN) to provide wastewater service in Southside Commons (formerly Grey Bull Subdivision) in Pender County, North Carolina, and for approval of rates.

On September 13, 2017, ONSWC amended its application and on June 20, 2018, ONSWC filed the wastewater collection system extension permit from the North Carolina Department of Environmental Quality, Division of Water Resources (DWR).

ONSWC currently serves 28 customers at Southside Commons. The present rates have been in effect since January 1, 2017, pursuant to the Commission's Order of December 6, 2016, in Docket Nos. M-100, Sub 138, and W-1300, Sub 11.

DWR has issued permit number WQ003992, dated June 13, 2018, to ONSWC. The permit is for the construction and operation of approximately 6,308 linear feet of 8-inch gravity sewer, a 84 gallon per minute (gpm) pump station, as well as approximately 4,645 linear feet of 3-inch force main to serve 106 three-bedroom residences as part of the Southside Commons project, and the discharge of 22,260 gallons per day (gpd) of collected wastewater into ONSWC's existing wastewater system at Majestic Oaks.

ONSWC has entered into an Agreement for Sanitary Sewer Service, dated September 20, 2015, with Grey Bull, Inc. (Developer), by which the Developer will construct and install all of the wastewater collection facilities at no charge to ONSWC. The Developer will pay a non-refundable sewer connection fee of \$4,200 per single-family residential equivalent (SFRE). ONSWC, in lieu of a purchase price, has constructed ONSWC's investment, the 84 gpm pump station and the force main interconnection to ONSWC wastewater collection system at Majestic Oaks.

On August 26, 2019, in Docket No. W-100, Sub 57, the Commission issued an Order that required in Ordering paragraph 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 CWSNC and the Developer in this matter was executed September 20, 2015, and as such, is not subject to the full gross-up requirements in the Commission's August 26, 2019 Order.

ONSWC holds wastewater franchises serving approximately 4,404 customers in North Carolina. Its record of service is satisfactory.

ONSWC has filed all exhibits required with the application.

The Public Staff is of the opinion that ONSWC has the technical, managerial, and financial capacity to provide wastewater utility service in Southside Commons and recommends that the certificate of public convenience and necessity be issued.

The Public Staff recommends that the Commission require posting of bond in the amount of \$10,000. ONSWC currently has \$610,000 of bonds posted with the Commission. Of this amount, \$580,000 of bond surety is assigned to specific subdivisions, and \$30,000 of bond surety is unassigned.

The Public Staff recommended that the Commission issue the proposed order accepting and approving bond, granting the franchise, and approving ONSWC's proposed rates.

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

P5. DOCKET NO. W-1305, SUB 9 – PLURIS HAMPSTEAD, LLC – APPLICATION FOR CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY

On June 11, 2018, Pluris Hampstead, LLC (Pluris Hampstead), filed an Application for a Certificate of Public Convenience and Necessity (CPCN) to provide sewer utility service in Cypress Grove Townhomes in Hampstead, Pender County, North Carolina, and for approval of rates.

Pluris Hampstead is currently billing 11 customers its current rates approved for its other service areas in Docket No. W-1305, Sub 12, effective November 13, 2020.

North Carolina Department of Environmental Quality, Division of Water Resources (DWR) has issued permit number WQ0040093, dated August 7, 2018, to Pluris Hampstead. The permit is for the construction and operation of approximately 904 linear feet of 8-inch gravity sewer, a 45 gallon per minute (gpm) pump station, as well as approximately 1,135 linear feet of 3-inch force main to serve 56 three-bedroom residences as part of the Cypress Grove Townhomes project, and the discharge of 20,160 gallons per day (gpd) of collected domestic wastewater into Pluris Hampstead's existing sewerage system.

Pluris Hampstead has entered into an Agreement for Sanitary Sewer Service, dated June 1, 2018, with Cypress Grove Partners, LLC (Developer), by which the Developer will construct and install all of the sewer collection facilities at no charge to Pluris Hampstead. The Developer will pay a non-refundable sewer connection fee of \$3,200 per three-bedroom single-family equivalent (SFE) and an additional \$1,067 for each additional bedroom beyond a SFE.

On August 25, 2021, Pluris Hampstead filed an Agreement Conveying Lift Station and Facilities, and Granting Easement with Cypress Grove Partners, LLC, executed on April 20, 2021.

On August 26, 2019, in Docket No. W-100, Sub 57, the Commission issued an Order that required in Ordering paragraph 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 on June 1, 2018, and therefore is not subject to the gross-up tax on CIAC.

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 application.

The Public Staff is of the opinion that Pluris Hampstead has the technical, managerial, and financial capacity to provide sewer utility service in Cypress Grove Townhomes and recommends that the certificate of public convenience and necessity be issued.

The Public Staff 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, \$315,000 of bond surety is assigned to specific subdivisions, and \$185,000 of bond surety is unassigned.

The Public Staff recommended that the Commission issue the proposed order accepting and approving bond, granting the franchise, and approving Pluris Hampstead's proposed rates.

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

P6. DOCKET NO. W-1305, SUB 14 – PLURIS HAMPSTEAD, LLC – APPLICATION FOR CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY

On February 4, 2020, Pluris Hampstead, LLC (Pluris Hampstead), filed a Notification of Intention to Begin Operations in Area Contiguous to Present Service Area for sewer utility service at 17117 (Betag), 17097 (Hampstead Dentist), 17230 (Hampstead Town Center), and the 16000 Block (Oak Ridge Properties), US Highway 17, Hampstead, Pender County, North Carolina,

Upon further review, it was determined that the four service areas were contiguous to one another but none were contiguous to a present service area. Therefore, on September 15, 2021, Pluris Hampstead filed an Application for a Certificate of Public Convenience and Necessity (CPCN), and for approval of rates. The service areas are shown on plans filed with the application.

Pluris Hampstead is billing customers its current commercial rate approved for its other service areas in Docket No. W-1305, Sub 12, effective November 13, 2020.

The North Carolina Department of Environmental Quality, Division of Water Resources has issued the following permits:

Permit No. WQ0039144, dated July 20, 2017, to Allan J. Betag (Betag), for the construction and operation of a simplex pump station and wastewater collection extension to serve an existing real estate office building, and for the discharge of 360 gallon per day (gpd) of collected wastewater into Pluris Hampstead's existing sewerage system.

Permit No. WQ0039652, dated January 9, 2018, to JLCP, LLC (JLCP), for the construction and operation of a 15 gallon per minute (gpm) pump station and wastewater collection extension as part of the Hampstead Dental Private Pump Station project, and for the discharge of 500 gpd of collected wastewater into Pluris Hampstead's existing sewerage system.

Permit No. WQ0033303, dated January 11, 2016, Hampstead Town Center, LLC (Hampstead Town Center), for the construction and operation of a 30 gallon per minute (gpm) lift station and wastewater collection extension to serve 44,000 square feet (sf) of grocery store, a 40,000 sf shopping center with potential food service, a 40-seat restaurant, and a 75-seat restaurant as part of the Hampstead Town Center project, and for the discharge of 11,800 gpd of collected wastewater into Pluris Hampstead's existing sewerage system.

Permit No. WQ0038264, dated February 24, 2016, to Oak Ridge Properties at Olde Point, LLC (Oak Ridge), for the construction of approximately 964 linear feet of 8-inch gravity sewer to service 20,000 sf of general retail (no food services), a 55-seat restaurant, and medical office (2,250 gpd) as part of the Oak Ridge Community properties, and for the discharge of 7,200 gpd of collected wastewater into Pluris Hampstead's existing sewerage system.

Betag has satisfied Pluris Hampstead's requirements for sewer service and was provided a Sewer Service Permit by Pluris Hampstead on September 20, 2016. Betag paid the approved tap fee of \$3,200 per single family equivalent (SFE) for one commercial tap. The lift station and force main on the property remain the responsibility of the owner, Betag.

JLCP satisfied Pluris Hampstead's requirements for sewer service and was provided a Certification of Completion (Sewer Service Permit) by Pluris Hampstead on July 24, 2019. JLCP paid the approved tap fee of \$3,200 per single family equivalent (SFE) for two commercial taps. The lift station and force main on the property remain the responsibility of the owner, JLCP.

On November 4, 2015, Pluris Hampstead entered into an Agreement for Sanitary Sewer Service, with Hampstead Town Center, LLC, (Developer), by which the Developer will construct and install all of the sewer collection facilities at no charge to Pluris Hampstead. The Developer will pay a non-refundable sewer connection fee of \$3,200 per SFE for 32.77 commercial taps. On April 15, 2021, Pluris Hampstead filed the Easement and Sewer Facilities Conveyance Agreement with Hampstead Town Center, LLC, dated November 19, 2020.

On August 3, 2021, Pluris Hampstead filed a Sewer Easements and Agreement, with Oak Ridge Properties dated, August 14, 2021, completing the application. Oak Ridge has satisfied Pluris Hampstead's requirements for sewer service and was provided a Sewer Service Permit by Pluris Hampstead on July 25, 2016. Oak Ridge paid the approved tap fee of \$3,200 per single family equivalent (SFE) for 20 commercial taps.

On August 26, 2019, in Docket No. W-100, Sub 57, the Commission issued its Order Addressing Federal Income Taxes on Contributions in Aid of Construction. Ordering Paragraph No. 2 of that Order provides that "all certificated water and wastewater

companies shall collect from contributors the income tax on [Contributions in Aid of Construction] 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 for Hampstead Town Center was executed on November 4, 2015, and therefore, is not subject to the gross-up tax on CIAC. Tap fees for the remaining three service areas were paid prior to October 5, 2018.

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 application.

The Public Staff is of the opinion that Pluris Hampstead has the technical, managerial, and financial capacity to provide sewer utility service at 17117 (Betag), 17097 (Hampstead Dentist), 17230 (Hampstead Town Center), and the 16000 Block (Oak Ridge Properties), US Highway 17, Hampstead, in Pender County, North Carolina, and recommends approval of the CPCN.

The Public Staff recommends that the Commission require posting of bond in the amount of \$10,000. Pluris Hampstead currently has \$500,000 of bonds posted with the Commission. Of this amount, \$315,000 of bond surety is assigned to specific subdivisions, and \$185,000 of bond surety is unassigned.

The Public Staff recommended that the Commission issue the proposed order granting the franchise and approving Pluris Hampstead’s proposed rates.

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

Minutes of the Regular Commission Staff Conference of September 20, 2021, were approved.

Minutes prepared by Portia Barnes.